

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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**HOUSE BILL 389
Committee Substitute Favorable 4/1/25
Senate Appropriations/Base Budget Committee Substitute Adopted 9/22/25
Fourth Edition Engrossed 9/22/25**

Short Title: Continuing Budget Operations Part III.

(Public)

Sponsors:

Referred to:

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.

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.

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

PART III. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

DEPARTMENT OF NATURAL AND CULTURAL RESOURCES – OPERATING RESERVES

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

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

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

- (1) One hundred thousand dollars (\$100,000) in the 2025-2026 fiscal year to Budget Fund 105111 for nonrecurring position, operating, and equipment costs associated with the expansion at the Fort Fisher State Historic Site.
- (2) Four million five hundred thousand dollars (\$4,500,000) in each year of the fiscal biennium to Budget Fund 105141 to replace receipts while the Fort Fisher Aquarium is closed for renovations.
- (3) One million fifty-six thousand six hundred dollars (\$1,056,600) in the 2025-2026 fiscal year to Budget Fund 105140 for nonrecurring position,

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

AUTHORIZE THE ENVIRONMENTAL MANAGEMENT COMMISSION TO EMPLOY INDEPENDENT STAFF

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

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

...

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

- (1) The chair is authorized and empowered to employ professional, administrative, technical, and clerical personnel as the chair may determine to be necessary in the proper discharge of the Commission's duty and responsibility as provided by law. The chair shall organize and direct the work of the Commission staff. Any additional clerical and other services required by the Commission shall be supplied by the Secretary of the Department at the direction of the chair.
- (2) The salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies.
- (3) The chair, within allowed budgetary limits and as allowed by law, shall authorize and approve travel, subsistence, and related expenses of such personnel incurred while traveling on official business.

...."

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

WATER SEWER ECONOMIC DEVELOPMENT PROGRAM

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

SECTION 3.3.(b) Award Amount. – The total amount that may be committed for reimbursement under this section is equal to the lesser of (i) fifty million dollars (\$50,000,000) or (ii) fifty percent (50%) of the cost of the eligible project. The maximum amount that can be paid out in a single calendar year for all but the final year of the award term is the lesser of

one-tenth of the amount committed or one-half of the costs incurred and verified by the business for that calendar year.

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

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

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

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

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

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

SUBSISTENCE ALLOWANCE FOR MEMBERS OF THE UTILITIES COMMISSION

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

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

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

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

EDPNC MARKETING FUNDING

SECTION 3.5. There is appropriated from the General Fund to the Department of Commerce (Department) for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) (Nonprofit) the nonrecurring sums of twenty million dollars (\$20,000,000) for each year of the 2025-2027 fiscal biennium. The Nonprofit shall equally allocate the use of funds it receives under this section each fiscal year for (i) business marketing expenses and (ii) travel and tourism marketing expenses.

PART IV. JUSTICE AND PUBLIC SAFETY

FUNDING FOR VIPER NETWORK OPERATING SHORTFALL

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

SCHOOL SAFETY GRANTS

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

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

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

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

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

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

SECTION 4.2.(e) Grants for Students in Crisis. – Of the funds appropriated by this section for the grants provided in this section, the Executive Director of the Center for Safer Schools, in consultation with the Department of Health and Human Services, shall award grants

to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

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

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

- (1) Counseling on Access to Lethal Means (CALM) training for school health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.
- (2) Training for school health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
 - a. Parent-child interaction therapy.
 - b. Trauma-focused cognitive behavioral therapy.
 - c. Behavioral therapy.
 - d. Dialectical behavior therapy.
 - e. Child-parent psychotherapy.
- (3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.
- (4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
 - a. Trauma-focused cognitive behavioral therapy.
 - b. Parent and student coping skills.
 - c. Problem solving.
 - d. Safety planning.
- (5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated by this section for the grants provided in this section, the Executive Director

shall use no more than three hundred fifty thousand dollars (\$350,000) in the 2025-2026 fiscal year for the services identified in this subdivision.

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

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

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

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

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

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

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

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

CREATION OF THE MENTAL HEALTH FOR DETAINEES GRANT PROGRAM AT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 4.3.(a) 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 (DMH/DD/SUS), the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used to distribute grants pursuant to the Mental Health for Detainees Grant Program (MHD Grant Program) created by this section.

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

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

- (1) Grant applicants shall be any State or local law enforcement agency or an administrator or other person in charge of a local confinement facility.
- (2) Grant funds shall be used by grant recipients for the provision of and, if necessary, transportation to a commitment examiner for a mental health evaluation.
- (3) The DMH/DD/SUS shall set the maximum amount of each grant based upon the availability of funds, provided that no grantee shall receive more than two hundred fifty thousand dollars (\$250,000) in grant funds.
- (4) The DMH/DD/SUS shall prioritize awarding grants to grantees in development tier one and tier two counties, as defined by G.S. 143B-437.08.

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

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

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

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

PART V. GENERAL GOVERNMENT

EMERGENCY TRAINING CENTER OPERATING COSTS

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

STATE PROPERTY FIRE INSURANCE FUND

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

BUDGET AND HUMAN RESOURCES POSITIONS

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

DIRECT OSBM TO GIVE OSFM SEPARATE BUDGET CODE

SECTION 5.4. 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.

RENOVATE FAYETTEVILLE STATE VETERANS HOME

SECTION 5.5.(a) Notwithstanding any other provision of law, 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 twenty-seven million dollars (\$27,000,000) in nonrecurring funds for the 2025-2026 fiscal year to renovate and repair the Fayetteville State Veterans Home.

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

PART VI. INFORMATION TECHNOLOGY

IBIS SYSTEM REPLACEMENT AND STABILIZATION

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

PART VII. TRANSPORTATION

MARINE VESSEL MAINTENANCE AND REPAIRS

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

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

- (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.

PART VIII. FINANCE

INSURANCE HOLDING COMPANY EXEMPTION

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

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

...

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

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

PART IX. MISCELLANEOUS AND EFFECTIVE DATE

ADDITIONAL TRANSPARENCY IN STATE BUDGETING

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

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

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

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

EFFECT OF HEADINGS

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

CONSTRUCTION

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

STATE BUDGET ACT APPLICABILITY

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

SEVERABILITY CLAUSE

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

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.