



# SENATE BILL 692: Changes in Education Laws.

**This Bill Analysis  
reflects the contents  
of the bill as it was  
presented in  
committee.**

2023-2024 General Assembly

<b>Committee:</b>	House Rules, Calendar, and Operations of the House	<b>Date:</b>	September 21, 2023
<b>Introduced by:</b>	Sens. Galey, Johnson, McInnis	<b>Prepared by:</b>	Kara McCraw
<b>Analysis of:</b>	PCS to Fourth Edition S692-CSTC-66		Staff Attorney

**OVERVIEW:** *The PCS for SB 692 would remove the prior contents of the bill entirely, and would instead make the following changes:*

- *Establish the Northeast Regional School of Biotechnology and Agriscience.*
- *Exempt 529 Plans and ABLE accounts from certain creditors.*
- *Authorize public and private schools to be permitted by right in any area zoned for residential or commercial use when certain requirements were met.*
- *Require reporting of admissions standards for certain health care related degrees and programs.*

## **PART I: NORTHEAST REGIONAL SCHOOL OF BIOTECHNOLOGY AND AGRISCIENCE**

**CURRENT LAW:** Part 10 of Article 16 of Chapter 115C of the General Statutes authorizes local school administrative units (LEAs) to partner to create a regional school that is approved by the State Board of Education (SBE). Once established, the regional school is governed by a board of directors made up of representatives from the participating LEAs, the business community, parents, and higher education partners. Regional schools have the same flexibility and funding model as charter schools. Admissions are limited to students domiciled in a participating LEA.

The LEAs of Martin, Pitt, Tyrell, and Washington have created the only regional school in the State, the Northeast Regional School of Biotechnology and Agriscience.

**BILL ANALYSIS:** Part I would repeal the statutes establishing the authorization for regional schools and would enact statutes creating the Northeast Regional School of Biotechnology and Agriscience and as a regional school of choice for 18 northeastern counties of the State that is administratively housed for funding purposes under the Department of Public Instruction. The board of the directors of the school would include representatives from the LEAs where attending students are domiciled appointed by the Superintendent of Public Instruction, representatives of the business community appointed by the State Board of Education upon the recommendation of the NC Economic Developers Association, parents appointed by the Parents Advisory Council, and higher education partners.

The school would have the same governance flexibility as charter schools. Admissions would be limited to students domiciled in one of the 18 northeastern counties in the service area of the school.

**EFFECTIVE DATE:** Statutory changes establishing the Northeast Regional School of Biotechnology and Agriscience would become effective July 1, 2024. The current board of the regional school would remain in effect until July 1, 2025.

## **PART II: PROTECT NC EDUCATION SAVINGS AND INVESTMENT ACCOUNTS**

Jeffrey Hudson  
Director



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## **CURRENT LAW:**

### Federal Law

Section 529 of the Internal Revenue Code establishes qualified tuition programs (529 Plans), which include programs established and maintained by a State, agency, or instrumentality thereof, allowing individuals to contribute to an account established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account. Qualified higher education expenses include tuition for an elementary or secondary public, private, or religious school. Contributions are not deductible, but earnings on a 529 Plan are exempt from federal taxation.

Federal law recognizes qualified ABLE programs which are established by States, agencies, or instrumentalities thereof, allowing individuals to contribute to an account established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account. See 26 U.S.C. § 529A. Article 6F of Chapter 147 of the General Statutes establishes the parameters for ABLE accounts in North Carolina.

### State Law

G.S. 116-209.25 establishes the framework for North Carolina's 529 Plans (NC 529 Plans), consistent with Section 529 of the Internal Revenue Code. NC 529 Plans are administered by the State Education Assistance Authority (SEAA) in order to enable parents and other interested parties to save funds to meet the costs of education expenses of eligible students. NC 529 Plan funds are held in accounts within the State's Parental Savings Trust Fund.

For individuals who are residents of North Carolina, G.S. 1C-1601(a)(10) exempts funds in a college savings plan, which could include an NC 529 Plan or a 529 Plan created by another entity, from the enforcement of claims of creditors (up to \$25,000). The exemption does not apply to funds placed in a college savings plan within the preceding 12 months unless contributions were made in the ordinary course of the debtor's financial affairs and were consistent with the debtor's past pattern of contributions. Additionally, the exemption only applies to the extent that the funds are for a child of the debtor and will actually be used for the child's college or university expenses. The exemption does not apply to the following claims:

- Of the United States or its agencies as provided by federal law.
- Of the State or its subdivisions for taxes, appearance bonds or fiduciary bonds.
- Of lien by a laborer for work done and performed for the person claiming the exemption, but only as to the specific property affected.
- Of lien by a mechanic for work done on the premises, but only as to the specific property affected.
- For payment of obligations contracted for the purchase of the specific real property affected.
- For contractual security interests in the specific property affected; provided, that the exemptions shall apply to the debtor's household goods notwithstanding any contract for a nonpossessory, nonpurchase money security interest in any such goods.
- For statutory liens, on the specific property affected, other than judicial liens.
- For child support, alimony or distributive award order pursuant to Chapter 50 of the General Statutes.
- For criminal restitution orders docketed as civil judgments pursuant to G.S. 15A-1340.38.

**BILL ANALYSIS:** Part II would exempt funds located in NC 529 Plans or withdrawn from NC 529 Plans and used for purposes permitted by Section 529 of the Internal Revenue Code from the following:

- Liens
- Attachment

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- Garnishment
- Levy
- Seizure
- Involuntary sale or assignment by operation or execution of law
- Enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to a plan

For education savings and investment accounts that are not part of the Parental Savings Trust Fund, the protection from creditors would not change. The PCS would make conforming changes to reflect changes in federal law that allow 529 savings account funds to be spent on elementary and secondary expenses, in addition to higher education expenses.

Part II would also exempt funds located in an ABLE account or withdrawn from the account and used for expenses permitted under Section 529A of the Internal Revenue Code from the following:

- Liens
- Attachment
- Garnishment
- Levy
- Seizure
- Involuntary sale or assignment by operation or execution of law
- Enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to a plan.

**EFFECTIVE DATE:** Part II would become effective November 1, 2023, and would apply to actions filed on or after that date.

## **PART III: ALLOW SCHOOLS IN CERTAIN ZONING DISTRICTS**

**CURRENT LAW:** Chapter 160D of the General Statutes contains procedures local governments utilize for development approvals under their planning and development regulations. Zoning is a type of development regulation authorizing local governments to establish zoning districts in accordance with a comprehensive plan designed to promote public health, safety, and general welfare. For these purposes, zoning regulations may address matters pertaining to light and air, overcrowding, population concentration, street congestion, transportation, water, sewerage, schools, parks, and other public requirements taking into consideration the zoning district's character and suitability for particular uses. Local government development regulations may not deny a zoning or rezoning request from a school based upon the level of road service abutting or proximately located to the school.

**BILL ANALYSIS:** Part III would authorize a school, both public and private, to be permitted by right in any area zoned for residential or commercial use when certain requirements were met. This provision would not apply to lighted athletic facilities, certain zoning districts, and repair, renovation, or repurposing of buildings for a school. A local government that issued a special use permit would be prohibited from imposing certain restrictions or requirements on the school as part of that permit. Once issued a special use permit, additional changes could not be added for five years.

To qualify for this section, the following factors must be met by the school and county in which the school is sited:

- The site of the school is located on 5 or more contiguous acres.
- The site of the school is not within a residential subdivision that causes it to be noncontiguous (unless reserved for that purpose).

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- The county has a population of at least 145,000 residents as of the most recent census.
- The county has a population density of at least 250 people per square mile as of the most recent census.
- The county has a land area of at least 200 square miles.
- The school has at least one boundary along a certain type of roadway (depending on the grades the school serves).

**EFFECTIVE DATE:** Part III would become effective November 1, 2023, and apply to development approvals decided on or after that date. Schools that qualify under the new statute that applied for a development approval request on or after January 1, 2023 who were issued a development approval prior to November 1, 2023, may reject the development approval and apply the new statute.

## **PART IV. ADMISSIONS STANDARDS FOR HEALTH CARE PROGRAMS**

**BILL ANALYSIS:** Part IV directs the constituent institutions of The University of North Carolina that offer degrees, certifications, or training related to healthcare to provide to the public the criteria by which applicants for admission to the programs are evaluated. This must include the rubric that details the weight placed upon each criterion, including standardized test scores, grades, class rigor, personal statements, interviews, and any other factors used to determine admission.

Constituent institutions must submit a yearly report by September 15 to the Board of Governors of The University of North Carolina on the prior year's applicants for admissions to programs related to healthcare. The report must include the following the information for both applicants and students, disaggregated by race: (i) number of students; (ii) standardized test scores; (iii) grade point average.

The Board of Governors must establish an electronic dashboard of all reported information from the constituent institutions and must annually update the dashboard by November 15 and provide notice to the Joint Legislative Education Oversight Committee when the update is completed. The Board of Governors must also designate the degrees, certifications, and training offered by the constituent institutions that relate to health care that are to be included for public disclosure and reporting as required by this Part.

**EFFECTIVE DATE:** Part IV would become effective when it becomes law and applies beginning with reports due September 15, 2024.