

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**HOUSE BILL 389  
Committee Substitute Favorable 4/1/25  
PROPOSED SENATE COMMITTEE SUBSTITUTE H389-PCS30508-NEfa-12**

Short Title: Continuing Budget Operations Part III. (Public)

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Sponsors:

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Referred to:

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March 13, 2025

A BILL TO BE ENTITLED  
AN ACT TO IMPLEMENT ADDITIONAL BUDGETARY ADJUSTMENTS AND TO MAKE  
OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

**PART I. EDUCATION**

**FUNDS FOR UNCC DATA SCIENCE AND BATTERY ENGINEERING AND  
RECYCLING**

**SECTION 1.1.** There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two million one hundred thousand dollars (\$2,100,000) in recurring funds for each year of the 2025-2027 fiscal biennium to be allocated to the University of North Carolina at Charlotte to expand its data science programs and battery engineering and recycling initiatives.

**PART II. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**TRANSITIONS TO COMMUNITY LIVING INITIATIVE FUNDING**

**SECTION 2.1.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Central Management and Support, the sum of twelve million one hundred ninety-two thousand one hundred twenty-four dollars (\$12,192,124) in recurring funds for each year of the 2025-2027 fiscal biennium to provide increased funding for implementation of the Transitions to Community Living Initiative Plan designed to achieve compliance with the 2012 U.S. Department of Justice Settlement. Funds appropriated by this section shall be allocated and used as follows:

- (1) The sum of eighty-four thousand one hundred twenty-four dollars (\$84,124) in recurring funds shall be used to support one full-time Olmstead Associate Director position within the Division of Central Management and Support.
- (2) The sum of twelve million one hundred eight thousand dollars (\$12,108,000) in recurring funds shall be used to provide community-based supported housing, tenancy support, supported employment, and wrap-around community-based mental health services to eligible adults with serious mental illnesses as they transition from institutional to community care settings, and to provide project management support for the Transitions to Community Living Initiative.



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**ELECTRONIC HEALTH RECORDS FUNDING**

**SECTION 2.2.(a)** The State Controller shall transfer from funds available in the Information Technology Reserve established in Section 2.2(h) of S.L. 2021-180 to the Department of Health and Human Services, Division of Central Management and Support Special Fund (Budget Code 24410, Budget Fund 230034), the sum of fifteen million one hundred eighteen thousand one hundred seventy-seven dollars (\$15,118,177) in nonrecurring funds for the 2025-2026 fiscal year. The funds transferred pursuant to this section are appropriated for the fiscal year in which they are transferred to be allocated and used to fund continued implementation of electronic health records (EHR) at State-operated healthcare facilities.

**SECTION 2.2.(b)** In addition, the State Controller shall transfer from funds available in the Department of Health and Human Services, Division of Central Management and Support Special Fund (Budget Code 24410, Budget Fund 230008), the sum of three million four hundred ninety thousand one hundred forty-eight dollars (\$3,490,148) in nonrecurring funds for the 2025-2026 fiscal year to the Department of Health and Human Services Special Fund referenced in subsection (a) of this section (Budget Code 24410, Budget Fund 230034). The funds transferred pursuant to this section are appropriated for the fiscal year in which they are transferred to be allocated and used for the same purpose specified in subsection (a) of this section.

**SECTION 2.2.(c)** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, the sum of three million nineteen thousand two hundred thirty-three dollars (\$3,019,233) in recurring funds for each year of the 2025-2027 fiscal biennium to be used to fund ongoing operations and maintenance of EHR at State-operated healthcare facilities.

**FUNDING FOR MEDICAID HEALTHY OPPORTUNITIES PILOT**

**SECTION 2.3.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of thirty million dollars (\$30,000,000) in nonrecurring funds and associated receipts for the 2025-2026 fiscal year to be used for the continued operations of the Healthy Opportunities Pilots program in current pilot counties.

**RURAL HEALTH TRANSFORMATION PROGRAM APPLICATION AND FUNDS**

**SECTION 2.4.(a)** The lead State agency designated by the Governor to develop and submit the application for funding under the Rural Health Transformation Program (RHTP) established by the One Big Beautiful Bill Act (Section 71401 of P.L. 119-21) shall collaborate with all relevant state entities to ensure that the RHTP application submitted on behalf of North Carolina includes demonstrated expertise on any combination of rural healthcare access, rural healthcare quality, rural healthcare workforce, or rural healthcare outcomes through system transformation. The lead State agency described in this subsection shall provide to the Chairs of the Joint Legislative Oversight Committee on Health and Human Services a copy of the RHTP application it submits on behalf of North Carolina to the federal Centers for Medicare and Medicaid Services on the date of submission. In addition, by November 15, 2025, the lead State agency described in this subsection shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services summarizing the rural health transformation vision, plan, goals, strategies, proposed projects, and sustainability plans for North Carolina as described in the State's Rural Health Transformation Program application.

**SECTION 2.4.(b)** Notwithstanding G.S. 143C-5-4(9) and consistent with Section 7(1) of Article V of the North Carolina Constitution, federal funds received by the State under the RHTP shall be available for expenditure only upon an act of appropriation by the General Assembly.

1           **SECTION 2.4.(c)** This section is effective when it becomes law.

2  
3 **PART III. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES**

4  
5 **DEPARTMENT OF NATURAL AND CULTURAL RESOURCES – OPERATING**  
6 **RESERVES**

7           **SECTION 3.1.(a)** Recurring Funding. – There is appropriated from the General  
8 Fund to the Department of Natural and Cultural Resources (Department) the sum of ten million  
9 seventy-eight thousand one hundred forty-nine dollars (\$10,078,149) in recurring funds  
10 beginning with the 2025-2026 fiscal year and ten million eight hundred sixty-four thousand nine  
11 hundred fifty dollars (\$10,864,950) in recurring funds for the 2026-2027 fiscal year, to be  
12 allocated as follows:

- 13           (1) Four hundred fifty thousand dollars (\$450,000) in each year of the fiscal  
14 biennium to Budget Fund 105111 for up to three full-time equivalent (FTE)  
15 positions and operating costs for the expanded visitor center and grounds at  
16 the Fort Fisher State Historic Site.
- 17           (2) Three hundred eighty-five thousand eight hundred fifteen dollars (\$385,815)  
18 in each year of the fiscal biennium to Budget Fund 105111 for up to three FTE  
19 positions and operating costs for the newly renovated powerhouse and car  
20 repair shed at the North Carolina Transportation Museum.
- 21           (3) Nine hundred fifty-three thousand six hundred thirty dollars (\$953,630) and  
22 up to 12 FTE positions in the 2025-2026 fiscal year and one million seven  
23 hundred forty thousand four hundred thirty-one dollars (\$1,740,431) and up  
24 to 24 FTE positions in the 2026-2027 fiscal year to Budget Fund 105141 for  
25 personnel and operating costs associated with the renovation and expansion  
26 of the Fort Fisher Aquarium.
- 27           (4) Five million six hundred forty-one thousand four hundred forty-six dollars  
28 (\$5,641,446) in each year of the fiscal biennium to Budget Fund 105140 for  
29 up to 54 FTE positions and operating costs associated with the new Asia  
30 complex at the North Carolina Zoo.
- 31           (5) Two million six hundred forty-seven thousand two hundred fifty-eight dollars  
32 (\$2,647,258) in each year of the fiscal biennium to Budget Fund 105137 for  
33 up to 20 FTE positions. The Department may allocate the positions funded by  
34 this subdivision among Bakers Lake, Bob's Creek, and Salmon Creek State  
35 Natural Areas, Pettigrew and Lake Waccamaw State Parks, and Wilderness  
36 Gateway State Trail.

37           **SECTION 3.1.(b)** Nonrecurring Funding. – There is appropriated from the General  
38 Fund to the Department the sum of six million nine hundred thirty-six thousand nine hundred  
39 dollars (\$6,936,900) in nonrecurring funds for the 2025-2026 fiscal year and four million five  
40 hundred thousand dollars (\$4,500,000) in nonrecurring funds for the 2026-2027 fiscal year, to be  
41 allocated as follows:

- 42           (1) One hundred thousand dollars (\$100,000) in the 2025-2026 fiscal year to  
43 Budget Fund 105111 for nonrecurring position, operating, and equipment  
44 costs associated with the expansion at the Fort Fisher State Historic Site.
- 45           (2) Four million five hundred thousand dollars (\$4,500,000) in each year of the  
46 fiscal biennium to Budget Fund 105141 to replace receipts while the Fort  
47 Fisher Aquarium is closed for renovations.
- 48           (3) One million fifty-six thousand six hundred dollars (\$1,056,600) in the  
49 2025-2026 fiscal year to Budget Fund 105140 for nonrecurring position,  
50 operating, and equipment costs associated with the new Asia complex at the  
51 North Carolina Zoo.

- 1 (4) One million two hundred eighty thousand three hundred dollars (\$1,280,300)  
 2 in the 2025-2026 fiscal year to Budget Fund 105137 for nonrecurring position,  
 3 operating, and equipment costs associated with the expansion of State parks  
 4 through Connect NC bonds or other capital appropriations.  
 5

6 **AUTHORIZE THE ENVIRONMENTAL MANAGEMENT COMMISSION TO**  
 7 **EMPLOY INDEPENDENT STAFF**

8 **SECTION 3.2.(a)** G.S. 143B-283 reads as rewritten:

9 **"§ 143B-283. Environmental Management Commission – members; selection; removal;**  
 10 **compensation; quorum; services.**

11 ...

12 (b4) ~~Administrative Support. All clerical and other services required by the Commission~~  
 13 ~~shall be supplied by the Secretary of Environmental Quality Commission Staff, Structure, and~~  
 14 ~~Function. –~~

15 (1) The chair is authorized and empowered to employ professional,  
 16 administrative, technical, and clerical personnel as the chair may determine to  
 17 be necessary in the proper discharge of the Commission's duty and  
 18 responsibility as provided by law. The chair shall organize and direct the work  
 19 of the Commission staff. Any additional clerical and other services required  
 20 by the Commission shall be supplied by the Secretary of the Department at  
 21 the direction of the chair.

22 (2) The salaries and compensation of all such personnel shall be fixed in the  
 23 manner provided by law for fixing and regulating salaries and compensation  
 24 by other State agencies.

25 (3) The chair, within allowed budgetary limits and as allowed by law, shall  
 26 authorize and approve travel, subsistence, and related expenses of such  
 27 personnel incurred while traveling on official business.

28 ...."

29 **SECTION 3.2.(b)** There is appropriated from the General Fund to the Department  
 30 of Environmental Quality the sum of seven hundred thousand dollars (\$700,000) in recurring  
 31 funds for each year of the 2025-2027 fiscal biennium for up to five full-time equivalent positions  
 32 as dedicated staff for the Environmental Management Commission. The positions may be  
 33 established from within the following classifications, at salary grades up to Level III: Deputy  
 34 Secretary, General Counsel (Attorney), Engineer, Environmental Program Consultant,  
 35 Economist, and Administrative Officer.  
 36

37 **WATER SEWER ECONOMIC DEVELOPMENT PROGRAM**

38 **SECTION 3.3.(a)** Award Authorized. – Pursuant to Part 2H of Article 10 of Chapter  
 39 143B of the General Statutes, the Department of Commerce may commit in a Governor's Letter  
 40 to reimburse, over a period of time not less than 10 years, a business, as defined in  
 41 G.S. 143B-437.51, for the costs incurred for an eligible project. For purposes of this section, an  
 42 eligible project is the construction of, or improvements to, new or existing water or sewer lines,  
 43 facilities, or equipment for new, proposed, or existing buildings by the business, and can include  
 44 water reuse and water reclamation projects, if the business commits, in a company performance  
 45 agreement, to the requirements of subsection (c) of this section.

46 **SECTION 3.3.(b)** Award Amount. – The total amount that may be committed for  
 47 reimbursement under this section is equal to the lesser of (i) fifty million dollars (\$50,000,000)  
 48 or (ii) fifty percent (50%) of the cost of the eligible project. The maximum amount that can be  
 49 paid out in a single calendar year for all but the final year of the award term is the lesser of  
 50 one-tenth of the amount committed or one-half of the costs incurred and verified by the business  
 51 for that calendar year.

1           **SECTION 3.3.(c)** Company Performance Agreement. – For a project to be eligible  
2 under this section, a business operating a manufacturing site within the same county and river  
3 basin as the eligible project must commit to the following requirements in addition to those  
4 contained in G.S. 143B-437.72(b):

- 5           (1) Invest at least two billion dollars (\$2,000,000,000) of private funds in the  
6 development or expansion of the manufacturing site served by or located  
7 within the same county as the eligible project.
- 8           (2) For the greater of the term of the agreement or 10 years, create at least 500  
9 new jobs having an overall average compensation that exceeds the average  
10 wage for all insured private employers in the county in which the eligible  
11 project is located and maintain both the new and existing jobs of the business  
12 in that county.
- 13           (3) Annually verify costs incurred for the eligible project.
- 14           (4) Ensure that the eligible project will supply at least sixty percent (60%) of the  
15 total aggregate water and wastewater needs required by the manufacturing site  
16 as developed or expanded by the investment made under subdivision (1) of  
17 this subsection.
- 18           (5) Not seek or accept any other grant from the State, including a grant pursuant  
19 to Part 2G of Article 10 of Chapter 143B of the General Statutes, for any jobs  
20 created as part of the company performance agreement.

21           **SECTION 3.3.(d)** One NC Commitment Exclusion. – The amount committed  
22 pursuant to this section shall not be included in calculating the amount authorized to be  
23 committed pursuant to G.S. 143B-437.71(b1).

24           **SECTION 3.3.(e)** Agreement Binding. – A Governor's Letter issued pursuant to this  
25 section is a binding obligation of the State and is not subject to State funds being appropriated  
26 by the General Assembly.

27           **SECTION 3.3.(f)** Match Requirement. – Notwithstanding G.S. 143B-437.72(c)(1),  
28 a local government is not required to match the funds allocated by the State for an eligible project  
29 under this section.

30           **SECTION 3.3.(g)** Effective Date. – This section is effective when this act becomes  
31 law.

### 32 **SUBSISTENCE ALLOWANCE FOR MEMBERS OF THE UTILITIES COMMISSION**

33           **SECTION 3.4.(a)** G.S. 62-10(h1) reads as rewritten:

34           "(h1) In addition to compensation for their services, each member of the Commission who  
35 lives at least 50 miles from the City of Raleigh shall be paid ~~a~~the following allowances:

- 36           (1) A weekly travel allowance for each week the member travels to the City of  
37 Raleigh from the member's home for business of the Commission. The  
38 allowance shall be calculated for each member by multiplying the actual  
39 round-trip mileage from that member's home to the City of Raleigh by the  
40 rate-per-mile which is the business standard mileage rate set by the Internal  
41 Revenue Service in Rev. Proc. 93-51, December 27, 1993.
- 42           (2) A daily subsistence allowance for meals and lodging at a rate of one hundred  
43 forty-three dollars and ten cents (\$143.10) for each day of service when the  
44 member travels to the City of Raleigh from the member's home for business  
45 of the Commission."

46           **SECTION 3.4.(b)** This section is effective when it becomes law.

### 47 **EDPNC MARKETING FUNDING**

48           **SECTION 3.5.** There is appropriated from the General Fund to the Department of  
49 Commerce (Department) for the nonprofit corporation with which the Department contracts  
50  
51

1 pursuant to G.S. 143B-431.01(b) (Nonprofit) the nonrecurring sums of twenty million dollars  
2 (\$20,000,000) for each year of the 2025-2027 fiscal biennium. The Nonprofit shall equally  
3 allocate the use of funds it receives under this section each fiscal year for (i) business marketing  
4 expenses and (ii) travel and tourism marketing expenses.

#### 6 **PART IV. JUSTICE AND PUBLIC SAFETY**

#### 8 **FUNDING FOR VIPER NETWORK OPERATING SHORTFALL**

9 **SECTION 4.1.** There is appropriated from the General Fund to the State Highway  
10 Patrol, Budget Fund 102690, the sum of two million one hundred thousand dollars (\$2,100,000)  
11 in recurring funds beginning in the 2025-2026 fiscal year to be used to maintain and operate the  
12 VIPER network.

#### 14 **SCHOOL SAFETY GRANTS**

15 **SECTION 4.2.(a)** Definitions. – For the purposes of this section, the following  
16 definitions shall apply:

- 17 (1) Community partner. – A public or private entity, including, but not limited to,  
18 a nonprofit corporation or a local management entity/managed care  
19 organization (LME/MCO), that partners with a public school unit to provide  
20 services or pay for the provision of services for the unit.
- 21 (2) School health support personnel. – School psychologists, school counselors,  
22 school nurses, and school social workers.

23 **SECTION 4.2.(b)** Program; Purpose. – The Executive Director of the Center for  
24 Safer Schools shall establish the School Safety Grants Program (Program) for the 2025-2026  
25 fiscal year. The purpose of the Program shall be to improve safety in public school units by  
26 providing grants in the 2025-2026 fiscal year for (i) services for students in crisis, (ii) school  
27 safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource Officer  
28 Grants Program.

29 **SECTION 4.2.(c)** Grant Applications. – A public school unit may submit an  
30 application to the Executive Director of the Center for Safer Schools for one or more grants  
31 pursuant to this section in the 2025-2026 fiscal year. The application shall include an assessment,  
32 to be performed in conjunction with a local law enforcement agency, of the need for improving  
33 school safety within the public school unit that would receive the funding or services. The  
34 application shall identify current and ongoing needs and estimated costs associated with those  
35 needs.

36 **SECTION 4.2.(d)** Criteria and Guidelines. – The Executive Director of the Center  
37 for Safer Schools shall develop criteria and guidelines for the administration and use of the grants  
38 pursuant to this section, including any documentation required to be submitted by applicants. In  
39 assessing grant applications, the Executive Director shall consider at least all of the following  
40 factors:

- 41 (1) The level of resources available to the public school unit that would receive  
42 the funding.
- 43 (2) Whether the public school unit has received other grants for school safety.
- 44 (3) The overall impact on student safety in the public school unit if the identified  
45 needs are funded.

46 **SECTION 4.2.(e)** Grants for Students in Crisis. – Of the funds appropriated by this  
47 section for the grants provided in this section, the Executive Director of the Center for Safer  
48 Schools, in consultation with the Department of Health and Human Services, shall award grants  
49 to public school units to contract with community partners to provide or pay for the provision of  
50 any of the following crisis services:

- 1 (1) Crisis respite services for parents or guardians of an individual student to  
2 prevent more intensive or costly levels of care.
- 3 (2) Training and expanded services for therapeutic foster care families and  
4 licensed child placement agencies that provide services to students who (i)  
5 need support to manage their health, welfare, and safety and (ii) have any of  
6 the following:
  - 7 a. Cognitive or behavioral problems.
  - 8 b. Developmental delays.
  - 9 c. Aggressive behavior.
- 10 (3) Evidence-based therapy services aligned with targeted training for students  
11 and their parents or guardians, including any of the following:
  - 12 a. Parent-child interaction therapy.
  - 13 b. Trauma-focused cognitive behavioral therapy.
  - 14 c. Dialectical behavior therapy.
  - 15 d. Child-parent psychotherapy.
- 16 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to  
17 increase school safety. Of the funds appropriated by this act for the grants  
18 provided in this section, the Executive Director shall use no more than three  
19 hundred fifty thousand dollars (\$350,000) in the 2025-2026 fiscal year for the  
20 services identified in this subdivision.

21 **SECTION 4.2.(f)** Grants for Training to Increase School Safety. – Of the funds  
22 appropriated by this section for the grants provided in this section, the Executive Director of the  
23 Center for Safer Schools, in consultation with the Department of Health and Human Services,  
24 shall award grants to public school units to contract with community partners to address school  
25 safety by providing training to help students develop healthy responses to trauma and stress. The  
26 training shall be targeted and evidence-based and shall include any of the following services:

- 27 (1) Counseling on Access to Lethal Means (CALM) training for school health  
28 support personnel, local first responders, and teachers on the topics of suicide  
29 prevention and reducing access by students to lethal means.
- 30 (2) Training for school health support personnel on comprehensive and  
31 evidence-based clinical treatments for students and their parents or guardians,  
32 including any of the following:
  - 33 a. Parent-child interaction therapy.
  - 34 b. Trauma-focused cognitive behavioral therapy.
  - 35 c. Behavioral therapy.
  - 36 d. Dialectical behavior therapy.
  - 37 e. Child-parent psychotherapy.
- 38 (3) Training for students and school employees on community resilience models  
39 to improve understanding and responses to trauma and significant stress.
- 40 (4) Training for school health support personnel on Modular Approach to  
41 Therapy for Children with Anxiety, Depression, Trauma, or Conduct  
42 problems (MATCH-ADTC), including any of the following components:
  - 43 a. Trauma-focused cognitive behavioral therapy.
  - 44 b. Parent and student coping skills.
  - 45 c. Problem solving.
  - 46 d. Safety planning.
- 47 (5) Any other training, including the training on the facilitation of peer-to-peer  
48 mentoring, that is likely to increase school safety. Of the funds appropriated  
49 by this section for the grants provided in this section, the Executive Director  
50 shall use no more than three hundred fifty thousand dollars (\$350,000) in the  
51 2025-2026 fiscal year for the services identified in this subdivision.

1           **SECTION 4.2.(g)** Grants for Safety Equipment. – Of the funds appropriated by this  
2 section for the grants provided in this section, the Executive Director of the Center for Safer  
3 Schools shall award grants to public school units for (i) the purchase of safety equipment for  
4 school buildings and (ii) training associated with the use of safety equipment purchased pursuant  
5 to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants  
6 for school safety equipment pursuant to this subsection.

7           **SECTION 4.2.(h)** Subsidizing School Resource Officer Grants Program. – If the  
8 Executive Director of the Center for Safer Schools receives applications for grants for school  
9 resource officers under G.S. 143B-1208.20 in excess of the amount of funding appropriated for  
10 school resource officer grants in the 2025-2026 fiscal year, the Executive Director may use the  
11 funds appropriated for the grants provided for in this section to cover the unmet need for school  
12 resource officer grants.

13           **SECTION 4.2.(i)** Supplement Not Supplant. – Grants provided to public school units  
14 pursuant to the Program shall be used to supplement and not to supplant State or non-State funds  
15 already provided for these services.

16           **SECTION 4.2.(j)** Administrative Costs. – Of the funds appropriated to the Center  
17 for Safer Schools by this section for the grants provided in this section, the Executive Director  
18 of the Center for Safer Schools may retain a total of up to one hundred thousand dollars  
19 (\$100,000) in the 2025-2026 fiscal year for administrative costs associated with the Program.

20           **SECTION 4.2.(k)** Disbursement. – The Executive Director of the Center for Safer  
21 Schools may enter into a memorandum of understanding with the Department of Public  
22 Instruction to disburse grants awarded under this section.

23           **SECTION 4.2.(l)** Program Report. – No later than April 1, 2026, the Executive  
24 Director of the Center for Safer Schools shall report on the Program to the Joint Legislative  
25 Education Oversight Committee, the Joint Legislative Oversight Committee on Health and  
26 Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the  
27 Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base  
28 Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division.  
29 The report shall include at least the following information:

- 30           (1) The identity of each public school unit and community partner that received  
31 grant funds through the Program.
- 32           (2) The amount of funding received by each entity identified pursuant to  
33 subdivision (1) of this subsection.
- 34           (3) The services, training, and equipment purchased with grant funds by each  
35 entity that received a grant.
- 36           (4) Recommendations for the implementation of additional effective school  
37 safety measures.

38           **SECTION 4.2.(m)** Appropriation. – There is appropriated from the General Fund to  
39 the Center for Safer Schools the sum of thirty-five million dollars (\$35,000,000) in nonrecurring  
40 funds for the 2025-2026 fiscal year to be used for the Program established in this section.

#### 41 42 **CREATION OF THE MENTAL HEALTH FOR DETAINEES GRANT PROGRAM AT** 43 **THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**

44           **SECTION 4.3.(a)** There is appropriated from the General Fund to the Department  
45 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
46 Substance Use Services (DMH/DD/SUS), the sum of twenty-five million dollars (\$25,000,000)  
47 in nonrecurring funds for the 2025-2026 fiscal year to be used to distribute grants pursuant to the  
48 Mental Health for Detainees Grant Program (MHD Grant Program) created by this section.

49           **SECTION 4.3.(b)** The DMH/DD/SUS shall develop and implement the MHD Grant  
50 Program pursuant to the minimum requirements set forth in this section.

51           **SECTION 4.3.(c)** The following criteria shall apply to the MHD Grant Program:



- 1 (1) Grant applicants shall be the administrator or other person in charge of a local  
2 confinement facility with the legal authority to hold a defendant pursuant to  
3 G.S. 15A-533.
- 4 (2) Grant funds shall be used by grant recipients for the provision of and, if  
5 necessary, transportation to a commitment examiner for a mental health  
6 evaluation.
- 7 (3) The DMH/DD/SUS shall set the maximum amount of each grant based upon  
8 the availability of funds, provided that no grantee shall receive more than two  
9 hundred fifty thousand dollars (\$250,000) in grant funds.
- 10 (4) The DMH/DD/SUS shall prioritize awarding grants to grantees in  
11 development tier one and tier two counties, as defined by G.S. 143B-437.08.
- 12 (5) Prior to awarding or rejecting a grant application, the DMH/DD/SUS shall  
13 consult with the North Carolina Sheriffs' Association regarding the grant  
14 application.

15 **SECTION 4.3.(d)** No later than October 1 of each year following a fiscal year in  
16 which a grantee received funds pursuant to the MHD Grant Program created by this section, each  
17 grantee shall submit a report to the DMH/DD/SUS delineating the uses of the funds.

18 **SECTION 4.3.(e)** No later than December 1 of a year in which the DMH/DD/SUS  
19 receives a report required by subsection (d) of this section, the DMH/DD/SUS shall submit a  
20 report compiling all reports received under subsection (d) of this section to the Joint Legislative  
21 Oversight Committee on Justice and Public Safety and the Joint Legislative Oversight Committee  
22 on Health and Human Services.

23 **SECTION 4.3.(f)** The DMH/DD/SUS may use up to two hundred thousand dollars  
24 (\$200,000) of the funds appropriated by this section for administrative purposes.

25 **SECTION 4.3.(g)** The funds appropriated by this section shall not revert on June 30,  
26 2026, but shall remain available to the DMH/DD/SUS until June 30, 2027.

## 27 28 **PART V. GENERAL GOVERNMENT**

### 29 30 **EMERGENCY TRAINING CENTER OPERATING COSTS**

31 **SECTION 5.1.** There is appropriated from the General Fund to the Office of the  
32 State Fire Marshal in the Department of Insurance the sum of two million three hundred thousand  
33 dollars (\$2,300,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium to  
34 be used to support the operating costs of the Emergency Training Center located in Stanly  
35 County.

### 36 37 **STATE PROPERTY FIRE INSURANCE FUND**

38 **SECTION 5.2.** There is appropriated from the General Fund to the Office of the  
39 State Fire Marshal in the Department of Insurance the sum of thirty million dollars (\$30,000,000)  
40 in nonrecurring funds for the 2025-2026 fiscal year for the purpose of covering increased  
41 expenditures related to the State's reinsurance policy.

### 42 43 **BUDGET AND HUMAN RESOURCES POSITIONS**

44 **SECTION 5.3.** There is appropriated from the General Fund to the Office of the  
45 State Fire Marshal in the Department of Insurance the sum of three hundred thousand dollars  
46 (\$300,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium to provide  
47 funds for three administrative positions, including salaries and benefits, to support the Office of  
48 the State Fire Marshal's budgetary and human resources needs.

### 49 50 **DIRECT OSBM TO GIVE OSFM SEPARATE BUDGET CODE**

1           **SECTION 5.4.** The Office of State Budget and Management shall establish a new  
2 budget code for the Office of the State Fire Marshal (OSFM) and create new budget funds for  
3 each division of the OSFM.  
4

#### 5 **RENOVATE FAYETTEVILLE STATE VETERANS HOME**

6           **SECTION 5.5.(a)** Notwithstanding any other provision of law, there is appropriated  
7 from the cash balance of the North Carolina Veterans Home Trust Fund, Budget Code 63050, to  
8 the Department of Military and Veterans Affairs, the sum of twenty-seven million dollars  
9 (\$27,000,000) in nonrecurring funds for the 2025-2026 fiscal year to renovate and repair the  
10 Fayetteville State Veterans Home.

11           **SECTION 5.5.(b)** Section 40.5(c) of S.L. 2021-180 is repealed.  
12

### 13 **PART VI. INFORMATION TECHNOLOGY**

#### 14 **IBIS SYSTEM REPLACEMENT AND STABILIZATION**

15           **SECTION 6.1.** There is appropriated from the IT Reserve to the Office of State  
16 Budget and Management the sum of twenty million eight hundred fifty thousand dollars  
17 (\$20,850,000) in nonrecurring funds for the 2025-2026 fiscal year and eight hundred fifty  
18 thousand dollars (\$850,000) in nonrecurring funds for the 2026-2027 fiscal year to be used for  
19 the replacement and stabilization of the IBIS system.  
20

### 21 **PART VII. TRANSPORTATION**

#### 22 **MARINE VESSEL MAINTENANCE AND REPAIRS**

23           **SECTION 7.1.(a)** There is appropriated from the Highway Fund to the Department  
24 of Transportation the sum of four million dollars (\$4,000,000) in nonrecurring funds for the  
25 2025-2026 fiscal year to provide funds for marine vessel maintenance and repairs at external  
26 shipyards to meet U.S. Coast Guard dry dock requirements.  
27

28           **SECTION 7.1.(b)** No later than January 1, 2026, and quarterly thereafter until the  
29 funds are expended, the Ferry Division of the Department of Transportation shall submit a  
30 progress report to the Joint Legislative Transportation Oversight Committee and the Fiscal  
31 Research Division on the use of funds appropriated by this section for marine vessel dry docking.  
32 The report shall include the following information:  
33

- 34           (1) A list of all marine vessels scheduled or under contract for dry docking.
- 35           (2) The estimated cost of the work to be completed for each marine vessel sent to  
36 a private shipyard for dry dock.
- 37           (3) The actual cost of the work and the total funds used as of the report date.  
38

### 39 **PART VIII. FINANCE**

#### 40 **INSURANCE HOLDING COMPANY EXEMPTION**

41           **SECTION 8.1.(a)** G.S. 105-122(b) reads as rewritten:  
42

43           "(b) Determination of Net Worth. – A corporation taxed under this section shall determine  
44 the total amount of its net worth on the basis of the books and records of the corporation as of  
45 the close of its income year. The net worth of a corporation is its total assets without regard to  
46 the deduction for accumulated depreciation, depletion, or amortization less its total liabilities,  
47 computed in accordance with generally accepted accounting principles as of the end of the  
48 corporation's taxable year. If the corporation does not maintain its books and records in  
49 accordance with generally accepted accounting principles, then its net worth is computed in  
50 accordance with the accounting method used by the entity for federal tax purposes. A  
51 corporation's net worth is subject to the following adjustments:

1 ...  
2 (9) A deduction for any investment, whether direct or indirect, in an insurance  
3 company subject to tax under Article 8B of this Chapter and any investment,  
4 whether direct or indirect, in an insurance company that would be subject to  
5 such tax if it engaged in business in this State. The deduction afforded under  
6 this subdivision only applies if the corporation owns, directly or indirectly,  
7 more than eighty percent (80%) of the outstanding voting stock, voting capital  
8 interests, or ownership interests in the insurance company."

9 SECTION 8.1.(b) This section is effective retroactively for taxable years beginning  
10 on or after January 1, 2019, and applicable to the calculation of franchise tax reported on the  
11 2018 and later corporate income tax returns.

## 12 PART IX. MISCELLANEOUS AND EFFECTIVE DATE

### 13 ADDITIONAL TRANSPARENCY IN STATE BUDGETING

14 SECTION 9.1.(a) Article 5 of Chapter 143C of the General Statutes is amended by  
15 adding a new section to read:

16 **"§ 143C-5-6. List requesting member of the General Assembly in the Current Operations**  
17 **Appropriations Act.**

18 Each provision of the Current Operations Appropriations Act enacted by the General  
19 Assembly, and each provision of an appropriations bill making adjustments to that act, shall  
20 specify which member or members of the General Assembly requested inclusion of the provision  
21 in that act. This section shall be considered and treated as a rule of procedure in the Senate and  
22 House of Representatives unless provided otherwise by a rule of either branch of the General  
23 Assembly."

24 SECTION 9.1.(b) This section is effective when it becomes law and applies to  
25 Current Operations Appropriations Acts enacted on or after that date.

### 26 EFFECT OF HEADINGS

27 SECTION 9.2. The headings to the Parts and sections of this act are a convenience  
28 to the reader and are for reference only. The headings do not expand, limit, or define the text of  
29 this act.

### 30 CONSTRUCTION

31 SECTION 9.3. Except where expressly repealed or amended by this act, any  
32 legislation enacted during the 2025 Regular Session expressly appropriating funds to an agency,  
33 a department, or an institution covered under this act shall remain in effect.

### 34 STATE BUDGET ACT APPLICABILITY

35 SECTION 9.4. If any provision of this act and G.S. 143C-5-4 are in conflict, the  
36 provisions of this act shall prevail. The appropriations and the authorizations to allocate and  
37 spend funds which are set out in this act shall remain in effect until the Current Operations  
38 Appropriations Act for the applicable fiscal year becomes law, at which time that act shall  
39 become effective and shall govern appropriations and expenditures. When the Current  
40 Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall  
41 adjust allotments to give effect to that act from July 1 of the fiscal year.

### 42 SEVERABILITY CLAUSE

43 SECTION 9.5. If any provision of this act or its application is held invalid, the  
44 invalidity does not affect other provisions or applications of this act that can be given effect  
45  
46  
47

1 without the invalid provisions or application and, to this end, the provisions of this act are  
2 severable.

3

4 **EFFECTIVE DATE**

5 **SECTION 9.6.** Except as otherwise provided, this act is effective retroactively to  
6 July 1, 2025.