

2023 GOVERNOR'S BUDGET

March 15, 2023

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2023."

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 2023-2025 fiscal biennium, according to the following schedule:

Table with 3 columns: Current Operations - General Fund, FY 2023-2024, and FY 2024-2025. Rows include EDUCATION, Community College System, Public Instruction, and various universities like Appalachian State University, East Carolina University, etc.

1	UNC-Charlotte	301,689,831	301,689,831
2	UNC-Greensboro	201,202,978	201,202,978
3	UNC-Pembroke	99,181,856	99,181,856
4	UNC-School of the Arts	40,089,624	40,089,624
5	UNC-Wilmington	190,447,266	190,447,266
6	Western Carolina University	152,710,156	152,683,380
7	Winston-Salem State University	69,510,370	69,510,370
8	General Administration	63,231,861	55,397,861
9	University Institutional Programs	484,246,765	554,790,360
10	Related Educational Programs	468,464,708	505,664,708
11	NC School of Science and Math	41,539,395	41,539,395
12	Aid to Private Institutions	16,209,300	6,209,300
13	Total – University of North Carolina	4,311,373,786	4,400,681,087
14			
15	HEALTH AND HUMAN SERVICES		
16	Department of Health and Human Services		
17	Aging and Adult Services	53,990,792	54,117,772
18	Central Management and Support	297,632,120	274,525,753
19	Child Development and Early Education	661,823,553	888,953,961
20	Child and Family Well Being	77,670,941	83,322,027
21	Health Benefits	5,637,108,251	5,973,987,872
22	Health Services Regulation	27,338,777	28,058,476
23	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	831,031,029	847,367,050
24	Public Health	123,381,254	124,804,544
25	Services for the Blind, Deaf and Hard of Hearing	9,379,618	9,560,820
26	Social Services	225,505,445	227,636,990
27	Vocational Rehabilitation	43,225,441	43,960,547
28	Total Health and Human Services	7,988,087,221	8,556,295,812
29			
30	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
31	Agriculture and Consumer Services	208,991,963	180,456,953
32			
33	Department of Commerce		
34	Commerce	20,010,727	17,372,421
35	General State Aid	26,655,810	20,655,810
36	Economic Development	187,000,660	187,000,660
37			
38	Environmental Quality	124,725,731	119,905,697
39			
40	Labor	27,288,827	28,003,313
41			
42	Department of Natural and Cultural Resources		
43	Natural and Cultural Resources	363,123,665	276,679,880
44	Roanoke Island	0	0
45			
46	Wildlife Resources Commission	20,234,536	21,042,374
47			
48	JUSTICE AND PUBLIC SAFETY		
49	Judicial Department	764,505,014	777,037,776
50			
51	Judicial Department – Indigent Defense Services	159,589,514	164,148,853

1			
2	Department of Justice	71,629,203	73,099,975
3			
4	Department of Public Safety	726,436,123	711,487,513
5			
6	Department of Adult Correction	2,110,762,409	2,107,009,313
7			
8			
9	GENERAL GOVERNMENT		
10			
11	Department of Administration	68,522,026	69,034,955
12			
13	Office of Administrative Hearings	8,218,385	8,386,295
14			
15	State Board of Elections	11,324,110	10,759,290
16			
17	Office of State Auditor	19,865,249	20,400,899
18			
19	Office of State Controller	35,739,681	36,354,328
20			
21	General Assembly	95,188,112	96,633,139
22			
23	Office of the Governor	6,553,601	6,685,016
24			
25	Office of State Budget and Management		
26	Office of State Budget and Management	12,946,174	13,054,490
27	OSBM – Reserve for Special Appropriations	13,000,000	12,000,000
28			
29	Housing Finance Agency	40,660,000	40,660,000
30			
31	Office of State Human Resource	13,953,519	11,937,954
32			
33	Department of Insurance		
34	Insurance	72,314,798	75,406,059
35	Insurance – Industrial Commission	13,033,752	13,298,365
36			
37	Office of Lieutenant Governor	1,348,734	1,364,973
38			
39	Department of Military and Veterans Affairs	14,965,824	15,038,969
40			
41	Department of Revenue	131,569,639	130,873,680
42			
43	Department of Secretary of State	21,074,593	21,074,235
44			
45	Department of State Treasurer		
46	Treasurer	7,538,138	6,933,160
47	Treasurer – Retirement for Fire and		
48	Rescue Squad Workers	33,255,423	33,255,423
49			
50	Information Technology	125,327,503	87,433,005
51			

1 **RESERVES, DEBT, AND OTHER BUDGETS**

2

3 Statewide Reserves	54,282,000	-2,934,000
4		
5 Total Net Appropriation	32,950,036,207	34,233,756,565

6

7 **SECTION 2.1.(b)** For purposes of this act, the requirements set forth in this section
8 represent the total amount of funds, including agency receipts, appropriated to an agency,
9 department, or institution.

10

11 **GENERAL FUND AVAILABILITY**

12 **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,
13 nontax revenue, and other adjustments used in developing the budget for each year of the
14 2023-2025 fiscal biennium is as follows:

15

	FY 2023-2024	FY 2024-2025
16		
17 Unappropriated Balance from Prior Fiscal Year	666,806,816	1,015,671,341
18 Projected Over Collections FY 2022-23	3,250,300,000	-
19 Public Instruction Reversion FY 2021-22 Funds	151,524,307	-
20 Anticipated Reversions FY 2022-23	425,000,000	-
21 Medicaid Expansion Bonus – assumes June 1 enrollment date		
22	194,100,000	-
23 Comprehensive Remedial Plan Court Order for Years 2 and 3		
24	(677,801,707)	-
25 Total, Current Beginning Unreserved Balance	4,009,929,416	1,015,671,341
26		
27 Statutorily Required Reservations of Revenue		
28 State Capital and Infrastructure Fund	(1,412,592,500)	(1,461,333,238)
29 Unfunded Liability Solvency Reserve	(29,280,000)	(87,795,000)
30 Subtotal	(1,441,872,500)	(1,549,128,238)
31		
32 Investments to Reserves		
33 \$1.25 Billion IHOPE Fund (Medicaid Expansion Bonus)	(1,055,000,000)	(195,000,000)
34 Capital Improvements	(1,415,000,000)	(405,000,000)
35 Medicaid Contingency Reserve	(391,217,272)	-
36 Federal Infrastructure Match Reserve	(225,000,000)	-
37 Economic Development Project Reserve	(325,000,000)	-
38 Information Technology Project Reserve	(180,000,000)	-
39 Housing Reserve	(160,000,000)	-
40 Transportation Reserve	(78,000,000)	(78,000,000)
41 Contingency and Emergency Fund	(5,000,000)	(5,000,000)
42 Child Care Stabilization Grants	200,000,000	300,000,000
43 Subtotal, Investments to Reserves	(3,634,217,272)	(383,000,000)
44		
45 Tax Revenues		
46 Personal Income	16,610,100,000	16,818,000,000
47 Sales and Use	10,664,600,000	10,690,700,000
48 Corporate Income	1,680,700,000	1,633,500,000
49 Franchise	726,500,000	738,600,000
50 Insurance	1,270,000,000	1,271,700,000
51 Alcoholic Beverage	556,000,000	578,500,000

1	Tobacco Products	280,900,000	276,600,000
2	Other Tax Revenue	158,100,000	165,200,000
3	Subtotal, Tax Revenues	31,946,900,000	32,172,800,000
4			
5	Non-tax Revenues		
6	Judicial Fees	220,800,000	219,800,000
7	Investment Income	856,300,000	645,100,000
8	Disproportionate Share	164,500,000	88,400,000
9	Master Settlement Agreement	150,200,000	149,100,000
10	Insurance	114,900,000	117,800,000
11	Other Non-tax Revenues	252,800,000	255,300,000
12	Subtotal, Non-tax Revenue	1,759,500,000	1,475,500,000
13			
14	Total, Net Revenues	33,706,400,000	33,648,300,000
15			
16	Adjustments to Revenues:		
17	Individual Income Tax Fairness, rate remains at 4.75% for income >\$200K/100K		
18	(MFJ/single)	69,000,000	222,000,000
19	Maintain Lowest Corporate Tax Rate at 2.5%	-	65,000,000
20	Maintain General Fund Sales Tax Transfer to DOT at 2%	210,000,000	429,000,000
21	PHP New Revenue from HASP	162,400,000	84,800,000
22	Medicaid Expansion Bonus - assumes June 1 enrollment date		
23		860,900,000	686,400,000
24	Subtotal, Adjustments to Tax Revenue	1,302,300,000	1,487,200,000
25			
26	Other Adjustments to Availability		
27	Golden Leaf	(2,500,000)	(2,500,000)
28	Adjustment to Transfer from Department of Insurance	23,395,558	26,486,819
29	Adjustment to Transfer from State Treasurer	2,272,346	1,667,368
30	Subtotal, Other Adjustments	23,167,904	25,654,187
31			
32	Revised Total Net General Fund Availability	33,965,707,548	34,244,697,290
33			
34	Less General Fund Net Appropriations	(32,950,036,207)	(34,233,756,565)
35			
36	Unappropriated Balance Remaining	1,015,671,341	10,940,725
37			

38 **SECTION 2.2.(b)** In addition to the amount required under G.S. 143C-4-3.1 the
39 State Controller shall transfer to the State Capital and Infrastructure Fund established under
40 G.S. 143C43.1 the sum of one billion four hundred fifteen million dollars (\$1,415,000,000) in
41 nonrecurring funds in the 2023-24 fiscal year and the sum of four hundred five million dollars
42 (\$405,000,000) in nonrecurring funds in the 2024-25 fiscal year. Funds transferred under this
43 subsection are appropriated for the fiscal year in which they were transferred and shall be used
44 in accordance with Part 40 of this act.

45 **SECTION 2.2(b1)** G.S. 143C-4-3-1(b)(1)(e) and G.S. 143C-4-3-1(b)(1)(f) are
46 repealed.

47 **SECTION 2.2.(c)** As required by G.S. 143-4-2 subsections (i) and (j), the State
48 Controller shall reserve from funds available in the General Fund the sum of twenty-nine million
49 two hundred eighty thousand dollars (\$29,280,000) in nonrecurring funds in the 2023-24 fiscal
50 year and eighty-seven million seven hundred ninety-five thousand dollars (\$87,795,000) in
51 nonrecurring funds in the 2024-25 fiscal year to the Unfunded Liability Solvency Reserve. Of

1 the funds reserved in the Unfunded Liability Solvency Reserve, the State Controller shall transfer
2 the sum of ten million dollars (\$10,000,000) in nonrecurring funds in the 2023-24 fiscal year and
3 the sum of twenty-nine million two hundred eighty thousand (\$29,280,000) in nonrecurring funds
4 in the 2024-25 fiscal year to the Health Benefit Fund and the Retirement System pursuant to G.S.
5 143C-4-10. The funds in this subsection are appropriated in the year in which they are transferred.

6 **SECTION 2.2.(d)** There is established the Improving Health Outcomes for People
7 Everywhere (IHOPE) Fund as a special fund at the Department of Health and Human Services.
8 The State Controller shall transfer the sum of one billion fifty-five million dollars
9 (\$1,055,000,000) in nonrecurring funds in the 2023-24 fiscal year and one hundred ninety-five
10 million dollars (\$195,000,000) from the unreserved fund balance in the General Fund to the
11 IHOPE Fund. This section becomes effective June 30, 2023. Funds transferred under this section
12 to the IHOPE Fund are appropriated in the fiscal year in which they are transferred and shall be
13 used in accordance with this act.

14 **SECTION 2.2.(e)** The State Controller shall transfer the sum of one hundred fifty-
15 five million six hundred forty-two thousand one hundred seventy dollars (\$155,642,170) for the
16 2023-24 fiscal year from funds available in the Medicaid Transformation Reserve in the General
17 Fund to the Medicaid Transformation Fund established under Section 12H.29 of S.L. 2015-241.
18 Funds transferred under this section to the Medicaid Transformation Fund are appropriated for
19 the 2023-24 fiscal year and shall be used in accordance with this act.

20 **SECTION 2.2.(f)** The State Controller shall reserve to the Medicaid Contingency
21 Reserve from funds available in the General Fund the sum of three hundred ninety-one million
22 two hundred seventeen thousand two hundred and seventy-two dollars (\$391,217,272) in
23 nonrecurring funds for the 2023-24 fiscal year. Funds reserved in the Medicaid Contingency
24 Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1)
25 of Article V of the North Carolina Constitution.

26 **SECTION 2.2.(g)** The State Controller shall reserve to the Federal Infrastructure
27 Match Reserve from funds available in the General Fund the sum of two hundred twenty-five
28 million dollars (\$225,000,000) in nonrecurring funds for the 2023-2024 fiscal year. Except as
29 otherwise provided in this act, federal funds received by the State under the Infrastructure
30 Investment and Jobs Act (117-58), the CHIPS and Science Act of 2022 (P.L. 117-167), the
31 Inflation Reduction Act of 2022 (117-169), and any other federal legislation that makes
32 significant funding available to states are appropriated upon transfer in the amounts provided in
33 the notification of award from the federal government or any entity acting on behalf of the federal
34 government to administer the federal funds. The State Controller with the approval of the
35 Director of the Budget shall transfer state matching funds available in the Federal Infrastructure
36 Match Reserve as needed to draw down federal funds in accordance with the notification of
37 award from the federal government or any entity acting on behalf of the federal government to
38 administer the federal funds, and the funds are appropriated in the year in which they are
39 transferred. State agencies may, with approval of the Director of the Budget, spend these funds
40 received from state matching funds, federal receipts, and federal grants.

41 **SECTION 2.2.(g)(1)** Section 2.2(m) of S.L. 2022-74 reads as rewritten:

42 **"SECTION 2.2.(m)** There is established in the General Fund the Federal
43 Infrastructure Match Reserve that shall make funds available to State agencies and departments
44 to use for State match requirements when procuring federal aid made available under the federal
45 Infrastructure Investment and Jobs Act (P.L. ~~117-58~~), ~~117-58~~, ~~the CHIPS and Science Act of~~
46 ~~2022 (P.L. 117-167), the Inflation Reduction Act of 2022 (117-169), and any other federal~~
47 ~~legislation that makes significant funding available to states.~~ The State Controller with approval
48 of the Director of the Budget shall transfer state matching funds available in the Federal
49 Infrastructure Match Reserve as needed to draw down federal funds in accordance with the
50 notification of award from the federal government or any entity acting on behalf of the federal
51 government to administer the federal funds, and the funds are appropriated in the year in which

1 they are transferred. State agencies may, with approval of the Director of the Budget, spend these
2 funds received from state matching funds, federal receipts, and federal grants. The State
3 Controller shall reserve to the Federal Infrastructure Match Reserve from funds available in the
4 General Fund the sum of one hundred six million dollars (\$106,000,000) in nonrecurring funds
5 for the 2022-23 fiscal year. The State Controller shall transfer funds available in the Federal
6 Infrastructure Match Reserve to the Department of Environmental Quality (DEQ) and the
7 Department of Information Technology (DIT) as needed to draw down federal funds in
8 accordance with the following schedule, and the funds transferred are appropriated for the 2022-
9 23 fiscal year:

10 ..."

11 **SECTION 2.2.(h)** The State Controller shall reserve to the Economic Development
12 Project Reserve from funds available in the General Fund the sum of three hundred twenty-five
13 million dollars (\$325,000,000) in nonrecurring funds for the 2023-24 fiscal year. Funds reserved
14 in the Economic Development Project Reserve pursuant to this subsection may be used only for
15 projects as specifically provided in this act notwithstanding whether such projects meet or exceed
16 high-yield project metrics, as defined in G.S. 143B-437.51. The State Controller shall transfer
17 three hundred fifteen million dollars (\$315,000,000) in the 2023-24 fiscal year and ten million
18 dollars (\$10,000,000) in 2024-25 fiscal year from the Economic Development Project Reserve
19 to the Department of Commerce. The funds transferred in this subsection to the Department of
20 Commerce are appropriated in the fiscal year in which they are transferred.

21 **SECTION 2.2.(i)** The State Controller shall transfer the sum of one hundred eighty
22 million dollars (\$180,000,000) from the unreserved fund balance in the General Fund to the
23 Information Technology Project Reserve. The following information technology projects are
24 funded from the Information Technology Project Reserve:

- 25 (1) ERP 2.0 pursuant to Section 5.10 of this act.
- 26 (2) The Integrated Tax Administration System pursuant to Section 5.11 of this
27 act.
- 28 (3) The State Board of Elections for system modernization planning.
- 29 (4) IT Contingency and Planning Funds.
- 30 (5) The Department of Health and Human Services' County Reimbursement
31 System.
- 32 (6) The Department of Health and Human Services' Automated Collection and
33 Tracking System.
- 34 (7) The Department of Public Instruction's Online Licensure System.
- 35 (8) The Department of Environmental Quality's Permit Transformation Project.
- 36 (9) The Department of Administration's Financial System Integration.

37 Funds appropriated to the Information Technology Project Reserve shall be allocated
38 by the Director of the State Budget in consultation with the State Chief Information Officer and
39 the head of the department with primary ownership over the information technology project.
40 Funds shall be allocated based on documented needs. Funds transferred under this section to
41 Information Technology Reserve are appropriated in the year in which they are transferred and
42 shall be used in accordance with this act.

43 **SECTION 2.2.(j)** The State Controller shall reserve to the Housing Reserve from
44 funds available in the General Fund the sum of one hundred sixty million dollars (\$160,000,000)
45 in nonrecurring funds for the 2023-24 fiscal year. The State Controller shall transfer the sum of
46 one hundred sixty million dollars (\$160,000,000) from the Housing Reserve to the Housing
47 Finance Agency in accordance with this act and the funds are appropriated in the 2023-24 fiscal
48 year.

49 **SECTION 2.2.(k)** There is established in the General Fund a Transportation Reserve
50 which shall make funds available for expenditure only upon an act of appropriation by the General
51 Assembly. The State Controller shall reserve to the Transportation Reserve the sum of seventy-

1 eight million dollars (\$78,000,000) in nonrecurring funds for the 2023-24 fiscal year and seventy-
2 eight million dollars (\$78,000,000) in nonrecurring funds for the 2024-25 fiscal year. The State
3 Controller shall transfer the sum of seventy-eight million dollars (\$78,000,000) in the 2023-24
4 fiscal year and the sum of seventy-eight million dollars (\$78,000,000) in the 2024-25 fiscal year
5 to the Department of Transportation. Funds transferred under this section to the Department of
6 Transportation are appropriated in the year in which they are transferred and shall be used in
7 accordance with this act.

8 **SECTION 2.2.(l)** Notwithstanding G.S. 143C-4-2, the State Controller shall
9 reserve from funds available in the General Fund the sum of five million dollars (\$5,000,000)
10 in nonrecurring funds for the 2023-24 fiscal year and five million dollars (\$5,000,000) in
11 nonrecurring funds for the 2024-25 fiscal year to Contingency and Emergency Fund in the
12 General Fund. Funds under this section are appropriated in the year in which they are reserved.

13 **SECTION 2.2.(m)** Notwithstanding G.S. 143C-4-2, the State Controller shall
14 transfer the sum of two hundred million dollars (\$200,000,000) in nonrecurring funds for the
15 2023-2024 fiscal year and the sum of three hundred million dollars (\$300,000,000) in
16 nonrecurring funds for the 2024-25 fiscal year from the Savings Reserve to the Department of
17 Health and Human Services. Funds transferred under this section to the Department of Health
18 and Human Services are appropriated in the year in which they are transferred and shall be used
19 in accordance with this act.

20 **SECTION 2.2.(n)** The State Controller shall transfer the sum of two hundred nine
21 million seven hundred two thousand five hundred dollars (\$209,702,500) in nonrecurring funds
22 for the 2023-2024 fiscal year from funds available in the State Emergency Response and Disaster
23 Relief Reserve, to be used in accordance with Sections 5.7, 5.8 and 5.9 of this act, and the funds
24 transferred are appropriated for the fiscal year in which they are transferred.

25 **SECTION 2.2.(o)** The State Controller shall transfer the sum of twenty-five million
26 dollars (\$25,000,000) in nonrecurring funds from the funds available in the World University
27 Games Reserve pursuant to S.L. 2022-74 for the 2027 World University Games to the
28 Department of Commerce (Budget Code: 24609) for the 2029 World University Games. Funds
29 are appropriated upon transfer in the 2023-24 fiscal year.

30 **SECTION 2.2.(p)** Except as otherwise specifically provided, nothing in this section
31 shall be construed as appropriating funds reserved pursuant to this section. Funds reserved
32 pursuant to this section do not constitute an "appropriation made by law," as that phrase is used
33 in Section 7(1) of Article V of the North Carolina Constitution.

34 **SECTION 2.2.(q)** The State Controller shall ensure that the transfers required under
35 this section are completed as soon as practicable but no later than the end of the fiscal year in
36 which they are directed. In making the transfers required under this section, the State Controller
37 shall prioritize transfers to Reserves that support expenditures.

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

39 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

40
41 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
42 and operation of the Department of Transportation and for other purposes as enumerated are
43 made for the fiscal biennium ending June 30, 2025, according to the following schedule:
44

45	46 Current Operations – Highway Fund	47 FY 2023-2024	48 FY 2024-2025
49	Department of Transportation		
50	Administration	\$137,078,101	\$130,238,637
51	Division of Highways		

1	Administration	40,365,753	40,365,753
2	Construction	77,543,078	77,543,078
3	Maintenance	1,769,915,184	1,935,782,981
4	Governor's Highway Safety Program	324,111	324,111
5	OSHA Program	358,030	358,030
6			
7	State Aid to Municipalities	154,875,000	154,875,000
8			
9	Intermodal Divisions		
10	Ferry	87,929,849	80,104,849
11	Public Transportation, Bicycle, and Pedestrian	82,710,286	82,710,286
12	Aviation	185,977,023	197,677,023
13	Rail	45,299,938	45,299,938
14	Division of Motor Vehicles	176,706,651	173,583,074
15			
16	Compensation, Benefits,		
17	Reserves, Transfers, and Other	95,132,877	97,452,877
18			
19	Capital Improvements	55,984,119	75,484,363
20			
21	Total Highway Trust Fund Appropriations	2,910,200,000	3,091,800,000

22
23 **HIGHWAY FUND AVAILABILITY**

24 **SECTION 3.2.** The Highway Fund availability used in developing the 2023-2025
25 fiscal biennial budget is shown below:

26			
27	Highway Fund Availability	FY 2023-2024	FY 2024-2025
28	Motor Fuels Tax	\$1,791,900,000	\$1,802,700,000
29	Highway Short Term Lease	116,700,000	121,500,000
30	Licenses and Fees	895,100,000	1,053,300,000
31	Investment Income	40,700,000	35,700,000
32	Aviation Fuel Tax	13,300,000	25,000,000
33	Sales Tax	52,500,000	53,600,000
34			
35	Total Highway Fund Availability	\$2,910,200,000	\$3,091,800,000

36
37 **HIGHWAY TRUST FUND APPROPRIATIONS**

38 **SECTION 3.3.** Appropriations from the State Highway Trust Fund for the
39 maintenance and operation of the Department of Transportation and for other purposes as
40 enumerated are made for the fiscal biennium ending June 30, 2025, according to the following
41 schedule:

42			
43	Current Operations – Highway Trust Fund	FY 2023-2024	FY 2024-2025
44			
45	Program Administration	\$42,602,398	\$42,616,605
46	Bonds	121,439,825	93,047,650
47	Turnpike Authority	49,000,000	49,000,000
48	State Ports Authority	45,000,000	45,000,000
49	FHWA State Match	5,104,440	6,176,440
50	Strategic Prioritization Funding Plan for		
51	Transportation Investments	1,775,913,337	1,857,429,319

1	Transfer to Visitor Center	640,000	640,000
2	Uncommitted Trust Fund	0	26,489,986
3			
4	Total Highway Trust Fund Appropriations	\$2,039,700,000	\$2,120,400,000

5
6 **HIGHWAY TRUST FUND AVAILABILITY**

7 **SECTION 3.4.** The Highway Trust Fund availability used in developing the 2023-25
8 fiscal biennial budget is shown below:

9			
10	Highway Trust Fund Availability	FY 2023-2024	FY 2024-2025
11			
12	Highway Use Tax	\$1,112,400,000	\$1,160,800,000
13	Motor Fuels Tax	598,900,000	602,500,000
14	Fees	142,100,000	170,900,000
15	Sales Tax	157,400,000	160,900,000
16	Investment Income	28,900,000	25,300,000
17			
18	Total Highway Trust Fund Availability	\$2,039,700,000	\$2,120,400,000

19
20 **PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

21
22 **CASH BALANCES AND OTHER APPROPRIATIONS**

23 **SECTION 4.1.(a)** Cash balances, federal funds, departmental receipts, grants, and
24 gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are
25 appropriated for the 2023-25 fiscal biennium as follows:

- 26 (1) For all budget codes listed in the Governor's Recommended Budget for the
27 2023-25 fiscal biennium, dated March 2023, and in the Budget Support
28 Document, fund balances and receipts are appropriated up to the amounts
29 specified, as adjusted by the General Assembly, for the 2023-24 fiscal year
30 and the 2024-25 fiscal year. Funds may be expended only for the programs,
31 purposes, objects, and line items or as otherwise authorized by the General
32 Assembly. Expansion budget funds listed in those documents are appropriated
33 only as otherwise provided in this act.
- 34 (2) Notwithstanding the provisions of subdivision (1) of this subsection:
- 35 a. Any receipts that are required to be used to pay debt service
36 requirements for various outstanding bond issues and certificates of
37 participation are appropriated up to the actual amounts received for the
38 2023-24 fiscal year and the 2024-25 fiscal year and shall be used only
39 to pay debt service requirements.
- 40 b. Other funds, cash balances, and receipts of funds that meet the
41 definition issued by the Governmental Accounting Standards Board of
42 a trust or agency fund are appropriated for and in the amounts required
43 to meet the legal requirements of the trust agreement for the 2023-24
44 fiscal year and the 2024-25 fiscal year.

45 **SECTION 4.1.(b)** Receipts collected in a fiscal year in excess of the amounts
46 appropriated by this section shall remain unexpended and unencumbered until appropriated by
47 the General Assembly, unless the expenditure of over-realized receipts in the fiscal year in which
48 the receipts were collected is authorized by the State Budget Act. Over-realized receipts are
49 appropriated in the amounts necessary to implement this subsection.

50 **SECTION 4.1.(c)** Notwithstanding subsections (a) and (b) of this section, there is
51 appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax

1 Revenues for each fiscal year an amount equal to the amount of the distributions required by law
2 to be made from that reserve for that fiscal year.

3
4 **OTHER RECEIPTS FROM PENDING GRANT AWARDS**

5 **SECTION 4.2.** G.S. 143C-6-4 is amended to add:

6 "(b3) State agencies may, with approval of the Director of the Budget, spend funds received
7 from grants for grant awards that do not require State matching funds and will not be used for a
8 capital project. No state agency may accept a grant that would obligate the State to make future
9 expenditures relating to the program receiving the grant or would otherwise result in a financial
10 obligation as a consequence of accepting the grants funds.

11 (b4) The Office of State Budget and Management shall work with the recipient State
12 agencies to budget grant awards according to the annual program needs and within the parameters
13 of the respective granting entities. Depending on the nature of the award, additional State
14 personnel may be employed on a time-limited basis. Funds received from such grants are hereby
15 appropriated and shall be incorporated into the authorized budget of the recipient State agency.
16 OSBM shall report to the Fiscal Research Division within 30 days of grant funds being
17 budgeted."

18 **SECTION 4.2.(d)** G.S. 143C-5-4.(b)(9) reads as rewritten:

19 "(9) Grant funds. – Notwithstanding G.S. 143C-6-4, State agencies may, with
20 approval of the Director of the Budget, spend funds received from grants
21 awarded during the current fiscal year that ~~are for less than two million five~~
22 ~~hundred thousand dollars (\$2,500,000)~~ do not require State matching funds,
23 and will not be used for a capital project. State agencies shall report to the
24 Joint Legislative Commission on Governmental Operations, the chairs of the
25 Senate Committee on Appropriations/Base Budget, the chairs of the House
26 Appropriations Committee, and the Fiscal Research Division within 30 days
27 of receipt of such funds. State agencies may spend up to the greater of one
28 percent (1%) or ten million dollars (\$10,000,000) of the total amount of grants
29 awarded during the current fiscal year to respond to an emergency with the
30 approval of the Director of the Budget. State agencies shall report to the Joint
31 Legislative Commission on Governmental Operations, the chairs of the Senate
32 Committee on Appropriations/Base Budget, the chairs of the House
33 Appropriations Committee, and the Fiscal Research Division within 30 days
34 of receipt of such funds, including specifying the total amount of grants
35 awarded to respond to the emergency. State agencies may spend all other
36 funds from grants awarded during the current fiscal year only with approval
37 of the Director of the Budget and after consultation with the Joint Legislative
38 Commission on Governmental Operations. The Office of State Budget and
39 Management shall work with the recipient State agencies to budget grant
40 awards according to the annual program needs and within the parameters of
41 the respective granting entities. Depending on the nature of the award,
42 additional State personnel may be employed on a time-limited basis. Funds
43 received from such grants are hereby appropriated up to the applicable
44 allowable amount set forth in this subdivision and shall be incorporated into
45 the authorized budget of the recipient State agency. Notwithstanding the
46 provisions of this subdivision, no State agency may accept a grant if
47 acceptance of the grant would obligate the State to make future expenditures
48 relating to the program receiving the grant or would otherwise result in a
49 financial obligation as a consequence of accepting the grant funds. Nothing in
50 this subdivision shall be construed to prohibit or limit expenditures that are
51 authorized under subdivision (1) of this subsection. For purposes of this

subdivision, the term (i) "emergency" is as defined in G.S. 166A-19.3 and (ii) "grant" means funds received from a grant that was not included in the base budget for the fiscal year in which the grant was awarded."

EDUCATION LOTTERY AND OTHER WAGERING FUNDS/CHANGES TO REVENUE ALLOCATIONS

SECTION 4.3. The appropriations for the 2023-25 fiscal biennium made from the Education Lottery Fund equal one billion, eight hundred sixty-six million dollars (\$1,866,000,000); from the North Carolina Video Lottery Fund equal two hundred forty-three million dollars (\$243,000,000); from E-Instant Games equal one hundred eighty-four million dollars (\$184,000,000); and from Sports Wagering equal eighty-five million dollars (\$85,000,000) and are as follows:

	FY 2023-2024	FY 2024-2025
Noninstructional Support Personnel	\$429,614,455	\$491,041,455
Prekindergarten Program	186,552,110	277,752,110
Specialized Instructional Support Personnel	0	151,400,000
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	208,253,512	208,253,512
Public School Repairs and Renovations	50,000,000	50,000,000
Scholarship Reserve Fund for Public Colleges and Universities	41,194,733	41,194,733
LEA Transportation	21,386,090	21,386,090
TOTAL APPROPRIATION	\$1,037,000,000	\$1,341,000,000

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

SECTION 4.4. Notwithstanding G.S. 143C-9-7, there is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment, the sum of eleven million dollars (\$11,000,000) in each year of the 2023-25 biennium. These receipts are appropriated in the year in which they are received.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.5. Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2025, as follows:

	FY 2023-2024	FY 2024-2025
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	30,193,768	30,193,768
School Safety Grants	40,000,000	0
State Public School Fund	186,841,640	186,841,640
Total Appropriation	\$275,035,408	\$235,035,408

CORONAVIRUS CAPITAL PROJECTS FUND RESERVE TRANSFER ADJUSTMENT

SECTION 4.6 Session Law 2021-180 reads as rewritten:

"TRANSFER OF FUNDS FROM CORONAVIRUS CAPITAL PROJECTS RESERVE TO CORONAVIRUS CAPITAL PROJECTS FUND

"SECTION 4.12. The State Controller shall transfer the sum of ~~two hundred seventy-seven million sixty thousand eight hundred fifty-five dollars (\$277,060,855)~~ two hundred seventy-three million five hundred eighty-three thousand one hundred and seventy-nine dollars (\$273,583,179) to align with the federal award letter received for the 2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L. 2021-25."

1 **ADJUSTMENTS TO GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT**
2 **OF 2021 FUNDING / STATE FISCAL RECOVERY FUNDS TRANSFER**

3 **SECTION 4.7(a)** S.L. 2021-180 reads as rewritten:

4 "**SECTION 4.9.(f)** Interest. – All interest earned on funds held in the State Fiscal
5 Recovery Fund ~~shall be transferred to the State Fiscal Recovery Reserve.~~ shall remain in the State
6 Fiscal Recovery Fund. The Office of State Budget and Management (OSBM) may allocate
7 interest earnings to provide inflation adjustments to existing grants and projects funded through
8 State Fiscal Recovery Funds by the North Carolina General Assembly."

9 **SECTION 4.7.(b)** Reporting. – OSBM shall report on any allocations pursuant to
10 Subsection 4.9(a) to the Senate Committee on Appropriations/Base Budget, the House
11 Appropriations Committee, and the Fiscal Research Division within 90 days following the
12 allocation.

13 **SECTION 4.7.(c)** Transfer. – The State Controller shall transfer the sum of thirty
14 million five hundred thousand dollars (\$30,500,000) for the 2023-24 fiscal year from the State
15 Fiscal Recovery Reserve, established in Section 2.1 of S.L. 2021-25, to the State Fiscal Recovery
16 Fund, established in Section 2.2 of S.L. 2021-25 and the funds are appropriated in the 2023-24
17 fiscal year. The State Controller shall transfer any interest earned from State Fiscal Recovery
18 Fund funds to the State Fiscal Recovery Fund, and interest earned is appropriated to the State
19 Fiscal Recovery Fund in the year in which is earned.

20 **SECTION 4.7.(d)** Reversion. – Interest funds appropriated in this act from the State
21 Fiscal Recovery Fund shall not revert at the end of the 2023-25 fiscal biennium.

22 **SECTION 4.7.(e)** Disbursement – OSBM shall allocate State Fiscal Recovery Fund
23 funds to State agencies and departments upon justification from the agency or department and
24 only as needed to implement the provisions of this act. The following allocations are made from
25 the State Fiscal Recovery Fund in this act and are subject to Section 4.9 of Session Law 2021-
26 180:

	State Agency or Department	2023-2024	2024-2025
27			
28	(1) DIT – Awareness and Digital Literacy		
29	(Budget Code: 14660)	\$12,500,000	\$12,500,000
30	(2) DIT – Broadband Administration		
31	(Budget Code: 14660)	3,750,000	3,750,000
32	(3) DEQ – Viable Utility Reserve		
33	(Budget Code: 24327)	35,000,000	0
34	(4) DEQ – Local Assistance for Stormwater Infrastructure Investments Fund		
35	(Budget Code: 64311)	15,000,000	0
36			

37 **PART V. GENERAL PROVISIONS**

38
39 **ESTABLISHING OR INCREASING FEES**

40 **SECTION 5.1.(a)** Notwithstanding G.S. 123.1, an agency is not required to consult
41 with the Joint Legislative Commission on Governmental Operations prior to establishing or
42 increasing a fee to the level authorized or anticipated in this act.

43 **SECTION 5.1.(b)** Notwithstanding G.S. 150B21.1A(a), an agency may adopt an
44 emergency rule in accordance with G.S. 150B21.1A to establish or increase a fee as authorized
45 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
46 150B of the General Statutes.

47
48 **CAP STATE FUNDED PORTION OF NONPROFIT SALARIES**

49 **SECTION 5.2.** No more than one hundred twenty thousand dollars (\$120,000) in
50 State funds, including any interest earnings accruing from those funds, may be used for the annual
51 salary of any individual employee of a nonprofit organization.

1
2 **ELIMINATION OF REQUIREMENT OF PEN-AND-INK SIGNATURES**

3 **SECTION 5.3.** The Revisor of Statutes shall eliminate any requirements in General
4 Statutes that documents have pen-and-ink, or “wet,” signatures. This process should remove any
5 references that mandate the signature of paper copies of forms and other documents, instead of
6 allowing for both wet and digital signatures.
7

8 **UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2022-23 FISCAL YEAR DO**
9 **NOT REVERT**

10 **SECTION 5.4.(a)** Notwithstanding any provision of law to the contrary, any
11 nonrecurring funds in directed grants appropriated in S.L. 2021-180 for the 2022-23 fiscal year
12 that remain unexpended as of the effective date of this section and are subject to reversion at the
13 end of the 2022-23 fiscal year shall not revert at the end of the 2022-23 fiscal year and shall
14 remain available for expenditure for the purpose for which the funds were appropriated until the
15 earlier of the date the funds are expended or the date the funds revert pursuant to subsection (b)
16 of this section.

17 **SECTION 5.4.(b)** Any funds described in subsection (a) of this section that remain
18 unexpended as of June 30, 2023, shall revert to the appropriate fund at the end of the 2023-24
19 fiscal year.

20 **SECTION 5.4.(c)** This section becomes effective June 30, 2023.
21

22 **FEDERAL INFRASTRUCTURE MATCH RESERVE ALLOCATION**

23 **SECTION 5.5.(a)** Support for Leveraging Federal Funds. – The State Controller
24 shall transfer funds available in the Federal Infrastructure Match Reserve to the Office of State
25 Budget and Management (OSBM) and the Department of Natural and Cultural Resources
26 (DNCR) in the 2023-24 fiscal year and the funds transferred are appropriated upon transfer:

- 27 (1) \$2,000,000 shall be allocated to state agencies for contracted support to assist
28 in leveraging federal funds.
29 (2) \$1,650,000 shall be allocated to DNCR to support rural communities in
30 competing for and applying federal grants.
31 (3) \$1,000,000 shall be allocated to OSBM to supplement local capacity across
32 the state to pursue federal funding and support efforts to leverage those funds
33 in local communities.
34 (4) \$750,000 shall be allocated to OSBM to establish two time-limited positions
35 that coordinate efforts to implement federal funding in new and existing
36 programs and initiatives within state and local government.

37 **SECTION 5.5.(b)** Allocation of Funds for State Match Requirements. – The State
38 Controller shall transfer funds available in the Federal Infrastructure Match Reserve to the
39 Department of Commerce (DOC), Department of Environmental Quality (DEQ), the Department
40 of Transportation (DOT), Wildlife Resources Commission, and OSBM as needed to draw down
41 federal funds. These state matching funds are appropriated in the year in which they are
42 transferred, and their associated federal receipts and grants are appropriated in the year in which
43 they are received. State agencies may, with approval of the Director of the Budget, spend these
44 funds received from state matching funds, federal receipts, and federal grants.

- 45 (1) The following amounts are allocated from the Federal Infrastructure Match
46 Reserve in the 2023-25 biennium:
47

	State Agency or Department	2023-2024	2024-2025
48			
49	a. OSBM – Clean Energy and Energy Efficiency Matching Grants		
50	(Budget Code: 23014)	\$25,000,000	\$0
51	b. DEQ – Clean Water State Revolving Loan Fund		

1	(Budget Code: 64311)	3,975,123	8,675,950
2	c. DEQ – Drinking Water State Revolving Loan Fund		
3	(Budget Code: 64320)	6,605,875	14,417,727
4	d. DEQ – Grid Resiliency		
5	(Budget Code: 24300)	1,384,547	1,384,547
6	e. DOC – Federal Energy Research Funding		
7	(Budget Code: 14601)	500,000	0

(2) The final amount of state matching funds required and federal funds awarded to Wildlife Resources Commission or DOT for wildlife crossing structures and other projects to reduce the number of wildlife-vehicle collisions is not known but is hereby appropriated in the same manner as provided in this subsection. Both the state match needed to draw down the corresponding federal funds for this item and the associated federal receipts and grant award funds shall be transferred in the year in which the federal funds are awarded and are appropriated in the year in which they are transferred.

NCPRO/EXTENSION OF OPERATIONS

SECTION 5.6.(a) Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L. 2021-1 and Section 23.2 of S.L. 2021-180, reads as rewritten:

"SECTION 4.3.(a) OSBM shall establish a temporary North Carolina Pandemic Recovery Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery Legislation. This Office shall also provide technical assistance and ensure coordination of federal funds received by State agencies and local governments and ensure proper reporting and accounting of all funds. The authorization set forth in this section expires on June 30, ~~2023~~, 2027, and the Office shall cease to operate upon expiration of the authorization."

SECTION 5.6.(b) As allowed per United States Treasury guidance, the interest earned from the Local Fiscal Recovery Funds is appropriated to the Office of State Budget and Management for North Carolina Pandemic Recovery Office operations.

2023 DISASTER RECOVERY

SECTION 5.7.(a) State Emergency Response and Disaster Relief Fund. – Of the nonrecurring funds appropriated in this act for fiscal year 2023-24, two hundred nine million seven hundred two thousand five hundred dollars (\$209,702,500) shall be allocated as follows:

- (1) \$44,950,000 to the Office of State Budget and Management to provide disaster recovery assistance to households and communities in response to Hurricane Matthew.
- (2) \$30,000,000 to the Office of State Budget and Management to provide disaster recovery assistance to households and communities in response to Hurricane Florence.
- (3) \$12,500,000 to the Office of State Budget and Management to provide disaster recovery assistance to households and communities in response to Tropical Storm Fred.
- (4) \$10,000,000 to the Office of State Budget and Management to support the replacement of personal property items in households which suffered damages in previous hurricanes or other disasters.
- (5) \$575,000 to the Office of State Budget and Management to provide disaster recovery assistance in response to the Sparta Earthquake.
- (6) \$40,000,000 to the Department of Public Safety, Emergency Management Division, to support the Disaster Recovery and Mitigation Fund, which enhances flood mitigation and transportation resilience.

-
- 1 (7) \$5,000,000 to the Department of Public Safety, North Carolina Office of
2 Recovery and Resiliency, to provide loans to households for their duplication
3 of benefits payments.
 - 4 (8) \$5,000,000 to the Department of Public Safety, Emergency Management
5 Division, to provide grants that invest in local emergency management
6 infrastructure.
 - 7 (9) \$5,000,000 to the Department of Public Safety, Emergency Management
8 Division, to provide grants that increase available capacity within local
9 disaster shelters.
 - 10 (10) \$3,327,500 to the Department of Public Safety, Emergency Management
11 Division, to conduct flood studies and risk assessments for flood gauges in the
12 Flood Inundation Mapping and Alert Network.
 - 13 (11) \$3,200,000 to the Department of Public Safety, North Carolina Office of
14 Recovery and Resiliency, to support the Resilient Communities Program,
15 which offers training and portfolio development to guide and enhance local
16 efforts to build resilience.
 - 17 (12) \$20,000,000 to the Department of Agriculture and Consumer Services to
18 support the Swine Floodplain Buyout Program, which purchases permanent
19 conservation easements on properties currently used for swine production that
20 are within the 100-year floodplain.
 - 21 (13) \$20,000,000 to the Department of Agriculture and Consumer Services to
22 support the Streamflow Rehabilitation Assistance Program, which maintains
23 and restores streams in flood mitigation efforts.
 - 24 (14) \$1,000,000 to the Department of Agriculture and Consumer Services to
25 support the Community Conservation Assistance Program, which provides
26 cost-share assistance to encourage the implementation of best land
27 management practices.
 - 28 (15) \$5,000,000 to the Department of Natural and Cultural Resources to support
29 the North Carolina Land and Water Fund Flood Risk Reduction, which
30 acquires land in flood-prone areas, reduces stormwater impacts, and restores
31 damaged streambanks and waterways.
 - 32 (16) \$3,150,000 to the Department of Environmental Quality for dam-overtopping
33 studies of high-hazard dams.
 - 34 (17) \$1,000,000 to the Wildlife Resources Commission for equipment to control
35 prescribed fire and contain wildfires.

36 **SECTION 5.7.(b)** Implementation. – The following actions and policies shall be
37 taken to implement subsection 5.7.(a)(1) and subsection 5.7.(a)(2) of this section:

- 38 (1) If a person's home is relocated or purchased with funds from the Hazard
39 Mitigation Grant Program or the State Acquisition and Relocation Fund, the
40 State Emergency Response and Disaster Relief Fund is subrogated to the
41 person's rights under any insurance coverage for the damage to the home and
42 any monies received from the insurance coverage shall be paid to the State
43 Emergency Response and Disaster Relief Fund. The Office of State Budget
44 and Management shall ensure that those potentially affected by this section
45 are notified of, and adhere to, its requirements.
- 46 (2) No State funds appropriated in this section may be expended for the
47 construction of any new residence within the 100-year floodplain unless the
48 construction is in an area regulated by a unit of local government pursuant to
49 a floodplain management ordinance and the construction complies with the
50 ordinance. As used in this section, "100-year floodplain" means any area
51 subject to inundation by a 100-year flood, as indicated on the most recent

1 Flood Insurance Rate Map prepared by the Federal Emergency Management
2 Agency under the National Flood Insurance Program.

- 3 (3) Homeowners in the 100-year floodplain who receive homeowner's housing
4 assistance pursuant to this section shall have in effect federal flood insurance,
5 if available, as a precondition to receipt of State homeowner's housing
6 assistance for losses resulting from future flooding.

7 **SECTION 5.7.(c) Limitation.** – The Governor shall ensure that funds allocated in
8 this act are expended in a manner that does not adversely affect any person's or entity's eligibility
9 for federal funds that are made available, or that are anticipated to be made available, as a result
10 of Hurricanes Florence, Matthew, Michael, or Dorian, Tropical Storm Fred, or the Sparta
11 Earthquake. The Governor shall also, to the extent practicable, avoid using State funds to cover
12 costs that will be, or likely will be, covered by federal funds.

13 **SECTION 5.7.(d) No Reversion of Funds.** – Funds described in subsection
14 5.7.(a)(1), subsection 5.7.(a)(2), and subsection 5.7.(a)(3) shall remain available to implement
15 the provisions of this section until the General Assembly directs the reversion of any unexpended
16 and unencumbered funds and G.S. 143C-6-23(f1)(1) shall not apply to those funds.

17 **SECTION 5.7.(e) Reporting Requirements.** – The Office of State Budget and
18 Management shall provide periodic reports on the use of the funds allocated and appropriated in
19 this Act in a manner which is consistent with Section 5.8 of Session Law 2019-250.

20 **SECTION 5.7.(f) Programmatic Support** – The Office of State Budget and
21 Management may use up to five percent (5%) of the funds allocated for programmatic capacity
22 and administrative expenses.

23 24 **FLEXIBILITY FOR USE OF UNEXPENDED DISASTER RECOVERY FUNDS**

25 **SECTION 5.8.(a)** Section 5.9A(c)(1) of S.L. 2021-180 reads as rewritten:

26 "**SECTION 5.9A.(c) Allocations.** – Of the funds appropriated in Section 2.2(j) of
27 this act for disaster relief, recovery, mitigation, and resiliency, the sum of one hundred
28 twenty-four million four hundred thousand dollars (\$124,400,000) shall be allocated for relief
29 and recovery efforts from Tropical Storm Fred as follows:

- 30 (1) \$72,000,000 to the Department of Public Safety, Division of Emergency
31 Management, for the following purposes:

32 a. \$20,000,000 for home ~~reconstructions~~ reconstructions, acquisitions,
33 elevations, or relocations that are not eligible for federal assistance
34 through the Hazard Mitigation Grant ~~Program~~ Program (HMGP) or in
35 counties not eligible for HMGP.

36 ...

37 g. \$2,000,000 for property repairs for housing facilities owned by
38 landlords who house families displaced by Tropical Storm ~~Fred~~ Fred
39 or families who will become displaced during the repair of damage to
40 such housing facilities.

41"

42 **SECTION 5.8.(b)** Notwithstanding any other provision of law, any State agency that
43 received Tropical Storm Fred recovery funds pursuant to this act or any of the following
44 enactments may reallocate unexpended and unobligated program funds to any program or
45 purpose stated in those appropriations:

- 46 (1) S.L. 2021-180.
47 (2) S.L. 2021-189.
48 (3) S.L. 2022-6.
49 (4) S.L. 2022-74.

50 **SECTION 5.8.(c)** Any State agency that reallocates funds pursuant to subsection (b)
51 of this section shall report, at least 30 days prior to the reallocation, to the chairs of the Senate

1 Appropriations/Base Budget Committee, the chairs of the House of Representatives
2 Appropriations Committee, and the Fiscal Research Division. The report shall identify all of the
3 following:

- 4 (1) The original funding authorization.
- 5 (2) The original program or purpose for the use of the funds.
- 6 (3) The amount of funds expended or obligated for the original program or
7 purpose.
- 8 (4) The amount of funds that remain unexpended or unencumbered.
- 9 (5) The amount of funds to be reallocated.

10 11 **RECOVERY AND MITIGATION GRANTS**

12 **SECTION 5.9.(a)** Section 5.9(g) of S.L. 2021-180 reads as rewritten:

13 "**SECTION 5.9.(g)** Establishment of ~~Transportation—Infrastructure~~
14 ~~Resiliency~~Disaster Recovery and Mitigation Fund. – There is established the ~~Transportation~~
15 ~~Infrastructure Resiliency Fund-Disaster Recovery and Mitigation~~ (Fund) in the Department of
16 Public Safety, Division of Emergency Management. Any funds appropriated to the Fund shall
17 remain available for expenditure as provided in this section unless directed otherwise by the
18 General Assembly.

19 The Division of Emergency Management shall administer a grant program using
20 funds appropriated to the Disaster Recovery and Mitigation Fund that allows State agencies, units
21 of local government, regional councils of government, and nonprofit corporations to apply for
22 funds to ensure resilience against natural disasters. The Division of Emergency Management
23 shall consult with relevant state agencies prior to awarding grants to State agencies, units of local
24 government, regional councils of government, and nonprofit corporations. Funds may be used
25 for any of, and activities consistent with, the following:

- 26 (1) Projects that update and prepare transportation infrastructure for storms,
27 mudslides, rockslides, and flooding events taking projections of future risk
28 into consideration.
- 29 (2) Risk assessments for critical transportation routes, building on existing and
30 future reports such as the I-95 and I-40 Flood Resilience Feasibility Study.
- 31 (3) Creating community-informed flood risk and vulnerability assessments that
32 identify resilience gaps and project opportunities for transportation routes in
33 North Carolina to help maintain vital transportation functions following
34 flooding events.
- 35 (4) Flood mitigation efforts that stabilize areas and reduce future damage.
- 36 (5) Predevelopment assistance to provide small and underserved communities
37 with technical assistance to identify and design shovel-ready projects related
38 to disaster relief and flood mitigation.
- 39 (6) Requirements for non-federal match funds when incorporating flood
40 resilience into federally funded hazard mitigation and transportation resilience
41 projects."

42 **SECTION 5.9.(b)** Section 5.9(f) and Section 5.9(h) are repealed.

43 44 **ERP 2.0 OVERSIGHT**

45 **SECTION 5.10.(a)** There is established the ERP 2.0 Oversight Committee
46 (Committee), which shall be located within the Office of State Budget and Management for
47 organizational, budgetary, and administrative purposes.

48 **SECTION 5.10.(b)** ERP 2.0 shall include the following information technology
49 projects funded from the Information Technology Projects Reserve:

- 50 (1) The Human Capital Resource Management project
- 51 (2) The Budget System Replacement project, and

1 (3) The Grants Management System project.

2 **SECTION 5.10.(c)** The Committee consists of the following members:

3 (1) The State Chief Information Officer (CIO), who shall serve as chair.

4 (2) The State Budget Officer.

5 (3) The State Controller.

6 (4) The Director of State Human Resources.

7 **SECTION 5.10.(d)** The Committee shall have the following powers and duties:

8 (1) To establish steering committees for each project funded as a part of ERP
9 2.0. The steering committees shall, at a minimum, consist of:

10 a. The agency head, or agency head designees, of the agency or agencies
11 responsible for the project,

12 b. Key stakeholders impacted by the project,

13 c. A representative from the Office of State Budget and Management,

14 d. A representative from the Department of Information Technology.

15 (2) To review and approve the allocation of ERP 2.0 funds appropriated in
16 Section 2.2.(i) of this act. The Committee shall establish standards and
17 procedures for approval of funding allocations.

18 (3) To receive updates on project costs, schedule, and milestones ERP 2.0
19 projects. The Committee shall determine the monitoring schedule and
20 procedures, except that each project receiving money for ERP 2.0 shall
21 provide the Committee with quarterly reports and come before the
22 Committee for review at least annually.

23 (4) To suspend funding for any ERP 2.0 project that has received funding from
24 the Reserve. The suspension must be based on the Committee's finding that
25 the project is not in compliance with the schedule, budget, and quality
26 standards set forth when the project was approved for funding. The
27 Committee shall report any suspension immediately to the State CIO, the
28 Office of the State Controller, the Office of State Budget and Management,
29 the Joint Legislative Oversight Committee on Information Technology, and
30 the Fiscal Research Division. The Office of State Budget and Management
31 shall not permit any additional expenditure of project that has been suspended
32 by the Board.

33 **SECTION 5.10.(e)** The Committee shall meet at least quarterly and may hold
34 additional meetings upon the call of the Chair.

35 **SECTION 5.10.(f)** The Office of State Budget and Management shall provide
36 primary staff support to the Board with assistance from the Department of Information
37 Technology as needed.

38 **INTEGRATED TAX ADMINISTRATION SYSTEM REPLACEMENT OVERSIGHT**

39 **SECTION 5.11.(a)** There is established the Integrated Tax Administration System
40 (ITAS) Replacement Oversight Committee (Committee), which shall be located within the
41 Department of Revenue for organizational, budgetary, and administrative purposes.

42 **SECTION 5.11.(b)** The Committee consists of the following members:

43 (1) The Secretary of Revenue, who shall serve as chair.

44 (2) The State Budget Officer.

45 (3) The State Chief Information Officer.

46 **SECTION 5.11.(c)** The Committee shall have the following powers and duties:

47 (1) To establish steering committees for the ITAS replacement project. The
48 steering committees shall, at a minimum, consist of:

49 a. Designees from the Department of Revenue

50 b. Key stakeholders impacted by the project,

-
- 1 c. A representative from the Office of State Budget and Management.
2 d. A representative from the Department of Information Technology.
3 (2) To receive updates on project costs, schedule, and milestones of the ITAS
4 replacement project appropriated in Section 2.2(i) of this Act. The Committee
5 shall determine the monitoring schedule and procedures.

6 **SECTION 5.11.(d)** The Committee shall meet at least quarterly and may hold
7 additional meetings upon the call of the Chair.

8 **SECTION 5.11.(e)** The Department of Revenue shall provide primary staff support
9 to the Committee.

10 **PART VI. COMMUNITY COLLEGE SYSTEM**

11 **EVALUATION FUNDS FOR NURSING PRECEPTORSHIPS**

12
13 **SECTION 6.1.** The Community College System shall use a portion of funds
14 provided for nursing preceptorships to conduct a program evaluation. The Community Colleges
15 System Office may consult with the Office of State Budget and Management for assistance on
16 how to develop a plan for evaluation, including how to register a pre-analysis plan. The system
17 office shall report annually to OSBM and the Fiscal Research Division at the General Assembly
18 on the progress of the evaluation and, when completed, make the pre-analysis plan and final
19 evaluation report publicly available.
20

21 **EVALUATION FUNDS FOR CHILD CARE PROGRAMS IN COMMUNITY** 22 **COLLEGES**

23
24 **SECTION 6.2.** The Community College System shall use a portion of funds
25 provided for child care services to conduct a program evaluation. The Community Colleges
26 System Office may consult with the Office of State Budget and Management for assistance on
27 how to develop a plan for evaluation, including how to register a pre-analysis plan. The system
28 office shall report annually to OSBM and the Fiscal Research Division at the General Assembly
29 on the progress of the evaluation and, when completed, make the pre-analysis plan and final
30 evaluation report publicly available.
31

32 **PART VII. PUBLIC INSTRUCTION**

33 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

34
35 **SECTION 7.1.** The State Board of Education shall allocate additional funds for
36 academically or intellectually gifted children on the basis of one thousand four hundred twenty-
37 three dollars and fourteen cents (\$1,423.14) per child for fiscal years 2023-24 and 2024-25. A
38 local school administrative unit shall receive funds for a maximum of five percent (5%) of its
39 allocated average daily membership, regardless of the number of children identified as
40 academically or intellectually gifted in the unit. The dollar amounts allocated under this section
41 for academically or intellectually gifted children shall also be adjusted in accordance with
42 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
43 personnel who serve academically or intellectually gifted children.
44

45 **FUNDS FOR CHILDREN WITH DISABILITIES**

46
47 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
48 children with disabilities on the basis of six thousand sixty dollars (\$6,060) for fiscal year 2023-
49 24 and six thousand five hundred fifty dollars (\$6,550) for fiscal year 2024-25 per child. Each
50 local school administrative unit shall receive funds for the total number of children who are
51 identified as children with disabilities in the local school administrative unit. The dollar amounts
allocated under this section for children with disabilities shall also be adjusted in accordance with

1 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
2 personnel who serve children with disabilities.

3
4 **FUNDS FOR LIMITED ENGLISH PROFICIENCY**

5 **SECTION 7.3.** The State Board of Education shall allocate additional funds for
6 services to students with limited proficiency in the English language to local school
7 administrative units and to charter schools based on the three-year weighted headcount of
8 students in the units or charter school with limited English proficiency.

9
10 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)/AT-RISK**
11 **STUDENT SERVICES/ALTERNATIVE SCHOOLS**

12 **SECTION 7.4.(a)** Funds appropriated in this act for disadvantaged student
13 supplemental funding shall be used, consistent with the policies and procedures adopted by the
14 State Board of Education, only to do the following:

- 15 (1) Provide instructional positions or instructional support positions.
- 16 (2) Provide professional development.
- 17 (3) Provide intensive in-school or afterschool remediation, or both.
- 18 (4) Purchase diagnostic software and progress-monitoring tools.
- 19 (5) Provide funds for teacher bonuses and supplements.

20 The State Board of Education may require local school administrative units receiving funding
21 under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added
22 Assessment System (EVAAS) in order to provide in-depth analysis of student performance and
23 help identify strategies for improving student achievement. This data shall be used exclusively
24 for instructional and curriculum decisions made in the best interest of children and for
25 professional development for their teachers and administrators.

26 **SECTION 7.4.(b)** Disadvantaged student supplemental funding (DSSF) shall be
27 allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and
28 (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student
29 ratios:

- 30 (1) For counties with wealth greater than ninety percent (90%) of the statewide
31 average, a ratio of 1:19.9.
- 32 (2) For counties with wealth not less than eighty percent (80%) and not greater
33 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 34 (3) For counties with wealth less than eighty percent (80%) of the statewide
35 average, a ratio of 1:19.1.
- 36 (4) For local school administrative units that received DSSF funds in fiscal year
37 2005-06, a ratio of 1:16. These local school administrative units shall receive
38 no less than the DSSF amount allotted in fiscal year 2006-07.

39 For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental
40 formula as provided for in this act.

41 **SECTION 7.4.(c)** If a local school administrative unit's wealth increases to a level
42 that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment
43 ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional
44 fiscal year.

45 **SECTION 7.4.(d)** For the 2024-25 fiscal year the State Board of Education shall
46 transfer the At-Risk Student Services/Alternative Schools allotment into the DSSF allotment and
47 allocate these funds to local school administrative units under a formula that:

- 48 (1) Expands the allowable uses of the DSSF allotment to incorporate activities
49 allowed under the current At-Risk allotment; and
- 50 (2) Provides that no local administrative unit receives a decrease in combined
51 funding.

1 Reallocated At-Risk funding must be counted as an independent supplement to existing DSSF
2 funds.

3
4 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

5 **SECTION 7.5.(a)** Use of Funds for Supplemental Funding. – All funds received
6 pursuant to this section shall be used only (i) to provide instructional positions, instructional
7 support positions, teacher assistant positions, clerical positions, school computer technicians,
8 instructional supplies and equipment, staff development, and textbooks and digital resources and
9 (ii) for salary supplements for instructional personnel and instructional support personnel. Local
10 boards of education are encouraged to use at least twenty-five percent (25%) of the funds
11 received pursuant to this section to improve the academic performance of children who are
12 performing at Level I or II on either reading or mathematics end-of-grade tests in grades three
13 through eight.

14 **SECTION 7.5.(b)** Definitions.

15 As used in this section, the following definitions apply:

- 16 (1) Anticipated county property tax revenue availability. – The county-adjusted
17 property tax base multiplied by the effective State average tax rate.
- 18 (2) Anticipated total county revenue availability. – The sum of the following:
19 a. Anticipated county property tax revenue availability.
20 b. Local sales and use taxes received by the county that are levied under
21 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
22 Chapter 105 of the General Statutes.
23 c. Fines and forfeitures deposited in the county school fund for the most
24 recent year for which data are available.
- 25 (3) Anticipated total county revenue availability per student. – The anticipated
26 total county revenue availability for the county divided by the average daily
27 membership of the county.
- 28 (4) Anticipated State average revenue availability per student. – The sum of all
29 anticipated total county revenue availability divided by the average daily
30 membership for the State.
- 31 (5) Average daily membership. – Average daily membership as defined in the
32 North Carolina Public Schools Allotment Policy Manual adopted by the State
33 Board of Education. If a county contains only part of a local school
34 administrative unit, the average daily membership of that county includes all
35 students who reside within the county and attend that local school
36 administrative unit.
- 37 (6) County-adjusted property tax base. – Computed as follows:
38 a. Subtract the present-use value of agricultural land, horticultural land,
39 and forestland in the county, as defined in G.S. 105-277.2, from the
40 total assessed real property valuation of the county.
41 b. Adjust the resulting amount by multiplying by a weighted average of
42 the three most recent annual sales assessment ratio studies.
43 c. Add to the resulting amount the following:
44 1. Present-use value of agricultural land, horticultural land, and
45 forestland, as defined in G.S. 105-277.2.
46 2. Value of property of public service companies, determined in
47 accordance with Article 23 of Chapter 105 of the General
48 Statutes.
49 3. Personal property value for the county.

- 1 (7) County-adjusted property tax base per square mile. – The county-adjusted
2 property tax base divided by the number of square miles of land area in the
3 county.
- 4 (8) County wealth as a percentage of State average wealth. – Computed as
5 follows:
 - 6 a. Compute the percentage that the county per capita income is of the
7 State per capita income and weight the resulting percentage by a factor
8 of five-tenths.
 - 9 b. Compute the percentage that the anticipated total county revenue
10 availability per student is of the anticipated State average revenue
11 availability per student and weight the resulting percentage by a factor
12 of four-tenths.
 - 13 c. Compute the percentage that the county-adjusted property tax base per
14 square mile is of the State-adjusted property tax base per square mile
15 and weight the resulting percentage by a factor of one-tenth.
 - 16 d. Add the three weighted percentages to derive the county wealth as a
17 percentage of the State average wealth.
- 18 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted
19 average of the three most recent annual sales assessment ratio studies.
- 20 (10) Effective State average tax rate. – The average of effective county tax rates
21 for all counties.
- 22 (11) Local current expense funds. – The most recent county current expense
23 appropriations to public schools, as reported by local boards of education in
24 the audit report filed with the Secretary of the Local Government Commission
25 pursuant to G.S. 115C-447.
- 26 (12) Per capita income. – The average for the most recent three years for which
27 data are available of the per capita income according to the most recent report
28 of the United States Department of Commerce, Bureau of Economic Analysis,
29 including any reported modifications for prior years as outlined in the most
30 recent report.
- 31 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
32 the Department of Revenue under G.S. 105-289(h).
- 33 (14) State average adjusted property tax base per square mile. – The sum of the
34 county-adjusted property tax bases for all counties divided by the number of
35 square miles of land area in the State.
- 36 (15) State average current expense appropriations per student. – The most recent
37 State total of county current expense appropriations to public schools, as
38 reported by local boards of education in the audit report filed with the
39 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 40 (16) Supplant. – To decrease local per student current expense appropriations from
41 one fiscal year to the next fiscal year.
- 42 (17) Weighted average of the three most recent annual sales assessment ratio
43 studies. – The weighted average of the three most recent annual sales
44 assessment ratio studies in the most recent years for which county current
45 expense appropriations and adjusted property tax valuations are available. If
46 real property in a county has been revalued one year prior to the most recent
47 sales assessment ratio study, a weighted average of the two most recent sales
48 assessment ratios shall be used. If property has been revalued the year of the
49 most recent sales assessment ratio study, the sales assessment ratio for the year
50 of revaluation shall be used.

1 **SECTION 7.5.(c)** Eligibility for Funds. – Except as provided in subsection (g) of
2 this section, the State Board of Education shall allocate these funds to local school administrative
3 units located in whole or in part in counties in which the county wealth as a percentage of the
4 State average wealth is less than one hundred percent (100%).

5 **SECTION 7.5.(d)** Allocation of Funds. – Except as provided in subsection (f) of this
6 section, the amount received per average daily membership for a county shall be the difference
7 between the State average current expense appropriations per student and the current expense
8 appropriations per student that the county could provide given the county's wealth and an average
9 effort to fund public schools. To derive the current expense appropriations per student that the
10 county could be able to provide given the county's wealth and an average effort to fund public
11 schools, multiply the county's wealth as a percentage of State average wealth by the State average
12 current expense appropriations per student. The funds for the local school administrative units
13 located in whole or in part in the county shall be allocated to each local school administrative
14 unit located in whole or in part in the county based on the average daily membership of the
15 county's students in the school units. If the funds appropriated for supplemental funding are not
16 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata
17 share of the funds appropriated for supplemental funding.

18 **SECTION 7.5.(e)** Formula for Distribution of Supplemental Funding Pursuant to
19 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
20 funding for low-wealth counties. It is the intent of the General Assembly to incrementally
21 increase appropriations for the low-wealth allotment to provide eligible counties supplemental
22 funding equal to one hundred ten percent (110%) of the statewide local revenue per student by
23 fiscal year 2027-28. The State Board of Education shall adjust the formula to ensure each local
24 school administrative unit receives a pro rata share of the additional funds appropriated for the
25 low-wealth allotment in this act for supplemental funding.

26 **SECTION 7.5.(f)** Minimum Effort Required. – A county shall receive full funding
27 under this section if the county (i) maintains an effective county tax rate that is at least one
28 hundred percent (100%) of the effective State average tax rate in the most recent year for which
29 data are available or (ii) maintains a county appropriation per student to the school local current
30 expense fund of at least one hundred percent (100%) of the current expense appropriations per
31 student to the school local current expense fund that the county could provide given the county's
32 wealth and an average effort to fund public schools. A county that maintains a county
33 appropriation per student to the school local current expense fund of less than one hundred
34 percent (100%) of the current expense appropriations per student to the school local current
35 expense fund that the county could provide given the county's wealth and an average effort to
36 fund public schools shall receive funding under this section at the same percentage that the
37 county's appropriation per student to the school local current expense fund is of the current
38 expense appropriations per student to the school local current expense fund that the county could
39 provide given the county's wealth and an average effort to fund public schools.

40 **SECTION 7.5.(g)** Non-supplant Requirement. – A county in which a local school
41 administrative unit receives funds under this section shall use the funds to supplement local
42 current expense funds and shall not supplant local current expense funds. For the 2023-25 fiscal
43 biennium, the State Board of Education shall not allocate funds under this section to a county
44 found to have used these funds to supplant local per student current expense funds. The State
45 Board of Education shall make a finding that a county has used these funds to supplant local
46 current expense funds in the prior year, or the year for which the most recent data are available,
47 if all of the following criteria apply:

- 48 (1) The current expense appropriations per student of the county for the current
49 year is less than ninety-five percent (95%) of the average of local current
50 expense appropriations per student for the three prior fiscal years.

1 (2) The county cannot show (i) that it has remedied the deficiency in funding or
2 (ii) that extraordinary circumstances caused the county to supplant local
3 current expense funds with funds allocated under this section.

4 The State Board of Education shall adopt rules to implement the requirements of this
5 subsection.

6 **SECTION 7.5.(h)** Counties Containing a Base of the Armed Forces. –
7 Notwithstanding any other provision of this section, for the 2023-25 fiscal biennium, counties
8 containing a base of the Armed Forces of the United States that have an average daily
9 membership of more than 17,000 students shall receive whichever is the higher amount in each
10 fiscal year as follows: either the amount of supplemental funding the county received as a low-
11 wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is
12 eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental
13 funding under the other provisions of this section.

14 **SECTION 7.5.(i)** Funds for EVAAS Data. – Notwithstanding the requirements of
15 subsection (a) of this section, local school administrative units may utilize funds allocated under
16 this section to purchase services that allow for extraction of data from the Education Value-
17 Added Assessment System (EVAAS).

18 **SECTION 7.5.(j)** Reports. – For the 2023-25 fiscal biennium, the State Board of
19 Education shall report to the Fiscal Research Division prior to May 15 of each year if it
20 determines that counties have supplanted funds.

21 **SECTION 7.5.(k)** Department of Revenue Reports. – The Department of Revenue
22 shall provide to the Department of Public Instruction a preliminary report for the current fiscal
23 year of the assessed value of the property tax base for each county prior to March 1 of each year
24 and a final report prior to May 1 of each year. The reports shall include for each county the annual
25 sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real
26 property represented by the present-use value of agricultural land, horticultural land, and
27 forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined
28 in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
29

30 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

31 **SECTION 7.6.(a)** Allotment Schedule for the 2023-25 Fiscal Biennium. – Except
32 as otherwise provided in subsection (d) of this section, each eligible county school administrative
33 unit shall receive a dollar allotment according to the following schedule:

34 Allotted ADM	34 Small County Allotment
35 0-1,300	\$1,820,000
36 1,301-1,700	\$1,548,700
37 1,701-2,000	\$1,600,000
38 2,001-2,300	\$1,560,000
39 2,301-2,600	\$1,470,000
40 2,601-2,800	\$1,498,000
41 2,801-3,300	\$1,548,000

42 **SECTION 7.6.(b)** Phase-Out Provision for the 2023-24 Fiscal Year. – If a local
43 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
44 this section in the 2023-24 fiscal year, funding for that unit shall be phased out over a five-year
45 period. Funding for such local school administrative units shall be reduced in equal increments
46 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
47 fiscal year after the local school administrative unit becomes ineligible.

48 Allotments for eligible local school administrative units under this subsection shall
49 not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2022-
50 23 in any fiscal year. A local school administrative unit shall not become ineligible for funding
51 if either the highest of the first two months' total projected average daily membership for the

1 current year or the higher of the first two months' total prior year average daily membership
2 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
3 section.

4 **SECTION 7.6.(c) Phase-Out Provision for the 2024-25 Fiscal Year.** – If a local
5 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
6 this section in the 2024-25 fiscal year, funding for that unit shall be phased out over a five-year
7 period. Funding for such local school administrative units shall be reduced in equal increments
8 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
9 fiscal year after the local administrative unit becomes ineligible.

10 Allotments for eligible local school administrative units under this subsection shall
11 not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2023-
12 24 in any fiscal year. A local school administrative unit shall not become ineligible for funding
13 if either the highest of the first two months' total projected average daily membership for the
14 current year or the higher of the first two months' total prior year average daily membership
15 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
16 section.

17 **SECTION 7.6.(d) Non-supplant Requirement for the 2023-25 Fiscal Biennium.** – A
18 county in which a local school administrative unit receives funds under this section shall use the
19 funds to supplement local current expense funds and shall not supplant local current expense
20 funds. For the 2023-25 fiscal biennium, the State Board of Education shall not allocate funds
21 under this section to a county found to have used these funds to supplant local per student current
22 expense funds. The State Board of Education shall make a finding that a county has used these
23 funds to supplant local current expense funds in the prior year or the year for which the most
24 recent data are available, if all of the following criteria apply:

- 25 (1) The current expense appropriation per student of the county for the current
26 year is less than ninety-five percent (95%) of the average of local current
27 expense appropriation per student for the three prior fiscal years.
28 (2) The county cannot show (i) that it has remedied the deficiency in funding or
29 (ii) that extraordinary circumstances caused the county to supplant local
30 current expense funds with funds allocated under this section.

31 The State Board of Education shall adopt rules to implement the requirements of this subsection.

32 **SECTION 7.6.(e) Reports.** – For the 2023-25 fiscal biennium, the State Board of
33 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it
34 determines that counties have supplanted funds.

35 **SECTION 7.6.(f) Use of Funds.** – Local boards of education are encouraged to use
36 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the
37 academic performance of children who are performing at Level I or II on either reading or
38 mathematics end-of-grade tests in grades three through eight.

39 Local school administrative units may also utilize funds allocated under this section
40 to purchase services that allow for extraction of data from the Education Value-Added
41 Assessment System (EVAAS).

42 43 **RECRUITMENT BONUS PROGRAM FOR TEACHERS IN LOW WEALTH, LOW** 44 **PERFORMING OR HIGH NEEDS SCHOOLS**

45 **SECTION 7.7.(a) Purpose.** – The State Board of Education shall establish a grant
46 program to assist local school administrative units in providing multi-year recruitment bonuses
47 to certified teachers who commit to teach multiple years in a low-performing or high-needs
48 school. Bonuses awarded as part of this grant program shall include, but are not limited to, the
49 following components:

- 50 (1) Awarded over multiple years with a requirement that teachers remain in the
51 school over multiple years to receive the bonus;

- 1 (2) Awarded to certified teachers who commit to teach in a school identified as
2 low-performing, as defined in GS 115C-105.37, a school identified as
3 continually low-performing as defined in GS 115C-105.37A, or a school
4 where seventy-five percent (75%) or greater of students qualify for free or
5 reduced-price lunch under the National School Lunch Program.

6 **SECTION 7.7.(b)** Request for Proposal. – By September 1, 2023, and on that date
7 in subsequent years, the State Board of Education shall issue a Request for Proposal (RFP) for
8 the grant program. Local boards of education shall submit their proposals by December 1, 2023.
9 The RFP shall require that proposals include the following information at a minimum:

- 10 (1) Description of the proposal, including details on targeted schools for the
11 bonuses and how the bonus program will be structured;
12 (2) Evidence-based research that supports the proposal;
13 (3) Implementation plan; and
14 (4) Plans for financial sustainability once grant money is no longer available.

15 **SECTION 7.7.(c)** Grant Awards. – By February 15, 2024, the State Board of
16 Education shall review the proposals submitted by local boards of education and shall select local
17 school administrative units for grant awards. The State Board of Education may make grant
18 awards for up to three years. A local school administrative unit may not receive more than five
19 hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

20 **SECTION 7.7.(d)** Evaluation and Reporting. – Of the funds appropriated by this act,
21 the State Board of Education may use up to three hundred thousand dollars (\$300,000) to contract
22 with an independent research organization to evaluate the impact of this grant program. The
23 independent research organization shall report the results of this evaluation to the Joint
24 Legislative Education Oversight Committee, the Fiscal Research Division of the General
25 Assembly, and the Office of State Budget and Management by September 1, 2026. The
26 Department of Public Instruction shall report annually on the implementation of this grant
27 program beginning on March 1, 2024.

28 **SECTION 7.7.(e)** Carryforward. – Funds unspent in the 2023-24 and 2024-25 fiscal
29 years shall not revert and shall be carried forward to implement this section.

30 31 **EDUCATOR PROFESSIONAL DEVELOPMENT ALLOTMENT**

32 **SECTION 7.8.** The State Board of Education shall establish an Educator
33 Professional Development Allotment. Of the funds appropriated in this act to the Department of
34 Public Instruction, the sum of at least ten million dollars (\$10,000,000) in the 2023-24 fiscal year
35 and the sum of at least twenty million dollars (\$20,000,000) in the 2024-25 fiscal year shall be
36 used to fund the Educator Professional Development Allotment. Funds shall be used by local
37 administrative units and charter schools for educator professional development, to implement
38 literacy training, and for mentoring programs for beginning educators. Funds shall be allotted to
39 local administrative units based on average daily membership. The Department shall determine
40 an appropriate minimum allotment.

41 42 **NATIONAL BOARD CERTIFICATION FEE SUPPORT**

43 **SECTION 7.9.(a)** Of the funds appropriated to the Department of Public Instruction
44 by this act, the Department shall transfer the sum of one million nine hundred thousand dollars
45 (\$1,900,000) each year of the biennium to the State Education Assistance Authority to pay the
46 application fees for first time candidates applying for certification by the National Board for
47 Professional Teaching Standards. Funds shall be available beginning with the 2023-24 school
48 year.

49 **SECTION 7.9.(b)** G.S. 115C-296.2 reads as rewritten:
50 **"§ 115C-296.2. National Board for Professional Teaching Standards Certification.**

1 (a) State Policy. – It is the goal of the State to provide opportunities and incentives for
2 good teachers to become excellent teachers and to retain them in the teaching
3 profession; to attain this goal, the State shall support the efforts of teachers to achieve
4 national certification by providing approved paid leave time for teachers participating
5 in the process, ~~lending teachers~~paying the participation fee, and paying a significant
6 salary differential to teachers who attain national certification from the National
7 Board for Professional Teaching Standards (NBPTS).

8 ...
9 (c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall ~~lend~~provide
10 teachers the participation fee and shall provide up to three days of approved paid leave to all
11 teachers participating in the NBPTS program who:

- 12 (1) Have completed three full years of teaching in a North Carolina public school;
13 and
- 14 (2) Have (i) not previously received State funds for participating in any
15 certification area in the NBPTS program, (ii) repaid any State funds
16 previously received for the NBPTS certification process, or (iii) received a
17 waiver of repayment from the State Board of Education.

18 Teachers participating in the program shall take paid leave only with the approval of their
19 supervisors.

20 ..."

21 22 **TEACHER ASSISTANTS**

23 **SECTION 7.10.** It is the intent of the General Assembly to incrementally increase
24 funding for the Teacher Assistants allotment and to simplify the formula for allotting funding in
25 order to provide funding for one teacher assistant for every 27 kindergarten year through third
26 grade students by fiscal 2027-28. Teacher Assistant funding shall be allotted to a local school
27 administrative unit based on a teacher assistant-to-kindergarten through third grade student ratio
28 of 1:31 in fiscal year 2023-24 and a teacher assistant-to-kindergarten through third grade student
29 ratio of 1:29 in fiscal year 2024-25.

30 31 **SCHOOL NURSES AND SOCIAL WORKERS**

32 **SECTION 7.11.(a)** Definition of Terms: For the purposes of this section, the
33 following definitions shall apply:

- 34 (1) Community partner. – A public or private entity, including, but not limited to,
35 a nonprofit corporation or a local management entity/managed care
36 organization (LME/MCO), that partners with a public school unit to provide
37 services or pay for the provision of services for the unit.
- 38 (2) School Nurse – A registered and licensed individual with the state of North
39 Carolina.
- 40 (3) School Social Worker – A registered and K-12 licensed individual with the
41 North Carolina Department of Public Instruction.
- 42 (4) Eligible public school – A school within a local school administrative unit or
43 charter school that is located in a county that is a development tier one or two
44 area, as defined in G.S. 143B-437.08.

45 **SECTION 7.11.(b)** Program; Purpose. – For the 2023-25 fiscal biennium, the State
46 Board of Education shall establish the School Nurse and Social Worker Program. The funds
47 appropriated in this act to the Department of Public Instruction shall be used to ensure that every
48 eligible public school has a full-time equivalent (FTE) nurse or social worker. In each fiscal year
49 of the 2023-25 fiscal biennium, funds shall be used for (i) a nurse or social worker FTE, or (ii)
50 contractual services for an individual.

1 **SECTION 7.11.(c)** Criteria and Guidelines. – Within thirty (30) days of the budget
2 being certified and funds becoming available, the State Board of Education shall release criteria
3 and guidelines for the administration and use of the funds pursuant to this section. In the
4 disbursement of funds, the State Board of Education shall consider at least all of the following
5 factors:

- 6 (1) The number of certified nurse and social worker FTEs and contractual services
7 of nurses and social workers, according to the Department of Public
8 Instruction’s Financial and Business Services and Department of Health and
9 Human Services, within the eligible public school for the 2022-23 school year.
 - 10 a. Each charter board or charter school leader must submit
11 documentation of their nurse and social worker staffing from the
12 previous school year. If there was no nurse or social worker or
13 contractual work, the charter board or charter school leader must
14 certify that information.
- 15 (2) The development tier of the county in which the eligible public school was
16 located for the 2022-23 school year.
 - 17 a. Eligible public schools in tier one and two development areas which
18 were staffed by neither a school nurse nor a school social worker for
19 the 2022-23 school year should be given first priority.
 - 20 b. Eligible public schools in tier one and two development areas which
21 were not staffed by a school nurse for the 2022-23 school year should
22 be given second priority.
 - 23 c. Eligible public schools in tier one and two development areas which
24 were not staffed by a school social worker for the 2022-23 should be
25 given third priority.
 - 26 d. If there are remaining funds, all other public school units shall be
27 considered.
- 28 (3) Priority shall be given to eligible public schools that can show the ability to
29 hire or contract services within sixty (60) days of receiving funds.

30 Based on the factors above, the State Board of Education shall notify eligible public schools of
31 their eligibility for the program and the amount of funds to be awarded should the eligible public
32 school participate in the program.

33 **SECTION 7.11.(d)** Supplement Not Supplant. – Funds provided to eligible public
34 schools pursuant to the Program shall be used to supplement and not to supplant State or non-
35 State funds already provided for these services.

36 **SECTION 7.11.(e)** Administrative Costs. – Of the funds appropriated to the
37 Department of Public Instruction by this act, the State Board of Education may retain a total of
38 up to two hundred thousand dollars (\$200,000) in each fiscal year of the 2023-25 fiscal biennium
39 for administrative costs associated with the Program.

40 **SECTION 7.11.(f)** Report. – No later than April 1 of each fiscal year in which funds
41 are awarded pursuant to this section, the State Board of Education shall report on the Program
42 identified in this section to the Joint Legislative Education Oversight Committee, the Joint
43 Legislative Oversight Committee on Health and Human Services, the Joint Legislative
44 Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee,
45 the House Committee on Appropriations, the Fiscal Research Division, and the North Carolina
46 Office of State Budget and Management. The report shall include at least the following
47 information:

- 48 (1) The identity of each eligible public school and community partner that
49 received grant funds through the Program.
- 50 (2) The amount of funding received by each entity identified pursuant to
51 subdivision (1) of this subsection.

-
- 1 (3) The specific position funded, whether a school nurse or social worker.
 - 2 (4) The nature of the position funded, whether a FTE or contractual services.
 - 3 (5) Recommendations for the implementation of additional funding to provide at
 - 4 least one full-time school nurse or social worker for all public school units.
 - 5

6 **SCHOOL SAFETY GRANTS**

7 **SECTION 7.12.(a)** Definitions. – For the purposes of this section, the following
8 definitions shall apply:

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

15 **SECTION 7.12.(b)** Program; Purpose. – For the 2023-24 fiscal year, the State Board
16 of Education shall establish the School Safety Grants Program (Program). The purpose of the
17 Program shall be to improve safety in public school units by providing grants in fiscal year 2023-
18 24 for (i) services for students in crisis, (ii) school safety training, (iii) safety equipment in
19 schools, and (iv) other initiatives to improve school safety.

20 **SECTION 7.12.(c)** Grant Applications. – A public school unit may submit an
21 application to the State Board of Education for one or more grants pursuant to this section. The
22 application shall include an assessment, to be performed in conjunction with a local law
23 enforcement agency, of the need for improving school safety within the public school unit that
24 would receive the funding or services. The application shall identify current and ongoing needs
25 and estimated costs associated with those needs.

26 **SECTION 7.12.(c1)** Allocations based on Average Daily Membership (ADM) – Of
27 the funds appropriated by this act, the Department of Public Instruction shall distribute at least
28 forty million dollars (\$40,000,000) in allocations to local school administrative units. Each local
29 school administrative unit shall receive a base allocation of at least ten thousand dollars (\$10,000)
30 per year. The remainder of the funds appropriated for this program shall be divided proportionally
31 to local school administrative units based on their proportion of total state allotted ADM for the
32 previous academic year.

33 **SECTION 7.12.(d)** Criteria and Guidelines. – By January 15, 2024, the State Board
34 of Education shall develop criteria and guidelines for the administration and use of the funds
35 pursuant to this section, including any documentation required to be submitted by public school
36 units. In assessing grant applications, the State Board of Education shall consider at least all of
37 the following factors:

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

43 **SECTION 7.12.(e)** Grants for Students in Crisis. – Of the funds appropriated to the
44 Department of Public Instruction by this act for the grants provided in this section, the
45 Superintendent of Public Instruction, in consultation with the Department of Health and Human
46 Services, shall award grants to public school units to contract with community partners to provide
47 or pay for the provision of any of the following crisis services:

- 48 (1) Crisis respite services for parents or guardians of an individual student to
49 prevent more intensive or costly levels of care.
- 50 (2) Training and expanded services for therapeutic foster care families and
51 licensed child placement agencies that provide services to students who (i)

1 need support to manage their health, welfare, and safety and (ii) have any of
2 the following:

- 3 a. Cognitive or behavioral problems.
- 4 b. Developmental delays.
- 5 c. Aggressive behavior.

6 (3) Evidence-based therapy services aligned with targeted training for students
7 and their parents or guardians, including any of the following:

- 8 a. Parent-child interaction therapy.
- 9 b. Trauma-focused cognitive behavioral therapy.
- 10 c. Dialectical behavior therapy.
- 11 d. Child-parent psychotherapy.

12 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
13 increase school safety.

14 **SECTION 7.12.(f)** Grants for Training to Increase School Safety. – Of the funds
15 appropriated to the Department of Public Instruction by this act for the grants provided in this
16 section, the Superintendent of Public Instruction, in consultation with the Department of Health
17 and Human Services, shall award grants to public school units to contract with community
18 partners to address school safety by providing training to help students develop healthy responses
19 to trauma and stress. The training shall be targeted and evidence-based and shall include any of
20 the following services:

21 (1) Counseling on Access to Lethal Means (CALM) training for school health
22 support personnel, local first responders, and teachers on the topics of suicide
23 prevention and reducing access by students to lethal means.

24 (2) Training for school health support personnel on comprehensive and evidence-
25 based clinical treatments for students and their parents or guardians, including
26 any of the following:

- 27 a. Parent-child interaction therapy.
- 28 b. Trauma-focused cognitive behavioral therapy.
- 29 c. Behavioral therapy.
- 30 d. Dialectical behavior therapy.
- 31 e. Child-parent psychotherapy.

32 (3) Training for students and school employees on community resilience models
33 to improve understanding and responses to trauma and significant stress.

34 (4) Training for school health support personnel on Modular Approach to
35 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
36 problems (MATCH-ADTC), including any of the following components:

- 37 a. Trauma-focused cognitive behavioral therapy.
- 38 b. Parent and student coping skills.
- 39 c. Problem solving.
- 40 d. Safety planning.

41 (5) Any other training, including the training on the facilitation of peer-to-peer
42 mentoring, that is likely to increase school safety.

43 **SECTION 7.12.(g)** Grants for Safety Equipment. – Of the funds appropriated to the
44 Department of Public Instruction by this act for the grants provided in this section, the
45 Superintendent of Public Instruction shall award grants to public school units for (i) the purchase
46 of safety equipment for school buildings and (ii) training associated with the use of safety
47 equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),
48 charter schools may receive grants for school safety equipment pursuant to this subsection.

49 **SECTION 7.12.(h)** Grants for other initiatives to improve school safety. – Of the
50 funds appropriated to the Department of Public Instruction by this act for the grants provided in

1 this section, the Superintendent of Public Instruction shall award grants to public school units for
2 other initiatives to improve school safety.

3 **SECTION 7.12.(i)** Supplement Not Supplant. – Grants provided to public school
4 units pursuant to the Program shall be used to supplement and not to supplant State or non-State
5 funds already provided for these services.

6 **SECTION 7.12.(j)** Administrative Costs. – Of the funds appropriated to the
7 Department of Public Instruction by this act for the grants provided in this section, the
8 Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars
9 (\$100,000) in fiscal year 2023-24 for administrative costs associated with the Program.

10 **SECTION 7.12.(k)** Nonrevert. – Any unencumbered, unspent balance shall not
11 revert until the end of the 2024-25 fiscal year.

12 **SECTION 7.12.(l)** Program Evaluation. – Of the funds appropriated to the
13 Department of Public Instruction by this act for the grants provided in this section, the
14 Superintendent of Public Instruction may use a total of up to five percent (5%) to evaluate the
15 effectiveness of the School Safety Grant program.

16 **SECTION 7.12.(m)** Report. – No later than April 1 of each fiscal year in which funds
17 are awarded pursuant to this section, the Superintendent of Public Instruction shall report on the
18 Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight
19 Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice
20 and Public Safety, the Joint Legislative Commission on Governmental Operations, the Senate
21 Appropriations/Base Budget Committee, the House Committee on Appropriations, the Fiscal
22 Research Division, and the Office of State Management and Budget. The report shall include at
23 least the following information:

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

32 **PROMISING PRACTICES GRANTS**

34 **SECTION 7.13.(a)** Definition of Terms. – For purposes of this section, public school
35 unit shall have the same meaning given to it under N.C.G.S. 115C-5(7a).

36 **SECTION 7.13.(b)** Program Establishment. – The State Board of Education shall
37 establish a grant program for purposes of allocating funds to public school units for learning
38 recovery and acceleration services through the 2023-25 biennium. The grant program shall be
39 administered by the North Carolina Department of Public Instruction. These grants shall be
40 awarded during the 2023-24 fiscal year and expended during the 2024-25 fiscal year. Any
41 unencumbered, unspent balance shall not revert until the end of the 2024-25 fiscal year.

42 **SECTION 7.13.(c)** Criteria and Guidelines. – By January 15, 2024, the State Board
43 of Education shall release criteria and guidelines for the administration and use of the funds
44 pursuant to this section, including any documentation required to be submitted by applicants. The
45 application process shall be open for no more than 30 days, and public school units shall be
46 notified no fewer than 90 days of the application process closing. The Office of Learning
47 Recovery shall assist in soliciting and preparing proposals for public school units located in a
48 county that is a development tier one area, as defined in G.S. 143B-437.08, upon the public
49 school unit’s request. In assessing applications, the State Board of Education shall consider, at a
50 minimum, the following factors:

- 1 (1) The efficacy of the public school unit’s proposed program or vendor. Public
2 School units shall include any research or documentation that shows positive
3 student learning gains using the proposed program or vendor within the last
4 three years. Documentation can be from previous work inside the public
5 school unit, from other districts, or from other states.
- 6 (2) The development tier of the county in which the public school unit is located
7 in the 2022-23 fiscal year. Public school units in tier one and two development
8 areas shall be given priority.
- 9 (3) Priority shall be given to math interventions grounded in evidence-based
10 practices that have demonstrated effectiveness in learning recovery.
- 11 (4) Any vendor or program that is considered shall use rigorous data assessment
12 of student success.
- 13 (5) Any vendor or program that is considered shall maintain a single sign-on for
14 every student that uses the services to ensure proper monitoring of student
15 achievement and gains.

16 **SECTION 7.13.(d) Grant Applications.** – A public school unit may submit an
17 application to the State Board of Education for one or more grants pursuant to this section for the
18 second year of the 2023-25 fiscal biennium. The application shall include an assessment to
19 determine the greatest impact on improving learning gains for students. Public school units may
20 create a regional application to increase efficiency.

21 **SECTION 7.13.(e) Supplement Not Supplant.** – Grants provided to public school
22 units pursuant to this section shall be used to supplement and not to supplant State or non-State
23 funds already provided for learning recovery and acceleration or any other service.

24 **SECTION 7.13.(f) Administrative Costs.** – Of the funds appropriated to the
25 Department of Public Instruction by this act for the grants provided in this section, the
26 Superintendent of Public Instruction may retain a total of up to one hundred fifty thousand dollars
27 (\$150,000) for administrative costs associated with the grant program identified in this section.

28 **SECTION 7.13.(g) Equitable Representation of Grantees.** The Department of Public
29 Instruction shall endeavor to ensure there is equitable representation of grantees across the State’s
30 eight (8) educational regions.

31 **SECTION 7.13.(h) Report.** – No later than April 15, 2025, the State Board of
32 Education shall provide an initial report on the grant program identified in this section to the Joint
33 Legislative Education Oversight Committee, the Joint Legislative Commission on Governmental
34 Operations, the Senate Appropriations/Base Budget Committee, the House Committee on
35 Appropriations, the Fiscal Research Division, and the Office of State Budget and Management.
36 The report shall include at least the following information:

- 37 (1) The identity of each public school unit that received grant funds through the
38 program identified in this section.
- 39 (2) The amount of funding received by each entity identified pursuant to
40 subdivision (1) of this subsection.
- 41 (3) The purpose(s) for which grant funds provided pursuant to this section were
42 used.
- 43 (4) The number of teachers and/or students served by the grant funding.
- 44 (5) Recommendations for the implementation of additional funding for public
45 school units to continue services in the 2025-27 biennium.

46 **BUDGET FLEXIBILITY FOR LOCAL BOARDS OF EDUCATION**

47 **SECTION 7.14.(a) G.S. 115C-105.25(b) reads as rewritten:**

48 **"§ 115C-105.25. Budget flexibility.**

49 (b) Subject to the following limitations, local boards of education may transfer and may
50 approve transfers of funds between funding allotment categories:
51

- 1 ...
2 ~~(1b) No funds shall be transferred out of the children with disabilities allotment~~
3 ~~category.~~
4 ...
5 ~~(3a) No funds shall be transferred out of the teacher assistants allotment category.~~
6 ~~(3b) No funds shall be transferred out of the academically or intellectually gifted~~
7 ~~children allotment category.~~
8 ...
9 ~~(5d) No positions shall be transferred out of the allocation for program~~
10 ~~enhancement teachers for kindergarten through fifth grade except as provided~~
11 ~~in this subdivision. Positions allocated for program enhancement teachers for~~
12 ~~kindergarten through fifth grade may be converted into positions allocated for~~
13 ~~classroom teachers for kindergarten through twelfth grade. For the purposes~~
14 ~~of this subdivision, the term "program enhancement" is as defined in G.S.~~
15 ~~115C-301(c2).~~
16 ...
17 ~~(10a) No funds shall be transferred out of the limited English proficiency allotment~~
18 ~~category.~~
19 ...
20 ~~(12) Funds allotted for textbooks and digital resources may only be used for the~~
21 ~~purchase of textbooks and digital resources. These funds shall not be~~
22 ~~transferred out of the allotment for any other purpose."~~

23 **SECTION 7.14.(b)** Section 4(b) of S.L. 2018-2 is repealed.

24 25 **COMMUNITY ELIGIBILITY PROVISION**

26 **SECTION 7.15.(a)** Purpose – The State Board of Education shall establish a four-
27 year pilot program (Program), beginning in the 2024-25 school year, to assist public school units
28 (PSUs) to expand participation in the federal Community Eligibility Provision (CEP) program
29 and to increase the number of students with access to healthy, cost-free school breakfast and
30 lunch. A public school, cluster of public schools, or local school administrative unit that qualifies
31 for the federal CEP program and did not participate in CEP during the 2023-24 school year, is
32 eligible for the Program.

33 **SECTION 7.15.(b)** Request for Proposals – By January 15, 2024, the State Board of
34 Education shall issue a Request for Proposal (RFP) for the grant program. Applicant public
35 schools, clusters of public schools, or local school administrative units shall submit their
36 proposals by March 1, 2024. The RFP shall require that proposals include the following
37 information at a minimum:

- 38 (1) The school or schools that will participate in the Program;
39 (2) The Identified Student Percentage (ISP) for the school or schools for the 2024-
40 25 school year;
41 (3) The number of students enrolled in the school or schools for the 2024-25
42 school year;
43 (4) Participation rates in the National School Breakfast and Lunch programs for
44 the 2023-24 school year.

45 **SECTION 7.15.(c)** Selection – By April 30, 2024, the State Board of Education shall
46 select qualifying public school units to participate in the Program. The number of public school
47 units selected shall be determined based on the amount of funds available for the Program.
48 Priority shall be given to schools, clusters of schools, or local school administrative units with an
49 Identified Student Percentage (ISP) of greater than or equal to forty-seven percent (47%).
50 Selected public school units participating in the Program shall offer breakfast after the bell and
51 in the classroom.

1 **SECTION 7.15.(d)** Grants – In order to assist local school nutrition authorities to
2 cover costs associated with participation in the federal CEP program, public school units that
3 have been accepted by the State Board of Education for the Program will receive reimbursements
4 for school meals served to supplement federal reimbursements of school meals. State
5 reimbursement will equal the difference between the federal free rate and the federal paid rate
6 for the number of meals served at the school, school cluster, or local school administrative unit
7 equal to a 0.2 multiplier of the ISP for the participating school, school cluster, or local school
8 administrative unit. State and federal reimbursements shall not exceed 100% of the federal free
9 rate of meals served.

10 **SECTION 7.15.(e)** Nonsupplant Requirement – A public school unit which receives
11 funds under this Program shall use the funds to supplement local current expense funds and shall
12 not supplant local current expense funds.

13 **SECTION 7.15.(f)** Evaluation – the State Board of Education shall evaluate the
14 impact of this program and may use up to \$100,000 of the funds appropriated by this act to
15 contract with an independent research organization for this purpose. The evaluation shall include,
16 at a minimum,

- 17 (1) How many schools have participated in the program.
- 18 (2) How many students receive free meals who have not before due to the
19 program.
- 20 (3) How much federal money participating nutrition authorities have received.

21 The State Board shall annually report the results of this evaluation to the Joint Legislative
22 Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the
23 Office of State Budget and Management beginning on January 1, 2025.

24 **SECTION 7.15.(g)** Of the funds appropriated in this act, the Department of Public
25 Instruction may use up to \$500,000 for software updates in order to implement this pilot program.

26 **SECTION 7.15.(h)** Carryforward - Funds unspent in the 2023-24 and 2024-25 fiscal
27 years shall not revert to the General Fund but shall remain available for use until the end of the
28 pilot program.

29 30 **TRANSFER POSITIONS FROM HHS TO DPI**

31 **SECTION 7.16.** As part of the certification of the budget for the 2023-25 fiscal
32 biennium, the Department of Health and Human Services, in consultation with the Office of State
33 Budget and Management, shall transfer six (6) positions and associated operating costs to the
34 Department of Public Instruction for the maintenance and upkeep of the Governor Morehead
35 School.

36 37 **STUDENT MEAL REDUCED-PRICE LUNCH CO-PAYS**

38 **SECTION 7.17.** Funds appropriated from the General Fund to the Department of
39 Public Instruction by this act for the 2023-25 fiscal biennium for reduced-price lunch copays
40 shall be used to provide school lunches at no cost to students of all grade levels qualifying for
41 reduced-price meals in all schools participating in the National School Lunch Program in the
42 2023-24 and 2024-25 school years. If the funds are insufficient to provide school lunches at no
43 cost to students qualifying for reduced-price meals, the Department of Public Instruction shall
44 also use any excess funds appropriated for the National School Breakfast Program for the
45 purposes of this section. If the funds appropriated in this Act to pay reduced-price school meals
46 co-pays are insufficient to provide school lunches at no cost to students qualifying for reduced-
47 price meals, the Department of Public Instruction may use any excess funds available to the
48 department. If the cost to provide school lunches at no cost to students qualifying for reduced-
49 price meals is less than the amount appropriated in this Act, the Department of Public Instruction
50 shall use the excess funds for the Community Eligibility Provision pilot program or to reduce
51 student meal debt.

1
2 **TEACHER PREPARATION RESIDENCY FOR HIGH-NEED DISTRICTS**

3 **SECTION 7.18.(a)** Purpose. – The State Board of Education shall establish a grant
4 program to assist local school administrative units in the development of teacher preparation
5 residency pilot programs. Teacher preparation residency programs provide the necessary
6 preparation and induction supports to teacher preparation candidates pursuing a continuing
7 professional license. Teacher preparation residency programs eligible to receive grant funding
8 through this program shall include, at a minimum, the following components:

- 9 (1) Coursework in the candidate’s area of licensure;
10 (2) Tuition and stipends;
11 (3) Faculty advising;
12 (4) Clinical training experiences; and
13 (5) Ongoing induction support.

14 Residency programs eligible for this grant program may include partnerships between
15 local school administrative units, educator preparation programs, local community college or
16 universities, and other community organizations. Grant funds awarded to local school
17 administrative units under this program shall be matched by the local school administrative unit
18 on the basis of one dollar (\$1.00) in non-grant funds for every one dollar (\$1.00) in grant funds.

19 Resident teachers shall be placed in schools identified as low-performing, as defined
20 in G.S. 115C-105.37, schools identified as continually low-performing as defined in G.S. 115C-
21 105.37A, or schools where seventy-five percent (75%) or greater of students qualify for free or
22 reduced-price lunch under the National School Lunch Program.

23 **SECTION 7.18.(b)** Request for Proposal. – By October 1, 2023, the State Board of
24 Education shall issue a Request for Proposal (RFP) for the grant program. Local boards of
25 education shall submit their proposals by January 15, 2024. The RFP shall require that proposals
26 include the following information at a minimum:

- 27 1. Description of the proposal, including the number of teacher preparation
28 candidates to be served;
29 2. Evidence-based research that supports the proposal;
30 3. Implementation plan; and
31 4. Plans for financial sustainability once grant money is no longer available.

32 **SECTION 7.18.(c)** Grant Awards. – By April 15, 2024, the State Board of Education
33 shall review the proposals submitted by local boards of education and shall select up to 10 local
34 school administrative units for grant awards. The State Board of Education may make grant
35 awards for up to three years. A local school administrative unit may not receive more than five
36 hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

37 **SECTION 7.18.(d)** Evaluation and Reporting. – Of the funds appropriated by this
38 act, the State Board of Education may use up to three hundred thousand dollars (\$300,000) to
39 contract with an independent research organization to evaluate the impact of this grant program.
40 The independent research organization shall report the results of this evaluation to the Joint
41 Legislative Education Oversight Committee, the Fiscal Research Division of the General
42 Assembly, and the Office of State Budget and Management by September 1, 2026. The
43 Department of Public Instruction shall report annually on the implementation of this grant
44 program beginning on March 1, 2025.

45 **SECTION 7.18.(e)** Carryforward. – Funds unspent in the 2023-25 fiscal biennium
46 shall not revert and shall be carried forward to implement this section.

47
48 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

49
50 **TEACHER SALARY SCHEDULE**

1 **SECTION 7A.1(a)** The following monthly teacher salary schedule shall apply for
 2 the 2023-24 fiscal year to licensed personnel of the public schools who are classified as teachers.
 3 The salary schedule is based on years of teaching experience.

4 **2023-24 Teacher Monthly Salary Schedule**

5	Years of Experience	"A" Teachers
6	0	4,100
7	1	4,200
8	2	4,300
9	3	4,400
10	4	4,500
11	5	4,600
12	6	4,700
13	7	4,800
14	8	4,900
15	9	5,000
16	10	5,100
17	11	5,200
18	12	5,300
19	13	5,400
20	14	5,500
21	15	5,610
22	16-18	5,720
23	19-21	5,790
24	22-24	5,850
25	25-27	5,940
26	28+	6,000

27 **SECTION 7A.1(b)** The following monthly teacher salary schedule shall apply for
 28 the 2024-25 fiscal year to licensed personnel of the public schools who are classified as teachers.
 29 The salary schedule is based on years of teaching experience.

30 **2024-25 Teacher Monthly Salary Schedule**

31	Years of Experience	"A" Teachers
32	0	4,600
33	1	4,685
34	2	4,770
35	3	4,855
36	4	4,940
37	5	5,025
38	6	5,110
39	7	5,195
40	8	5,280
41	9	5,365
42	10	5,450
43	11	5,535
44	12	5,620
45	13	5,705
46	14	5,790
47	15	5,875
48	16	5,950
49	17-19	6,070
50	20-22	6,135
51	23-25	6,200

26-28	6,295
29+	6,370

SECTION 7A.1.(c) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) Certified school counselors shall receive a salary supplement of eighty dollars (\$80.00) per month.
- (7) School psychologists shall receive a salary supplement of five hundred (\$500.00) per month.

SECTION 7A.1.(d) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 7A.1.(e) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 7A.1.(f) Beginning with the 2014-15 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 7A.1.(g) A teacher compensated in accordance with this salary schedule for the 2023-24 and 2024-25 year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-14 school year, the sum of the following:
 - a. The salary the teacher received in the 2013-14 school year pursuant to Section 35.11 of S.L. 2013-360.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-14 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

- 1 (3) For teachers who were not eligible for longevity for the 2013-14 school year,
2 the sum of the salary and annual bonus the teacher received in the 2014-15
3 school year pursuant to Section 9.1 of S.L. 2014-100.

4 **SECTION 7A.1.(h)** As used in this section, the term "teacher" shall also include
5 instructional support personnel.
6

7 **RESTORE MASTERS PAY**

8 **SECTION 7A.2.(a)** The following session laws are repealed:

9 (1) Section 8.22 of S.L. 2013-360.

10 (2) Section 8.3 of S.L. 2014-100.

11 **SECTION 7A.2.(b)** G.S. 115C-302.10 reads as rewritten:

12 **"§ 115C-302.10. Qualifications for certain education-based salary supplements.**

13 (a) Notwithstanding any other provision of law, only the following teachers and instructional
14 support personnel shall be paid on the "M" salary schedule or receive a salary supplement for
15 academic preparation at the six-year degree level or at the doctoral degree level:

16 (1) Certified school nurses and instructional support personnel in positions for
17 which a master's degree is required for licensure.

18 (2) Teachers and instructional support personnel who were paid on the "M" salary
19 schedule or received that salary supplement prior to the 2014-2015 school
20 year.

21 (3) Teachers and instructional support personnel who (i) complete a degree at the
22 master's, six-year, or doctoral degree level for which they completed at least
23 one course prior to August 1, 2013, and (ii) would have qualified for the salary
24 supplement pursuant to State Board of Education policy, TCPA006, as it was
25 in effect on June 30, 2013.

26 (4) Teachers who do not qualify under subdivisions (1), (2), and (3) of this section
27 but who spend at least seventy percent (70%) of their time as follows:

28 a. For teachers, in classroom instruction related to their graduate
29 academic preparation in their field or subject area within their area of
30 licensure. Most of the teachers' remaining time shall be spent in one or
31 more of the following:

32 1. Mentoring teachers.

33 2. Performing demonstration lessons for teachers.

34 3. Writing curricula.

35 4. Developing and leading staff development programs for
36 teachers

37 b. For instructional support personnel, performing work within the
38 employee's area of graduate academic preparation.

39 (b) Beginning with the 2023-24 fiscal year and in subsequent fiscal years, for teachers who
40 are paid on the "M" salary schedule under subdivision (4) of subsection (a) of this act,
41 determination of whether teachers shall be paid on the "M" salary schedule or receive a salary
42 supplement for academic preparation shall take place on an annual basis. Teachers may be moved
43 off the "M" salary schedule or discontinue receiving salary supplements if they are not meeting
44 the requirements of subdivision (4) of subsection (a) of this act in that year.

45 (c) Unless an individual otherwise qualifies under subdivision (2) or (3) of subsection (a) of
46 this section, teachers and instructional support personnel who earn an advanced degree in school
47 administration shall not be paid on the "M" salary schedule or receive a salary supplement for
48 academic preparation."

49 **PRINCIPAL SALARY SCHEDULE**

1 **SECTION 7A.3.(a)** The following annual salary schedule for principals shall apply
2 for the 2023-24 fiscal year, beginning July 1, 2023.

3 **2023-24 Principal Annual Salary Schedule**

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$79,883	\$87,871	\$95,860
201-400	\$83,877	\$92,265	\$100,652
401-700	\$87,871	\$96,658	\$105,446
701-1,000	\$91,865	\$101,052	\$110,239
1,001-1,600	\$95,860	\$105,446	\$115,031
1,601+	\$99,854	\$109,839	\$119,824

11 **SECTION 7A.3.(b)** The following annual salary schedule for principals shall apply
12 for the 2024-25 fiscal year, beginning July 1, 2024.

13 **2024-25 Principal Annual Salary Schedule**

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	84,676	93,143	101,612
201-400	88,910	97,801	106,691
401-700	93,143	102,457	111,773
701-1000	97,377	107,115	116,853
1001-1600	101,612	111,773	121,933
1601+	105,845	116,429	127,013

21 **SECTION 7A.3.(c)** A principal's placement on the salary schedule shall be
22 determined according to the average daily membership of the school supervised by the principal,
23 as described in subsection (b) of this section, and the school growth scores, calculated pursuant
24 to G.S. 115C83.15(c), for each school the principal supervised in at least two of the prior three
25 school years, as described in subsection (c) of this section, regardless of a break in service, and
26 provided the principal supervised each school as a principal for at least a majority of the school
27 year, as follows:

- 28 (1) A principal shall be paid according to the Exceeded Growth column of the
29 schedule if the school growth scores show the school or schools exceeded
30 expected growth in at least two of the prior three school years.
- 31 (2) A principal shall be paid according to the Met Growth column of the schedule
32 if any of the following apply:
 - 33 a. The school growth scores show the school or schools met expected
34 growth in at least two of the prior three school years.
 - 35 b. The school growth scores show the school or schools met expected
36 growth in at least one of the prior three school years and exceeded
37 expected growth in one of the prior three school years.
 - 38 c. The principal supervised a school in at least two of the prior three
39 school years that was not eligible to receive a school growth score.
- 40 (3) A principal shall be paid according to the Base column if either of the
41 following apply:
 - 42 a. The school growth scores show the school or schools did not meet
43 expected growth in at least two of the prior three years.
 - 44 b. The principal has not supervised any school as a principal for a
45 majority of the school year in at least two of the prior three school
46 years.

47 **SECTION 7A.3.(d)** For purposes of determining the average daily membership of a
48 principal's school in the 2023-24 and 2024-25 school year, placement on the schedule related to
49 average daily membership shall be based on the average daily membership for the school from
50 the 2021-22 school year. If the school did not have an average daily membership in the 2021-22
51 school year, the average daily membership for the school for the 2022-23 school year shall be

1 used. If the school did not have an average daily membership in the 2022-23 school year, the
2 projected average daily membership for the school for the 2022-23 or 2023-24 school year shall
3 be used.

4 **SECTION 7A.3.(e)** For purposes of determining the school growth scores for each
5 principal in the 2023-24 and 2024-25 school years, placement on the schedule related to school
6 growth scores shall be based on the placement of the principal in the 2022-23 school year.

7 **SECTION 7A.3.(f)** Beginning with the 2017-18 fiscal year, in lieu of providing
8 annual **longevity** payments to principals paid on the principal salary schedule, the amounts of
9 those longevity payments are included in the annual amounts under the principal salary schedule.

10 **SECTION 7A.3.(g)** A principal compensated in accordance with this section for the
11 2023-24 fiscal year shall receive an amount equal to the greater of the following:

- 12 (1) The applicable amount determined pursuant to subsections (a) through (d) of
13 this section.
- 14 (2) For principals who were eligible for longevity in the 2016-17 fiscal year, the
15 sum of the following:
 - 16 a. The salary the principal received in the 2016-17 fiscal year pursuant
17 to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - 18 b. The longevity that the principal would have received as provided for
19 State employees under the North Carolina Human Resources Act for
20 the 2016-17 fiscal year based on the principal's current years of
21 service.
- 22 (3) For principals who were not eligible for longevity in the 2016-17 fiscal year,
23 the salary the principal received in the 2016-17 fiscal year pursuant to Section
24 9.1 or Section 9.2 of S.L. 201694

25 26 **ASSISTANT PRINCIPAL SALARIES**

27 **SECTION 7A.4.(a)** For the 2023-25 fiscal biennium, assistant principals shall
28 receive a monthly salary based on the relevant salary schedule for teachers shown in Section
29 7A.1(a) and 7A.1(b) who are classified as "A" teachers plus nineteen percent (19%). An assistant
30 principal shall be placed on the step on the salary schedule that reflects the total number of years
31 of experience as a certified employee of the public schools. For purposes of this section, an
32 administrator with a one-year provisional assistant principal's certificate shall be considered
33 equivalent to an assistant principal.

34 **SECTION 7A.4.(b)** Assistant principals with certification based on academic
35 preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-
36 six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement
37 of two hundred fifty-three dollars (\$253.00) per month.

38 **SECTION 7A.4.(c)** Participants in an approved fulltime master's in-school
39 administration program shall receive up to a 10-month stipend at the beginning salary of an
40 assistant principal during the internship period of the master's program. The stipend shall not
41 exceed the difference between the beginning salary of an assistant principal plus the cost of
42 tuition, fees, and books and any fellowship funds received by the intern as a fulltime student,
43 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
44 of education where the intern participates in a fulltime master's in-school administration program
45 shall supply the Department of Public Instruction with certification of eligible fulltime interns.

46 **SECTION 7A.4.(d)** Beginning with the 2017-18 fiscal year, in lieu of providing
47 annual longevity payments to assistant principals on the assistant principal salary schedule, the
48 amounts of those longevity payments are included in the monthly amounts provided to assistant
49 principals pursuant to subsection (a) of this section.

SECTION 7A.4.(e) An assistant principal compensated in accordance with this section for the 2021-2023 fiscal biennium shall receive an amount equal to the greater of the following:

- (1) The applicable amount determined pursuant to subsections (a) through (d) of this section.
- (2) For assistant principals who were eligible for longevity in the 2016-17 fiscal year, the sum of the following:
 - a. The salary the assistant principal received in the 2016-17 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-17 fiscal year based on the assistant principal's current years of service.
- (3) For assistant principals who were not eligible for longevity in the 2016-17 fiscal year, the salary the assistant principal received in the 2016-17 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.5.(a) For the 2023-24 fiscal year, beginning July 1, 2023, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, shall be increased by six and one-half percent (6.5%).

SECTION 7A.5.(b) It is the intent of the General Assembly to increase the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, in the 2024-25 fiscal year, beginning July 1, 2024, by three percent (3%).

SECTION 7A.5.(c) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2023-24 fiscal year, beginning July 1, 2023:

2023-24 Fiscal Year

	Maximum
School Administrator I	\$7,528
School Administrator II	\$7,977
School Administrator III	\$8,453
School Administrator IV	\$8,783
School Administrator V	\$9,133
School Administrator VI	\$9,676
School Administrator VII	\$10,061.

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the maximums and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 7A.5.(d) The monthly salary maximums that follow apply to public school superintendents for the 2023-24 fiscal year, beginning July 1, 2023:

2023-24 Fiscal Year

	Maximum
Superintendent I	\$10,665
Superintendent II	\$11,301
Superintendent III	\$11,979
Superintendent IV	\$12,699

1 Superintendent V \$13,463.

2 The local board of education shall determine the appropriate category and placement
3 for the superintendent based on the average daily membership of the local school administrative
4 unit and within funds appropriated by the General Assembly for central office administrators and
5 superintendents.

6 **SECTION 7A.5.(e)** Longevity pay for superintendents, assistant superintendents,
7 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
8 provided for State employees under the North Carolina Human Resources Act.

9 **SECTION 7A.5.(f)** Superintendents, assistant superintendents, associate
10 superintendents, directors/coordinators, supervisors, and finance officers with certification based
11 on academic preparation at the six-year degree level shall receive a salary supplement of one
12 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
13 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
14 directors/coordinators, supervisors, and finance officers with certification based on academic
15 preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-
16 three dollars (\$253.00) per month in addition to the compensation provided for under this section.

17 **SECTION 7A.5.(g)** The State Board of Education shall not permit local school
18 administrative units to transfer State funds from other funding categories for salaries for public
19 school central office administrators.

20 **SECTION 7A.5.(h)** It is the intent of the General Assembly that the monthly salary
21 maximums that follow shall apply to assistant superintendents, associate superintendents,
22 directors/coordinators, supervisors, and finance officers for the 2024-25 fiscal year, beginning
23 July 1, 2024:

	2024-25 Fiscal Year
	Maximum
24 School Administrator I	\$7,754
25 School Administrator II	\$8,216
26 School Administrator III	\$8,707
27 School Administrator IV	\$9,046
28 School Administrator V	\$9,407
29 School Administrator VI	\$9,966
30 School Administrator VII	\$10,363

31
32
33
34 **SECTION 7A.5.(i)** It is the intent of the General Assembly that the monthly salary
35 maximums that follow shall apply to public school superintendents for the 2024-25 fiscal year,
36 beginning July 1, 2024:

	2024-25 Fiscal Year
	Maximum
37 Superintendent I	\$10,985
38 Superintendent II	\$11,640
39 Superintendent III	\$12,338
40 Superintendent IV	\$13,080
41 Superintendent V	\$13,867.

42
43
44
45 **NONCERTIFIED PERSONNEL SALARIES**

46 **SECTION 7A.6.(a)** For the 2023-24 fiscal year, beginning July 1, 2023, the annual
47 salary for noncertified public school employees whose salaries are supported from State funds
48 shall be increased as follows:

- 49 (1) For permanent, fulltime employees on a 12-month contract, by six and one-
50 half percent (6.5%).

-
- 1 (2) For the following employees, by a prorated and equitable amount based on the
2 amount specified in subdivision (1) of this subsection:
3 a. Permanent, full-time employees on a contract for fewer than 12
4 months.
5 b. Permanent, part-time employees.
6 c. Temporary and permanent hourly employees.

7 **SECTION 7A.6.(b)** It is the intent of the General Assembly to increase the annual
8 salary for noncertified public school employees whose salaries are supported from State funds in
9 the 2024-25 fiscal year, beginning July 1, 2024, as follows:

- 10 (1) For permanent, fulltime employees on a 12-month contract, by three percent
11 (3%).
12 (2) For the following employees, by a prorated and equitable amount based on the
13 amount specified in subdivision (1) of this subsection:
14 a. Permanent, full-time employees on a contract for fewer than 12
15 months.
16 b. Permanent, part-time employees.
17 c. Temporary and permanent hourly employees.

18 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

19 **UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS**

20
21 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the
22 2023-25 fiscal biennium for student financial aid shall be allocated in accordance with
23 G.S. 116B7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the
24 interest income generated from the Escheat Fund is less than the amounts referenced in this act,
25 the difference may be taken from the Escheat Fund principal to reach the appropriations
26 referenced in this act; however, under no circumstances shall the Escheat Fund principal be
27 reduced below the sum required in G.S. 116B6(f). If any funds appropriated from the Escheat
28 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,
29 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount
30 of the Escheat Fund income for that fiscal year.

31
32 **SECTION 8.1.(b)** The State Education Assistance Authority (SEAA) shall conduct
33 periodic evaluations of expenditures of the student financial aid programs administered by SEAA
34 to determine if allocations are utilized to ensure access to institutions of higher learning and to
35 meet the goals of the respective programs. The SEAA may make recommendations for
36 redistribution of funds to the President of The University of North Carolina and the President of
37 the Community College System regarding their respective student financial aid programs, who
38 then may authorize redistribution of unutilized funds for a particular fiscal year.

39 **GROWING THE HEALTHCARE WORKFORCE**

40
41 **SECTION 8.2(a)** Establishment of the Fund. – Of the funds appropriated to the
42 Board of Governors of the University of North Carolina by this act for the 2023-24 fiscal year,
43 the Board shall use ten million (\$10,000,000) to establish the Fund for Growing the Health Care
44 Workforce (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year
45 shall not revert to the General Fund but shall remain available for the purposes set forth in this
46 section through June 30, 2025. The Fund shall be used to assist independent college and
47 universities who participate in the State Need Based Grant in starting or expanding programs that
48 will grow the health care workforce, including through providing greater facility capacity for
49 trainees; increasing the numbers of health faculty and staff; and providing student support,
50 equipment and lab space.

1 **SECTION 8.2.(b) Report.** – The Board shall submit an initial report to the Joint
2 Legislative Education Oversight Committee by December 1, 2024, and an annual report
3 thereafter for each year the Board provides funds, on the programs receiving the funds, which
4 shall include at least the following information:

- 5 (1) The institutions that received funds, the amount of funds, and the types of
6 programs started.
- 7 (2) The use of funds by each institution receiving awards, including costs
8 associated with student instruction, faculty salaries, instructional supplies,
9 related instructional equipment, and accreditation costs.
- 10 (3) Evaluation of the success of the new programs receiving funds.

11 12 **COLLEGE ADVISING CORPS**

13 **SECTION 8.3.(a) Purpose of the College Advising Corps Program.** – From the funds
14 appropriated by this act for the 2023-25 fiscal biennium to the Board of Governors of The
15 University of North Carolina for the College Advising Corps program, the Board of Governors
16 shall provide a directed grant to the National College Advising Corps, Inc. (CAC) to support an
17 expansion of the placement of college advisers in North Carolina public schools through their
18 program. CAC is a college access nonprofit organization with the mission to increase the number
19 of underrepresented, low-income, or first-generation postsecondary degree or certificate students
20 entering and completing their postsecondary education at community colleges and universities.
21 In furthering this mission, CAC operates an innovative model of partnering with schools,
22 communities, families, and postsecondary institutions, including providing for a two-year service
23 opportunity to recent college graduates as near-peer college advisers working fulltime in the
24 public schools, with an emphasis on engaging college advisers who have similar backgrounds to
25 the students the program seeks to serve. Near-peer college advisers perform various services for
26 those students that are key components to the proven success of the program, including (i)
27 attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with
28 registering for college entrance exams, (iii) assisting with Free Application for Federal Student
29 Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting
30 with postsecondary applications, and (vi) engaging with families.

31 **SECTION 8.3.(b) Matching Funds.** – Funds made available to CAC pursuant to this
32 section shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds for every
33 one dollar (\$1.00) in State funds. Availability of these matching funds shall not revert, but shall
34 continue to be available for the purposes set forth in this section.

35 **SECTION 8.3.(c) Use of Funds.** – CAC shall focus expansion of its program using
36 the funds provided to it under this section to achieve placement of college advisers in all 100
37 counties of the State. In addition, CAC shall select at least three additional postsecondary
38 institutions to partner with in order to increase the number of recent graduates working as
39 near-peer college advisers to meet the needs of the program expansion. Once CAC has reached
40 the goal of placement of college advisers in 100 counties, the funds provided to it for the program
41 shall be used to continue the mission of the program to increase access for North Carolina public
42 school students to postsecondary degree or certificate attainment at community colleges and
43 universities.

44 **SECTION 8.3.(d) Reporting Requirements.** – CAC shall submit a report by June 1
45 of each year in which CAC spends State funds made available to it pursuant to this section to the
46 Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office
47 of State Budget and Management on the progress of expanding the placement of college advisers,
48 data on the effectiveness of the program in increasing access for students to postsecondary
49 education, and the use of State funds.

50 51 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

1
2 **OPPORTUNITY SCHOLARSHIPS ACCOUNTABILITY**

3 **SECTION 8A.1.(a)** G.S. 115C562.1 reads as rewritten:

4 **"§ 115C-562.1. Definitions.**

5 The following definitions apply in this Part:

6 ...

7 (3) Eligible students. – A student residing in North Carolina who has not yet
8 received a high school diploma and who meets all of the following
9 requirements:

10 a. ~~Meets one of the following criteria: Received a scholarship grant~~
11 ~~during the previous school year.~~

12 ~~1. Was a full-time student (i) assigned to and attending a public~~
13 ~~school pursuant to G.S. 115C-366 or (ii) enrolled in a~~
14 ~~Department of Defense Elementary and Secondary School,~~
15 ~~established pursuant to 10 U.S.C. § 2164 and located in North~~
16 ~~Carolina, during the previous semester.2. Received~~
17 ~~a scholarship grant during the previous school year entering~~
18 ~~either kindergarten or the first grade.4. Is a child in foster~~
19 ~~care as defined in G.S. 131D-10.2(9)5. Is a child whose~~
20 ~~adoption decree was entered not more than one year prior to~~
21 ~~submission of the scholarship grant applicati6. Is a child~~
22 ~~whose parent or legal guardian is on full-time duty status in the~~
23 ~~active uniformed service of the United States, including~~
24 ~~members of the National Guard and Reserve on active duty~~
25 ~~orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. §~~
26 ~~12401, et seq.~~

27 a1. Has not enrolled in a postsecondary institution in a matriculated status
28 eligible for enrollment for 12 hours of academic credit.

29 b. Resides in a household with an income level not in excess of two
30 hundred percent (200%) of the amount required for the student to
31 qualify for the federal free or reduced-price lunch program. The
32 Authority shall not count any distribution from the estate of a decedent
33 in calculating the income level of the applicant's household for the
34 purposes of determining eligibility for a scholarship under this
35 subdivision."

36 **SECTION 8A.1.(b)** G.S. 115C-562.8(b) reads as rewritten:

37 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

38 (b) The General Assembly finds that, due to the critical need in this State to invest in public
39 schools to provide a sound basic education for all North Carolina students, it funds that
40 imperative by phasing out the Opportunity Scholarships Program over the next 13 years, to
41 redirect these funds to public schools. Therefore, there is appropriated from the General Fund to
42 the Reserve the following amounts for each fiscal year to be used for the purposes set forth in
43 this section.

44

45	Fiscal Year	Appropriation
46	2023-2024	\$176,540,000
47	2024-2025	\$161,828,333
48	2025-2026	\$147,116,667
49	2026-2027	\$132,405,000
50	2027-2028	\$117,693,333
51	2028-2029	\$102,981,667

1	2029-2030	\$88,270,000
2	2030-2031	\$73,558,333
3	2031-2032	\$58,846,667
4	2032-2033	\$44,135,000
5	2033-2034	\$29,423,333
6	2034-2035	\$14,711,667
7	2035-2036	\$0 "

8 **SECTION 8A.1.(c)** The State Education Assistance Authority shall not award
9 scholarship funds to new recipients pursuant to Part 2A of Article 39 of Subchapter X of Chapter
10 115C of the General Statutes after the 2024-25 academic year.

11 **SECTION 8A.1.(d)** G.S. 115C-112.6 is amended by adding a new subsection to
12 read:

13 "(c1) Academic Assessment. – A nonpublic school that accepts eligible students receiving
14 scholarship funds shall academically assess students on an annual basis for each school year at
15 the same grade levels as required by the State Board of Education for students in the public
16 schools pursuant to G.S. 115C174.11(c)(1). An eligible student awarded scholarship funds who
17 is enrolled in a nonpublic school shall participate in the academic assessments to maintain
18 eligibility for receipt of the scholarship funds.

19 Assessment data shall be retained by the nonpublic school for a five-year period and shall be
20 subject to audit by the Authority to ensure compliance with this subsection. Assessment data
21 shall be provided to the parent or guardian of an eligible student, whose tuition and fees are paid
22 in whole or in part with scholarship funds, with an annual written explanation of the student's
23 progress, including the results of the student's academic assessment. If an eligible student
24 received an academic assessment pursuant to G.S. 115C593.5 for a school year, the academic
25 assessment may be used to meet the requirements of this subsection. Nothing in this subsection
26 shall be deemed to prohibit a nonpublic school from administering assessments at other grade
27 levels for its own purposes."

28 **SECTION 8A.1.(e)** G.S. 115C-12.8(b) is amended by adding a new subdivision to
29 read:

30 "(6) Information on the compliance with the academic assessment requirement
31 pursuant to G.S. 115C112.6(c1)."

32 **SECTION 8A.1.(f)** G.S. 115C-562.2 is amended by adding a new subsection to
33 read:

34 "(c1) An eligible student awarded a scholarship grant shall participate in administration of
35 examinations required by G.S. 115C562.5 to maintain eligibility for receipt of the scholarship
36 grant."

37 **SECTION 8A.1.(g)** G.S. 115C-562.5 reads as rewritten:
38 **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
39 **scholarship grants.**

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

- 42 (1) Provide to the Authority documentation for required tuition and fees charged
43 to the student by the nonpublic school.
- 44 (2) Provide to the Authority a criminal background check conducted for the staff
45 member with the highest decision-making authority, as defined by the bylaws,
46 articles of incorporation, or other governing document, to ensure that person
47 has not been convicted of any crime listed in G.S. 115C332.
- 48 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees
49 are paid in whole or in part with a scholarship grant, an annual written
50 explanation of the student's progress, including the student's scores on
51 standardized achievement tests.

1 (4) Administer, at least once in each school year, ~~a nationally standardized test or~~
2 ~~other nationally standardized equivalent measurement selected by the chief~~
3 ~~administrative officer of the nonpublic school~~ the assessments and tests
4 required by the State Board of Education for public schools to comply with
5 federal law according to grade level pursuant to G.S. 115C174.11(c)(1) to all
6 eligible students whose tuition and fees are paid in whole or in part with a
7 scholarship grant enrolled in grades three and higher. The nationally
8 standardized test or other equivalent measurement selected must measure
9 achievement in the areas of English grammar, reading, spelling, and
10 mathematics. Test performance data shall be submitted to the Authority by
11 July 15 of each ~~year~~ year and retained by the nonpublic school for a five-year
12 period and shall be subject to audit by the Authority to ensure compliance with
13 this subdivision and for the purposes of the evaluation required by
14 G.S. 115C562.7A. Test performance data reported to the Authority or audited
15 or collected for evaluation purposes by the Authority under this subdivision is
16 not a public record under Chapter 132 of the General Statutes. Nothing in this
17 subdivision shall be deemed to prohibit a nonpublic school from administering
18 other standardized tests or tests at other grade levels for its own purposes.

19 (5) Provide to the Authority graduation rates of the students receiving scholarship
20 grants in a manner consistent with nationally recognized standards.

21 (6) Contract with a certified public accountant to perform a financial review,
22 consistent with generally accepted accounting principles, for each school year
23 in which the school accepts students receiving more than ~~three hundred~~
24 ~~thousand dollars (\$300,000)~~ one hundred thousand dollars (\$100,000) in
25 scholarship grants awarded under this Part.

26 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
27 any additional fees based on the status of the student as a scholarship grant recipient.

28 (c) A nonpublic school enrolling more than 25 students whose tuition and fees are paid
29 in whole or in part with a scholarship grant shall report to the Authority on the aggregate
30 standardized test on individual student standardized test performance data performance of
31 eligible ~~students~~ students under subsection (4) of this section. Aggregate test performance data
32 reported to the Authority which does not contain personally identifiable student data shall be a
33 public record under Chapter 132 of the General Statutes. Test performance data may be shared
34 with public or private institutions of higher education located in North Carolina and shall be
35 provided to an independent research organization selected by the Authority for research purposes
36 as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.

37 ..."

38 39 **TEACHING FELLOWS EXPANSION**

40 **SECTION 8A.2.(a)** G.S. 116-209.60 reads as rewritten:

41 **"§ 116-209.60. Definitions.**

42 The following definitions apply in this Part:

- 43 (1) Commission. – The North Carolina Teaching Fellows Commission.
44 (2) Director. – The Director of the North Carolina Teaching Fellows Program.
45 (3) Forgivable loan. – A forgivable loan made under the Program.
46 (4) Program. – The North Carolina Teaching Fellows Program.
47 (5) Public school. – An elementary or secondary school located in North Carolina
48 that is governed by a local board of education, charter school board of
49 directors, regional school board of directors, or University of North Carolina
50 laboratory school board of trustees.

51 (6) ~~STEM.—Science, technology, engineering, and mathematics.~~

1 (6) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund."

2 SECTION 8A.2.(b) G.S. 116-209.62 reads as rewritten:

3 "§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

4 (a) Program. – There is established the North Carolina Teaching Fellows Program to be
5 administered by the System Office of The University of North Carolina, in conjunction with the
6 Authority and the Commission. The purpose of the Program is to recruit, prepare, and support
7 students residing in or attending institutions of higher education located in North Carolina for
8 preparation as highly effective ~~STEM or special education~~ teachers in the State's public schools.
9 The Program shall be used to provide a forgivable loan to individuals interested in preparing to
10 teach in the public schools of the ~~State in STEM or special education licensure areas.~~State.

11 (b) Trust Fund. – There is established the North Carolina Teaching Fellows Program
12 Trust Fund to be administered by the Authority, in conjunction with the System Office of The
13 University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program
14 for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans,
15 and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the
16 Trust Fund is to provide financial assistance to qualified students for completion of teacher
17 education and licensure programs to fill ~~STEM or special education licensure area~~teaching
18 positions in the public schools of the State.

19 ...

20 (d) Director of the Program. – The Board of Governors of The University of North
21 Carolina shall appoint a Director of the Program. The Director shall appoint staff to the
22 Commission and shall be responsible for recruitment and coordination of the Program, including
23 proactive, aggressive, and strategic recruitment of potential recipients. The Commission shall
24 make an effort to identify and encourage students of color and students who may not otherwise
25 consider a career in teaching to enter the program. Recruitment activities shall include a broad-
26 based effort (i) targeting regions of the State with the highest teacher attrition rates and teacher
27 recruitment ~~challenges, challenges and~~ (ii) actively engaging with educators, business leaders,
28 experts in human resources, elected officials, and other community leaders throughout the ~~State,~~
29 ~~and (iii) attracting candidates in STEM and special education licensure areas to the Program.~~State
30 to attract a diverse pool of applicants. The Director shall report to the President of The University
31 of North Carolina. The Authority shall provide office space and clerical support staff, as
32 necessary, to the Director for the Program.

33 (e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt
34 stringent standards for awarding forgivable loans based on multiple measures to ensure that only
35 the strongest applicants receive them, including the following:

- 36 (1) Grade point averages.
37 (2) Performance on relevant career and college readiness assessments.
38 (3) Experience, accomplishments, and other criteria demonstrating qualities
39 positively correlated with highly effective teachers, including excellent verbal
40 and communication skills.
41 (4) Demonstrated commitment to serve in ~~a STEM or special education licensure~~
42 ~~area in~~ North Carolina public schools.

43 (f) Program Selection Criteria. – The Authority shall administer the Program in
44 cooperation with ~~up to eight institutions any institution~~ of higher education with ~~approved a State~~
45 ~~Board of Education approved educator~~ preparation ~~programs~~program selected by the
46 Commission that represent a diverse selection of both postsecondary constituent institutions of
47 The University of North Carolina and private postsecondary institutions operating in the State.
48 ~~The Commission shall adopt stringent standards for selection of the most effective educator~~
49 ~~preparation programs, including the following:~~

- 50 (1) ~~Demonstrates high rates of educator effectiveness on value added models and~~
51 ~~teacher evaluations, including using performance based, subject specific~~

assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.

- ~~(2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in STEM or special education licensure areas.~~
- ~~(3) Demonstrates high rates of graduates passing exams required for teacher licensure.~~
- ~~(4) Provides curricular and cocurricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.~~
- ~~(5) Requires at least a minor concentration of study in the subject area that the candidate may teach.~~
- ~~(6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.~~
- ~~(7) Is approved by the State Board of Education as an educator preparation program.~~

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at the ~~up to eight~~ selected institutions for completion of a program leading to initial teacher licensure as follows:

...

~~(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.~~

...

(j) Annual Report. – The Commission, in coordination with the Authority, the Department of Public Instruction, and the selectedparticipating educator education programs participating in the Program shall report no later than January 1, 2024 and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

- (1) Forgivable loans awarded from the Trust Fund, including the following:
 - a. Demographic information regarding recipients.
 - b. Number of recipients by institution of higher education and program.
 - c. Information on number of recipients by anticipated ~~STEM and special education~~ licensure area.
- (2) Placement and repayment rates, including the following:
 - a. Number of graduates who have been employed in a ~~STEM or special education~~ North Carolina public school by licensure area within two years of program completion.
 - b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C105.37 as part of their years of service.
 - c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
 - d. Number of graduates employed in a STEM or special education by licensure area who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.

1 e. Aggregate information on student growth and proficiency in courses
2 taught by graduates who have fulfilled service ~~requirements through~~
3 ~~employment in a STEM or special education licensure~~
4 ~~area~~.requirements.

5 (2a) Mentoring and coaching support through the North Carolina New Teacher
6 Support Program, including the following:

7 a. Number of forgivable loan recipients who received mentoring and
8 coaching support when employed at a low-performing school
9 identified under G.S. 115C-105.37.

10 b. Number of forgivable loan recipients who received mentoring and
11 coaching support when employed at a school not identified as low-
12 performing under G.S. 115C-105.37.

13 (3) Selected school outcomes by program, including the following:

14 a. Turnover rate for forgivable loan graduates, including the turnover rate
15 for graduates who also received mentoring and coaching support
16 through the North Carolina New Teacher Support Program.

17 b. Aggregate information on student growth and proficiency as provided
18 annually by the State Board of Education to the Commission in courses
19 taught by forgivable loan graduates.

20 c. Fulfillment rate of forgivable loan graduates."

21 **SECTION 8A.2.(c)** G.S.116-209.63(b) reads as rewritten:

22 **"§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

23 ...

24 (b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the
25 loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive
26 of any authorized deferment for extenuating circumstances, the recipient serves as a ~~teacher in a~~
27 ~~STEM or special education licensure area, as provided in G.S. 116209.62(h),~~teacher for every
28 year the teacher was awarded the forgivable loan, in any combination of the following:

29 (1) One year at a North Carolina public school identified as low-performing under
30 G.S. 115C105.37 at the time the teacher accepts employment at the school or,
31 if the teacher changes employment during this period, at another school
32 identified as low-performing.

33 (2) Two years at a North Carolina public school not identified as low-performing
34 under G.S. 115C-105.37.

35 ..."

36
37 **PART IX. HEALTH AND HUMAN SERVICES**

38
39 **PART IX-A. AGING AND ADULT SERVICES [RESERVED]**

40
41 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

42
43 **COMMUNITY HEALTH GRANT PROGRAM**

44 **SECTION 9B.1.(a)** Funds appropriated in this act to the Department of Health and
45 Human Services, Division of Central Management, Office of Rural Health, for each year of the
46 2023-25 fiscal biennium for the Community Health Grant Program shall be used to continue to
47 administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-
48 57.

49 **SECTION 9B.1.(b)** The Office of Rural Health shall make the final decision about
50 awarding grants under this Program, but no single grant award shall exceed one hundred fifty
51 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health

1 shall consider the availability of other funds for the applicant; the incidence of poverty in the area
2 served by the applicant or the number of indigent clients served by the applicant; the availability
3 of, or arrangements for, afterhours care; and collaboration between the applicant and a
4 community hospital or other safety net organizations.

5 **SECTION 9B.1.(c)** Grant recipients shall not use these funds to do any of the
6 following:

7 (1) Enhance or increase compensation or other benefits of personnel,
8 administrators, directors, consultants, or any other persons receiving funds for
9 program administration; provided, however, funds may be used to hire or
10 retain health care providers. The use of grant funds for this purpose does not
11 obligate the Department of Health and Human Services to continue to fund
12 compensation beyond the grant period.

13 (2) Supplant existing funds, including federal funds traditionally received by
14 federally qualified community health centers. However, grant funds may be
15 used to supplement existing programs that serve the purposes described in
16 subsection (a) of this section.

17 (3) Finance or satisfy any existing debt.

18 **SECTION 9B.1.(d)** The Office of Rural Health may use up to two hundred thousand
19 dollars (\$200,000) in recurring funds for each fiscal year of the 2023-25 fiscal biennium for
20 administrative purposes.

21 **SECTION 9B.1.(e)** By September 1 of each year, the Office of Rural Health shall
22 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
23 community health grants that includes at least all the following information:

24 (1) The identity and a brief description of each grantee and each program or
25 service offered by the grantee.

26 (2) The amount of funding awarded to each grantee.

27 (3) The number of individuals served by each grantee, and for the individuals
28 served, the types of services provided to each.

29 (4) Any other information requested by the Office of Rural Health as necessary
30 for evaluating the success of the Community Health Grant Program.

31 **SECTION 9B.1.(f)** By February 1, 2024, the Office of Rural Health shall report to
32 the Joint Legislative Oversight Committee on Health and Human Services on the implementation
33 status of the following Community Health Grant Program requirements enacted by Section 11A.8
34 of S.L. 2017-57:

35 (1) Establishment of a Primary Care Advisory Committee and that Committee's
36 development of an objective and equitable process for grading applications
37 for grants funded under the Community Health Grant Program.

38 (2) Development of a standardized method for grant recipients to report objective,
39 measurable quality health outcomes.

41 **IMPROVING HEALTH OUTCOMES FOR PEOPLE EVERYWHERE FUND**

42 **SECTION 9B.2.** Any of the funds appropriated from the Improving Health
43 Outcomes for People Everywhere (IHOPE) Fund within the North Carolina Department of
44 Health and Human Services, Division of Central Management that remain unspent at the end of
45 fiscal years 2023-24 and 2024-25 shall revert to the IHOPE Fund.

47 **PART IX-C. CHILD AND FAMILY WELL-BEING**

49 **EARLY INTERVENTION**

50 **SECTION 9C.1.** When developing the base budget, as defined by G.S. 143C-1-1,
51 beginning in the 2025-27 fiscal biennium, the Director of the Budget shall include the full

1 requirements specified in the committee report for this item, sixty-four million two hundred and
2 fifty thousand dollars (\$64,250,000).

3
4 **EVALUATION FUNDS FOR SCHOOL BEHAVIORAL HEALTH**

5 **SECTION 9C.2.** The Division of Child and Family Well Being shall use a portion
6 of funds provided for the School Behavioral Health Package to conduct a program evaluation for
7 Project AWARE/ACTIVATE and the telehealth technology pilot. The department may consult
8 with the Office of State Budget and Management for assistance on how to develop a plan for
9 evaluation, including how to register a pre-analysis plan. The department shall report annually to
10 the Office of State Budget and Management and the Fiscal Research Division on the progress of
11 the evaluation and, when completed, make the pre-analysis plan and final evaluation report
12 publicly available.

13
14 **PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION**

15
16 **NC PREK PROGRAMS/STANDARDS FOR FOUR AND FIVESTAR RATED**
17 **FACILITIES**

18 **SECTION 9D.1.(a)** Eligibility. – The Department of Health and Human Services,
19 Division of Child Development and Early Education, shall continue implementing the
20 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four
21 years of age on or before August 31 of the program year. In determining eligibility, the Division
22 shall establish income eligibility requirements for the program not to exceed seventy-five percent
23 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have
24 family incomes in excess of seventy-five percent (75%) of median income if those children have
25 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the
26 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the
27 United States, including the North Carolina National Guard, State military forces, or a reserve
28 component of the Armed Forces who was ordered to active duty by the proper authority within
29 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the
30 Armed Forces of the United States, including the North Carolina National Guard, State military
31 forces, or a reserve component of the Armed Forces who was injured or killed while serving on
32 active duty. Eligibility determinations for NC Pre-K participants may continue through local
33 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

34 Other than developmental disabilities or other chronic health issues, the Division shall
35 not consider the health of a child as a factor in determining eligibility for participation in the NC
36 Pre-K program.

37 **SECTION 9D.1.(b)** Multi-year Contracts. – The Division of Child Development and
38 Early Education shall require the NC PreK contractor to issue multiyear contracts for licensed
39 private child care centers providing NC PreK classrooms.

40 **SECTION 9D.1.(c)** Building Standards. – Notwithstanding G.S. 11091(4), private
41 child care facilities and public schools operating NC PreK classrooms shall meet the building
42 standards for preschool students as provided in G.S. 115C521.1.

43 **SECTION 9D.1.(d)** Programmatic Standards. – Except as provided in subsection (c)
44 of this section, entities operating NC PreK classrooms shall adhere to all of the policies prescribed
45 by the Division of Child Development and Early Education regarding programmatic standards
46 and classroom requirements.

47 **SECTION 9D.1.(e)** NC PreK Committees. – Local NC PreK committees shall use
48 the standard decision-making process developed by the Division of Child Development and Early
49 Education in awarding NC PreK classroom slots and student selection.

50 **SECTION 9D.1.(f)** Reporting. – The Division of Child Development and Early
51 Education shall submit an annual report no later than March 15 of each year to the Joint

Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

- (1) The number of children participating in the NC Pre-K program by county.
- (2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
- (3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.
- (4) The results of an annual evaluation of the NC Pre-K program.

SECTION 9D.1.(g) Audits. – The administration of the NC PreK program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B168.14(b).

EXPAND AND SUSTAIN NC PRE-K

SECTION 9D.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base slot reimbursement rates for the North Carolina Prekindergarten, increase the administration rate to ten percent (10%), and increase the number of slots available statewide. To support the slots increase, the Division of Child Development and Early Education may offer grants to facilities to undergo upgrades necessary to offer NC Pre-K. It is the intent of the General Assembly that the reimbursement rate funds allocated pursuant to this section be used to increase the salaries of licensed B-K teachers working in private or Head Start NC Pre-K classrooms. These funds shall be used as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools.

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) Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the fulltime copayment. Copayments for parttime care shall be seventy-five percent (75%) of the fulltime 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. 110106 and licensed child care centers 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, whichever is lower, unless prohibited by subsection (f) of this section.
- (2) Licensed child care centers and homes with three or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower. Licensed child care centers and homes with three or more stars and serving children ages birth through five years shall receive the statewide floor rate, an average of rates

1 across the state by age and star level, when the county market rate is lower
2 than the statewide floor, unless prohibited by subsection (g) of this section.

3 (3) Certified Developmental Day Centers shall receive the statewide average or
4 county market rate, whichever is higher, plus a multiplier of 0.75 for children
5 with special needs and multiplier of 0.5 for typically developing children.

6 (4) No payments shall be made for transportation services charged by child care
7 facilities.

8 (5) Payments for subsidized child care services for postsecondary education shall
9 be limited to a maximum of 20 months of enrollment. This shall not be
10 determined before a family's annual recertification period.

11 (6) The Department of Health and Human Services shall implement necessary
12 rule changes to restructure services.

13 **SECTION 9D.3.(d)** Provisions of payment rates for child care providers in counties
14 that do not have at least 50 children in each age group for center-based and homebased care are
15 as follows:

16 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
17 be set at the statewide or regional market rate for licensed child care centers
18 and homes.

19 (2) If it can be demonstrated that the application of the statewide or regional
20 market rate to a county with fewer than 50 children in each age group is lower
21 than the county market rate and would inhibit the ability of the county to
22 purchase child care for low-income children, then the county market rate may
23 be applied.

24 **SECTION 9D.3.(e)** A market rate shall be calculated for child care centers and
25 homes at each rated license level for each county and for each age group or age category of
26 enrollees and shall be representative of fees charged to parents for each age group of enrollees
27 within the county. The Division of Child Development and Early Education shall also calculate
28 a statewide rate and regional market rate for each rated license level for each age category.

29 **SECTION 9D.3.(f)** The Division of Child Development and Early Education shall
30 continue implementing policies that improve the quality of child care for subsidized children,
31 including a policy in which child care subsidies are paid, to the extent possible, for child care in
32 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
33 funds shall not be paid for one or two-star rated facilities. For those counties with an inadequate
34 number of four and five-star rated facilities, the Division shall continue a transition period that
35 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
36 star ratings. The Division may allow exemptions in counties where there is an inadequate number
37 of four and five-star rated facilities for non-star rated programs, such as religious programs.

38 **SECTION 9D.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
39 General Statutes and facilities operated pursuant to G.S. 110106 may participate in the program
40 that provides for the purchase of care in child care facilities for minor children of needy families.
41 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
42 be used to select facilities to participate. In addition, child care facilities shall be required to meet
43 any additional applicable requirements of federal law or regulations. Child care arrangements
44 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
45 meet the requirements established by other State law and by the Social Services Commission.

46 County departments of social services or other local contracting agencies shall not
47 use a provider's failure to comply with requirements in addition to those specified in this
48 subsection as a condition for reducing the provider's subsidized child care rate.

49 **SECTION 9D.3.(h)** Payment for subsidized child care services provided with
50 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations

1 and policies issued by the Division of Child Development and Early Education for the subsidized
2 child care program.

3 **SECTION 9D.3.(i)** Noncitizen families who reside in this State legally shall be
4 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
5 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
6 child care subsidies only if at least one of the following conditions is met:

- 7 (1) The child for whom a child care subsidy is sought is receiving child protective
8 services or foster care services.
- 9 (2) The child for whom a child care subsidy is sought is developmentally delayed
10 or at risk of being developmentally delayed.
- 11 (3) The child for whom a child care subsidy is sought is a citizen of the United
12 States.

13 **SECTION 9D.3.(j)** The Department of Health and Human Services, Division of
14 Child Development and Early Education, shall require all county departments of social services
15 to include on any forms used to determine eligibility for child care subsidy whether the family
16 waiting for subsidy is receiving assistance through the NC PreK Program or Head Start.

17 **SECTION 9D.3.(k)** Department of Defense-certified child care facilities licensed
18 pursuant to G.S. 110106.2 may participate in the State-subsidized child care program that
19 provides for the purchase of care in child care facilities for minor children in needy families,
20 provided that funds allocated from the State-subsidized child care program to Department of
21 Defense-certified child care facilities shall supplement and not supplant funds allocated in
22 accordance with G.S. 143B168.15(g). Payment rates and fees for military families who choose
23 Department of Defense-certified child care facilities and who are eligible to receive subsidized
24 child care shall be as set forth in this section.

25 **SECTION 9D.3.(l)** Effective January 1, 2024, the Division shall increase the child care
26 subsidy reimbursement rates to those recommended in the 2018 Child Care Market Rate Study.
27 The Division may also use funds appropriated for Child Care Subsidy to serve more children and
28 reduce the waitlist.

29 **CHILD CARE ALLOCATION FORMULA**

30 **SECTION 9D.4.(a)** The Department of Health and Human Services, Division of
31 Child Development and Early Education (Division), shall allocate child care subsidy voucher
32 funds to pay the costs of necessary child care for minor children of needy families. The
33 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
34 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
35 allocation. The Department of Health and Human Services shall use the following method when
36 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
37 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 38 (1) Funds shall be allocated to a county based upon the projected cost of serving
39 children under age 11 in families with all parents working who earn less than
40 the applicable federal poverty level percentage set forth in Section 9D.3(a) of
41 this act.
- 42 (2) The Division may withhold up to two percent (2%) of available funds from
43 the allocation formula for (i) preventing termination of services throughout
44 the fiscal year and (ii) repayment of any federal funds identified by counties
45 as overpayments, including overpayments due to fraud. The Division shall
46 allocate to counties any funds withheld before the end of the fiscal year when
47 the Division determines the funds are not needed for the purposes described
48 in this subdivision. The Division shall submit a report to the Joint Legislative
49 Oversight Committee on Health and Human Services and the Fiscal Research
50 Division, which report shall include each of the following:
51

- a. The amount of funds used for preventing termination of services and the repayment of any federal funds.
- b. The date the remaining funds were distributed to counties.
- c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2023-25 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

- (3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9D.4.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9D.4.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:

- (1) Deem a county's initial allocation as the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available.
- (2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

SMART START INITIATIVES

SECTION 9D.5.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc. funded activities shall include assisting child care facilities with (i) improving quality, including helping one, two, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to five years of age that do the following:

- (1) Increase children's literacy.
- (2) Increase the parents' ability to raise healthy, successful children.
- (3) Improve children's health.
- (4) Assist four and five-star-rated facilities in improving and maintaining quality.

SECTION 9D.5.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 9D.5.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

- (1) The population of the area serviced by a local partnership.
- (2) The amount of State funds administered.
- (3) The amount of total funds administered.
- (4) The professional experience of the individual to be compensated.
- (5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.

SECTION 9D.5.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2023-25 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2023-25 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

- (1) Be verifiable from the contractor's records.
- (2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
- (3) Not include expenses funded by State funds.

- 1 (4) Be supplemental to and not supplant preexisting resources for related program
2 activities.
- 3 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
4 be necessary and reasonable for the proper and efficient accomplishment of
5 the Program's objectives.
- 6 (6) Be otherwise allowable under federal or State law.
- 7 (7) Be required and described in the contractual agreements approved by the
8 North Carolina Partnership for Children, Inc., or the local partnership.
- 9 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
10 partnership by the contractor in the same manner as reimbursable expenses.

11 Failure to obtain a nineteen percent (19%) match by June 30 of each year of the 2023-
12 25 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program
13 for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
14 responsible for compiling information on the private cash and in-kind contributions into a report
15 that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in
16 a format that allows verification by the Department of Revenue. The same match requirements
17 shall apply to any expansion funds appropriated by the General Assembly.

18 **SECTION 9D.5.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,
19 and all local partnerships shall use competitive bidding practices in contracting for goods and
20 services on contract amounts as follows:

- 21 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified
22 by a written policy as developed by the Board of Directors of the North
23 Carolina Partnership for Children, Inc.
- 24 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen
25 thousand dollars (\$15,000), three written quotes.
- 26 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty
27 thousand dollars (\$40,000), a request for proposal process.
- 28 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
29 proposal process and advertising in a major newspaper.

30 **SECTION 9D.5.(f) Allocations.** – The North Carolina Partnership for Children, Inc.,
31 shall not reduce the allocation for counties with less than 35,000 in population below the 2012-
32 13 funding level.

33 **SECTION 9D.5.(g) Performance-Based Evaluation.** – The Department of Health
34 and Human Services shall continue to implement the performance-based evaluation system.

35 **SECTION 9D.5.(h) Expenditure Restrictions.** – Except as provided in subsection (i)
36 of this section, the Department of Health and Human Services and the North Carolina Partnership
37 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
38 Development Initiatives for the 2023-25 fiscal biennium shall be administered and distributed in
39 the following manner:

- 40 (1) Capital expenditures are prohibited for the 2023-25 fiscal biennium. For the
41 purposes of this section, "capital expenditures" means expenditures for capital
42 improvements as defined in G.S. 143C-1-1(d)(5).
- 43 (2) Expenditures of State funds for advertising and promotional activities are
44 prohibited for the 2023-25 fiscal biennium.

45 For the 2023-25 fiscal biennium, local partnerships shall not spend any State funds
46 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
47 any private funds the local partnerships receive on those activities.

48 **SECTION 9D.5.(i) Notwithstanding subsection (h) of this section,** the North
49 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
50 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall

1 include in its annual report required under G.S. 143B168.12(d) a report on the use of State funds
2 for fundraising. The report shall include the following:

- 3 (1) The amount of funds expended on fund-raising.
- 4 (2) Any return on fund-raising investments.
- 5 (3) Any other information deemed relevant.

6 **SECTION 9D.5.(j)** Notwithstanding other subsections of this section, and in
7 recognition of both Smart Start's essential work and the statewide child care need, the Division
8 shall set aside ninety million dollars (\$90,000,000) in each year of the total funds appropriated
9 to Smart Start in the 2023-25 fiscal biennium to establish and fund a statewide rate floor for child
10 care subsidy. This set-aside shall expire at the end of this fiscal biennium.

11 **EARLY LEARNING PROGRAMS FOR ELIGIBLE CHILDREN**

12 **SECTION 9D.6.(a)** Purpose – The Division of Child Development and Early
13 Education shall establish a pilot program (Program) to implement the state model for high-quality
14 early learning programs for eligible children birth through age three. The pilot will target high-
15 poverty school districts.

16 **SECTION 9D.6.(b)** Evaluation – The Division of Child Development and Early
17 Evaluation shall use a portion of funds provided for Early Learning Programs for Eligible
18 Children to conduct a program evaluation. The department may consult with the Office of State
19 Budget and Management for assistance on how to develop a plan for evaluation, including how
20 to register a pre-analysis plan. The department shall report annually to OSBM and the Fiscal
21 Research Division on the progress of the evaluation and, when completed, make the pre-analysis
22 plan and final evaluation report publicly available.

23 **CHILD CARE STABILIZATION GRANTS**

24 **SECTION 9D.7.** The Division of Child Development and Early Education shall
25 reinstate Fixed Cost and Family Stabilization Grants to maintain the child care business sector,
26 support families in programs experiencing financial hardship, and encourage program capacity
27 growth.

28 **PART IX-E. HEALTH BENEFITS**

29 **CONTINUE MEDICAID ANNUAL REPORT**

30 **SECTION 9E.1.** The Department of Health and Human Services, Division of Health
31 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
32 accompanying tables. DHB shall publish the report and tables on its website no later than
33 December 31 following each State fiscal year.

34 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

35 **SECTION 9E.2.** The Department of Health and Human Services, Division of Health
36 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
37 services, medical equipment, supplies, and appliances by implementation of volume purchase
38 plans, single source procurement, or other contracting processes in order to improve cost
39 containment.

40 **ADMINISTRATIVE HEARINGS FUNDING**

41 **SECTION 9E.3.** Of the funds appropriated in this act to the Department of Health
42 and Human Services, Division of Health Benefits, for administrative contracts and interagency
43 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one
44 million dollars (\$1,000,000) for the 2023-24 fiscal year and the sum of one million dollars
45 (\$1,000,000) for the 2024-25 fiscal year to the Office of Administrative Hearings (OAH). These

1 funds shall be allocated by OAH for mediation services provided for Medicaid applicant and
2 recipient appeals and to contract for other services necessary to conduct the appeals process.
3 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services
4 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals
5 process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support
6 this administrative function. Upon receipt of invoices from OAH for covered services rendered
7 in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn
8 down for this purpose.

9
10 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

11 **SECTION 9E.4.(a)** The Department of Health and Human Services, Division of
12 Health Benefits, receivables reserved at the end of the 2023-24 and 2024-25 fiscal years shall,
13 when received, be accounted for as nontax revenue for each of those fiscal years. The treatment
14 under this section of any revenue derived from federal programs shall be in accordance with the
15 requirements specified in the Code of Federal Regulations, Title 2, Part 225.

16 **SECTION 9E.4.(b)** For the 2023-24 fiscal year, the Department of Health and
17 Human Services shall deposit from its revenues one hundred sixty-four million five hundred
18 thousand dollars (\$164,500,000) with the Department of State Treasurer to be accounted for as
19 nontax revenue. For the 2024-25 fiscal year, the Department of Health and Human Services shall
20 deposit from its revenues eighty-eight million four hundred thousand dollars (\$88,400,000) with
21 the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall
22 represent the return of advanced General Fund appropriations, nonfederal revenue, fund
23 balances, or other resources from State-owned and State-operated hospitals that are used to
24 provide indigent and nonindigent care services. The return from State-owned and State-operated
25 hospitals to the Department of Health and Human Services shall be made from nonfederal
26 resources in the following manner:

- 27 (1) The University of North Carolina Hospitals at Chapel Hill shall make the
28 following deposits:
29 a. For the 2023-24 fiscal year, the amount of thirty-one million three
30 hundred sixty-five thousand three hundred five dollars
31 (\$31,365,305).
32 b. For the 2024-25 fiscal year, the amount of thirty-one million three
33 hundred sixty-five thousand three hundred five dollars
34 (\$31,365,305).
35 (2) All State-owned and State-operated hospitals, other than the University of
36 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care
37 shall annually deposit an amount equal to the amount of the payments from
38 the Department of Health and Human Services, Division of Health Benefits,
39 for uncompensated care.

40
41 **DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM**

42 **SECTION 9E.5.** Of the federal disproportionate share adjustment receipts arising
43 from certified public expenditures for the 2023-24 fiscal year and the 2024-25 fiscal year, forty-
44 three million dollars (\$43,000,000) in each fiscal year shall not be deposited into the Hospital
45 Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department
46 of Health and Human Services, Division of Health Benefits, to be used for the Medicaid
47 program.

48
49 **DELAY TAILORED PLAN CONTRACTS**

50 **SECTION 9E.6** Section 9D.7.(a) of S.L. 2022-74 reads as rewritten:
51 **"ADJUST IMPLEMENTATION DATE FOR BH IDD TAILORED PLANS**

1 "SECTION 9D.7.(a) The Division of Health Benefits, Department of Health and
2 Human Services (DHHS), shall implement BH IDD tailored plans, as defined under G.S. 108D-
3 1, no later than ~~December 1, 2022~~ October 1, 2023. The initial term of the BH IDD tailored plan
4 contracts is four years, ending ~~December 1, 2026~~ June 30, 2027. If DHHS extends the standard
5 benefit plan contracts, as authorized by Section 7(b) of S.L. 2020-88, then DHHS shall offer to
6 extend the initial term of the BH IDD tailored plan contracts an equivalent amount of time."
7

8 **ADJUST IMPLEMENTATION DATE FOR REQUIRING LME/MCOS TO PAY FOR**
9 **BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES**
10 **AWAITING HOSPITAL DISCHARGE**

11 **Section 9E.7** Section 9D.22 of S.L. 2021-180, as amended by Section 9D.9 of S.L.
12 2022-74 reads as rewritten:

13 "SECTION 9E.8.(f) CMS Approval. – The Department of Health and Human
14 Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid
15 Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage
16 required by this section with a proposed effective date of March 1, 2023. The new Medicaid
17 covered services and rates shall be implemented by December 31, 2022 as soon as operationally
18 feasible after CMS approval. If approval from CMS is not granted by December 31, 2022, then
19 DHB shall retroactively implement services and rates upon approval from CMS to December 31,
20 2022 to the effective date approved by CMS. The new Medicaid covered services and rates shall
21 only be implemented to the extent allowable by CMS."
22

23 **1115 WAIVER AMENDMENT AND AUTHORIZED CHILDREN AND FAMILIES**
24 **SPECIALTY PLAN**

25 **SECTION 9E.8.(a)** The Department of Health and Human Services (DHHS) shall
26 issue a request for proposals to procure a single statewide children and families specialty plan
27 contract with a prepaid health plan, as defined in G.S. 58-93-5 or G.S. 108D-1, with services to
28 begin no later than December 31, 2024. Only entities operating a standard benefit plan or a BH
29 IDD tailored plan contract with the Department at the time the request for proposals is issued
30 may submit a proposal. Each entity may only submit one response to an RFP issued by the
31 Department, and eligible entities under common control or ownership with one another may
32 collectively submit only one response.

33 DHHS shall define the services available and the Medicaid beneficiaries who are
34 eligible to enroll in the children and families specialty plan, except as otherwise specified in this
35 act.

36 **SECTION 9E.8.(b)** G.S. 108D-1 reads as rewritten:

37 **"§ 108D-1. Definitions**

38 The following definitions apply in this Chapter:

39 ...
40 "(4) Behavioral health and intellectual/developmental disabilities tailored plan or
41 BH IDD tailored plan. – A capitated prepaid health plan contract under the
42 Medicaid transformation demonstration waiver that meets all of the
43 requirements of Article 4 of this Chapter, including the requirements
44 pertaining to BH IDD tailored ~~plans~~ plans; but excluding the requirements
45 pertaining only to the CAF specialty plan.

46 ...
47 **(5a)** Children and families specialty plan or CAF specialty plan. – A statewide
48 capitated prepaid health plan contract under the Medicaid transformation
49 demonstration waiver that meets all of the requirements of Article 4 of this
50 Chapter, including the requirements pertaining to the CAF specialty plan, but
51 excluding the requirements only pertaining to BH IDD tailored plans.

1 ...
2 (30) Prepaid health plan or PHP. – A prepaid health plan, as defined in G.S. 58-93-
3 5, that is under a capitated contract with the Department for the delivery of
4 Medicaid services, or a local management entity/managed care organization
5 that is under a capitated PHP contract with the ~~Department to operate a BH~~
6 ~~IDD tailored plan.~~ Department.

7 ...
8 (36) Standard benefit plan. – A capitated prepaid health plan contract under the
9 Medicaid transformation demonstration waiver that meets all of the
10 requirements of Article 4 of this Chapter except for the requirements
11 pertaining only to a BH IDD tailored ~~plan~~ plan and only to the CAF specialty
12 plan."

13
14 **SECTION 9E.8.(c)** G.S. 108D-5.3 reads as rewritten:

15 **"§ 108D-5.3. Enrollee requests for disenrollment.**

16 ...
17 (b) Without Cause Enrollee Requests for Disenrollment. – An enrollee shall be allowed
18 to ~~request disenroll~~ disenrollment from the PHP without cause only during the times specified in
19 ~~42 C.F.R. § 438.56(e)(2), 42 C.F.R. § 438.56(c)(2).~~ However, enrollees who
20 are in any of the following groups may request to disenroll at any time:

21 ...
22 (2) Beneficiaries who are ~~enrolled in the foster care system described in G.S.~~
23 ~~108D-40(a)(14).~~

24 (3) ~~Beneficiaries who are in the former foster care Medicaid eligibility.~~
25 ~~category.~~

26 (4) ~~Beneficiaries who receive Title IV-E adoption assistance.~~

27 ..."

28
29 **SECTION 9E.8.(d)** G.S. 108D-22 reads as rewritten:

30 **"§ 108D-22. PHP provider networks.**

31 (a) Except as provided in ~~G.S. 108D-23, G.S. 108D-23 and G.S. 108D-24,~~ each PHP shall
32 develop and maintain a provider network that meets access to care requirements for its enrollees.
33 A PHP may not exclude providers from their networks except for failure to meet objective quality
34 standards or refusal to accept network rates. Notwithstanding the previous sentence, a PHP must
35 include all providers in its geographical coverage area that are designated essential providers by
36 the Department in accordance with subdivision (b) of this section, unless the Department
37 approves an alternative arrangement for securing the types of services offered by the essential
38 providers."

39 **SECTION 9E.8.(e)** Article 3 of Chapter 108D of the General Statutes is amended
40 by adding a new section to read:

41 **"§ 108D-24. Children and families specialty plan networks.**

42 The entity operating the CAF specialty plan shall develop and maintain a closed network of
43 providers only for the provision of the following services:

44 (1) Intensive in-home services.

45 (2) Multisystemic therapy.

46 (3) Residential treatment services.

47 (4) Services provided in psychiatric residential treatment facilities.

48 The closed network is the network of providers that have contracted with the entity operating the
49 CAF specialty plan to furnish the services specified in this section to enrollees."

50
51 **SECTION 9E.8.(f)** G.S. 108D-40(a) reads as rewritten:

1 **"§ 108D-40. Populations covered by PHPs.**

2 (a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid
3 categories except for the following categories:

4 ...

5 (12) Recipients with a serious mental illness, a serious emotional disturbance, a
6 severe substance use disorder, an intellectual/developmental disability, or who
7 have survived a traumatic brain injury and who are receiving traumatic brain
8 injury services, who are on the waiting list for the Traumatic Brain Injury
9 waiver, or whose traumatic brain injury otherwise is a knowable fact, until BH
10 IDD tailored plans become operational, at which time this population will be
11 enrolled with a BH IDD tailored plan in accordance with ~~G.S. 108D-~~
12 ~~60(a)(10)~~. G.S. 108D-60(a)(10), except as described in subdivision (14) of this
13 subsection.

14 ...

15 (13) Recipients in the following categories shall not be covered by PHPs for a
16 period of time to be determined by the Department that shall not exceed five
17 years after the date that capitated PHP contracts begin:

18 ...

19 ~~e. Recipients who are (i) enrolled in the foster care system, (ii) receiving Title~~
20 ~~IV-E adoption assistance, (iii) under the age of 26 and formerly were in the~~
21 ~~foster care system, or (iv) under the age of 26 and formerly received adoption~~
22 ~~assistance.~~

23 (14) Until the CAF specialty plan becomes operational, recipients who are (i)
24 children enrolled in foster care in this State, (ii) receiving adoption assistance,
25 or (iii) former foster care youth until they reach the age of 26. When the CAF
26 specialty plan becomes operational, recipients described in this subdivision
27 will be enrolled in accordance with G.S. 108D-62.

28"

29
30 **SECTION 9E.8.(g)** G.S. 108D-60 reads as rewritten:

31 **"§ 108D-60. BH IDD tailored plans.**

32 (a) BH IDD tailored plans shall be defined as capitated PHP contracts that meet all
33 requirements in this Article pertaining to capitated PHP contracts, except as
34 specifically provided in this section. With regard to BH IDD tailored plans, the
35 following shall occur:

36 ...

37 (10) Recipients described in G.S. 108D-40(a)(12) shall be automatically enrolled
38 with an entity operating a BH IDD tailored ~~plan and planplan, except that~~
39 ~~recipients who are also described in G.S. 108D-40(a)(14) shall be enrolled in~~
40 ~~accordance with G.S. 108D-62. Recipients~~ shall have the option to enroll with
41 a PHP operating a standard benefit plan, provided that a recipient electing to
42 enroll with a PHP operating a standard benefit plan would only have access to
43 the behavioral health services covered by the standard benefit plans and would
44 no longer have access to the behavioral health services excluded from standard
45 benefit plan coverage under G.S. 108D-35(1) and provided that the recipient's
46 informed consent shall be required prior to the recipient's enrollment with a
47 PHP operating a standard benefit plan.

48 (11) Recipients described in G.S. 108D-40(a)(12) shall not have the option to
49 voluntarily enroll with a PHP operating a standard plan or the CAF specialty
50 plan, when it becomes operational, while receiving services offered by the
51 programs or in the settings specified below:

- a. Recipients enrolled in the Innovations waiver.
- b. Recipients enrolled in the Traumatic Brain Injury waiver.
- c. Recipients residing in or receiving respite services at an intermediate care facility for individuals with intellectual/developmental disabilities (ICFs-IIDs).
- d. Recipients enrolled in and being served under Transitions to Community Living.
- e. Recipients receiving State-funded residential services including Group Living, Family Living, Supported Living, and Residential Supports.

(b) The Department may contract with entities operating BH IDD tailored plans under a capitated or other arrangement for the management of behavioral health, intellectual and developmental disability, and traumatic brain injury services for any recipients excluded from PHP coverage under G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), and ~~(13)~~, and, until the CAF specialty plan becomes operational, any Medicaid recipients excluded from PHP coverage under G.S. 108D-40(a)(14)."

SECTION 9E.8.(h) Article 4 of Chapter 108D of the General Statutes is amended by adding a new section to read:

"§ 108D-62. Children and families specialty plan.

(a) The following definitions apply in this section:

- (1) Caretaker relative. – As defined in 42 C.F.R. § 435.4.
- (2) Child. – A person who is under the age of 18, is not married, and has not been legally emancipated.
- (3) Custodian. – As defined in G.S. 7B-101.
- (4) Foster care. – The placement of a child who is described in G.S. 108D-40(a)(14) whose custody has been awarded by court order or pursuant to a voluntary placement agreement from the parent, custodian, or guardian (i) to the county department of social services or (ii) to the Eastern Band of Cherokee Indians' Department of Public Health and Human Services.
- (5) Guardian. – A guardian of the person as defined in G.S. 35A-1202.
- (6) Minor. – A person who is under the age of 18.
- (7) Parent. – As defined in 42 C.F.R. § 435.603(b).
- (8) Reunification. – As defined in G.S. 7B-101.
- (9) Sibling. – As defined in 42 C.F.R. § 435.603(b).

(b) The CAF specialty plan is defined as one statewide capitated PHP contract that meets all the requirements in this Article pertaining to capitated PHP contracts, excluding the requirements that only apply to BH IDD tailored plan contracts, except as specifically provided in this section. With regard to the CAF specialty plan, all of the following shall occur:

- (1) The capitated contract for the CAF specialty plan shall be the result of a request for proposals issued by the Department.
- (2) An entity operating the CAF specialty plan shall authorize, pay for, and manage all Medicaid services covered under the plan.
- (3) An entity operating the CAF specialty plan shall operate care management functions and provide whole-person, integrated care across healthcare and treatment settings and foster care placements for recipients enrolled in the plan to support family preservation, advance the reunification of families, support the permanency goals of children, and support the health of former foster youth.
- (4) An entity operating the CAF specialty plan shall be the single point of care management accountability.

- 1 (5) The Department shall establish requirements for the effective operation of the
2 CAF specialty plan that, at a minimum, shall address all of the following:
3 a. Continuity of care and support across health care settings, changes in
4 placement, and when the child transitions into the former foster youth
5 Medicaid eligibility category.
6 b. Managing care according to competencies specific to the recipients
7 described in G.S. 108D-40(a)(14) and to recipients receiving child
8 protective services in-home services, including medication
9 management, utilization of trauma-informed care, and any other areas
10 determined appropriate by the Department.
11 c. Coordination of activities with local governments, county departments
12 of social services, the Division of Juvenile Justice of the Department
13 of Public Safety, and other related agencies that support the child
14 welfare system.
15 d. Approaches to address unmet health-related resource needs.

16 (c) In addition to the services required to be covered by all PHPs under G.S. 108D-35,
17 the CAF specialty plan shall cover the behavioral health, intellectual and developmental
18 disability, and traumatic brain injury services excluded from standard benefit plan coverage
19 under G.S. 108D-35(1), except that the CAF specialty plan shall not cover:

- 20 (1) Innovations waiver services.
21 (2) Traumatic Brain Injury waiver services.
22 (3) Services provided to recipients residing in or receiving respite services at an
23 intermediate care facility for individuals with intellectual/developmental
24 disabilities.
25 (4) Services provided to recipients determined eligible to participate in and be
26 served under Transitions to Community Living.
27 (5) Non-Medicaid behavioral health services funded with federal, State, and local
28 funding in accordance with Chapter 122C of the General Statutes and other
29 applicable State and federal law, rules, and regulations.

30 (d) Unless ineligible under subsection (e) of this section, the following Medicaid
31 recipients shall be eligible to enroll in the CAF specialty plan:

- 32 (1) Recipients described in G.S. 108D-40(a)(14) and their children. The children
33 shall be enrolled in the CAF specialty plan for as long as the parent remains
34 enrolled, unless the parent elects to enroll the child in another plan in
35 accordance with subsection (g) of this section.
36 (2) Adults identified on an open child protective services in-home family services
37 agreement case and any minor children living in the same home.
38 (3) Adults identified in an open Eastern Band of Cherokee Indians Department of
39 Public Health and Human Services Family Safety program case and any
40 children living in the same home.
41 (4) The minor siblings of a child in foster care who lived in the same home as that
42 child at the time of the child's removal and with whom household reunification
43 efforts are ongoing.
44 (5) Recipients who have a child temporarily in foster care if all of the following
45 are met:
46 a. A court of competent jurisdiction has not found that aggravated
47 circumstances exist in accordance with G.S. 7B-901(c) or comparable
48 federally recognized tribal code.
49 b. A court of competent jurisdiction has not found that a plan of
50 reunification would be unsuccessful or would be inconsistent with the

1 child's health or safety in accordance with G.S. 7B-906.1(d) or
2 comparable federally recognized tribal code.

3 c. A court of competent jurisdiction has not found that custody or
4 guardianship with the caretaker relative is an inappropriate permanent
5 plan for the juvenile under G.S. 7B-906.2(a)(3) or (a)(4), or
6 comparable federally recognized tribal code.

7 d. The recipient is any of the following:

- 8 1. A parent.
- 9 2. A caretaker relative.
- 10 3. A custodian.
- 11 4. A guardian.

12 (6) Any other recipients who have had involvement with the child welfare system
13 and whom the Department has determined would benefit from enrollment in
14 the CAF specialty plan.

15 (e) The following Medicaid recipients shall be not eligible to enroll in the CAF specialty
16 plan:

17 (1) Recipients who require services that are excluded from coverage by the CAF
18 specialty plan under subsection (c) of this section.

19 (2) Temporary safety provider caregivers identified on an open child protective
20 services in-home family services agreement case or an open Eastern Band of
21 Cherokee Indians Department of Public Health and Human Services Family
22 Safety program case.

23 (3) Recipients who are excluded from PHP coverage under G.S. 108D-40(a).

24 (f) Recipients described in subdivision (d)(1) of this section shall be automatically
25 enrolled in the CAF specialty plan, unless they are also described in G.S. 108D-40(a)(5), in which
26 case they may enroll voluntarily. All other recipients described under subsection (d) of this
27 section may enroll voluntarily in the CAF specialty plan.

28 (g) Recipients eligible to enroll in the CAF specialty plan under subsection (d) of this
29 section shall have the option to enroll with a PHP operating a standard benefit plan or, if eligible
30 under G.S. 108D-40(a)(12), a BH IDD tailored plan. A recipient enrolled in the CAF specialty
31 plan who elects to enroll with a PHP operating a standard benefit plan would only have access to
32 the behavioral health services covered by the standard benefit plans and would no longer have
33 access to the behavioral health services excluded from standard benefit plan coverage under
34 G.S. 108D-35(1). The recipient's informed consent, or, as applicable, the informed consent of the
35 recipient's custodian or guardian, shall be required prior to the recipient's enrollment with a PHP
36 operating a standard benefit plan.

37 (h) Recipients described in G.S. 108D-40(a)(14)(i) who exit the custody of the county
38 department of social services may elect to remain enrolled in the CAF specialty plan for 12
39 months after the date the recipient exits custody. In the case of recipients who achieve
40 reunification, any of the following individuals with whom the recipient reunifies may also elect
41 to remain enrolled in the CAF specialty plan as long as the recipient remains enrolled:

- 42 (1) A parent.
- 43 (2) A caretaker relative.
- 44 (3) A custodian.
- 45 (4) A guardian.
- 46 (5) A minor sibling."

47
48 **SECTION 9E.8.(i) G.S. 122C-3 reads as rewritten:**

49 **"§ 122C-3. Definitions.**

50 The following definitions apply in this Chapter:

51 ...

1 (4a) Children and families specialty plan or CAF specialty plan. – As defined in
2 G.S. 108D-1.

3 ...
4 (20c) Local management entity/managed care organization (LME/MCO). – A local
5 management entity that is under contract with the Department under Article 4
6 of Chapter 108D of the General Statutes to operate one or more of the
7 combined Medicaid Waiver program managed care programs authorized
8 under Section 1915(b) and Section 1915(c), of the Social Security Act or by
9 CMS to operate a BH IDD tailored plan.

10"

11
12 **SECTION 9E.8.(j)** G.S. 122C-115 reads as rewritten:

13 **"§ 122C-115. Duties of counties; appropriation and allocation of funds by counties and**
14 **cities.**

15 ...
16 (e) Beginning on the date that capitated contracts under Article 4 of Chapter 108D of the
17 General Statutes begin, LME/MCOs shall cease managing Medicaid services for all Medicaid
18 recipients other than recipients described in G.S. 108D-40(a)(1), (4), (5), (6), (7), (10), (11), (12),
19 and (13)-(13), and (14).

20 (e1) Until BH IDD tailored plans become operational, all of the following shall occur:

21 (1) LME/MCOs shall continue to manage the Medicaid services that are covered
22 by the LME/MCOs under the combined 1915(b) and (c) waivers for Medicaid
23 recipients described in G.S. 108D-40(a)(1), (4), (5), (6), (7), (10), (11), (12),
24 and (13)-(13), and (14).

25 ...
26 (f) Entities operating the BH IDD tailored plans under G.S. 108D-60 may continue to
27 managemanage under any contract with the Department in accordance with G.S. 108D-60(b), the
28 behavioral health, intellectual and developmental disability, and traumatic brain injury services
29 for any Medicaid recipients described in G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), and (13)
30 under any contract with the Department in accordance with G.S. 108D-60(b)-(13), and, until the
31 CAF specialty plan becomes operational, recipients excluded from PHP coverage under G.S.
32 108D-40(a)(14)."

33
34 **SECTION 9E.8.(k)** Part 2 of Article 4 of Chapter 122C of the General Statutes is
35 amended by adding a new section to read:

36 **"§ 122C-115.5. Children and families specialty plan operation.**

37 An area authority is authorized to operate the CAF specialty plan under a contract with the
38 Department. For purposes of operating the CAF specialty plan only, all of the following apply:

- 39 (1) The area authority shall have a statewide catchment area.
40 (2) Counties are prohibited from withdrawing from or declining to participate in
41 the statewide catchment area of the CAF specialty plan."

42
43 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID**
44 **TRANSFORMATION NEEDS**

45 **SECTION 9E.9.(a)** Claims Run Out. – Funds from the Medicaid Transformation
46 Fund may be transferred to the Department of Health and Human Services, Division of Health
47 Benefits (DHB), for the 2023-25 fiscal biennium, as needed, for the purpose of paying claims
48 related to services billed under the fee-for-service payment model for recipients who are being,
49 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be
50 transferred to DHB as the need to pay claims run out arises and need not be transferred in one

1 lump sum. To the extent that any funds are transferred under this subsection, the funds are
2 appropriated for the purpose set forth in this subsection.

3 **SECTION 9E.9.(b)** Non-Claims Run Out Medicaid Transformation Needs. –
4 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one
5 hundred fifty-eight million two hundred ninety-six thousand three-hundred twenty two dollars
6 (\$158,296,322) in nonrecurring funds for the 2023-24 fiscal year and the sum of sixty seven
7 million, eight hundred seventy-seven thousand four hundred twenty-seven dollars (\$67,877,427)
8 in nonrecurring funds for the 2024-25 fiscal year from the Medicaid Transformation Fund may
9 be transferred to DHB for the sole purpose of providing the State share for qualifying needs
10 directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds
11 may be transferred to DHB as qualifying needs arise during the 2023-25 fiscal biennium and
12 need not be transferred in one lump sum.

13 For the purposes of this section, the term "qualifying need" shall be limited to the following
14 Medicaid transformation needs and may include contracts and temporary staffing:

- 15 (1) Program design.
- 16 (2) Beneficiary and provider experience.
- 17 (3) Information technology upgrades, operations, and maintenance.
- 18 (4) Data management tools.
- 19 (5) Program integrity.
- 20 (6) Quality review.
- 21 (7) Actuarial rate setting functions.
- 22 (8) Technical and operational integration.
- 23 (9) BH IDD tailored plan health homes.
- 24 (10) Legal fees.
- 25 (11) Expenses related to the Enhanced Case Management and Other Services Pilot
26 Program, commonly referred to as the "Healthy Opportunities Pilots."

27 **SECTION 9E.9(c)** Requests for Transfer of Funds for Qualifying Need. – A request
28 by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM
29 and shall include the amount requested and the specific qualifying need for which the funds are
30 to be used. None of the funds identified in subsection (b) of this section shall be transferred to
31 DHB until OSBM verifies the following information:

- 32 (1) The amount requested is to be used for a qualifying need in the 2023-25 fiscal
33 biennium.

34 **STREAMLINE MEDICAID ELIGIBILITY DETERMINATIONS**

35 **SECTION 9E.10.(a)** G.S. 108A-25 reads as rewritten:

36 **"§ 108A-25. Creation of programs; assumption by federally recognized tribe of programs.**

37 ...

38 (b) The program of medical assistance is established as a program of public assistance
39 and shall be administered by the Department of Health and Human Services in accordance with
40 G.S. 108A-54. Medicaid eligibility administration may be delegated to the county departments
41 of social services under rules adopted by the Department of Health and Human Services.
42 Notwithstanding any other law to the contrary, upon election by the Secretary, county
43 departments of social services shall accept Medicaid eligibility determinations made by the
44 federally facilitated Health Benefit Exchange.

45"

46 **SECTION 9E.10.(b)** G.S. 108A-54 reads as rewritten:

47 **"§ 108A-54. Authorization of Medical Assistance Program; administration.**

48 ...

49 (d) The Department of Health and Human Services shall ensure that the North Carolina
50 Families Accessing Services through Technology (NC FAST) information technology system
51

1 can ~~provide~~accept Medicaid eligibility determinations ~~for from~~ the federally facilitated Health
2 Benefit Exchange that will operate in North ~~Carolina~~ Carolina, and ~~shall provide such~~
3 ~~determinations for the Exchange~~. Notwithstanding any other law to the contrary, as determined
4 by the Secretary, the Department may accept Medicaid eligibility determinations made by the
5 federally facilitated Health Benefit Exchange utilizing the eligibility categories, resource limits,
6 and income thresholds for the Medicaid programs set by the General Assembly in accordance
7 with subsection (f) of this section.

8"

9 **SECTION 9.E.10.(c)** G.S. 108A-55.3 reads as rewritten:

10 **"§ 108A-55.3. Verification of State residency required for medical assistance.**

11 ...

12 (b) An applicant may meet the requirements of subsection (a) of this section by providing
13 ~~at least two~~one of the following documents:

14 ...

15 (c) For applicants, including those who are homeless or migrant laborers, who declare
16 under penalty of perjury that they do not have ~~two~~one of the verifying documents in subsection
17 (b) of this section, any other evidence that verifies residence may be considered. However, except
18 for applicants of emergency Medicaid, a declaration, affidavit, or other statement from the
19 applicant or another person that the applicant meets the requirements of G.S. 108A-24(6) is
20 insufficient in the absence of other credible evidence. For applicants of emergency Medicaid, a
21 declaration, affidavit, or other statement from the applicant's employer, clergy, or other person
22 with personal knowledge of the applicant's intent to live in North Carolina permanently or for an
23 indefinite period of time or that the applicant is residing in North Carolina to seek employment
24 or with a job commitment satisfies the requirements of this subsection.

25"

26
27 **AMEND INCOME ELIGIBILITY REQUIREMENTS TO ENSURE NO LOSS OF**
28 **COVERAGE WITH ELIMINATION OF NC HEALTH CHOICE**

29 **SECTION 9.E.11.(a)** G.S. 108A-54.3A as amended by Section 9D.15(c) of S.L.
30 2022-74 reads as rewritten:

31 **"§ 108A-54.3A. Eligibility categories and income thresholds.**

32 The Department shall provide Medicaid coverage for individuals in accordance with federal
33 statutes and regulations and specifically shall provide coverage for the following populations:

34 ...

35 (3) Children through the age of 18 with family incomes equal to or less than two
36 hundred ~~ten~~eleven percent (~~210%~~211%) of the federal poverty guidelines.

37"

38 **SECTION 9.E.11.(b)** G.S. 108A-54.3A as amended by Section 9D.15(c) of S.L.
39 2022-74 reads as rewritten:

40 This section is effective on a date determined by the Department but no later than June 30,
41 2023.

42
43 **RECOVER MEDICAID FUNDS FROM PROVIDERS IN MANAGED CARE**

44 **SECTION 9.E.12(a)** G.S. 108C-2 reads as rewritten:

45 **"§ 108C-2. Definitions.**

46 The following definitions apply in this Chapter:

47 ...

48 (2) Applicant. – An individual, partnership, group, association, corporation,
49 institution, or entity that applies to the Department for enrollment as a provider
50 in the North Carolina Medical Assistance Program or the North Carolina
51 ~~Health Insurance Program for Children~~Medicaid program.

1 (3) Department. – The North Carolina Department of Health and Human
2 Services, its legally authorized agents, contractors, or vendors who acting
3 within the scope of their authorized activities, assess, authorize, manage,
4 review, audit, monitor, or provide services pursuant to Title XIX ~~or XXI~~ of
5 the Social Security Act, the North Carolina State Plan of Medical Assistance,
6 ~~the North Carolina State Plan of the Health Insurance Program for Children,~~
7 or any waivers of the federal Medicaid Act granted by the United States
8 Department of Health and Human Services.

9 ...

10
11 ~~(6) Health Choice. — The Health Insurance Program for Children authorized by~~
12 ~~G.S. 108A-70.25 and as set forth in the North Carolina State Plan of the Health~~
13 ~~Insurance Program for Children.~~

14 (6) Managed Care Entity. – As defined in G.S. 108D-1.

15 ...

16 (8a) Negative Remittance Balance- A provider’s negative claim balance resulting
17 from administrative activity that adjusted a claim previously paid that causes
18 a final amount owed to the Department by the provider as documented in the
19 provider’s remittance statement. For purposes of claim offsetting, the
20 provider’s remittance statement serves as the Department’s final notice but
21 the provider’s right to appeal shall be unabridged.

22
23 (8b) Medicaid. - The Medical Assistance program authorized by G.S. 108A-54
24 and as set forth in the North Carolina State Plan of Medical Assistance

25
26 (8c) Notice of Program Reimbursement. – The written notice reflecting the
27 Department’s final determination of the total amount of reimbursement, if
28 any, due to either the provider or the Department following receipt of a
29 provider's annual Medicaid or Health Choice cost report, or amended
30 Medicaid or Health Choice cost report where permitted or required.

31"

32 SECTION 9E.12.(b) G.S. 108C-5 reads as rewritten:

33 "**§108C-5. Payment suspension and audits utilizing extrapolation.**

34 ...

35 (b) In addition to the procedures for suspending payment set forth at 42 C.F.R. § 455.23,
36 the Department may also suspend payment to any provider that (i) owes a final overpayment,
37 assessment, or fine to the Department or owes any other debt the Department is obligated to
38 collect and has not entered into an approved payment plan with the Department or other
39 applicable State or federal agency; (ii) has a negative remittance balance; or (iii) has had its
40 participation in the Medicaid or Health Choice programs suspended or terminated by the
41 Department. For purposes of this section, a suspension or termination of participation does not
42 become final until all administrative appeal rights have been exhausted and shall not include any
43 agency decision that is being contested at the Department, the Office of Administrative Hearings,
44 or in Superior Court provided that the Superior Court has entered a stay of decision in accordance
45 with G.S. 150B-48.

46 (b1) Upon written notification from the Department to a managed care entity that a
47 provider in its network owes amounts described in subsection (b)(i) or (b)(ii) of this section, the
48 managed care entity shall do the following:

49 (1) Notify the provider that the Department has mandated recovery of the funds
50 owed under this section from any reimbursement due to the provider from the
51 managed care entity;

- 1 (2) Provide a copy of the written notice from the Department to the managed care
2 entity mandating such recovery to the provider; and
3 (3) Remit to the Department all reimbursement amounts otherwise due to that
4 provider until the amounts described in subsection (b)(i) or (b)(ii) of this
5 section, including any applicable penalties or interest have been satisfied. If
6 the provider has entered into a payment plan with the Department in
7 accordance with this section or other applicable State or federal agency, the
8 managed care entity shall only collect the agreed upon monthly payment from
9 the reimbursement amounts otherwise due to the provider and shall remit the
10 payment to the Department on behalf of the provider.
11 (4) The requirements under this subsection shall supersede any contractual
12 obligation on the part of the managed care entity to remit payment to the
13 provider.

14 (c) For providers who owe ~~a final overpayment, assessment, fine~~ amounts described in
15 subsection (b)(i) of this section to the Department, the payment suspension shall begin the thirty-
16 first day after ~~and~~ overpayment, assessment, or fine becomes final ~~by virtue of a settlement or~~
17 final decision of the Department or the Office of Administrative Hearings and the final decision
18 is not timely appealed by the provider; or on the date specified by the State or federal agency in
19 its notification to the Department of an obligation to collect a debt on the State or federal agency's
20 behalf. The payment suspension shall not exceed the amount owed to the Department, including
21 any applicable penalty and interest charges.

22 (c1) For providers who owe a negative remittance balance to the Department, the amount
23 shall be recovered immediately against subsequent claims by the Department or by the process
24 specified in section (b1) of this section by a managed care entity, whichever results in the earliest
25 recovery by the Department of the amount owed by the provider.

26 ...

27 (h) All payments suspended in accordance with this Chapter shall be applied toward any
28 ~~final overpayment, assessment, or fine~~ amounts described in subsection (b)(i) of this section.

29 (h1) The Department may collect payments for delinquent provider health care
30 assessments as defined in 42 C.F.R. § 433.55(a). In addition to all other methods of collection
31 allowed by law, the Department may collect such assessments in the same manner as set forth in
32 G.S. 105-242 and G.S. 105- 242.1. The collection of delinquent assessments from a managed
33 care entity for money owed by a provider and on behalf of the provider to the State shall not
34 constitute a donation as defined in 42 C.F.R. § 433.52.

35 (i) ~~Prior to extrapolating the results of any audits,~~ In the notification of an overpayment
36 to the provider, the Department shall ~~demonstrate and~~ inform the provider that (i) the provider
37 failed to substantially comply with the requirements of State or federal law or regulation,
38 including Clinical Coverage Policies adopted or amended by the Department in accordance with
39 G.S. 108A-54.2; or (ii) the Department has a credible allegation of fraud concerning the provider.
40 Nothing in the subsection shall be construed to prohibit the Department from identifying the an
41 extrapolated overpayment amount in the same notice that meets the requirements of this
42 subsection.

43 (j) Audits that result in the extrapolation of results must be performed and reviewed by
44 individuals ~~who shall be credentialed by the Department, as applicable, in the matters to be~~
45 ~~audited, including, but not limited to, coding or specific clinical issues,~~ qualified in the matters to
46 be audited.

47 (k) The Department, in the initial request for medical records and
48 prior to conducting audits that result in the extrapolation of results shall identify to the
49 provider the matters to be reviewed and specifically list the clinical, including, but not limited to,
50 assessment of medical necessity, coding, authorization, or other matters reviewed and the time
51 periods reviewed.

1 ...
2 (n) The results of audits that result in the extrapolation of results may be challenged by a
3 provider within the limited or moderate risk categories, pursuant to G.S. 108C-3.

4 (1) The provider shall notify the Department within ~~45~~30 days of receipt of the
5 tentative audit results of the provider's challenge of the Department's results
6 under this subsection. The provider's notification shall select the means of
7 challenging the error rate found by the Department.

8 (2) The provider may challenge the error rate found by the Department by doing
9 one of the following:

10 ...
11 b. Conducting a second audit upon a sample identified and produced by
12 the Department utilizing the same statistical and sampling
13 methodology to produce a sample twice the size of the original sample
14 to review those matters and time periods identified in subsection (k)
15 of this section. The Department shall provide a new sample to the
16 provider within 30 days from the date of receipt of a provider's request.
17 The provider shall have 60 days from receipt of the new sample to
18 conduct the audit and provide the results to the Department. The
19 failure to provide the results of the second audit within the specified
20 time frame will result in the dismissal of the provider's challenge, and
21 the provider shall have no further right to appeal to the Office of
22 Administrative Hearings or any other court.

23 ...
24 (4) Nothing in this subsection shall limit a provider from challenging the accuracy
25 of the Department's audit, the statistical methodology of the Department's
26 original sample, or the ~~credentials~~qualifications of the individuals who
27 performed and reviewed the audit.

28 ...
29 (p) ~~The~~ If the provider requests a reconsideration review, the provider shall have ~~no less~~
30 ~~than 30~~45 days from the date of the receipt of the Department's notice of tentative audit results
31 to provide additional documentation not provided to the Department during any audit. If the
32 provider elects to appeal the Department's decision to the Office of Administrative Hearings, the
33 provider shall have 45 days from the date that the appeal is filed to submit any additional
34 documentation or records which address or challenge the findings of the audit. The Department
35 shall not review, and the Office of Administrative Hearings shall not admit into evidence, any
36 materials submitted after 45 days from the date the appeal was filed.

37 (q) Except as required by federal agency, law, or regulation, or instances of credible
38 allegation of fraud, the provider shall be subject to audits which result in the extrapolation of
39 ~~results for a time period of up to 36 months from date of payment of a provider's claim~~ results.
40 An audit that results in extrapolation must be initiated via notice of the audit to the provider
41 within 36 months of the date of payment of the provider's claim. No extrapolated audit shall
42 include claims that were paid more than 36 months prior to the date of the notice of audit.

43"

44 SECTION 9E.12.(c) G.S. 108C is amended to add a new section to read:

45 "§ 108C-15. Notice of Program Reimbursement as basis for recoupment of overpayments.
46 Notwithstanding any other provision of law, upon issuance of the Notice of Program
47 Reimbursement, the Department shall take immediate action to recoup the amount of
48 reimbursement owed by the provider to the Department. Recoupment shall be made
49 notwithstanding any request by the provider for a reconsideration review by the Division or a
50 contested case hearing under Chapter 150B of the General Statutes."

1 **PART IX-F. HEALTH SERVICE REGULATION [RESERVED]**

2
3 **PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**
4 **ABUSE SERVICES**

5
6 **USE OF OPIOID SETTLEMENT FUNDS**

7 **SECTION 9G.1.(a)** The State Controller shall transfer the sum of nine million
8 one hundred ninety-two thousand four hundred sixty-one dollars (\$9,192,461) for the 2023-24
9 fiscal year and the sum of nine million nine hundred seventy-eight thousand four hundred sixty-
10 two dollars (\$9,978,462) for the 2024-25 fiscal year from funds available in the Opioid
11 Abatement Reserve in the General Fund to the Opioid Abatement Fund established under Section
12 9F.1 of S.L. 2021-180. These funds are appropriated to the Department of Health and Human
13 Services to be used as set forth in subsection (b) of this section. In addition to these uses, the
14 Department of Health and Human Services may use up to five hundred thousand dollars
15 (\$500,000) of funds allocated by this subdivision for each year of the fiscal biennium for
16 administrative purposes.

17 **SECTION 9G.1.(b)** During the 2023-25 fiscal biennium, the funds appropriated to
18 the Department of Health and Human Services by subsection (a) of this section shall be used to
19 respond to the negative impacts of the opioid epidemic within the State of North Carolina, as
20 follows:

- 21 (1) To expand employment and transportation supports through innovative pilot
22 programs in industries in North Carolina that suffered the greatest job losses
23 during the COVID-19 pandemic and are most relied upon by individuals
24 recovering from opioid use disorders to reenter the workforce, such as the food
25 service industry, the hotel and lodging industry, and the entertainment
26 industry. These funds may be used to support all of the following:
- 27 a. Employment support services for individuals in recovery from opioid
28 use disorder, such as job application support and placement with
29 partnering employers, with emphasis on supporting innovative pilot
30 programs to develop a more robust workforce in rural areas of the
31 State.
 - 32 b. Training and development funding to encourage a consortium of
33 public and private employers, workforce development boards, and
34 vocational services providers to develop workplace recovery friendly
35 ecosystems.
 - 36 c. Transportation support services to enable individuals recovering from
37 opioid use disorder to travel to their places of treatment and their
38 places of employment.
- 39 (2) To support individuals with opioid use disorder who are involved in the
40 criminal justice system through programs and initiatives designed to
41 accomplish any one or more of the following:
- 42 a. Establishment or expansion of existing prearrest and postarrest
43 diversion programs. This includes prearrest diversion, postarrest
44 diversion, and court-based diversion through treatment or recovery
45 courts.
 - 46 b. Establishment, expansion, or sustainment of medication-assisted
47 treatment programs that provide to individuals who are incarcerated
48 any medication approved by the United States Food and Drug
49 Administration for opioid use disorder. Programs authorized under
50 this sub-subdivision that are funded in whole or in part by the Opioid
51 Abatement Fund shall be made available to individuals who were

1 already participating in a medication-assisted treatment program prior
2 to being incarcerated, as well as to individuals who initiate
3 medication-assisted treatment during their incarceration to address an
4 opioid use disorder.

5 c. Creation or expansion of reentry programs to connect individuals
6 exiting incarceration with harm reduction, treatment, and recovery
7 supports.

8 (3) To expand evidence-based treatment supports and to improve connections to
9 care, especially for individuals hospitalized for overdose who are uninsured
10 or underinsured, through the following activities or initiatives:

11 a. Evidence-based addiction treatment, including medication-assisted
12 treatment provided by inpatient or outpatient opioid treatment
13 programs.

14 b. Expanded access to cost-effective, low-cost, or no-cost
15 medication-assisted treatment in community-based settings.

16 c. Expanded care management services, including the use of peer support
17 specialists and care navigators in local health departments, detention
18 facilities, local departments of social services, and community-based
19 settings. Any funding provided pursuant to this sub-subdivision shall
20 be used to provide care management services involving outreach to,
21 engagement with, and coordination for individuals to assist them with
22 accessing opioid use disorder treatment.

23 (4) To develop evidence-based supportive housing services, such as Housing
24 First, that are inclusive of individuals with substance use disorders. Qualifying
25 services that may be funded under this subdivision include the following:

26 a. Providing a move-in deposit, rental or utility assistance, or all of these
27 for individuals with substance use disorders who are in recovery or
28 transitioning from residential treatment or incarceration.

29 b. Providing community training sessions on tenancy rights and
30 responsibilities.

31 c. Establishing relationships with landlords to encourage the elimination
32 of preconditions for housing and to reduce potential incidences of
33 evictions due to substance misuse.

34 d. Providing other housing-related supports such as tents, sleeping bags,
35 or other supplies for outdoor living.

36 e. Funding or otherwise supporting recovery supported housing that
37 accepts individuals who are utilizing any medication approved by the
38 United States Food and Drug Administration for the treatment of
39 opioid use disorder.

40 (5) To expand community based, peer, and collegiate recovery programs
41 providing recovery support services to individuals who have achieved or are
42 aiming to achieve recovery from opioid use disorders.

43 (6) To expand workforce development activities aimed at increasing the number
44 of practitioners available to treat opioid and other substance use disorders.
45 These activities include, but are not limited to:

46 a. Addiction medicine fellowships;

47 b. Scholarships for students studying addiction and committed to
48 practicing the treatment of opioid use disorder upon completion of
49 study; and

50 c. Support for universities, colleges, and healthcare practitioner training
51 programs to embed addiction training into the general curriculum in

fields of primary care, nursing, healthcare administration, social work, counseling, psychology, medicine, and other affiliated healthcare disciplines.

- (7) To provide technical assistance to community organizations who have received grant funding from the Opioid Abatement Fund to develop and implement community programs and to the LME/MCOs that maximize funding and achieve the best outcomes in their communities. Technical assistance will include support in utilizing evidence-based practices, budgeting, data collection and overall capacity building to ensure ongoing viability of needed community programs.
- (8) To collect data and evaluate programs to inform program planning and quality improvement, and create data dashboards.

OPIOID ABATEMENT REVENUE TECHNICAL ADJUSTMENT

SECTION 9G.2.(a) Section 9F.1(a) of S.L. 2021-180 reads as rewritten:

"SECTION 9F.1.(a) ~~The Opioid Abatement Reserve (Reserve) is established in the General Fund to~~ The Opioid Abatement Fund (Fund) is a special fund in the Department of Health and Human Services that maintain funds received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake County and any other funds received by the State as a result of a settlement, as defined in G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids. Monies in the ReserveFund shall be made available to (i) cover the costs incurred by the State in investigating and pursuing these claims and (ii) abate and remediate the harms caused to North Carolina and its citizens by the opioid epidemic. These receipts are appropriated to the Fund in the year which they are received and shall be used in accordance with this act. Funds from the ReserveFund may be allocated or expended only by an act of appropriation by the General Assembly. The Opioid Abatement Fund (Fund) is created in the Department of Health and Human Services (Department) as a special fund consisting of all interest and investment earnings received on monies in the Fund. The State Controller shall transfer from the Reserve to the Fund the sum of fifteen million seven hundred thirty-five thousand four hundred ninety-six dollars (\$15,735,496) for the 2021-22 fiscal year and the sum of eight hundred twelve thousand two hundred fifty dollars (\$812,250) for the 2022-23 fiscal year. These funds are appropriated to the Department to be used and allocated as set forth in subsection (b) of this section.

..."

SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES

SECTION 9G.3.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

SECTION 9G.3.(b) During each year of the 2023-25 fiscal biennium, DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least ninety percent (90%) of the level of single-stream services provided across the State during the 2014-2015 fiscal year. No

1 LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid
2 for with single-stream funding that support the 2012 settlement agreement entered into between
3 the United States Department of Justice and the State of North Carolina to ensure that the State
4 will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504
5 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in Olmstead v.
6 L.C., 527 U.S. 581 (1999). This subsection shall not be construed to require an LME/MCO to
7 authorize or maintain the same level of services for any specific individual whose services were
8 paid for with single-stream funding. This subsection shall not be construed to create a private
9 right of action for any person or entity against the State of North Carolina or the Department of
10 Health and Human Services or any of its divisions, agents, or contractors and shall not be used
11 as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or
12 Chapter 108D of the General Statutes.

13 **SECTION 9G.3.(c)** If, on or after June 1, 2024, OSBM certifies a Medicaid and NC
14 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations
15 for the 2023-24 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the
16 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

17 **SECTION 9G.3.(d)** If, on or after June 1, 2025, OSBM certifies a Medicaid and NC
18 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations
19 for the 2021-2022 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the
20 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

21 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

22 **SECTION 9G.4.(a)** Use of Funds. – Funds appropriated in this act to the Department
23 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
24 Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric
25 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to
26 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds
27 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds
28 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of
29 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall
30 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In
31 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated
32 to LME/MCOs for community-based mental health, developmental disabilities, and substance
33 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

34 **SECTION 9G.4.(b)** Distribution and Management of Beds or Bed Days. – DHHS
35 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance
36 with this section are utilized solely for individuals who are medically indigent, except that DHHS
37 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health
38 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
39 Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for facility-
40 based crisis services and nonhospital detoxification services for individuals in need of these
41 services, regardless of whether the individuals are medically indigent. For the purposes of this
42 subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable to
43 obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for
44 government-funded health coverage such as Medicare or Medicaid.

45 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or bed days
46 purchased in accordance with this section are distributed across the State and according to need,
47 as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with higher
48 acuity levels are distributed across the State and according to greatest need based on hospital bed
49 utilization data. DHHS shall enter into contracts with LME/MCOs and local hospitals for the
50 management of these beds or bed days. DHHS shall work to ensure that these contracts are
51

1 awarded equitably around all regions of the State. LME/MCOs shall manage and control these
2 local inpatient psychiatric beds or bed days, including the determination of the specific local
3 hospital or State psychiatric hospital to which an individual should be admitted pursuant to an
4 involuntary commitment order.

5 **SECTION 9G.4.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in
6 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be
7 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,
8 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the
9 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims
10 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital
11 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

12 **SECTION 9G.4.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If
13 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for
14 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
15 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the
16 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may
17 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other
18 provision of law to the contrary, may pay the hospital directly.

19 **SECTION 9G.4.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to
20 report to DHHS regarding the utilization of these beds or bed days.

21 **SECTION 9G.4.(f)** Reporting by DHHS. – By no later than December 1, 2024, and
22 by no later than December 1, 2025, DHHS shall report to the Joint Legislative Oversight
23 Committee on Health and Human Services and the Fiscal Research Division on all of the
24 following:

- 25 (1) A uniform system for beds or bed days purchased during the preceding fiscal
26 year from (i) existing State appropriations and (ii) local funds.
- 27 (2) An explanation of the process used by DHHS to ensure that, except as
28 otherwise provided in subsection (a) of this section, local inpatient psychiatric
29 beds or bed days purchased in accordance with this section are utilized solely
30 for individuals who are medically indigent, along with the number of
31 medically indigent individuals served by the purchase of these beds or bed
32 days.
- 33 (3) The amount of funds used to pay for facility-based crisis services, along with
34 the number of individuals who received these services and the outcomes for
35 each individual.
- 36 (4) The amount of funds used to pay for nonhospital detoxification services, along
37 with the number of individuals who received these services and the outcomes
38 for each individual.
- 39 (5) Other DHHS initiatives funded by State appropriations to reduce State
40 psychiatric hospital use.

41 **PART IX-H. PUBLIC HEALTH**

42 **JUUL LABS SETTLEMENT FUNDS**

43
44 **SECTION 9H.1.(a)** There is appropriated from the Youth Electronic Nicotine
45 Dependence Abatement Fund established in Section 9G.10 of S.L. 2021-180 to the Department
46 of Health and Human Services, Division of Public Health, the sum of eight million dollars
47 (\$8,000,000) in nonrecurring and nonreverting funds for the 2023-24 fiscal year to be used and
48 allocated as follows:
49

- 50 (1) Three million two hundred thousand dollars (\$3,200,000) shall be allocated for
51 tobacco cessation media campaigns, resources, and programs to help both

1 youth and young adults who have become addicted to nicotine using
2 e-cigarettes and other tobacco/nicotine products quit.

3 (2) Two million four hundred thousand dollars (\$2,400,000) shall be allocated for
4 evidence-based media and education campaigns to prevent the initiation of
5 tobacco use, especially with respect to e-cigarettes and other new and emerging
6 tobacco/nicotine products.

7 (3) Eight hundred thousand dollars (\$800,000) shall be allocated for data
8 monitoring to track tobacco/nicotine use and exposure among youth and young
9 adults and populations at risk; and for independent evaluation of the reach and
10 effectiveness of the State's tobacco prevention and cessation programs with
11 respect to evidence-based programs designed to help youth addicted to nicotine
12 through e-cigarettes and other new and emerging tobacco and nicotine products
13 quit.

14 (4) One million six hundred thousand dollars (\$1,600,000) shall be allocated for
15 staff, projects, and systems to educate partners and stakeholders about
16 evidence-based policy, systems, and environmental change to help youth quit
17 tobacco/nicotine products and prevent initiation of tobacco/nicotine products;
18 and to track compliance with the conduct provisions set forth in Part III of the
19 final consent judgment resolving the JLI Case.

20 Funds allocated under this subsection shall remain available for expenditure as
21 specified in this subsection until expended.

22 **SECTION 9H.1.(b)** There is appropriated from the Youth Electronic Nicotine
23 Dependence Abatement Fund in the Department of Health and Human Services, Division of
24 Public Health, the sum of seven million five hundred thousand dollars (\$7,500,000) in
25 nonrecurring and non-reverting funds for the 2024-25 fiscal year to be used and allocated as
26 follows:

27 (1) Three million dollars (\$3,000,000) shall be allocated for tobacco cessation
28 media campaigns, resources, and programs to help both youth and young
29 adults who have become addicted to nicotine using e-cigarettes and other
30 tobacco/nicotine products quit.

31 (2) Two million two hundred fifty thousand dollars (\$2,250,000) shall be
32 allocated for evidence-based media and education campaigns to prevent the
33 initiation of tobacco use, especially with respect to e-cigarettes and other new
34 and emerging tobacco/nicotine products.

35 (3) Seven hundred fifty thousand dollars (\$750,000) shall be allocated for data
36 monitoring to track tobacco/nicotine use and exposure among youth and
37 young adults and populations at risk; and for independent evaluation of the
38 reach and effectiveness of the State's tobacco prevention and cessation
39 programs with respect to evidence-based programs designed to help youth
40 addicted to nicotine through e-cigarettes and other new and emerging tobacco
41 and nicotine products quit.

42 (4) One million five hundred thousand dollars (\$1,500,000) shall be allocated for
43 staff, projects, and systems to educate partners and stakeholders about
44 evidence-based policy, systems, and environmental change to help youth quit
45 tobacco/nicotine products and prevent initiation of tobacco/nicotine products;
46 and to track compliance with the conduct provisions set forth in Part III of the
47 final consent judgment resolving the JLI Case.

48 Funds allocated under this subsection shall remain available for expenditure as
49 specified in this subsection until expended.

50 **SECTION 9H.1.(c)** Annually on September 1, the Department of Health and Human
51 Services shall report to the Joint Legislative Oversight Committee on Health and Human Services

1 and the Fiscal Research Division on the expenditures made from the Fund during the preceding
2 fiscal year. The report shall identify each expenditure and shall indicate the authority under this
3 section for the expenditure.
4

5 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**
6 **IMPROVE MATERNAL AND CHILD HEALTH**

7 **SECTION 9H.2.(a)** Funds appropriated in this act to the Department of Health and
8 Human Services, Division of Public Health, for each year of the 2023-25 fiscal biennium to
9 award competitive grants to local health departments for the improvement of maternal and child
10 health shall be used to continue administering a competitive grant process for local health
11 departments based on maternal and infant health indicators and the county's detailed proposal to
12 invest in evidence-based programs to achieve the following goals:

- 13 (1) Improve North Carolina's birth outcomes.
- 14 (2) Improve the overall health status of children in this State from birth to age 5.
- 15 (3) Lower the State's infant mortality rate.

16 **SECTION 9H.2.(b)** The plan for administering the competitive grant process shall
17 include at least all of the following components:

- 18 (1) A request for application (RFA) process to allow local health departments to
19 apply for and receive State funds on a competitive basis. The Department shall
20 require local health departments to include in the application a plan to evaluate
21 the effectiveness, including measurable impact or outcomes, of the activities,
22 services, and programs for which the funds are being requested.
- 23 (2) A requirement that the Secretary prioritize grant awards to those local health
24 departments that are able to leverage non-State funds in addition to the grant
25 award.
- 26 (3) Ensures that funds received by the Department to implement the plan
27 supplement and do not supplant existing funds for maternal and child health
28 initiatives.
- 29 (4) Allows grants to be awarded to local health departments for up to three years.

30 **SECTION 9H.2.(c)** No later than July 1 of each year, as applicable, the Secretary
31 shall announce the recipients of the competitive grant awards and allocate funds to the grant
32 recipients for the respective grant period pursuant to the amounts designated under subsection
33 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint
34 Legislative Oversight Committee on Health and Human Services on the grant awards that
35 includes at least all of the following:

- 36 (1) The identity and a brief description of each grantee and each program or
37 initiative offered by the grantee.
- 38 (2) The amount of funding awarded to each grantee.
- 39 (3) The number of persons served by each grantee, broken down by program or
40 initiative.

41 **SECTION 9H.2.(d)** No later than February 1 of each fiscal year, each local health
42 department receiving funding pursuant to this section in the respective fiscal year shall submit to
43 the Division of Public Health a written report of all activities funded by State appropriations. The
44 report shall include the following information about the fiscal year preceding the year in which
45 the report is due:

- 46 (1) A description of the types of programs, services, and activities funded by State
47 appropriations.
- 48 (2) Statistical and demographical information on the number of persons served by
49 these programs, services, and activities, including the counties in which
50 services are provided.

- 1 (3) Outcome measures that demonstrate the impact and effectiveness of the
2 programs, services, and activities based on the evaluation protocols developed
3 by the Division, in collaboration with the University of North Carolina
4 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
5 2015-241, and reported to the Joint Legislative Oversight Committee on
6 Health and Human Services on April 1, 2016.
- 7 (4) A detailed program budget and list of expenditures, including all positions
8 funded, matching expenditures, and funding sources.
- 9

10 **AUTHORIZE NEWBORN SCREENING PROGRAM TO UTILIZE THE NEWBORN**
11 **SCREENING EQUIPMENT REPLACEMENT AND ACQUISITION FUND TO**
12 **MAINTAIN EQUIPMENT, INSTRUMENTS, AND IT SYSTEMS**

13 **SECTION 9H.3.(a)** G.S. 130A-125(d) reads as rewritten:

14 "(d) The Newborn Screening Equipment Replacement and Acquisition Fund (Fund) is
15 established as a nonreverting fund within the Department. Thirty-one dollars (\$31.00) of each
16 fee collected pursuant to subsection (c) of this section shall be credited to this Fund and applied
17 to the Newborn Screening Program to be used as directed in this subsection. The Department
18 shall not use monies in this Fund for any purpose other than to purchase ~~or replace, replace, or~~
19 ~~maintain~~ laboratory instruments, equipment, and information technology systems used in the
20 Newborn Screening Program. The Department shall notify and consult with the Joint Legislative
21 Commission on Governmental Operations whenever the balance in the Fund exceeds the
22 following threshold: the sum of (i) the actual cost of new equipment necessary to incorporate
23 conditions listed on the RUSP into the Newborn Screening Program and (ii) one hundred percent
24 (100%) of the replacement value of existing equipment used in the Newborn Screening Program.
25 Any monies in the Fund in excess of this threshold shall be available for expenditure only upon
26 an act of appropriation by the General Assembly."

27

28 **ALIGN AUTOPSY FEE TO ACTUAL COSTS**

29 **SECTION 9H.4.(a)** Effective January 1, 2025 G.S. 130A-389(a) reads as rewritten:

30 "(a) If, in the opinion of the medical examiner investigating the case or of the Chief Medical
31 Examiner, it is advisable and in the public interest that an autopsy or other study be made; or, if
32 an autopsy or other study is requested by the district attorney of the county or by any superior
33 court judge, an autopsy or other study shall be made by the Chief Medical Examiner or by a
34 competent pathologist designated by the Chief Medical Examiner. A complete autopsy report of
35 findings and interpretations, prepared on forms designated for the purpose, shall be submitted
36 promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating
37 to photographs and video or audio recordings of an autopsy, a copy of the report shall be
38 furnished to any person upon request. The fee for the autopsy or other study shall be ~~two thousand~~
39 ~~eight hundred dollars (\$2,800)~~ five thousand eight hundred dollars (\$5,800) to be paid as follows:

- 40 (1) Except as provided in subdivision (2) of this subsection, the county in which
41 the deceased resided shall pay a fee of one thousand seven hundred fifty
42 dollars (\$1,750) and the State shall pay the remaining balance of ~~one thousand~~
43 ~~fifty dollars (\$1,050)~~ four thousand fifty dollars (\$4,050).
- 44 (2) If the death or fatal injury occurred outside the county in which the deceased
45 resided, the State shall pay the entire fee in the amount of ~~two thousand eight~~
46 ~~hundred dollars (\$2,800)~~ five thousand eight hundred dollars (\$5,800)."

47 **SECTION 9.H.4.(b)** By December 1, 2025, and every three years thereafter, the
48 Department of Health and Human Services, Division of Public Health shall report to the Joint
49 Legislative Oversight Committee on Health and Human Services with an analysis of this fee and
50 any recommendations.

51

1 **INCREASE EQUITABLE ACCESS TO VITAL RECORDS**

2 **SECTION 9H.5.(a)** G.S. 130A-93 reads as rewritten:

3 "**§ 130A-93. Access to vital records; copies.**

4 (e) Copies or abstracts of the health and medical information contained on birth certificates
5 shall be provided only to a person requesting a copy of the health and medical information
6 contained on the person's own birth certificate, a person authorized by that person, or a person
7 who will use the information for ~~medical~~ research purposes. Copies of or abstracts from any
8 computer or microform database which contains individual-specific health or medical birth data,
9 whether the database is maintained by the Department, a local health department, or any other
10 public official, shall be provided only to an individual requesting his or her own data, a person
11 authorized by that individual, or a person who will use the information for ~~medical~~-research
12 purposes. The State Registrar shall adopt rules providing for the use of this information for
13 ~~medical~~-research purposes. The rules shall, at a minimum, require a written description of the
14 proposed use of the data, including protocols for protecting confidentiality of the data. Copies or
15 abstracts of information contained on birth certificates for individuals born in North Carolina
16 who reside in another jurisdiction may be shared with the vital records jurisdiction in the
17 individual's jurisdiction of residence."

18 **SECTION 9H.5.(b)** Of the funds appropriated in this act to the Department of Health
19 and Human Services, Division of Public Health, the sum of two hundred eighty thousand
20 (\$280,000) in recurring funds for the 2022-2023 fiscal year shall be used to fund a program to
21 increase equitable access to vital records. As part of this program, the State Registrar shall have
22 authority to develop and implement a policy to waive vital records fees established in G.S. 130A-
23 93.1(a) and 130A-118(d) and existing rules for low- and no-income persons.

24 **SECTION 9H.5.(c)** Subsection (a) of this section is effective when it becomes law.

25
26 **PART IXI. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

27
28 **PART IX-J. SOCIAL SERVICES**

29
30 **TANF BENEFIT IMPLEMENTATION**

31 **SECTION 9J.1.(a)** Beginning October 1, 2022, the General Assembly approves the
32 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2022-25"
33 prepared by the Department of Health and Human Services and presented to the General
34 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the
35 period October 1, 2022, through September 30, 2025. The Department shall submit the State
36 Plan, as revised in accordance with subsection (b) of this section, to the United States Department
37 of Health and Human Services.

38 **SECTION 9J.1.(b)** The counties approved as Electing Counties in the North
39 Carolina Temporary Assistance for Needy Families State Plan FY 2022-25, as approved by this
40 section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

41 **SECTION 9J.1.(c)** Counties that submitted the letter of intent to remain as an
42 Electing County or to be redesignated as an Electing County and the accompanying county plan
43 for years 2022 through 2025, pursuant to G.S. 108A-27(e), shall operate under the Electing
44 County budget requirements effective July 1, 2022. For programmatic purposes, all counties
45 referred to in this subsection shall remain under their current county designation through
46 September 30, 2025.

47 **SECTION 9J.1.(d)** For each year of the 2023-25 fiscal biennium, Electing Counties
48 shall be held harmless to their Work First Family Assistance allocations for the 2022-23 fiscal
49 year, provided that remaining funds allocated for Work First Family Assistance and Work First
50 Diversion Assistance are sufficient for payments made by the Department on behalf of Standard
51 Counties pursuant to G.S. 108A-27.11(b).

1 **SECTION 9J.1.(e)** In the event that departmental projections of Work First Family
2 Assistance and Work First Diversion Assistance for the 2023-24 fiscal year or the 2024-25 fiscal
3 year indicate that remaining funds are insufficient for Work First Family Assistance and Work
4 First Diversion Assistance payments to be made on behalf of Standard Counties, the Department
5 is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family
6 Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for
7 payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by
8 the Office of State Budget and Management. If the Department adjusts the allocation set forth in
9 subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight
10 Committee on Health and Human Services and the Fiscal Research Division.

11
12 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE**
13 **ENHANCEMENTS, AND REPORT**

14 **SECTION 9J.2.(a)** Notwithstanding the provisions of G.S. 143B150.6, the Intensive
15 Family Preservation Services (IFPS) Program shall provide intensive services to children and
16 families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal
17 from the home and to children and families in cases of abuse where a child is not at imminent
18 risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall
19 ensure the application of standardized assessment criteria for determining imminent risk and
20 clear criteria for determining out-of-home placement.

21 **SECTION 9J.2.(b)** The Department of Health and Human Services shall require that
22 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
23 provide information and data that allows for the following:

- 24 (1) An established follow-up system with a minimum of six months of follow-up
25 services.
- 26 (2) Detailed information on the specific interventions applied, including
27 utilization indicators and performance measurement.
- 28 (3) Cost-benefit data.
- 29 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
30 by tracking families through the intervention process.
- 31 (5) The number of families remaining intact and the associated interventions
32 while in IFPS and 12 months thereafter.
- 33 (6) The number and percentage, by race, of children who received IFPS compared
34 to the ratio of their distribution in the general population involved with Child
35 Protective Services.

36 **SECTION 9J.2.(c)** The Department shall continue implementing a performance-
37 based funding protocol and shall only provide funding to those programs and entities providing
38 the required information specified in subsection (b) of this section. The amount of funding shall
39 be based on the individual performance of each program.

40 **SECTION 9J.2.(d)** The Department shall submit an annual report to the Joint
41 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
42 Division by December 1 of each year that provides the information and data collected pursuant
43 to subsection (b) of this section.

44
45 **CHILD CARING INSTITUTIONS**

46 **SECTION 9J.3.** Until the Social Services Commission adopts rules setting
47 standardized rates for child caring institutions as authorized under G.S. 143B153(8), the
48 maximum reimbursement for child caring institutions shall not exceed the rate established for the
49 specific child caring institution by the Department of Health and Human Services, Office of the
50 Controller. In determining the maximum reimbursement, the State shall include county and IVE
51 reimbursements.

1
2 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

3 **SECTION 9J.4.** Of the funds available for the provision of foster care services, the
4 Department of Health and Human Services, Division of Social Services, may continue to provide
5 for the financial support of children who are deemed to be (i) in a permanent family placement
6 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
7 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
8 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include
9 provisions for extending guardianship services for individuals and youth who exited foster care
10 through the Guardianship Assistance Program after 14 years of age or who have attained the age
11 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
12 the individual is (i) completing secondary education or a program leading to an equivalent
13 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
14 participating in a program or activity designed to promote, or remove barriers to, employment,
15 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
16 employment requirements of this section due to a medical condition or disability. The
17 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board
18 and be set at the same rate as the foster care room and board rates in accordance with rates
19 established under G.S. 108A-49.1.
20

21 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

22 **SECTION 9J.5.(a)** Funds appropriated in this act from the General Fund to the
23 Department of Health and Human Services for the child welfare postsecondary support program
24 shall be used to continue providing assistance with the "cost of attendance" as that term is defined
25 in 20 U.S.C. § 10871l for the educational needs of foster youth aging out of the foster care system,
26 youth who exit foster care to a permanent home through the Guardianship Assistance Program
27 (GAP), or special needs children adopted from foster care after age 12. These funds shall be
28 allocated by the State Education Assistance Authority.

29 **SECTION 9J.5.(b)** Of the funds appropriated in this act from the General Fund to
30 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for
31 each year of the 2023-25 fiscal biennium shall be allocated to the North Carolina State Education
32 Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative
33 functions necessary to manage and distribute scholarship funds under the child welfare
34 postsecondary support program.

35 **SECTION 9J.5.(c)** Of the funds appropriated in this act from the General Fund to
36 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand
37 four hundred ninety-three dollars (\$339,493) for each year of the 2023-25 fiscal biennium shall
38 be used to contract with an entity to administer the child welfare postsecondary support program
39 described under subsection (a) of this section, which administration shall include the performance
40 of case management services.

41 **SECTION 9J.5.(d)** Funds appropriated in this act to the Department of Health and
42 Human Services for the child welfare postsecondary support program shall be used only for
43 students attending public institutions of higher education in this State.
44

45 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

46 **SECTION 9J.6.(a)** Centralized Services. – The North Carolina Child Support
47 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social
48 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it
49 receives from the federal government to enhance centralized child support services. To
50 accomplish this requirement, NCCSS shall do the following:

- 1 (1) In consultation with representatives from county child support services
2 programs, identify how federal incentive funding could improve centralized
3 services.
- 4 (2) Use federal incentive funds to improve the effectiveness of the State's
5 centralized child support services by supplementing and not supplanting State
6 expenditures for those services.
- 7 (3) Continue to develop and implement rules that explain the State process for
8 calculating and distributing federal incentive funding to county child support
9 services programs.

10 **SECTION 9J.6.(b)** County Child Support Services Programs. – NCCSS shall
11 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it
12 receives from the federal government to county child support services programs to improve
13 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
14 do the following:

- 15 (1) In consultation with representatives from county child support services
16 programs, examine the current methodology for distributing federal incentive
17 funding to the county programs and determine whether an alternative formula
18 would be appropriate. NCCSS shall use its current formula for distributing
19 federal incentive funding until an alternative formula is adopted.
- 20 (2) Upon adopting an alternative formula, develop a process to phase in the
21 alternative formula for distributing federal incentive funding over a four-year
22 period.

23 **SECTION 9J.6.(c)** Reporting by County Child Support Services Programs. –
24 NCCSS shall continue implementing guidelines that identify appropriate uses for federal
25 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
26 child support services programs to comply with each of the following:

- 27 (1) Submit an annual plan describing how federal incentive funding would
28 improve program effectiveness and efficiency as a condition of receiving
29 federal incentive funding.
- 30 (2) Report annually on the following: (i) how federal incentive funding has
31 improved program effectiveness and efficiency and been reinvested into their
32 programs, (ii) provide documentation that the funds were spent according to
33 their annual plans, and (iii) explain any deviations from their plans.

34 **SECTION 9J.6.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
35 child support incentive funding to the Joint Legislative Oversight Committee on Health and
36 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
37 describe how federal incentive funds enhanced centralized child support services to benefit
38 county child support services programs and improved the effectiveness and efficiency of county
39 child support services programs. The report shall further include any changes to the State process
40 the NCCSS used in calculating and distributing federal incentive funding to county child support
41 services programs and any recommendations for further changes.

42 43 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

44 **SECTION 9J.7.(a)** The Foster Care Transitional Living Initiative Fund shall
45 continue to fund and support transitional living services that demonstrate positive outcomes for
46 youth, attract significant private sector funding, and lead to the development of evidence-based
47 programs to serve the at-risk population described in this section. The Fund shall continue to
48 support a demonstration project with services provided by Youth Villages to (i) improve
49 outcomes for youth ages 17-21 years who transition from foster care through implementation of
50 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and
51 juvenile and adult correction services associated with the provision of Transitional Living

Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

- (1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent randomized controlled trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.
- (2) Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2023-25 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.
- (3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.
- (4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

PART IX-K. VOCATIONAL REHABILITATION [RESERVED]

PART IX-L. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9L.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2023-2024	FY 2024-2025
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	\$31,328,255	\$31,259,794
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213

1	04. Adoption Services – Special Children		
2	Adoption Fund	4,001,676	4,001,676
3			
4	05. Child Protective Services – Child Welfare		
5	Workers for Local DSS	11,387,190	11,387,190
6			
7	06. Child Welfare Program Improvement Plan	775,176	775,176
8			
9	07. Child Welfare Collaborative	400,000	400,000
10			
11	08. Child Welfare Initiatives	1,400,000	1,400,000
12			
13	Division of Child Development and Early Education		
14			
15	09. Subsidized Child Care Program	45,813,694	45,813,694
16			
17	10. Swap-Child Care Subsidy	12,600,000	12,600,000
18			
19	11. NC Pre-K Services	68,300,000	68,300,000
20			
21	Division of Public Health		
22			
23	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
24			
25	DHHS Administration		
26			
27	13. Division of Social Services	2,478,284	2,478,284
28			
29	14. Division of Child and Family Well Being	3,976	3,976
30			
31	15. Office of the Secretary	34,042	34,042
32			
33	16. Eligibility Systems – Operations and		
34	Maintenance	431,733	431,733
35			
36	17. NC FAST Implementation	428,239	428,239
37			
38	18. Division of Social Services – Workforce		
39	Innovation & Opportunity Act (WIOA)	93,216	93,216
40			
41	19. Division of Social Services TANF Modernization	1,667,571	1,667,571
42			
43	Transfers to Other Block Grants		
44			
45	Division of Child Development and Early Education		
46			
47	20. Transfer to the Child Care and		
48	Development Fund	21,773,001	21,773,001
49			
50	Division of Social Services		
51			

1	21. Transfer to Social Services Block		
2	Grant for Child Protective Services –		
3	Training	285,612	285,612
4			
5	22. Transfer to Social Services Block		
6	Grant for Child Protective Services	5,040,000	5,040,000
7			
8	23. Transfer to Social Services Block		
9	Grant for County Departments of		
10	Social Services for Children's Services	13,097,783	13,166,244
11			
12	24. Transfer to Social Services Block		
13	Grant – Foster Care Services	3,422,219	3,422,219
14			
15	25. Transfer to Social Services Block	1,582,000	1,582,000
16	Grant – Child Advocacy Centers		
17			
18	TOTAL TEMPORARY ASSISTANCE FOR		
19	NEEDY FAMILIES (TANF) FUNDS	\$312,353,987	\$312,353,987
20			
21	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
22	EMERGENCY CONTINGENCY FUNDS		
23			
24	Local Program Expenditures		
25			
26	Division of Child Development and Early Education		
27			
28	01. Subsidized Child Care	\$34,440,000	\$35,440,000
29			
30	TOTAL TEMPORARY ASSISTANCE FOR		
31	NEEDY FAMILIES (TANF) EMERGENCY		
32	CONTINGENCY FUNDS	\$34,440,000	\$35,440,000
33			
34	SOCIAL SERVICES BLOCK GRANT		
35			
36	Local Program Expenditures		
37			
38	Divisions of Social Services and Aging and Adult Services		
39			
40	01. County Departments of Social Services	\$19,905,849	\$19,837,388
41			
42	02. County Departments of Social Services		
43	(Transfer From TANF)	\$13,097,783	\$13,166,244
44			
45	03. EBCI Tribal Public Health and Human Services	244,740	244,740
46			
47	04. Child Protective Services		
48	(Transfer From TANF)	5,040,000	5,040,000
49			
50	05. State In-Home Services Fund	1,943,950	1,943,950
51			

1	06. Adult Protective Services	2,138,404	2,138,404
2			
3	07. State Adult Day Care Fund	1,994,084	1,994,084
4			
5	08. Child Protective Services/CPS		
6	Investigative Services – Child Medical		
7	Evaluation Program	901,868	901,868
8			
9	09. Special Children Adoption Incentive Fund	462,600	462,600
10			
11	10. Child Protective Services – Child		
12	Welfare Training for Counties		
13	(Transfer From TANF)	285,612	285,612
14			
15	11. Home and Community Care Block		
16	Grant (HCCBG)	2,696,888	2,696,888
17			
18	12. Child Advocacy Centers		
19	(Transfer from TANF \$1,582,000)	1,582,000	1,582,000
20			
21	13. Guardianship – Division of Social Services	1,802,671	1,802,671
22			
23	14. Foster Care Services		
24	(Transfer From TANF)	3,422,219	3,422,219
25			
26	Division of Central Management and Support		
27			
28	15. DHHS Competitive Block Grants		
29	for Nonprofits	4,774,525	4,774,525
30			
31	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
32			
33	16. Mental Health Services – Adult and		
34	Child/Developmental Disabilities Program/		
35	Substance Abuse Services – Adult	4,149,595	4,149,595
36			
37	DHHS Program Expenditures		
38			
39	Division of Services for the Blind		
40			
41	17. Independent Living Program	3,880,429	3,880,429
42			
43	Division of Health Service Regulation		
44			
45	18. Adult Care Licensure Program	557,598	557,598
46			
47	19. Mental Health Licensure and		
48	Certification Program	266,158	266,158
49			
50	Division of Aging and Adult Services		
51			

1	20. Guardianship	3,825,443	3,825,443
2			
3	DHHS Administration		
4			
5	21. Division of Aging and Adult Services	743,284	743,284
6			
7	22. Division of Social Services	1,042,894	1,042,894
8			
9	23. Office of the Secretary/Controller's Office	639,167	639,167
10			
11	24. Legislative Increases/Fringe Benefits	293,655	587,310
12			
13	25. Division of Child Development and		
14	Early Education	13,878	13,878
15			
16	26. Division of Mental Health, Developmental		
17	Disabilities, and Substance Abuse Services	28,325	28,325
18			
19	27. Division of Health Service Regulation	258,960	258,960
20			
21	TOTAL SOCIAL SERVICES BLOCK GRANT	\$75,992,579	\$76,286,234
22			
23	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
24			
25	Local Program Expenditures		
26			
27	Division of Social Services		
28			
29	01. Low-Income Energy Assistance		
30	Program (LIEAP)	\$67,836,069	\$67,836,069
31			
32	02. Crisis Intervention Program (CIP)	45,214,330	45,214,330
33			
34	Local Administration		
35			
36	Division of Social Services		
37			
38	03. County DSS Administration	8,789,246	8,789,246
39			
40	DHHS Administration		
41			
42	Division of Central Management and Support		
43			
44	04. Division of Social Services	10,000	10,000
45			
46	05. Division of Social Services - Energy Portal		
47	(FIS Transaction Fees)	25,000	25,000
48			
49	06. Office of the Secretary/DIRM (Accountable Results for		
50	Community Action (AR4CA) Replacement System)	166,750	166,750
51			

1	07. Office of the Secretary/DIRM	278,954	278,954
2			
3	08. Office of the Secretary/Controller's Office	18,378	18,378
4			
5	09. NC FAST Development	627,869	627,869
6			
7	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
8			
9	Transfers to Other State Agencies		
10			
11	Department of Environmental Quality		
12			
13	11. Weatherization Program	13,220,309	13,220,309
14			
15	12. Heating Air Repair and Replacement Program (HARRP)	8,075,029	8,075,029
16			
17			
18	13. Local Residential Energy Efficiency Service Providers – Weatherization	787,097	787,097
19			
20			
21	14. Local Residential Energy Efficiency Service Providers – HARRP	437,276	437,276
22			
23			
24	15. DEQ – Weatherization Administration	859,976	859,976
25			
26	16. DEQ – HARRP Administration	539,307	539,307
27			
28	Department of Administration		
29			
30	17. N.C. Commission on Indian Affairs	87,736	87,736
31			
32	TOTAL LOW-INCOME ENERGY		
33	ASSISTANCE BLOCK GRANT	\$148,303,649	\$148,303,649
34			
35	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
36			
37	Local Program Expenditures		
38			
39	Division of Child Development and Early Education		
40			
41	01. Child Care Services	287,721,346	287,721,346
42			
43	02. Smart Start Subsidy	7,392,654	7,392,654
44			
45	03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
46			
47			
48	04. Quality and Availability Initiatives	63,329,252	63,329,252
49			
50	DHHS Administration		
51			

1	Division of Child Development and Early Education		
2			
3	05. DCDEE Administrative Expenses	9,710,886	9,710,886
4			
5	06. Indirect Cost	7,346	7,346
6			
7	Division of Social Services		
8			
9	07. Direct Deposit for Child Care Payments	5,000	5,000
10			
11	08. Local Subsidized Child Care		
12	Services Support	18,780,355	18,780,355
13			
14	Division of Central Management and Support		
15			
16	09. NC FAST Operations and Maintenance	1,450,316	1,450,316
17			
18	10. DHHS Central Administration – DIRM		
19	Technical Services	979,762	979,762
20			
21	11. DHHS Central Administration – Indirect Cost	7,346	7,346
22			
23	12. DHHS Central Administration	68,000	68,000
24			
25	Division of Public Health		
26			
27	13. Child Care Health Consultation Contracts	62,205	62,205
28			
29	TOTAL CHILD CARE AND DEVELOPMENT		
30	FUND BLOCK GRANT	\$411,280,123	\$411,280,123
31			
32	MENTAL HEALTH SERVICES BLOCK GRANT		
33			
34	Local Program Expenditures		
35			
36	01. Mental Health Services – Child	2,477,666	2,477,666
37			
38	02. Mental Health Services – Adult/Child	19,690,452	19,690,452
39			
40	03. Mental Health Services – First		
41	Psychotic Symptom Treatment	5,416,756	5,416,756
42			
43	04. Child Behavioral Health (DCFV)	5,246,350	5,246,350
44			
45	DHHS Administration		
46			
47	Division of Child and Family Well Being		
48			
49	05. Administration	140,000	140,000
50			
51	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		

1			
2	06. Crisis Services	2,877,047	2,877,047
3			
4	07. Adult/Child Mental Health Services	350,150	350,150
5			
6	08. Administration	332,351	332,351
7			
8	Division of Public Health		
9			
10	09. NC Detect – Behavioral Health ER	35,000	35,000
11			
12	TOTAL MENTAL HEALTH SERVICES		
13	BLOCK GRANT	\$36,565,772	\$36,565,772
14			
15	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
16			
17	Local Program Expenditures		
18			
19	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
20			
21	01. Substance Abuse – IV Drug	2,000,000	2,000,000
22			
23	02. Substance Abuse Prevention	20,245,927	20,245,927
24			
25	03. Substance Abuse Services – Treatment for		
26	Children/Adults	43,576,849	43,576,848
27			
28	04. Crisis Solutions Initiatives – Collegiate		
29	Wellness/Addiction Recovery	\$1,545,205	\$1,545,205
30			
31	DHHS Program Expenditures		
32			
33	Division of Central Management and Support		
34			
35	05. Competitive Grants	1,600,000	1,600,000
36			
37	DHHS Administration		
38			
39	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
40			
41	06. Administration	2,297,852	2,297,852
42			
43	07. Controlled Substance Reporting System		
44	Enhancement	675,000	675,000
45			
46	08. Veterans Initiatives	250,000	250,000
47			
48	TOTAL SUBSTANCE ABUSE PREVENTION		
49	AND TREATMENT BLOCK GRANT	\$72,190,833	\$72,190,832
50			
51	MATERNAL AND CHILD HEALTH BLOCK GRANT		

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Local Program Expenditures

Division of Child and Family Well-Being

01. Children’s Health Services \$12,500,559 \$12,500,559

Division of Public Health

02. Women's and Children's Health Services \$2,583,029 \$2,583,029

03. Oral Health 51,119 51,119

04. Evidence-Based Programs in Counties
With Highest Infant Mortality Rates 1,575,000 1,575,000

DHHS Program Expenditures

05. Children's Health Services 1,344,492 1,344,492

06. Women's Health – Maternal Health 252,695 252,695

07. Women's and Children's Health – Perinatal
Strategic Plan Support Position 80,669 80,669

08. State Center for Health Statistics 158,583 158,583

09. Health Promotion – Injury and
Violence Prevention 87,271 87,271

DHHS Administration

11. Division of Public Health Administration 340,646 340,646

12. Division of Child and Family Well Being
Administration 211,925 211,925

**TOTAL MATERNAL AND CHILD
HEALTH BLOCK GRANT \$19,185,988 \$19,185,988**

PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Physical Activity and Prevention \$3,081,442 \$3,081,442

DHHS Program Expenditures

Division of Public Health

02. HIV/STD Prevention and

1	Community Planning	135,063	135,063
2			
3	03. Oral Health Preventive Services	150,000	150,000
4			
5	04. Injury and Violence Prevention		
6	(Services to Rape Victims – Set-Aside)	217,935	217,935
7			
8	05. Performance Improvement and		
9	Accountability	560,182	560,182
10			
11	06. State Center for Health Statistics	48,000	48,000

12
13 **DHHS Administration**

14
15 **Division of Public Health**

16			
17	07. Division of Public Health	65,000	65,000
18			
19	TOTAL PREVENTIVE HEALTH AND HEALTH		
20	SERVICES BLOCK GRANT	\$4,257,622	\$4,257,622

21
22 **COMMUNITY SERVICES BLOCK GRANT**

23			
24	01. Community Action Agencies	\$21,695,970	\$20,244,923
25			
26	02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
27			
28	03. Office of Economic Opportunity	1,077,552	1,124,718
29			
30	04. Office of the Secretary/DIRM (Accountable Results for		
31	Community Action (AR4CA) Replacement System)	560,000	560,000
32			
33	05. Office of Economic Opportunity – Workforce		
34	Investment Opportunities Act (WIOA)	60,000	60,000
35			
36	TOTAL COMMUNITY SERVICES		
37	BLOCK GRANT	\$23,851,075	\$22,494,359

38
39 **GENERAL PROVISIONS**

40 **SECTION 9L.1.(b)** Information to Be Included in Block Grant Plans. – The
41 Department of Health and Human Services shall submit a separate plan for each Block Grant
42 received and administered by the Department, and each plan shall include the following: (1) A
43 delineation of the proposed allocations by program or activity, including State and federal match
44 requirements. (2) A delineation of the proposed State and local administrative expenditures. (3)
45 An identification of all new positions to be established through the Block Grant, including
46 permanent, temporary, and time-limited positions. (4) A comparison of the proposed allocations
47 by program or activity with two prior years' program and activity budgets and two prior years'
48 actual program or activity expenditures. (5) A projection of current year expenditures by program
49 or activity. (6) A projection of federal Block Grant funds available, including unspent federal
50 funds from the current and prior fiscal years. (7) The required amount of maintenance of effort

1 and the amount of funds qualifying for maintenance of effort in the previous year delineated by
2 program or activity.

3 **SECTION 9L.1.(c)** Changes in Federal Fund Availability. – If the Congress of the
4 United States increases the federal fund availability for any of the Block Grants or contingency
5 funds and other grants related to existing Block Grants administered by the Department of Health
6 and Human Services from the amounts appropriated in this act, the Department shall allocate the
7 increase proportionally across the program and activity appropriations identified for that Block
8 Grant in this section. In allocating an increase in federal fund availability, the Office of State
9 Budget and Management shall not approve funding for new programs or activities not
10 appropriated in this act. If the Congress of the United States decreases the federal fund
11 availability for any of the Block Grants or contingency funds and other grants related to existing
12 Block Grants administered by the Department of Health and Human Services from the amounts
13 appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on
14 reduced federal funding. Notwithstanding the provisions of this subsection, for fiscal years 2023-
15 24 and 2024-25, increases in the federal fund availability for the Temporary Assistance to Needy
16 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
17 program to pay for child care in four- or five-star rated facilities for 4 year old children and shall
18 not be used to supplant State funds. Prior to allocating the change in federal fund availability, the
19 proposed allocation must be approved by the Office of State Budget and Management. If the
20 Department adjusts the allocation of any Block Grant due to changes in federal fund availability,
21 then a report shall be made to the Joint Legislative Oversight Committee on Health and Human
22 Services and the Fiscal Research Division.

23 **SECTION 9L.1.(d)** Except as otherwise provided, appropriations from federal
24 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according
25 to the schedule enacted for State fiscal years 2023-24 and 2024-25 or until a new schedule is
26 enacted by the General Assembly.

27 **SECTION 9L.1.(e)** All changes to the budgeted allocations to the Block Grants or
28 contingency funds and other grants related to existing Block Grants administered by the
29 Department of Health and Human Services that are not specifically addressed in this section shall
30 be approved by the Office of State Budget and Management. The Office of State Budget and
31 Management shall not approve funding for new programs or activities not appropriated in this
32 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and
33 Management shall not approve any reduction of funds designated for subrecipients in subsection
34 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block
35 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget
36 and Management shall consult with the Joint Legislative Oversight Committee on Health and
37 Human Services for review prior to implementing any changes. In consulting, the report shall
38 include an itemized listing of affected programs, including associated changes in budgeted
39 allocations. All changes to the budgeted allocations to the Block Grants shall be reported
40 immediately to the Joint Legislative Oversight Committee on Health and Human Services and
41 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by
42 legislative salary increases and benefit adjustments.

43 **SECTION 9L.1.(f)** Except as otherwise provided, the Department of Health and
44 Human Services shall have flexibility to transfer funding between the Temporary Assistance for
45 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
46 so long as the total allocation for the line items within those Block Grants remains the same.
47

48 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

49 **SECTION 9L.1.(g)** The sum of eighty million ninety-three thousand five hundred
50 sixty-six dollars (\$80,093,566) for each year of the 2023-25 fiscal biennium appropriated in this
51 act in TANF funds to the Department of Health and Human Services, Division of Social Services,

1 shall be used for Work First County Block Grants. The Division shall certify these funds in the
2 appropriate State-level services based on prior year actual expenditures. The Division has the
3 authority to realign the authorized budget for these funds among the State-level services based
4 on current year actual expenditures. The Division shall also have the authority to realign
5 appropriated funds from Work First Family Assistance for electing counties to the Work First
6 County Block Grant for electing counties based on current year expenditures so long as the
7 electing counties meet Maintenance of Effort requirements.

8 **SECTION 9L.1.(h)** Eleven million three hundred eighty-seven thousand one
9 hundred ninety dollars (\$11,387,190) for each year of the 2023-25 fiscal biennium appropriated
10 in this act to the Department of Health and Human Services, Division of Social Services, in
11 TANF funds for child welfare improvements shall be allocated to the county departments of
12 social services for hiring or contracting staff to investigate and provide services in Child
13 Protective Services cases; to provide foster care and support services; to recruit, train, license,
14 and support prospective foster and adoptive families; and to provide interstate and post-adoption
15 services for eligible families. Counties shall maintain their level of expenditures in local funds
16 for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective
17 Services workers, the total expenditures from State and local funds for fiscal years 2023-24 and
18 2024-25 shall not be less than the total expended from State and local funds for the 2012-13 fiscal
19 year.

20 **SECTION 9L.1.(i)** The sum of four million one thousand six hundred seventy-six
21 dollars (\$4,001,676) each year of the 2023-25 fiscal biennium appropriated in this act in TANF
22 funds to the Department of Health and Human Services, Special Children Adoption Fund, shall
23 be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with
24 the North Carolina Association of County Directors of Social Services and representatives of
25 licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed
26 public and private adoption agencies upon the adoption of children described in G.S. 108A-50
27 and in foster care. Payments received from the Special Children Adoption Fund by participating
28 agencies shall be used exclusively to enhance the adoption services program. No local match
29 shall be required as a condition for receipt of these funds.

30 **SECTION 9L.1.(j)** The sum of one million four hundred thousand dollars
31 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
32 Services, Division of Social Services, for each fiscal year of the 2023-25 fiscal biennium shall
33 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
34 outcomes for families and children involved in child welfare and (ii) enhance the provision of
35 services to families in their homes in the least restrictive setting.

36 **SECTION 9L.1.(k)** Of the three million five hundred thirty-eight thousand five
37 hundred forty-one dollars (\$3,538,541) for each fiscal year of the 2023-25 fiscal biennium
38 allocated in this act in TANF funds to the Department of Health and Human Services, Division
39 of Public Health, for each year of the 2023-25 fiscal biennium for teen pregnancy prevention
40 initiatives, the sum of five hundred thousand dollars (\$500,000) in each year of the 2023-25 fiscal
41 biennium shall be used to provide services for youth in foster care or the juvenile justice system.

42 43 **SOCIAL SERVICES BLOCK GRANT**

44 **SECTION 9L.1.(l)** The sum of nineteen million nine hundred five thousand eight
45 hundred forty-nine dollars (\$19,905,849) for the 2023-24 fiscal year and nineteen million eight
46 hundred thirty-seven thousand three hundred eighty-eight dollars (\$19,837,388) for the 2024-25
47 fiscal year appropriated in this act in the Social Services Block Grant to the Department of Health
48 and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven
49 thousand seven hundred eighty-three dollars (\$13,097,783) for the 2023-24 fiscal year and
50 thirteen million one hundred sixty-six thousand two hundred forty-four (\$13,166,244) for the
51 2024-25 fiscal year transferred from funds appropriated in the TANF Block Grant shall be used

1 for county Block Grants. The Division shall certify these funds in the appropriate State-level
2 services based on prior year actual expenditures. The Division has the authority to realign the
3 authorized budget for these funds, as well as State Social Services Block Grant funds, among the
4 State-level services based on current year actual expenditures.

5 **SECTION 9L.1.(m)** The sum of two hundred eighty-five thousand six hundred
6 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the
7 Department of Health and Human Services, Division of Social Services, for each fiscal year of
8 the 2023-25 fiscal biennium shall be used to support various child welfare training projects as
9 follows: (1) Provide a regional training center in southeastern North Carolina. (2) Provide
10 training for residential child caring facilities. (3) Provide for various other child welfare training
11 initiatives.

12 **SECTION 9L.1.(n)** The Department of Health and Human Services is authorized,
13 subject to the approval of the Office of State Budget and Management, to transfer Social Services
14 Block Grant funding allocated for departmental administration between divisions that have
15 received administrative allocations from the Social Services Block Grant.

16 **SECTION 9L.1.(o)** Social Services Block Grant funds appropriated for the Special
17 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

18 **SECTION 9L.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
19 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-25
20 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated
21 to the Department of Health and Human Services, Division of Social Services. The Division shall
22 allocate these funds to local departments of social services to replace the loss of Child Protective
23 Services State funds that are currently used by county governments to pay for Child Protective
24 Services staff at the local level. These funds shall be used to maintain the number of Child
25 Protective Services workers throughout the State. These Social Services Block Grant funds shall
26 be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R
27 .0201(3) requiring a local match of twenty-five percent (25%).

28 **SECTION 9L.1.(q)** The sum of four million seven hundred seventy-four thousand
29 five hundred twenty-five dollars (\$4,774,525) for each year of the 2023-25 fiscal biennium
30 appropriated in this act in the Social Services Block Grant to the Department of Health and
31 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
32 competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the
33 provisions of 10A NCAC 71R .0201(3).

34 **SECTION 9L.1.(r)** The sum of one million five hundred eighty-two thousand
35 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
36 year of the 2023-25 fiscal biennium transferred from funds appropriated in the TANF Block
37 Grant to the Department of Health and Human Services, Division of Social Services, shall be
38 used to continue support for the Child Advocacy Centers. These funds are exempt from the
39 provisions of 10A NCAC 71R .0201(3).

40 **SECTION 9L.1.(s)** The sum of three million eight hundred twenty-five thousand
41 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2023-25 fiscal biennium
42 appropriated in this act in the Social Services Block Grant to the Department of Health and
43 Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for
44 guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
45 expend funds allocated in this section to support existing corporate guardianship contracts during
46 the 2023-24 and 2024-25 fiscal years.

47 **SECTION 9L.1.(t)** Of the funds appropriated in the Social Services Block Grant to
48 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred
49 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult
50 Protective Services workers where these funds can be the most effective. These funds shall be
51 used to pay for salaries and related expenses and shall not be used to supplant any other source

1 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local
2 match of twenty-five percent (25%).
3

4 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

5 **SECTION 9L.1.(u)** The Division of Social Services shall have the authority to
6 realign appropriated funds between the State-level services Low Income Energy Assistance
7 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative
8 Oversight Committee on Health and Human Services to ensure needs are effectively met without
9 exceeding the total amount appropriated for these State-level service items. Additional
10 emergency contingency funds received may be allocated for Energy Assistance Payments or
11 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight
12 Committee on Health and Human Services. Additional funds received shall be reported to the
13 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
14 Division upon notification of the award. The Department of Health and Human Services shall
15 not allocate funds for any activities, including increasing administration, other than assistance
16 payments, without prior consultation with the Joint Legislative Oversight Committee on Health
17 and Human Services.

18 **SECTION 9L.1.(v)** The sum of sixty-seven million eight hundred thirty-six
19 thousand sixty-nine (\$67,836,069) for each fiscal year of the 2023-25 fiscal biennium
20 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of
21 Health and Human Services, Division of Social Services, shall be used for Energy Assistance
22 Payments for the households of (i) elderly persons age 60 and above with income up to one
23 hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for
24 services funded through the Division of Aging and Adult Services. County departments of social
25 services shall submit to the Division of Social Services an outreach plan for targeting households
26 with 60 year old household members no later than August 1 of each year. The outreach plan shall
27 comply with the following: (1) Ensure that eligible households are made aware of the available
28 assistance, with particular attention paid to the elderly population age 60 and above and disabled
29 persons receiving services through the Division of Aging and Adult Services. (2) Include efforts
30 by the county department of social services to contact other State and local governmental entities
31 and community-based organizations to (i) offer the opportunity to provide outreach and (ii)
32 receive applications for energy assistance. (3) Be approved by the local board of social services
33 or human services board prior to submission.

34 **SECTION 9L.1.(w)** The Department of Health and Human Services shall develop,
35 and implement and maintain a centralized system to collect, track, analyze, monitor, and
36 disseminate performance, outputs, and outcome data for the Community Services Block Grant
37 Program and the Department of Environmental Quality (DEQ) Weatherization Assistance
38 Program to replace the current software solution, Accountable Results for Community Action
39 (AR4CA) not to exceed one hundred sixty-six thousand seven hundred fifty (\$166,750) in Low
40 Income Energy Assistance funds for each year of the 2023-25 fiscal biennium may be budgeted
41 in for transfer to Budget Code 14410 for information technology projects.
42

43 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

44 **SECTION 9L.1.(x)** Payment for subsidized child care services provided with federal
45 TANF funds shall comply with all regulations and policies issued by the Division of Child
46 Development and Early Education for the subsidized child care program.

47 **SECTION 9L.1.(y)** If funds appropriated through the Child Care and Development
48 Fund Block Grant for any program cannot be obligated or spent in that program within the
49 obligation or liquidation periods allowed by the federal grants, the Department may move funds
50 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
51 to use the federal funds fully.

1
2 **MENTAL HEALTH SERVICES BLOCK GRANT**

3 **SECTION 9L.1.(z)** The five million four hundred sixteen thousand seven hundred
4 fifty-six (\$5,416,756) for each fiscal year of the 2023-25 fiscal biennium appropriated in this act
5 in the Mental Health Services Block Grant to the Department of Health and Human Services,
6 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is
7 allocated for Mental Health Services – First Psychotic Symptom Treatment.

8 **SECTION 9L.1.(z1)** Of the funds allocated in the Mental Health Services Block
9 Grant to the Department of Health and Humans Services, Division of Mental Health,
10 Developmental Disabilities, and Substance Abuse Services, for each fiscal year of 2023-25 fiscal
11 biennium, the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150) shall be
12 used to establish three positions and cover operating costs focused on developing pilot programs
13 and implementing policy to improve services to transition-aged youth and adults with serious
14 mental illness or serious emotional disturbance.

15
16 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

17 **SECTION 9L.1.(aa)** If federal funds are received under the Maternal and Child
18 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
19 U.S.C. § 710), for the 2023-24 fiscal year or the 2024-25 fiscal year, then those funds shall be
20 transferred to the State Board of Education to be administered by the Department of Public
21 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence
22 until marriage education program consistent with G.S. 115C-81.30. The Department of Public
23 Instruction shall carefully and strictly follow federal guidelines in implementing and
24 administering the abstinence education grant funds.

25 **SECTION 9L.1.(bb)** The sum of one million five hundred seventy-five thousand
26 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the
27 Department of Health and Human Services, Division of Public Health, for each year of the 2023-
28 25 fiscal biennium shall be used for evidence-based programs in counties with the highest infant
29 mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii)
30 the specific evidence-based services provided, (iii) the number of women served, and (iv) any
31 impact on the counties' infant mortality rate. The Division shall report its findings to the House
32 of Representatives Appropriations Committee on Health and Human Services, the Senate
33 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
34 later than December 31 of each year.

35 **SECTION 9L.1.(cc)** The sum of eighty thousand six hundred sixty-nine (\$80,669)
36 allocated in this section in the Maternal and Child Health Block Grant to the Department of
37 Health and Human Services, Division of Public Health, Women and Children's Health Section,
38 for each fiscal year of the 2023-25 fiscal biennium shall not be used to supplant existing State or
39 federal funds. This allocation shall be used for a Public Health Program Consultant position
40 assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff
41 support for the stakeholder work group.

42 **SECTION 9L.1.(dd)** The sum of one hundred thousand dollars (\$100,000) allocated
43 in this section in the Maternal and Child Health Block Grant to the Department of Health and
44 Human Services, Division of Public Health, for each year of the 2023-25 fiscal biennium for
45 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

46 **SECTION 9L.1.(ee)** No more than fifteen percent (15%) of the funds allocated for
47 the designated subrecipients in subsection (a) of this section under Item 01 and 02 of the Maternal
48 and Child Health Block Grant shall be used for administrative costs, unless otherwise required
49 by federal law.

50 **SECTION 9L.1.(ff)** The Division of Public Health (DPH) shall have the authority
51 to realign appropriated funds between the Maternal and Child Health Block Grant categories to

1 maintain federal compliance and programmatic alignment without exceeding the total amount
2 appropriated for the Maternal and Child Health Block Grant.

3 4 **COMMUNITY SERVICES BLOCK GRANT**

5 **SECTION 9L.1.(gg)** The Department of Health and Human Services shall develop,
6 implement and maintain a centralized system to collect, track, analyze, monitor, and disseminate
7 performance, outputs, and outcome data for the Community Services Block Grant Program and
8 the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace
9 the current software solution, Accountable Results for Community Action (AR4CA) not to
10 exceed five hundred sixty thousand (\$560,000) in Low Income Energy Assistance funds for each
11 year of the 2023-25 fiscal biennium may be budgeted in Budget Code 14410 for information
12 technology projects.

13 14 **SUBSTANCE ABUSE AND PREVENTION AND TREATMENT BLOCK GRANT**

15 **SECTION 9L.1.(hh)** Of the funds allocated in the Substance Abuse and Prevention
16 and Treatment Block Grant to the Department of Health and Humans Services, Division of
17 Mental Health, Developmental Disabilities, and Substance Abuse Services, funds in the amount
18 of nine hundred seventy-seven thousand four hundred dollars (\$977,400) shall support nine (9)
19 new positions and operating for each year of the 2023-25 biennium. Additional staff are needed
20 to oversee the management of the grant to ensure that funds are spent appropriately, that Federal
21 Maintenance of Effort requirements are met and to complete annual reporting to the Federal
22 government. Additional support is further needed to develop, execute contracts, and provide
23 monitoring to ensure compliance with State and Federal regulations to mitigate potential audit
24 findings.

25 26 **PART X. AGRICULTURE AND CONSUMER SERVICES**

27 28 **INCREASED ADVANCEMENT AND PROMOTION OF NEW AND EMERGING** 29 **CROPS**

30 **SECTION 10.1.** Section 12.5.(b) of S.L. 2018-5 reads as rewritten:

31 "**SECTION 12.5.(b)** ~~No more than fifty percent (50%) of the funds~~ Funds
32 appropriated by this act to the Bioenergy Research Initiative may be used by the Department of
33 Agriculture and Consumer Services to fund efforts to advance and promote new and emerging
34 crops authorized by subsection (a) of this ~~section~~ and other research initiatives related to
35 agricultural technologies."

36 37 **TIMBER SALES/RETENTION AND USE OF PROCEEDS**

38 **SECTION 10.2.** G.S. 146-30(d)(6) reads as rewritten:

39 "(6) The following provisions apply with respect to land owned by or under the
40 supervision and control of the Department of Agriculture and Consumer
41 Services:

- 42 a. The net proceeds derived from the sale of land shall be deposited with
43 the State Treasurer in a capital improvement account to the credit of
44 the Department of Agriculture and Consumer Services, to be used for
45 such specific capital improvement projects or other purposes as are
46 provided by transfer of funds from those accounts in an act of the
47 General Assembly.
- 48 b. The net proceeds derived from the sale of timber and other products of
49 land shall be deposited in accounts at the Department of Agriculture
50 and Consumer Services to be used for operational expenses of the
51 Department incurred for restoration and stewardship of the ~~land~~ land.

for capital improvement projects, for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

..."

EQUIPMENT STRUCTURE EXEMPTION

SECTION 10.3. G.S. 143C-8-7 (b) reads as rewritten:

"§ 143C-8-7. When a State agency may begin a capital improvement project.

...

(b) Notwithstanding any other provision of law to the contrary, the Department of Agriculture and Consumer Services is authorized to utilize the types of funds described in subsection (a) of this section to build equipment structures that meet the description contained in G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the total project cost does not exceed ~~one hundred twenty-five thousand dollars (\$125,000).~~two hundred thousand dollars (\$200,000)."

FOOD INSECURITY GRANTS

SECTION 10.4(a) Purpose. – The Department of Agriculture and Consumer Services (Department) shall establish a grant program to support nonprofit organizations in addressing food insecurity. The Department shall be responsible for administering the program.

SECTION 10.4.(b) Reporting Requirements. – The Department shall submit a report by September 30 of each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. This report shall include the allocation of grant funds and the amount of all expenditures of the funds during the prior fiscal year.

SECTION 10.4.(c) Administrative Expenses. – Of the funds appropriated to the Department, up to three percent (3%) may be used to administer the grant program.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Allocations. – Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2024, and June 30, 2025, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1.	State Administration	\$1,489,252
2.	Neighborhood Revitalization	23,154,197
3.	Economic Development	6,946,259
4.	Rural Community Development	14,718,686

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2024 Program Year	\$46,308,393
2025 Program Year	\$46,308,393

1 **SECTION 11.1.(b)** Availability Reduction. – If federal funds are reduced below the
2 amounts specified in this section after the effective date of this act, then every program in each
3 of these federal block grants shall be reduced by the same percentage as the reduction in federal
4 funds.

5 **SECTION 11.1.(c)** Availability Increase. – Any block grant funds appropriated by
6 the Congress of the United States in addition to the funds specified in this section shall be
7 expended as follows: each program category under the Community Development Block Grant
8 shall be increased by the same percentage as the increase in federal funds.

9 **SECTION 11.1.(d)** Reallocation. – The Department of Commerce shall consult with
10 the Joint Legislative Commission on Governmental Operations (Commission) prior to
11 reallocating Community Development Block Grant Funds. Notwithstanding the provisions of
12 this subsection, whenever the Director of the Budget finds either of the following conditions
13 exist:

- 14 (1) If a reallocation is required because of an emergency that poses an imminent
15 threat to public health or public safety, then the Director of the Budget may
16 authorize the reallocation without consulting the Commission. The
17 Department of Commerce shall report to the Commission on the reallocation
18 no later than 30 days after it was authorized and shall identify in the report the
19 emergency, the type of action taken, and how it was related to the emergency.
- 20 (2) If the State will lose federal block grant funds or receive less federal block
21 grant funds in the next fiscal year unless a reallocation is made, then the
22 Department of Commerce shall provide a written report to the Commission
23 on the proposed reallocation and shall identify the reason that failure to take
24 action will result in the loss of federal funds. If the Commission does not hear
25 the issue within 30 days of receipt of the report, the Department of Commerce
26 may take the action without consulting the Commission.

27 **SECTION 11.1.(e)** Report. – By November 1, 2023, and September 1, 2024, the
28 Department of Commerce shall report to the chairs of the House of Representatives
29 Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of
30 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the
31 chairs of the Joint Legislative Economic Development and Global Engagement Oversight
32 Committee; and the Fiscal Research Division on the use of Community Development Block
33 Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- 34 (1) A discussion of each of the categories of funding, including information on
35 the statewide need in each category.
- 36 (2) Information on the number of applications that were received in each category
37 and the total dollar amount requested in each category.
- 38 (3) A list of grantees, including the grantee's name, county, category under which
39 the grant was funded, the amount awarded, and a narrative description of the
40 project.

41 **SECTION 11.1.(f)** Neighborhood Revitalization. – Funds allocated to the
42 Neighborhood Revitalization Category in subsection (a) of this section shall be made available
43 as grants for eligible activities listed in this subsection. The funds available for grants under this
44 Category may be used for all of the following, subject to the national objectives and eligible
45 activities allowed under guidance issued by the United States Department of Housing and Urban
46 Development:

- 47 (1) Essential repairs to prevent abandonment and deterioration of housing in low
48 and moderate income neighborhoods.
- 49 (2) Demolition and rehabilitation of buildings and improvements.
- 50 (3) Public improvements, including parks, streets, sidewalks, and water and sewer
51 lines.

1 **SECTION 11.1.(g)** Economic Development. – Funds allocated to the Economic
2 Development Category in subsection (a) of this section shall be made available as grants for
3 eligible activities listed in this subsection. The funds available for grants under this category may
4 be used for all of the following, subject to the national objectives and eligible activities allowed
5 under guidance issued by the United States Department of Housing and Urban Development:

- 6 (1) Acquisition of real property.
- 7 (2) Demolition and rehabilitation of buildings and improvements.
- 8 (3) Removal of material and architectural barriers.
- 9 (4) Public improvements, including parks, streets, sidewalks, and water and sewer
10 lines.
- 11 (5) Loans and grants to public or private nonprofit entities for construction and
12 rehabilitation activities.
- 13 (6) Assistance to private, for profit entities for economic development.
- 14 (7) Technical assistance to public or nonprofit entities for neighborhood
15 revitalization or economic development activities.
- 16 (8) Assistance to for profit and nonprofit entities to facilitate economic
17 development activities.

18 **SECTION 11.1.(h)** Rural Community Development. – Funds allocated for the Rural
19 Community Development Category in subsection (a) of this section shall be made available as
20 grants for eligible activities listed in this subsection. These funds shall provide grants that support
21 community development and comprehensive growth projects to be awarded by the North
22 Carolina Department of Commerce. The Rural Community Development Category will provide
23 grants to units of local government in development tier one and development tier two areas, as
24 defined in G.S. 143B437.08, and in rural census tracts, as defined in G.S. 143B472.127(a)(2), in
25 any other area to support projects that promote broad-based community development activities,
26 increased local investment and economic growth, and stronger and more viable rural
27 neighborhoods. In awarding grants under this section, preference shall be given to projects in
28 development tier one areas, as defined in G.S. 143B437.08. The funds available for grants under
29 this category may be used for all of the following, subject to the national objectives and eligible
30 activities allowed under guidance issued by the United States Department of Housing and Urban
31 Development:

- 32 (1) Essential repairs to prevent abandonment and deterioration of housing in low
33 and moderate-income neighborhoods.
- 34 (2) Public improvements, including parks, streets, sidewalks, and water and sewer
35 lines.
- 36 (3) Public facilities, including neighborhood and community facilities and
37 facilities for individuals with special needs.
- 38 (4) Public services, including employment, crime prevention, and energy
39 conservation.
- 40 (5) Assistance to private, for-profit entities for economic development.
- 41 (6) Technical assistance to public or nonprofit entities for neighborhood
42 revitalization or economic development activities.
- 43 (7) Assistance to for-profit and nonprofit entities to facilitate economic
44 development activities.

45 **SECTION 11.1.(i)** Deobligated Funds. – Throughout each year, deobligated funds
46 arise in the various funding categories and program years of the Community Development Block
47 Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being
48 cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in
49 the CDBG program may vary from year to year based upon the amount of State appropriated
50 funds allocated and the amount of eligible inkind funds identified. To allow the Department of
51 Commerce to quickly deploy deobligated and surplus federal administrative funds as they are

1 identified throughout the program year, the following shall apply to the use of deobligated CDBG
2 funds and surplus federal administrative funds:

- 3 (1) All surplus federal administrative funds shall be divided proportionally
4 between the Department of Commerce and shall be used as provided in
5 subdivisions (2) and (3) of this subsection.
- 6 (2) All deobligated funds allocated to the Department of Commerce and any
7 surplus federal administrative funds, as provided for in subdivision (1) of this
8 subsection, may be used by the Department for all of the following:
 - 9 a. To issue grants in the CDBG Economic Development or
10 Neighborhood Revitalization Program Category.
 - 11 b. For providing training and guidance to local governments relative to
12 the CDBG program, its management, and administrative requirements.
 - 13 c. For any other purpose consistent with the Department's administration
14 of the CDBG program if an equal amount of State matching funds is
15 available.

16 17 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

18 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the
19 following for each year that State funds are expended:

- 20 (1) By September 1 of each year, and more frequently as requested, report to the
21 chairs of the Joint Legislative Oversight Committee on Agriculture and
22 Natural and Economic Resources; the chairs of the House of Representatives
23 Appropriations Committee on Agriculture and Natural and Economic
24 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
25 Natural, and Economic Resources; and the Fiscal Research Division on prior
26 State fiscal year program activities, objectives, and accomplishments and prior
27 State fiscal year itemized expenditures and fund sources. If State funds are
28 used to provide matching funds for competitive grants from the federal
29 government or a nongovernmental entity, the report should include a list and
30 description of the grants that are awarded.
- 31 (2) Provide to the chairs of the Joint Legislative Oversight Committee on
32 Agriculture and Natural and Economic Resources; the chairs of the House of
33 Representatives Appropriations Committee on Agriculture and Natural and
34 Economic Resources; the chairs of the Senate Appropriations Committee on
35 Agriculture, Natural, and Economic Resources; and the Fiscal Research
36 Division a copy of the entity's annual audited financial statement within 30
37 days of issuance of the statement.

38 **SECTION 11.2.(b)** The following entities shall comply with the requirements of
39 subsection (a) of this section:

- 40 (1) North Carolina Biotechnology Center.
- 41 (2) High Point Market Authority.
- 42 (3) RTI International.
- 43 (4) National Institute for Minority Economic Development
- 44 (5) NCInnovation, Inc.
- 45 (6) North Carolina Business Committee on Education.
- 46 (7) Golden LEAF

47 48 **NCINNOVATION**

49 **SECTION 11.3.(a)** Purpose – The funds provided to the Department of Commerce
50 for NCInnovation, Inc. shall be used to develop a network of regional innovation hubs and to
51 incentivize applied research opportunities. These initiatives will create innovation jobs,

1 accelerate commercialized innovation from North Carolina universities, and support the
2 commercial growth and scale of emerging technologies.

3 **SECTION 11.3.(b)** Availability of Funds – Funds appropriated for NCInnovation
4 shall not revert and shall be made available on an as needed basis to NCInnovation for the
5 operations of regional innovation hubs and Innovation Grants. Funds shall not be made available
6 by the Department of Commerce until the Department has confirmed that NCInnovation has, at
7 a minimum, met the following criteria:

- 8 (1) Updated its Board as outlined in subsection 11.3(c) of this Section.
- 9 (2) Adopted written bylaws and any other policies needed to govern the Board’s
10 operations, including rules governing the Board’s meeting procedures.
- 11 (3) Established conflict of interest policies that ensure no Board member is
12 financially interested, or have any personal beneficial interest, either directly
13 or indirectly, in the entities receiving Innovation grants.
- 14 (4) Developed procedures for requesting the drawdown of state funds to support
15 the regional innovation hubs and Innovation Grants established by this
16 section.

17 **SECTION 11.3.(c)** Board – NCInnovation shall update its Board of Directors, to
18 include the following members:

- 19 (1) The Secretary of Commerce, or their designee.
- 20 (2) The President of the University of North Carolina System, or their designee.
- 21 (3) The Chair of the North Carolina Board of Science, Technology & Innovation,
22 or their designee.
- 23 (4) Four Chancellors from public applied research institutions, or their designee,
24 at least one of whom must represent a historically minority serving institution.
- 25 (5) Five members appointed by the Governor, at least two of whom shall have
26 experience in research, development, and product commercialization.
- 27 (6) Two members appointed by the Speaker of the House of Representatives at
28 least one of whom shall have experience in research, development, and
29 product commercialization.
- 30 (7) Two members appointed by the President Pro Temp of the Senate at least one
31 of whom shall have experience in research, development, and product
32 commercialization.

33 Members of the General Assembly shall not be appointed to serve on the board of
34 directors while serving in the General Assembly. No board member may be a registered lobbyist
35 as defined by G.S. 120C-100(a)(19).

36 **SECTION 11.3.(d)** Powers and Duties – The powers and duties of the Board shall,
37 at a minimum, include:

- 38 (1) To Select and oversee a Chief Executive Officer.
- 39 (2) To oversee and advise on the activities of regional innovation hubs established
40 in section.
- 41 (3) To award Innovation grants established in this section.
- 42 (4) To solicit financial and material support from public and private sources.
- 43 (5) To develop effective public and private support for the programs and
44 operations of the regional innovation hubs.
- 45 (6) To consider and to advise NCInnovation on matters related to accelerating the
46 commercialization of emerging technologies.
- 47 (7) To encourage and oversee collaboration between NCInnovation and the
48 Office of Science, Technology & Innovation on matters related to accelerating
49 the commercialization of emerging technologies.

50 **SECTION 11.3.(e)** Regional Innovation Hubs – Regional Innovation Hubs shall be
51 created to assist in commercializing research and scaling emerging technologies from North

1 Carolina applied research institute. NC Innovation, Inc. shall establish up to four regional hubs
2 outside of the Research Triangle Park region. These hubs shall:

- 3 (1) Anchor North Carolina applied research institutions and regional
4 public/private sector innovation stakeholders;
- 5 (2) Establish relationships with the applied research community and industry
6 partnerships;
- 7 (3) Work with regional university research and innovation teams to assess current
8 technology development, technology commercialization, and
9 entrepreneurship capabilities;
- 10 (4) Lead applied research and technology portfolio analyses, and scout potential
11 early projects for support;
- 12 (5) Coordinate with existing accelerators, business development programs and
13 provide support for programmatic expansion;
- 14 (6) Collaborate with the North Carolina Office of Science, Technology &
15 Innovation to coordinate innovation initiatives and funding.

16 **SECTION 11.3.(f)** Innovation Grants – To foster applied research and investment
17 in the innovation economy of this State, NCInnovation and the Board shall establish a grant
18 program for proof-of-concept through early-stage commercialization projects. Grants may only
19 provide grants in accordance with the provision of this Section. In selecting grant recipients, the
20 Board shall ensure that grant recipients meet the following conditions:

- 21 (1) The project will contribute to robust technology development and a
22 commercialization pipeline regionally targeted to applied research
23 opportunities in North Carolina.
- 24 (2) The project includes multi-institutional and multi-sector collaborations
25 connecting expertise and resources across institutions as well as connecting
26 North Carolina geographies.
- 27 (3) The project supports proofs-of-concepts through early-stage
28 commercialization originating in North Carolina research universities.
- 29 (4) The project agrees to remain in North Carolina for 5 years after receiving
30 funding, ensuring North Carolina’s best research ideas do not leave the state.

31 The Governing Committee shall provide a complete list of grantees, and their
32 projects, to the North Carolina Board of Science, Technology & Innovation upon notice of award.

33 **SECTION 11.3.(g)** Oversight & Reporting – NCInnovation shall be subject to all
34 reporting requirements for entities receiving state aid, as well as be required to report to the Joint
35 Legislative Commission on Economic Development and the North Carolina Board of Science,
36 Technology & Innovation, and the Joint Legislative Commission on Governmental Operations
37 on its prior-year state-funded programs and activities on or before September 15 of each fiscal
38 year and more frequently as requested by any of these entities. The report shall, at a minimum,
39 include the following information:

- 40 (1) Grants made in the prior fiscal year, including the amount, term, and purpose
41 of the grant.
- 42 (2) Outcome data collected by NCInnovation, including the number of emerging
43 technologies commercialized and jobs created.
- 44 (3) Cumulative grant data by program and by county.
- 45 (4) Unaudited actual administrative expenses and grants made in the prior fiscal
46 year. Current fiscal year budget, planned activities, and goals for the current
47 fiscal year.
- 48 (5) Outcome data on the creation of innovation hubs including the number of new
49 partnerships established, technology portfolio analyses completed, and
50 estimated potential projects to enter the innovation pipeline each year.

1 **SECTION 11.3.(h)** Failure to comply with agreement — If NCInnovation fails to
2 meet or comply with any condition or requirement of this Section then the Department of
3 Commerce may reduce or terminate funding for NCInnovation, regional innovation hubs, or
4 Innovation Grants. Upon approval to suspend funding, the Department shall immediately notify
5 NCInnovation of the reduction to its funding, as well as the Office of State Budget and
6 Management, the North Carolina Board of Science, Technology & Innovation, the Joint
7 Legislative Commission on Economic Development.

8
9 **NORTH CAROLINA DEFENSE INNOVATION NETWORK**

10 **SECTION 11.4.(a)** Overview – The North Carolina Defense Innovation Network
11 (Network) is established as a special revenue fund (Fund) in the Department of Commerce
12 (Department). The Board of Science, Technology & Innovation (Board) within the Department,
13 in consultation with the North Carolina Military Business Center (NCMBC) Defense Technology
14 Transition Office (DEFTECH), shall be responsible for directing Network efforts. The Network
15 shall be composed of private, public, and nonprofit stakeholders in the state’s defense innovation
16 ecosystem.

17 **SECTION 11.4.(b)** Purposes – The Network shall lead and support efforts to
18 significantly grow the defense innovation economy in North Carolina and increase national
19 security by providing enhanced state leadership, targeted strategic priorities, coordinated tactical
20 operations, and sustained funding. The Network shall identify opportunities to advance defense
21 innovation in North Carolina; conduct activities to grow the defense innovation economy in
22 North Carolina; and advise and make recommendations to the Governor, the General Assembly,
23 the Secretary of Commerce, the Board, and any North Carolina nonprofit corporation with which
24 the Department of Commerce contracts pursuant to G.S. 143B-431.01 on the defense innovation
25 economy in North Carolina.

26 **SECTION 11.4.(c)** Definitions – The following definitions apply in this section:

- 27 (1) Innovation Ecosystem: A regionally based network of private sector,
28 academic, and government institutions in a network of formal and informal
29 institutional relationships that contribute to technological and economic
30 development in a defined technology sector or sectors.
31 (2) Defense Innovation Economy: Activities related to the development,
32 production, consumption, and trade of goods and services of use to the U.S.
33 defense sector.
34 (3) Eligible Grantees: For-profit organizations, non-profit organizations, state
35 agencies, public and private universities, and community colleges.

36 **SECTION 11.4.(d)** Programmatic Responsibilities – The Network shall oversee
37 activities to grow the defense innovation economy in North Carolina through Network units,
38 including but not limited to the following:

- 39 (1) North Carolina Defense Strategic Review Council: A strategic partnership to
40 develop and oversee a coordinated, ongoing set of research, planning,
41 outreach, and relationship-building activities at the operational level to
42 marshal North Carolina academic, industry, and military assets for
43 opportunities best suited to North Carolina academic and industry strengths.
44 (2) North Carolina Defense Innovation Accelerator: A virtual, tactical,
45 interorganizational Defense Innovation Accelerator to perform capacity and
46 demand analysis, opportunity distribution, education/training/mentoring,
47 technical assistance, events, documentation, partner funding, collaboration,
48 and other activities supporting defense innovation work.
49 (3) North Carolina Defense Technology Advocacy Campaign: An ongoing,
50 multilevel campaign to market North Carolina as a leader in defense and
51 national security innovation, building directly on the strategic work of the

1 Strategic Review Council and the tactical work of the Defense Innovation
2 Accelerator.

3 **SECTION 11.4.(e)** Use of Funds – Funding appropriated to the Network shall be
4 overseen by the Board and the Department. Funding shall be distributed from the Department, as
5 determined by the Board and DEFTECH, and based on strategic and tactical programmatic needs,
6 to:

- 7 (1) Strengthen networks among entrepreneurs, entrepreneurship or innovation
8 support organizations, the defense industry, and the U.S. Department of
9 Defense.
- 10 (2) Attract more capital investment into the North Carolina defense innovation
11 ecosystem.
- 12 (3) Start and grow the number of locally owned businesses in the defense
13 innovation economy.
- 14 (4) Increase employment opportunities in the defense innovation economy.
- 15 (5) Foster more defense-innovation enterprises led and owned by rural
16 entrepreneurs and minority entrepreneurs.
- 17 (6) Provide funds, specifically through the One North Carolina Small Business
18 Program, for defense-innovation-focused companies applying for or receiving
19 Small Business Innovation Research (SBIR) and/or Small Business
20 Technology Transfer (STTR) awards from the U.S. Department of Defense.
- 21 (7) Provide funds through other programs developed by the Board and
22 NCMBC/DEFTECH.
- 23 (8) Increase media visibility for these efforts locally, statewide and, ultimately,
24 nationally.

25 **SECTION 11.4.(f)** Agreements Required – Funds may be disbursed from the Fund
26 only in accordance with agreements entered into between the Department and an eligible grantee.

27 **SECTION 11.4.(g)** Program Guidelines – The Board shall develop guidelines related
28 to the administration of the Network. At least 20 days before the effective date of any guidelines
29 or nontechnical amendments to the guidelines, the Department shall publish the proposed
30 guidelines on the Department's Web site and provide notice to persons who have requested notice
31 of proposed guidelines. In addition, the Department must accept oral and written comments on
32 the proposed guidelines, and shall in its discretion consider such comments before finalizing the
33 guidelines, during the 15 business days beginning on the first day that the Department has
34 completed these notifications. Guidelines adopted under this section shall not be subject to the
35 requirements of Article 2A of Chapter 150B of the North Carolina General Statutes.

36 37 **AMENDS MEGASITES READINESS PROGRAM**

38 **SECTION 11.5.** Section 11.11 of S.L. 2022-74 reads as rewritten:

39 **"SECTION 11.11.(a)** Purpose. – It is in the best economic and developmental
40 interests of the State to support the development of megasites to ensure the State's ongoing
41 competitiveness for major manufacturing opportunities, including the aerospace, automotive,
42 clean energy, food processing, and life science industries. The purpose of this section is to
43 establish a competitive grant program serving to do the following:

- 44 (1) Identify and evaluate up to five megasites for preferred development and
45 marketing.
- 46 (2) Enable local governments or a partnership of local governments to acquire a
47 newly identified or existing megasite.
- 48 (3) Support local governments or a partnership of local governments to install or
49 upgrade public infrastructure, including publicly owned water, gas, and sewer
50 systems, transportation infrastructure, and the electrical utility lines necessary
51 to meet the needs of prospective employers for megasites.

(4) Support local governments or a partnership of local governments to fund on-site preparation, including clearing, grading, or other related expenses for megasites.

(5) Facilitate coordination between the economic development entities and the North Carolina Department of Environmental Quality to expedite any environmental needs related to timely site development.

SECTION 11.11.(b) Fund Established. – There is created in the Department of Commerce a special fund to be known as the North Carolina Megasite Fund for grants awarded by ~~EDPNC~~ the Department of Commerce for purposes consistent with this section. ~~EDPNC~~ The Department shall be responsible for administering the program. ~~The provisions prohibiting EDPNC from awarding grants contained in G.S. 143B-431.01 do not apply to the Fund.~~

SECTION 11.11.(c) Definitions. – The following definitions apply in this section:

(1) Department. – The Department of Commerce.

~~(2) EDPNC. – The entity with which the Department contracts pursuant to G.S. 143B-431.01.~~

~~(3)~~(2) Fund. – The North Carolina Megasite Fund.

~~(4)~~(3) Government partnership. – Either (i) a North Carolina nonprofit entity that is tax exempt under section 501(c)(3) of the Internal Revenue Code in partnership with one or more local governments or (ii) a group of local governments.

~~(5)~~(4) Megasite. – A parcel of contiguous property consisting of more than 1,000 acres that is viable for industrial development and listed in the report produced pursuant to subsection (d) of this section.

SECTION 11.11.(d) Allocation. – ~~EDPNC~~ The Department shall allocate monies in the Fund on the following basis:

(1) The first one million dollars (\$1,000,000) appropriated to the Fund for engaging a national site selection firm through a competitive bid process to produce a report evaluating sites in the State and determining the five megasites best positioned for advanced manufacturing site selection searches conducted by major employers.

(2) All other funds appropriated to the Fund for local government or a partnership of local governments grants for the following activities:

a. Conduct due diligence on proposed megasite properties;

b. Install or upgrade public infrastructure, including water, gas, sewer, transportation, and electric infrastructure to an identified megasite to meet the needs of a prospective employer on the site;

c. Support onsite preparation including clearing, grading or other related expenses;

a.d. Acquisition of megasites determined pursuant to subdivision (1) of this subsection. A grant for a megasite is limited to eighty-five percent (85%) of the lesser of the property's purchase price or tax value. The percentage actually provided in the grant shall be determined by ~~EDPNC~~ the Department based on total development needs for the megasite, prior investment in the megasite by one or more local governments, the ability of one or more local governments to invest in the megasite, and the ability and level of participation promised by the local government in exchange for a grant from the Fund. Monies may only be granted for, and used to acquire, a megasite for which (i) one or more local governments have a binding option or offer to purchase and (ii) all basic due diligence must be complete,

1 including, but not limited to, boundary surveys, title searches, State
2 Historic Preservation Office reviews, and wetlands delineation.

3 **SECTION 11.11.(e) Matching Funds.** – The local governments to which a grant is
4 awarded shall provide the remainder of the cost of purchasing the megasite not provided by the
5 grant.

6 **SECTION 11.11.(f) Agreements Required.** – Monies may be disbursed from the
7 Fund only in accordance with agreements entered into between ~~EDPNC~~the Department and a
8 local government or a government partnership. The agreement must include all of the
9 performance criteria, remedies, and other safeguards required to secure the assistance provided
10 to ready the megasite for a major employer and must require ~~EDPNC~~the Department to recapture
11 a proportionate amount of assistance provided under this section for failure by a local government
12 or government partnership to meet and maintain the megasite for availability for the purposes for
13 which the assistance was provided.

14 **SECTION 11.11.(g) Reporting.** – ~~EDPNC~~The Department shall ~~file~~prepare an
15 annual report ~~to the Department~~ on or before April 1 of each year. The annual report prepared
16 will document total amount of grants awarded, matching funds required, activities to ready
17 megasites and associated costs, any major employers locating at an improved or acquired
18 megasite, and the unallocated amount for grants remaining in the Fund. The Department shall
19 prepare and file on or before May 1 of each year with the Senate Appropriations Committee on
20 Agriculture, Natural, and Economic Resources; the House of Representatives Appropriations
21 Committee on Agriculture and Natural and Economic Resources; the Joint Legislative Economic
22 Development and Global Engagement Oversight Committee; the Office of State Budget and
23 Management; and the Fiscal Research Division a consolidated report for the preceding fiscal year
24 concerning the information required by this section.

25 **SECTION 11.11.(h) Program Guidelines.** – ~~EDPNC~~The Department shall develop
26 guidelines related to the administration of this program. At least 20 days before the effective date
27 of any guidelines or nontechnical amendments to the guidelines, ~~EDPNC~~the Department shall
28 publish the proposed guidelines on its website and provide notice to persons who have requested
29 notice of proposed guidelines. In addition, ~~EDPNC~~the Department must accept oral and written
30 comments on the proposed guidelines and shall in its discretion consider such comments before
31 finalizing the guidelines, during the 15 business days beginning on the first day that ~~EDPNC~~the
32 Department has completed these notifications. Guidelines adopted under this section shall not be
33 subject to the requirements of Article 2A of Chapter 150B of the General Statutes."
34

35 **EVAUATION FUNDS FOR RURAL WORKS PILOT**

36 **SECTION 11.6.** The North Carolina Business Committee for Education shall use a
37 portion of the funds provided for the Rural Works pilot program to conduct a program evaluation.
38 The committee will consult with the Office of State Budget and Management for assistance on
39 how to develop a plan for evaluation, including how to register a pre-analysis plan. The
40 department shall report annually to the Office of State Budget and Management and the Fiscal
41 Research Division on the progress of the evaluation and, when completed, make the pre-analysis
42 plan and final evaluation report publicly available.
43

44 **STRATEGIC WORKFORCE INVESTMENT TRUST FUND**

45 **SECTION 11.7.(a)** Article 2 of Chapter 96 of the General Statutes is amended by
46 adding a new section to read:

47 **"§96-6.3. Strategic Workforce Investment Trust Fund.**

48 **(a) Strategic Workforce Investment Trust Fund.** – There is established in the Department
49 of Commerce a Strategic Workforce Investment Trust Fund for the purposes of providing job
50 training, employment -related services, and economic development services to North Carolina
51 job seekers and employers in order to increase or improve labor supply, connect employers with

1 employees, and enhance the employer experience with the Division. The Fund consists of the
2 revenues derived from the Strategic Workforce Investment Trust Fund Assessment imposed
3 under G.S. 96-9.9."

4 **SECTION 11.7.(b)** G.S. 96-9.2 is amended by adding a new subsection to read:

5 "(f) Strategic Workforce Investment Contribution Rate Reduction. – Except when the
6 surtax imposed under G.S. 96-9.7 is in effect, each employer’s contribution rate under this section
7 shall be reduced by a percentage equal to the percentage for the Strategic Workforce Investment
8 Trust Fund Assessment calculated pursuant to G.S. 96-9.9 plus an additional ten percentage
9 points. This reduced contribution rate should then rounded to the nearest one-hundredth percent
10 (0.01%). This reduction shall be applied after application of the maximum and minimum
11 contribution rates."

12 **SECTION 11.7.(c)** Article 2 of Chapter 96 of the General Statutes is amended by
13 adding a new section to read:

14 **"§96-9.9. Assessment for the Strategic Workforce Investment Trust Fund.**

15 (a) Assessment Imposed. – An assessment is imposed on an employer who is required to
16 make a contribution to the Unemployment Insurance Fund equal to a percentage of the required
17 contribution calculated in accordance with G.S. 96-9.2. prior to the application of the reduction
18 in G.S. 96-9.2(f). The Division shall calculate the assessment percentage, rounded up to the
19 nearest half percent (0.5%), as the ratio of the Strategic Workforce Investment Fund Annual
20 Target Amount divided by the total required contributions estimated using the most recently
21 available Experience Rating Report (ETA 204) prepared for the Employment and Training
22 Administration within the U.S. Department of Labor. The Annual Target Amount shall be ninety-
23 one million dollars (\$91,000,000) for taxable years beginning on or after January 1, 2024, and
24 before January 1, 2025, and shall increase by three and one-half percent (3.5%) in each
25 subsequent taxable year, rounded to the nearest one hundred thousand dollars (\$100,000). Except
26 as provided in this section, the assessment is collected and administered in the same manner as
27 Part contributions. Assessments collected under this section must be credited to the Strategic
28 Workforce Investment Trust Fund established under G.S. 96-6.3. Interest and penalties collected
29 on unpaid assessments imposed by this section must be credited to the Supplemental
30 Employment Security Administration Fund. Penalties collected on unpaid assessments imposed
31 by this section must be transferred to the Civil Penalty and Forfeiture Fund established in G.S.
32 115C-457.1.

33 (b) Suspension of Assessment. - The assessment does not apply in a taxable year if, as of
34 September 1 of the preceding calendar year, the amount in the State's account in the
35 Unemployment Trust Fund is less than one billion dollars (\$1,000,000,000)."

36
37 **ENHANCE UNEMPLOYMENT INSURANCE BENEFITS**

38 **SECTION 11.8.(a)** G.S. 96-1. reads as rewritten:

39 **"§ 96-1. Title and Definitions.**

40 (a) Title. - This Chapter shall be known and may be cited as the "Employment Security
41 Law."

42 (b) Definitions. - The following definitions apply in this Chapter:

43 ...

44 (23a) State Recession Indicator. - A state-level indicator based on a historically
45 reliable recession indicator that signals an ongoing or imminent U.S. recession
46 when the three-month moving average of the national unemployment rate
47 risers by 0.5 percentage points or more relative to its low during the previous
48 12 months. The State Recession Indicator signals a recession in North
49 Carolina when the average of the three most recently published monthly
50 seasonally adjusted unemployment rates for the state, as published by the
51 Bureau of Labor Statistics, is more than 0.5 percentage points higher than the

1 lowest level of the prior 12 months and is higher than four and one-half percent
2 (4.5%)

3 ..."

4 SECTION 11.8.(b) G.S. 96-14.1. reads as rewritten:

5 "§ 96-14.1. Unemployment benefits.

6 ...

7 (b) Valid Claim. - To obtain benefits, an individual must file a valid claim for
8 unemployment benefits, register for work, and have a weekly benefit amount calculated pursuant
9 to G.S. 96-14.2(a) that equals or exceeds ~~fifteen dollars (\$15.00)~~fifty dollars (\$50.00). An
10 individual must serve a one-week waiting period for each claim filed, except no waiting period
11 applies under this subsection to a claim for unemployment due directly to a disaster covered by
12 a federal disaster declaration. A valid claim is one that meets the employment and wage standards
13 in this subsection for the individual's base period. A valid claim for a second benefit year is one
14 that meets the employment and wage standards in this subsection since the beginning date of the
15 prior benefit year and before the date the new benefit claim is filed:

- 16 (1) Employment. - The individual has been paid wages in at least two quarters of
17 the individual's base period.
18 (2) Wages. - The individual has been paid wages totaling at least six times the
19 average weekly insured wage during the individual's base period. If an
20 individual lacks sufficient base period wages, then the wage standard for that
21 individual is determined using the last four completed calendar quarters
22 immediately preceding the first day of the individual's benefit year. This
23 alternative base period may not be used by an individual in making a claim
24 for benefits in the next benefit year.

25 ..."

26 SECTION 11.8.(c) G.S. 96-14.2 reads as rewritten:

27 "§ 96-14.2. Weekly benefit amount.

28 (a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally
29 unemployed is an amount equal to the wages paid to the individual in the ~~last two completed~~
30 ~~quarters of the quarter with the highest total wages paid in an~~ individual's base period divided by
31 ~~526~~ and rounded to the next lower whole dollar. If this amount is less than ~~fifteen dollars~~
32 ~~(\$15.00)~~ fifty dollars (\$50.00), the individual is not eligible for benefits. All eligible individuals
33 will receive a weekly benefit amount of at least one hundred dollars (\$100.00). The weekly
34 benefit amount may not exceed ~~three hundred fifty dollars (\$350.00)~~ four hundred fifty dollars
35 (\$450.00), adjusted annually for inflation. Beginning July 1, 2024, and on each July 1 thereafter,
36 the Division shall adjust the maximum weekly benefit for claims filed on or after that date by the
37 percentage change in the annual average Consumer Price Index for All Items for All Urban
38 Consumers published by the Bureau of Labor Statistics for the preceding calendar year, rounded
39 to the nearest five dollars (\$5.00).

40 ..."

41 SECTION 11.8.(d) G.S. 96-14.3 reads as rewritten:

42 "§ 96-14.3. Duration of benefits.

43 (a) Duration. – Except as provided in subsection (a)1, ~~the~~ the number of weeks an
44 individual is allowed to receive unemployment benefits depends on the seasonal adjusted
45 statewide unemployment rate that applies to the six-month base period in which the claim is filed.
46 One six-month base period begins on January 1 and one six-month base period begins on July 1.
47 For the base period that begins January 1, the average of the seasonal adjusted unemployment
48 rates for the State for the preceding months of July, August, and September applies. For the base
49 period that begins July 1, the average of the seasonal adjusted unemployment rates for the State
50 for the preceding months of January, February, and March applies. The Division must use the

1 most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor,
2 Bureau of Labor Statistics, and not the rate as revised in the annual benchmark.

3 **Seasonal Adjusted** **Number**
4 **Unemployment Rate** **of Weeks**

5 Less than or equal to 5.5% <u>4.5%</u>	12
6 Greater than 5.5% <u>4.5%</u> up to 6% <u>5%</u>	13 <u>14</u>
7 Greater than 6% <u>5%</u> up to 6.5% <u>5.5%</u>	14 <u>16</u>
8 Greater than 6.5% <u>5.5%</u> up to 7% <u>6%</u>	15 <u>18</u>
9 Greater than 7% up to 7.5%	16
10 Greater than 7.5% up to 8%	17
11 Greater than 8% up to 8.5%	18
12 Greater than 8.5% up to 9%	19
13 Greater than 9% <u>6%</u>	20

14 (a1) State Recession Circuit Breaker. – Notwithstanding subsection (a) of this section, the
15 number of weeks an individual is allowed to receive unemployment benefits shall be 20 weeks
16 when the State Recession Indicator is signaling a North Carolina recession as defined by G.S.
17 96-1(b)(23a). The number of weeks specified in this subsection shall apply to all new claims for
18 unemployment insurance filed on or after the first day of the month following a month the State
19 Recession Indicator switches to being in effect, and the Division shall redetermine the number
20 of weeks an individual is allowed to receive unemployment benefits for individuals who filed an
21 initial claim in the month the State Recession Indicator switches to being in effect and the prior
22 month. The Division shall not change the duration of benefits pursuant to subsection (a) until the
23 beginning of the first base period occurring six months after the State Recession Indicator is no
24 longer in effect.

25 (b) Total Benefits. – The total benefits paid to an individual equals the individual's
26 weekly benefit amount allowed under G.S. 96-14.2 multiplied by the number of weeks allowed
27 under subsection (a) or, if applicable, subsection (a1) of this section."

28
29 **CANTON PAPER MILL RESPONSE**

30 **SECTION 11.9.(a) Fund.** – The Canton Paper Mill Recovery (Fund) is established
31 as a special interest-bearing revenue fund in the Department of Commerce (Department)

32 **SECTION 11.9.(b) Purpose.** – The Department shall utilize the fund for needs
33 related to the closure of the Pactiv Evergreen Paper Mill located in Canton, North Carolina,
34 including employee workforce development and community revitalization needs.

35 **SECTION 11.9.(c) Sources of Funds.** – The Fund shall consist of:

- 36 (1) Funds appropriated to the Fund.
- 37 (2) Any funds returned from economic development agreements with Blue Ridge
38 Paper Products or Evergreen Packaging.
- 39 (3) Funds or monies received by the Department from federal agency or
40 institution, or any other source whether as a federal aid, unless otherwise
41 directed by law.
- 42 (4) All receipts derived from donations, gifts, and devises.
- 43 (5) All interest and investment earnings received on monies in the Fund.
- 44 (6) Any other funds, as directed by the General Assembly.

45 **SECTION 11.9.(d) Reporting Requirements.** – The Department shall submit a report
46 to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
47 Resources, the Joint Legislative Economic Development Oversight Committee, and the Fiscal
48 Research Division by September 30 of each year that includes the source and amount of all funds
49 credited to the Fund and the purpose and amount of all expenditures from the Fund during the
50 prior fiscal year.

1 **PART XII. ENVIRONMENTAL QUALITY**

2
3 **BLUEPRINT FUNDING**

4 **SECTION 12.1.** Notwithstanding any provision of law to the contrary, any unspent
5 funds of Section 5.9.(a).(7) and 5.9.(a).(9) of S.L. 2021-180 shall not revert but remain available
6 to the Department of Environmental Quality to develop a statewide Flood Resiliency Blueprint
7 and to create one or more pilot projects to address chronic flooding in the Stoney Creek
8 watershed, respectively.

9
10 **SHELLFISH REHABILITATION PROGRAM FUNDING**

11 **SECTION 12.2.** The Department of Environmental Quality shall be permitted to
12 carry forward up to \$2,000,000 annually an unexpended funds appropriated for the Division of
13 Marine Fisheries Shellfish Rehabilitation program. These funds may be used to purchase and
14 deploy material, perform vessel maintenance and fabrication, and contract such services.

15
16 **STORMWATER FEE CHANGES**

17 **SECTION 12.3.** G.S. 143-215.3D. reads as rewritten:

18 **"§ 143-215.3D. Fee schedule for water quality permits.**

- 19 (a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. –
- 20 (1) Major Individual NPDES Permits. - The annual fee for an individual permit
21 for a point source discharge of 1,000,000 or more gallons per day, a publicly
22 owned treatment works (POTW) that administers a POTW pretreatment
23 program, as defined in 40 Code of Federal Regulations § 403.3 (1 July 1996
24 Edition), or an industrial waste treatment works that has a high toxic pollutant
25 potential is three thousand four hundred forty dollars (\$3,440).
 - 26 (2) Minor Individual NPDES Permits. - The annual fee for an individual permit
27 for a point source discharge other than a point source discharge to which
28 subdivision (1) of this subsection applies is eight hundred sixty dollars
29 (\$860.00).
 - 30 (3) Single-Family Residence. - The annual fee for a certificate of coverage under
31 a general permit for a point source discharge or an individual nondischarge
32 permit from a single-family residence is sixty dollars (\$60.00).
 - 33 (4) ~~Stormwater and~~ Wastewater Discharge General Permits. - The annual fee for
34 a certificate of coverage under a general permit for a point source discharge
35 of ~~stormwater or~~ wastewater is one hundred dollars (\$100.00).
 - 36 (5) Recycle Systems. - The annual fee for an individual permit for a recycle
37 system nondischarge permit is three hundred sixty dollars (\$360.00).
 - 38 (6) Major Nondischarge Permits. - The annual fee for an individual permit for a
39 nondischarge of 10,000 or more gallons per day or requiring 300 or more acres
40 of land is one thousand three hundred ten dollars (\$1,310).
 - 41 (7) ~~Minor Nondischarge Permits.~~ - The annual fee for an individual permit for a
42 nondischarge of less than 10,000 gallons per day or requiring less than 300
43 acres of land is eight hundred ten dollars (\$810.00).
 - 44 (8) Animal Waste Management Systems. - The annual fee for animal waste
45 management systems is as set out in G.S. 143-215.10G.
 - 46 (9) Stormwater Permit Fee and Annual Fee:
 - 47 a. For an industrial NPDES individual permit is one thousand dollars
48 (\$1,000.00).
 - 49 b. For coverage under a Construction or industrial NPDES general
50 permit is one hundred twenty dollars (\$120.00).

- c. For an NPDES MS4 major permit is four thousand, two hundred dollars (\$4,200.00).
- d. For an NPDES MS4 minor permit is one thousand dollars (\$1,000.00).
- e. For an NPDES no exposure certification, two hundred dollars (\$200.00) only in the first year.

(b) Application fee for new discharge and nondischarge permits. - An application for a new permit of the type set out in subsection (a) of this section shall be accompanied by an initial application fee equal to the annual fee for that permit. If a permit is issued, the application fee shall be applied as the annual fee for the first year that the permit is in effect. If the application is denied, the application fee shall not be refunded.

...

(e) Other fees under this Article. -

- (1) Sewer System Extension Permits. - The application fee for a permit for the construction of a new sewer system or for the extension of an existing sewer system is four hundred eighty dollars (\$480.00).
- (2) State Stormwater Permits. - ~~The application fee for~~ For a permit regulating stormwater runoff under G.S. 143-214.7 and ~~G.S. 143-215.1 is five hundred five dollars (\$505.00)-G.S. 143-215.1:~~
 - a. For a new or major modified development project permit the fee is one thousand five hundred dollars (\$1,500). (Major modification here is defined as 15A NCAC 02H .1002(23))
 - b. For a renewal or transfer of a state stormwater permit is one thousand dollars (\$1,000.00).
 - c. For a combination renewal and transfer together of a state stormwater permit is one thousand five hundred dollars (\$1,500.00).
 - d. For new coverage under a general permit in accordance with 15A NCAC 02H .1041(c) or a minor modification in accordance with 15A NCAC 02H .1002(25) the fee is six-hundred dollars (\$600)."

DAM SAFETY FEE AMENDMENT

SECTION 12.4. G.S. 143-215.28A reads as rewritten:

"§ 143-215.28A. Application fees.

(a) ~~In accordance with G.S. 143-215.3(a)(1a), the Commission may establish a fee schedule for processing applications for approvals of construction or removal of dams issued under this Part. In establishing the fee schedule, the Commission shall consider the administrative and personnel costs incurred by the Department for processing the applications and for related compliance activities. The total amount of fees collected in any fiscal year may not exceed one third of the total personnel and administrative costs incurred by the Department for processing the applications and for related compliance activities in the prior fiscal year. An approval fee may not exceed the larger of two hundred dollars (\$200.00) or two percent (2%) of the actual cost of construction or removal of the applicable dam. The fee for notification of a professionally supervised dam removal under G.S. 143-215.27(e)(1) shall be five hundred dollars (\$500.00) and shall be paid to the Department. The Provisions of G.S. 143-215.3(a)(1b) do not apply to these fees. A nonrefundable application processing and compliance fee, in the amount of two and one quarter (2.25%) percent of the actual cost of construction, alteration, repair, or removal of the applicable dam shall be paid for the processing of applications for approvals of construction, repair, or removal of dams issued under this Part. An initial fee of five hundred dollars (\$500) or one half of the processing and compliance fee based on the engineer's estimated cost of the construction, alteration, repair, or removal of a dam, whichever amount is greater, shall be submitted with the application and the remainder of the processing and compliance fee based on the actual cost of construction, alteration, repair, or removal of the applicable dam shall be paid~~

1 when the as--built plans are submitted to the Director. The maximum fee shall not exceed one
2 hundred and twenty--five thousand dollars (\$125,000) for the construction, alteration, repair or
3 removal of a dam.

4 ...

5 (c) Each application for construction, alteration/modification, repair, breach, or removal
6 of a dam shall be deemed incomplete and shall not be reviewed until the initial application
7 processing and compliance fee is paid.

8 (d) Final approval to impound shall not be granted until the owner's certification and the
9 accompanying documentation are filed in accordance with Paragraph (e) of this Part, and the
10 balance of the processing fee has been paid.

11 (e) The application processing and compliance fee for the construction,
12 alteration/modification, repair, breach, or removal of a dam shall be based on the actual cost of
13 construction associated with the project for the applicable dam. In no case, however, shall the
14 application and compliance fee be more than one hundred and twenty-five thousand dollars
15 (\$125,000).

16 (1) The cost of construction, alteration/modification, repair, breach, or removal
17 of a dam shall include all labor and materials costs associated with the project
18 for the applicable dam.

19 (2) The cost of construction, alteration/modification, repair, breach, or removal
20 of a dam shall not include the costs associated with acquisition of land or right
21 of way, design, quality control, electrical generating machinery, or
22 constructing a roadway across the dam.

23 (f) Immediately upon completion of construction, alteration/modification, repair, breach,
24 or removal of a dam, the owner shall file with the Director a certification, on a form prescribed
25 by the Department, and accompanying documentation, which shows actual cost incurred by the
26 owner for construction, alteration/modification, repair, breach, or removal of the applicable dam.

27 (1) The owner's certification and accompanying documentation shall be filed
28 with the as-built plans and the engineer's certification.

29 (2) If the Director finds that the owner's certification and accompanying
30 documentation contain inaccurate cost information, the Director shall either
31 withhold final impoundment approval, or revoke final impoundment approval,
32 until the owner provides the accurate documentation and that documentation
33 has been verified by the Department.

34 (g) Payment of the dam application processing fee shall be made by means authorized by
35 the Department and made payable to the "N.C. Department of Environmental Quality". The
36 payment should refer to the applicable dam."

37 38 **HAZARDOUS WASTE FEE AMENDMENT**

39 **SECTION 12.5.** G.S. 130A-294.1 reads as rewritten:

40 **"§ 130A-294.1. Fees applicable to generators and transporters of hazardous waste, and to**
41 **hazardous waste storage, treatment, and disposal facilities.**

42 ...

43 (f) A person who generates 100 kilograms or more of hazardous waste in any calendar
44 month during the year beginning 1 July and ending 30 June but less than 1000 kilograms of
45 hazardous waste in each calendar month during that year shall pay an annual fee of ~~one hundred~~
46 ~~seventy-five dollars (\$175.00).~~ three hundred dollars (\$300.00)."

47 48 **SOLID WASTE FEE UPDATES**

49 **SECTION 12.6.** G.S. 130A-295.8 reads as rewritten:

50 **"§ 130A-295.8. Fees applicable to permits for solid waste management facilities.**

51 ...

1 (d1) A permitted solid waste management facility shall pay an annual permit fee on or
2 before August 1 of each year according to the following schedule:

3 ...

4 (13) Treatment and Processing Facility - ~~\$500.~~\$750.

5 (14) Tire Monofill - \$1,000.

6 (15) Post-Closure Tire Monofill - \$500.

7 ~~(15)(16)~~ Incinerator accepting less than 200 tons/day of solid waste - \$500.

8 ~~(16)(17)~~ Incinerator accepting more than 200 tons/day of solid waste - \$1,000.

9 (18) Small Compost Facility - \$300.

10 ~~(16)(19)~~ Large Compost Facility - \$500.\$800.

11 ~~(17)(20)~~ Land Clearing and Inert Debris Landfill - \$500.\$900.

12 (d2) Upon submission of an application for a new permit, an applicant shall pay an
13 application fee in the amount of ~~ten percent (10%)~~ twenty-five percent (25%) of the annual permit
14 fee imposed for that type of solid waste management facility as identified in subdivisions (1)
15 through ~~(17)(20)~~ of subsection (d1) of this section.

16 (d3) Upon submission of an application for a permit modification to a solid waste
17 management facility identified in subdivisions (1) through (12) of subsection (d1) of this section,
18 an applicant shall pay an application fee in the amount of five hundred dollars (\$500).

19 (d4) When a cumulative impact review is required to be conducted in accordance with
20 G.S. 130A-294(a)(4)c.9. for an application for a new permit, the permit application fee required
21 by subsection (d2) of this section shall be increased by one thousand dollars (\$1,000).

22 (d5) If a solid waste management facility identified in subdivisions (4), (7), (10), or (15)
23 of subsection (d1) of this section is required by the Department to conduct assessment and
24 corrective action activities, the annual permit fee imposed for that type of solid waste
25 management facility shall be increased by seven hundred and fifty dollars (\$750) during each
26 year that the facility is conducting assessment and corrective action activities, until released from
27 the requirement by the Department."

28 SEPTAGE MANAGEMENT FEE UPDATES

29 SECTION 12.7. G.S. 130A-291.1 reads as rewritten:

30 "§ 130A-291.1. Septage management program; permit fees.

31 ...

32 (e) A septage management firm that operates one pumper truck shall pay an annual fee
33 of ~~five hundred fifty dollars (\$550.00)~~ eight hundred dollars (\$800.00) to the Department. A
34 septage management firm that operates two pumper trucks shall pay an annual fee of nine
35 hundred and fifty hundred dollars (\$950.00) to the Department. A septage management firm that
36 operates ~~two-three~~ or more pumper trucks shall pay an annual fee of ~~eight hundred dollars~~
37 ~~(\$800.00)~~ one thousand five hundred dollars (\$1,500.00) to the Department.

38 (e1) An individual who operates a septage storage, treatment or disposal facility but who
39 does not engage in the business of pumping, transporting, or disposing of septage shall pay an
40 annual fee of ~~two hundred dollars (\$200.00)~~ five hundred dollars (\$500.00)."

41 UNDERGROUND STORAGE TANK FEE AMENDMENT

42 SECTION 12.8. G.S. 143-215.94C is amended to add a new section to read:

43 "§ 143-215.94C. Commercial leaking petroleum underground storage tank cleanup fees.

44 ...

45 (g) An owner or operator who submits a pre-construction or post-construction application
46 for installing or replacing an underground storage tank system or an underground storage tank
47 pipng system regulated pursuant to GS 143-215.94T to the Department shall pay an application
48 fee of five hundred dollars (\$500.00)."

1 **COAL ASH MANAGEMENT ACT**

2 **SECTION 12.9.** G.S. 62-302.1 reads as rewritten:

3 **"§ 62-302.1. Regulatory fee for combustion residuals surface impoundments.**

4 ...

5 (b) Rate. – The combustion residuals surface impoundment fee shall be ~~twenty-two~~
6 ~~thousandths of one percent (0.022%)~~ three-hundredths of one percent (0.03%) of the North
7 Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface
8 impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues"
9 has the same meaning as in G.S. 62-302."

10
11 **EXPRESS PERMITTING**

12 **SECTION 12.10.(a)** G.S. 143B-279.13 is amended to add a new section to read:

13 **"§ 143B-279.13. Express permit and certification reviews.**

14 (a) The Department of Environmental Quality shall develop an express review program
15 to provide express permit and certification reviews in all of its regional offices. Participation in
16 the express review program is voluntary, and the program is expected to become supported by
17 the fees determined pursuant to subsection (b) of this section. The Department of Environmental
18 Quality shall determine the project applications to review under the express review program from
19 those who request to participate in the program. The express review program may be applied to
20 any one or all of the permits, approvals, or certifications in the following programs: the erosion
21 and sedimentation control program, the coastal management program, and the water quality
22 programs, including water quality certifications and stormwater management. The express
23 review program shall focus on the following permits or certifications:

- 24 (1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General
25 Statutes.
- 26 (2) Stream origination certifications under Article 21 of Chapter 143 of the
27 General Statutes.
- 28 (3) Water quality certification under Article 21 of Chapter 143 of the General
29 Statutes.
- 30 (4) Erosion and sedimentation control permits under Article 4 of Chapter 113A
31 of the General Statutes.
- 32 (5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article
33 7 of Chapter 113A of the General Statutes.

34 (a1) The Department of Environmental Quality shall have the authority to create additional
35 express permitting options in other programs not enumerated in (a) where it deems there to be a
36 need or where it determines an express permitting option would create greater efficiencies for
37 the permitting process."

38 **SECTION 12.10.(b)** G.S. 143B-279.13 reads as rewritten:

39 **"§ 143B-279.13. Express permit and certification reviews.**

40 (b) The Department of Environmental Quality may determine the fees for express
41 application review under the express review program. Notwithstanding G.S. 143-215.3D, the
42 maximum permit application fee to be charged under subsection (a) of this section for the express
43 review of a project application ~~requiring all of the permits under subdivisions (1) through (5) of~~
44 ~~subsection (a) of this section~~ shall not exceed five thousand five hundred dollars ~~(\$5,000).~~
45 ~~(\$5,500) per permit, approval or certification. Notwithstanding G.S. 143-215.3D, the maximum~~
46 ~~permit application fee to be charged for the express review of a project application requiring all~~
47 ~~of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed~~
48 ~~four thousand five hundred dollars (\$4,500). Notwithstanding G.S. 143-215.3D, the maximum~~
49 ~~permit application fee charged for the express review of a project application for any other~~
50 ~~combination of permits under subdivisions (1) through (5) of subsection (a) of this section shall~~
51 ~~not exceed four thousand dollars (\$4,000). Express review of a project application involving~~

1 additional permits or certifications issued by the Department of Environmental Quality other than
2 those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the
3 Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit
4 fee, ~~the~~ The maximum per permit application fee charged for the express review of a project
5 application under subsection (a1) of this section shall not exceed four thousand dollars (\$4,000),
6 plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for
7 that particular permit permit, approval or certification. Additional fees, not to exceed fifty percent
8 (50%) of the original permit application fee under this section, may be charged for subsequent
9 reviews due to the insufficiency of the permit applications. The Department of Environmental
10 Quality may establish the procedure by which the amount of the fees under this subsection is
11 determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express
12 review program under this section."
13

14 WATER QUALITY PERMITTING FEE INCREASES

15 SECTION 12.11. G.S. 143-215.3D reads as rewritten:

16 "§ 143-215.3D. Fee schedule for water quality permits.

- 17 (a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. -
- 18 (1) Major Individual NPDES Permits. - The annual fee for an individual permit
19 for a point source discharge of 1,000,000 or more gallons per day, a publicly
20 owned treatment works (POTW) that administers a POTW pretreatment
21 program, as defined in 40 Code of Federal Regulations § 403.3 (1 July 1996
22 Edition), or an industrial waste treatment works that has a high toxic pollutant
23 potential is ~~three thousand four hundred forty dollars (\$3,440.00)~~ four
24 thousand six hundred twenty-five dollars (\$4,625.00).
 - 25 (2) Minor Individual NPDES Permits. - The annual fee for an individual permit
26 for a point source discharge other than a point source discharge to which
27 subdivision (1) of this subsection applies is ~~eight hundred sixty dollars~~
28 ~~(\$860.00)~~ one thousand one hundred fifty dollars (\$1,150.00).
 - 29 (3) Single-Family Residence. - The annual fee for a certificate of coverage under
30 a general permit for a point source discharge or an individual nondischarge
31 permit from a single-family residence is sixty dollars (\$60.00).
 - 32 (4) Stormwater and Wastewater Discharge General Permits. - The annual fee for
33 a certificate of coverage under a general permit for a point source discharge
34 of stormwater or wastewater is one hundred dollars (\$100.00).
 - 35 (5) Recycle Systems. - The annual fee for an individual permit for a recycle
36 system nondischarge permit is ~~three hundred sixty dollars (\$360.00)~~ five
37 hundred twenty dollars (\$520.00).
 - 38 (6) Major Nondischarge Permits. - The annual fee for an individual permit for a
39 nondischarge of 10,000 or more gallons per day or requiring 300 or more acres
40 of land is ~~one thousand three hundred ten dollars (\$1,310.00)~~ one thousand
41 seven hundred sixty dollars (\$1,760.00).
 - 42 (7) Minor Nondischarge Permits. - The annual fee for an individual permit for a
43 nondischarge of less than 10,000 gallons per day or requiring less than 300
44 acres of land is ~~eight hundred ten dollars (\$810.00)~~ one thousand one hundred
45 sixty dollars (\$1,160.00).
 - 46 (8) Animal Waste Management Systems. - The annual fee for animal waste
47 management systems is as set out in G.S. 143-215.10G.
 - 48 (9) Authorizations to Construct – The application fee for Authorizations to
49 Construct for wastewater treatment plant expansions, upgrades, replacements,
50 or repairs is one thousand dollars (\$1,000.00).

1 (b) Application fee for new discharge and nondischarge permits. - An application for a
2 new permit of the type set out in subsection (a) of this section shall be accompanied by an initial
3 application fee equal to the annual fee for that permit. If a permit is issued, the application fee
4 shall be applied as the annual fee for the first year that the permit is in effect. If the application
5 is denied, the application fee shall not be refunded.

6 ...

7 (e) Other fees under this Article. -

8 (1) Sewer System Extension Permits. - The application fee for a permit for the
9 construction of a new sewer system or for the extension of an existing sewer
10 system or for a separate application for a variance request is ~~four hundred~~
11 ~~eighty dollars (\$480.00).~~six hundred sixty dollars (\$660.00).

12 (2) State Stormwater Permits. - The application fee for a permit regulating
13 stormwater runoff under G.S. 143-214.7 and G.S. 143-215.1 is five hundred
14 five dollars (\$505.00).

15 (3) Major Water Quality Certifications. - The fee for a water quality certification
16 involving one acre or more of wetland fill or 150 feet or more of stream impact
17 is ~~five hundred seventy dollars (\$570.00).~~seven hundred sixty-seven dollars
18 (\$767.00).

19 (4) Minor Water Quality Certifications. - The fee for a water quality certification
20 involving less than one acre of wetland fill or less than 150 feet of stream
21 impact is ~~two hundred forty dollars (\$240.00).~~three hundred twenty-three
22 dollars (\$323.00)."

23 ..."

24 25 **PLAN REVIEW AND PERMIT FEE UPDATES**

26 **Section 12.12.** G.S. 130A-328 reads as rewritten:

27 **"§ 130A-328. Public water system operating permit and permit fee.**

28 (a) No person shall operate a community or non transient non-community water system
29 who has not been issued an operating permit by the Department. A community or non transient
30 non-community water system operating permit shall be valid from January 1 through December
31 31 of each year unless suspended or revoked by the Department for cause. The Commission shall
32 adopt rules concerning permit issuance and renewal and permit suspension and revocation. The
33 annual fees in subsection (b) shall be prorated on a monthly basis for permits obtained after
34 January 1 of each year.

35 (b) The following fees are imposed for the issuance or renewal of a permit to operate a
36 community or non transient non-community water system; the fees are based on the number of
37 persons served by the system:

38 Non Community Water Systems: Fee

39 Base Fee:

40 Non transient non-community ~~\$150~~\$190

41 Community Water Systems:

42 Number of Persons Served

43 50 or fewer ~~\$255~~\$320

44 More than 50 but no more than 100 ~~\$270~~\$340

45 More than 100 but no more than 200 ~~\$330~~\$410

46 More than 200 but no more than 300 ~~\$350~~\$430

47 More than 300 but no more than 400 ~~\$385~~\$480

48 More than 400 but no more than 500 ~~\$420~~\$520

- 1 More than 500 but no more than 750 ~~\$780~~\$970
- 2 More than 750 but no more than 1000 ~~\$840~~\$1010
- 3 More than 1000 but no more than 2000 ~~\$840~~\$1050
- 4 More than 2000 but no more than 3000 ~~\$870~~\$1090
- 5 More than 3000 but no more than 4000 ~~\$1350~~\$1690
- 6 More than 4000 but no more than 5000 ~~\$1460~~\$1830
- 7 More than 5000 but no more than 7500 ~~\$1925~~\$2410
- 8 More than 7500 but no more than 10,000 ~~\$2065~~\$2580
- 9 More than 10,000 but no more than 25,000 ~~\$2600~~\$3250
- 10 More than 25,000 but no more than 50,000 ~~\$2925~~\$3660
- 11 More than 50,000 but no more than 75,000 ~~\$4250~~\$5310
- 12 More than 75,000 but no more than 100,000 ~~\$4675~~\$5840
- 13 More than 100,000 but no more than 250,000 ~~\$5100~~\$6380
- 14 More than 250,000 but no more than 500,000 ~~\$5525~~\$6910
- 15 More than 500,000 ~~\$5950~~\$7440

16 (c) The following fees are imposed for the review of plans, specifications, and other
 17 information submitted to the Department for approval of construction or alteration of a public
 18 water system. The fees are based on the type of constructions or alteration proposed:

19
 20 Distribution system: Fee

- 21 Construction of water lines, less than 5000 linear feet ~~\$150~~\$300
- 22 Construction of water lines, 5000 linear feet or more ~~\$200~~\$400
- 23 Other construction or alteration to a distribution system ~~\$75~~\$150

24
 25 Ground water system:

- 26 Construction of a new ground water system or adding a new well ~~\$200~~\$400
- 27 Alteration to an existing ground water system ~~\$100~~\$200

28
 29 Surface Water system:

- 30 Construction of a new surface water treatment facility ~~\$250~~\$500
- 31 Alteration to an existing surface water treatment facility ~~\$150~~\$300
- 32 Water System Management Plan review ~~\$75~~\$150
- 33 Miscellaneous changes or maintenance not covered above ~~\$50~~\$100

34 (d) The Department may charge an administrative fee of up to one hundred fifty dollars
 35 (\$150.00) for failure to pay the permit fee by January 31 of each year."

36
 37 **WASTEWATER AND ANIMAL WASTE FEE UPDATES**

38 **SECTION 12.13.(a)** G.S. 90A-42 reads as rewritten:

39 **"§ 90A-42. Fees.**

40 (a) The Commission, in establishing procedures for implementing the requirements of this
 41 Article, shall impose the following schedule of fees:

- 42 (1) Examination including Certificate, \$85.00;
- 43 (2) Temporary Certificate, \$200.00;
- 44 (3) Temporary Certification Renewal, \$300.00;
- 45 (4) Conditional Certificate, \$75.00;
- 46 (5) Repealed by Session Laws 1987, c. 582, s. 3.
- 47 (6) Reciprocity Certificate, \$100.00;
- 48 (6a) Voluntary Conversion Certificate, \$50.00;
- 49 (7) Annual Renewal ~~per certification~~ \$50.00;
- 50 (8) Replacement of Certificate, \$20.00;

1 (9) Late Payment of Annual Renewal, \$50.00 penalty in addition to all current
2 and past due annual renewal fees plus one hundred dollars (\$100.00) penalty
3 per year for each year for which annual renewal fees were not paid prior to the
4 current year; and

5 (10) Mailing List Charges – The Commission may provide mailing lists of certified
6 water pollution control system operators and of water pollution control system
7 operators to persons who request such lists. The charge for such lists shall be
8 twenty-five dollars (\$25.00) for each such list provided.

9 (b) The Water Pollution Control System Account is established as a nonreverting account
10 within the Department. Fees collected under this section shall be credited to the Account and
11 applied to the costs of administering this Article. Interest and other income received on the Fund
12 balance shall be treated as set forth in G.S. 147-69.1(d)."

13 **SECTION 12.13(b)** G.S. 90A-47.4 reads as rewritten:

14 "**§ 90A-47.4. Express permit and certification reviews.**

15 (a) An applicant for certification under this Part shall pay a fee of ~~twenty-five dollars~~
16 ~~(\$25.00)-eighty-five dollars (\$85.00)~~ for the examination and the certificate.

17 (b) The certificate shall be renewed annually upon payment of a renewal fee of ~~ten dollars~~
18 ~~(\$10.00)-fifty dollars (\$50.00)~~. A certificate holder who fails to renew the certificate and pay the
19 renewal fee within 30 days of its expiration shall be required to take and pass the examination
20 for certification in order to renew the certificate. (1995 (Reg. Sess., 1996), c. 626, s. 6(b); 1998-
21 212, s. 29A.11(f).)"

22
23 **PART XII-A. WILDLIFE RESOURCES COMMISSION [RESERVED]**

24
25 **PART XIII. LABOR**

26
27 **TRANSFER OF UNEXPENDED FEES**

28 **SECTION 13.1.** G.S. 95-108 reads as rewritten:

29 "**§ 95-108. Disposition of fees.**

30 All fees collected by the Department of Labor pursuant to G.S. 95-69.11, 95-110.5, 95-111.4
31 and 95-120 shall be deposited with the State Treasurer and shall be used exclusively for
32 inspection and certification purposes. All fees collected pursuant to this section that has not yet
33 been expended or encumbered at the end of each fiscal year shall be transferred to a special fund
34 created for this purpose at the end of each fiscal year."

35
36 **PART XIV. NATURAL AND CULTURAL RESOURCES**

37
38 **DNCR EDUCATION & EXHIBITS SPECIAL FUND**

39 **SECTION 14.1.** Chapter 143B, Article 2 of the General Statutes is amended by
40 adding a new section to read:

41 "**§ 143B-53.11. Department of Natural and Cultural Resources Education and Exhibit**
42 **Special Fund.**

43 (a) Fund. – The Department of Natural and Cultural Resources Education and Exhibit
44 Special Fund is created as a special, interest-bearing revenue fund within the Department of
45 Natural and Cultural Resources for Department exhibits and not designated for a specific division
46 of the Department. The Fund shall consist of appropriations designated for exhibits transferred
47 from Department of Natural and Cultural Resources General Fund and all receipts from
48 donations, gifts, devises, and grants restricted for exhibits. The Secretary may approve the use of
49 monies in the Fund for updates to online content, virtual engagement, tour scripts, lesson plans,
50 and to add, refurbish, and update exhibits. The funds are hereby appropriated for these purposes.

(b) Reporting Requirements. – The Department of Natural and Cultural Resources shall submit a report by September 30 of each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. This report shall include the source and amount of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SYMPHONY CHALLENGE GRANT

SECTION 14.2.(a) Of the funds appropriated in this act to the Department of Natural and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for each year of the 2023-25 fiscal biennium shall be allocated to the North Carolina Symphony upon raising at least six million dollars (\$6,000,000) in non-State funds for the 2023-24 fiscal year and seven million dollar (\$7,000,000) in non-State funds for the 2024-25 fiscal year. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fundraising targets set out in subsections (b) and (c) of this section.

SECTION 14.2.(b) For the 2023-24 fiscal year, the North Carolina Symphony shall receive allocations from the Department of Natural and Cultural Resources as follows:

- (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars (\$600,000).
- (2) Upon raising an additional sum of two million dollars (\$2,000,000) in non-State funding for a total amount of four million dollars (\$4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars (\$700,000).
- (3) Upon raising an additional sum of two million dollars (\$2,000,000) in non-State funding for a total amount of six million dollars (\$6,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars (\$700,000) in the 2023-24 fiscal year.

SECTION 14.2.(c) For the 2024-25 fiscal year, the North Carolina Symphony shall receive allocations from the Department of Natural and Cultural Resources as follows:

- (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars (\$600,000).
- (2) Upon raising an additional sum of two million dollars (\$2,000,000) in non-State funding for a total amount of four million dollars (\$4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars (\$700,000).
- (3) Upon raising an additional sum of two million dollars (\$3,000,000) in non-State funding for a total amount of seven million dollars (\$7,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars (\$700,000) in the 2023-24 fiscal year.

GREAT TRAILS STATE FUND

SECTION 14.3.(a) Fund. – The Great Trails State Fund (Fund) is established as a special fund in the Department of Natural and Cultural Resources (Department). The Division of Parks and Recreation (Division) shall be responsible for administering the program.

SECTION 14.3.(b) Purpose. – The Department shall establish a grant program to provide grants to counties, municipalities, nonprofit organizations, Councils of Governments, Municipal Planning Organizations, Rural Planning Organizations, Federal agencies, and State

1 agencies for trail projects. Eligible trail projects include trail planning, design, right-of-way
2 negotiation and acquisition, construction, promotion, and maintenance. The Division shall
3 develop criteria to score projects based on trail type, project location, project cost, State Trail
4 status, and demonstration of matching funds. The North Carolina Trails Committee shall review
5 applications and make award recommendations to the Secretary of the Department of Natural
6 and Cultural Resources.

7 **SECTION 14.3.(c) Reporting Requirements.** – The Department shall submit a report
8 by September 30 of each year to the Joint Legislative Oversight Committee on Agriculture and
9 Natural and Economic Resources, the chairs of the House of Representatives Appropriations
10 Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate
11 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
12 Division. This report shall include the allocation of grant funds and the amount of all expenditures
13 of the funds during the prior fiscal year.

14 **SECTION 14.3.(d) Administrative Expenses.** – Of the funds appropriated to the
15 Department, up to three percent (3%) may be used to administer the grant program.

16
17 **PART XV. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]**

18
19 **PART XVI. INDIGENT DEFENSE SERVICES**

20
21 **PUBLIC DEFENDER OFFICES**

22 **SECTION 16.1.** G.S. 7A498.7(a) reads as rewritten:

23 "(a) The following counties of the State are organized into the defender districts listed
24 below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
2	Beaufort, Hyde, Martin, Tyrell, Washington
3A	Pitt
3B	Craven, Pamlico, Carteret
5	New Hanover, Pender
<u>6</u>	<u>Bertie, Halifax, Hertford, Northampton</u>
<u>7</u>	<u>Edgecombe, Nash, Wilson</u>
10	Wake
12	Cumberland
<u>13B</u>	<u>Brunswick</u>
14	Durham
<u>15A</u>	<u>Alamance</u>
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
<u>19B</u>	<u>Randolph</u>
21	Forsyth
<u>22A</u>	<u>Alexander, Iredell</u>
26	Mecklenburg
27A	Gaston
27B	Cleveland, Lincoln

1	28	Buncombe
2	29A	McDowell, Rutherford
3	29B	Henderson, Polk, Transylvania
4	<u>30A</u>	<u>Cherokee, Clay, Graham, Macon, Swain</u>
5	<u>30B</u>	<u>Haywood, Jackson</u>

6 After notice to, and consultation with, the affected district bar, senior resident superior
7 court judge, and chief district court judge, the Commission on Indigent Defense Services may
8 recommend to the General Assembly that a district or regional public defender office be
9 established. A legislative act is required in order to establish a new office or to abolish an existing
10 office."

11
12 **PRIVATE ASSIGNED COUNSEL FUND TRANSFER**

13 **SECTION 16.2.** The Office of Indigent Defense Services may use up to the sum of
14 nine million dollars (\$9,000,000) of appropriated private assigned counsel funds to create 126
15 new positions for the new Public Defender districts created in subsection (a) of this section. These
16 positions shall include eight chief public defenders, up to 74 assistant public defenders, and up
17 to 44 support positions.

18
19 **CHIEF SPECIAL COUNSEL**

20 **SECTION 16.3.** G.S. 122C-270 reads as rewritten:

21 "(a) In a superior court district or set of districts as defined in G.S. 7A-41.1 in which a
22 State facility for the mentally ill is located, the Commission on Indigent Defense Services shall
23 appoint an attorney licensed to practice in North Carolina as special counsel for indigent
24 respondents who are mentally ill. These special counsel shall serve at the pleasure of the
25 Commission, may not privately practice law, and shall receive annual compensation within the
26 salary range for assistant public defenders as fixed by the Office of Indigent Defense Services.
27 The chief special counsel is a public defender for the purposes of compensation and benefits, and
28 is subject to appointment pursuant to G.S. 7A-498.7. The special counsel shall represent all
29 indigent respondents at all hearings, rehearings, and supplemental hearings held at the State
30 facility. Special counsel shall determine indigency in accordance with G.S. 7A-450(a). Indigency
31 is subject to redetermination by the presiding judge. If the respondent appeals, counsel for the
32 appeal shall be appointed in accordance with rules adopted by the Office of Indigent Defense
33 Services.

34"

35
36 **PART XVII. JUSTICE [RESERVED]**

37
38 **PART XVIII. PUBLIC SAFETY**

39
40 **DUPLICATION OF BENEFITS GAP LOAN PROGRAM**

41 **SECTION 18.1.** The funds appropriated in this act to the Department of Public Safety,
42 North Carolina Office of Recovery and Resiliency (Office), to provide loans for duplication of
43 benefits payments shall be awarded to households recovering from disasters. The Office shall
44 prioritize households who suffered damages during Hurricanes Matthew or Florence. Loans shall
45 be used to verify households do not receive assistance from the Office for previously covered
46 expenses. As loan payments are received by the Office, any funds previously transferred from
47 the State Emergency Response and Disaster Relief Fund for said purpose shall be returned to the
48 State Emergency Response and Disaster Relief Fund and shall remain there until further action
49 is taken by the General Assembly.

50
51 **PART XIX. ADULT CORRECTION**

1
2 **GRANT REPORTING AND MATCHING FUNDS**

3 **SECTION 19.1.** Notwithstanding the provisions of G.S. 143C-6-9, the Department
4 of Adult Correction may use up to the sum of two million dollars (\$2,000,000) during the 2023-
5 24 fiscal year and up to the sum of two million dollars (\$2,000,000) during the 2024-25 fiscal
6 year from funds available to the Department to provide the State match needed in order to receive
7 grant funds. Prior to using funds for this purpose, the Department shall report to the chairs of the
8 House of Representatives Appropriations Committee on Justice and Public Safety and the Senate
9 Appropriations Committee on Justice and Public Safety on the grants to be matched using these
10 funds.

11
12 **CODIFY USE OF SEIZED AND FOREFEITED PROPERTY**

13 **SECTION 19.2.** G.S. 14-2.3 reads as re-written:

14 "**§ 14-2.3. Forfeiture of gain acquired through criminal activity.**

15 ...

16 (d) Seized and forfeited assets transferred to the Department of Justice, Department of
17 Adult Correction, or to the Department of Public Safety pursuant to applicable federal law shall
18 be credited to the budget of the recipient department and shall result in an increase of law
19 enforcement resources for that department. The Department of Justice, Department of Adult
20 Correction, and the Department of Public Safety shall each make the following reports to the
21 chairs of House of Representatives Appropriations Committee on Justice and Public Safety and
22 the Senate Appropriations Committee on Justice and Public Safety:

23 (1) A report upon receipt of any assets.

24 (2) A report that shall be made prior to the use of the assets on their intended use
25 and the departmental priorities on which the assets may be expended.

26 (3) A report on receipts, expenditures, encumbrances, and availability of these
27 assets for the previous fiscal year, which shall be

28 (e) The General Assembly finds that the use of seized and forfeited assets transferred
29 pursuant to federal law for new personnel positions, new projects, acquisition of real property,
30 repair of buildings where the repair includes structural change, and construction of or additions
31 to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the
32 Department of Justice, Department of Adult Correction, and the Department of Public Safety are
33 prohibited from using these assets for such purposes without the prior approval of the General
34 Assembly.

35 (f) Nothing in this section prohibits State law enforcement agencies from receiving funds
36 from the United States Department of Justice, the United States Department of the Treasury, and
37 the United States Department of Health and Human Services."

38
39 **USE OF CLOSED FACILITIES**

40 **SECTION 19.3.(a)** In conjunction with the closing of prison facilities, youth
41 detention centers, and youth development centers, the Department of Public Safety and
42 Department of Adult Correction shall consult with the county or municipality in which the facility
43 is located, with elected State and local officials, and with State and federal agencies about the
44 possibility of converting that facility to other use. The Departments may also consult with any
45 private for-profit or nonprofit firm about the possibility of converting the facility to other use. In
46 developing a proposal for future use of each facility, the Department shall give priority to
47 converting the facility to other criminal justice use. Consistent with existing law and the future
48 needs of the Department of Public Safety or Department of Adult Correction, the State may
49 provide for the transfer or the lease of any of these facilities to counties, municipalities, State
50 agencies, federal agencies, or private firms wishing to convert them to other use. G.S. 146-29.1(f)
51 through (g) shall not apply to a transfer made pursuant to this section. The Department of Public

1 Safety and Department of Adult Correction may also consider converting some of the facilities
2 recommended for closing from one security custody level to another, where that conversion
3 would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this
4 section for use as a jail is exempt for the period of the lease from any of the minimum standards
5 adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the
6 housing of adult prisoners that would subject the unit to greater standards than those required of
7 a unit of the State prison system.

8 **SECTION 19.3.(b)** The Departments may convert closed facilities for the following
9 purposes:

- 10 (1) Training Needs
- 11 (2) Population Management
- 12 (3) Transitional Housing

13 Sixty days prior to converting facilities to these purposes, the Department of Adult
14 Correction or Department of Public Safety shall report to the Joint Legislative Oversight
15 Committee on Justice and Public Safety. The report shall include the justification for the
16 conversion, operational requirements for the facility, and available resources for staffing and
17 operating the facility. If the proposed facility will require additional funding in the future, the
18 report shall provide a five-year projection of those funding needs.

19 20 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 21 **EXPENSES**

22 **SECTION 19.4.** Notwithstanding G.S. 143C-6-9, the Department of Adult
23 Correction may use funds available to the Department for the 2023-25 fiscal biennium to
24 reimburse counties for the cost of housing convicted inmates, parolees, and post-release
25 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The
26 reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. The
27 Department shall report annually by February 1 of each year to the chairs of the Joint Legislative
28 Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives
29 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
30 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for
31 prisoners awaiting transfer.

32 33 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 34 **EQUIPMENT PURCHASES SECTIONS**

35 **SECTION 19.5.** Notwithstanding the provisions of G.S. 148-65.7, fees collected for
36 the Interstate Compact Fund during the 2023-25 fiscal biennium may be used by the Department
37 of Adult Correction during the 2023-25 fiscal biennium to provide training programs and
38 equipment purchases for the Division of Community Supervision, but only to the extent sufficient
39 funds remain available in the Fund to support the mission of the Interstate Compact Program.

40 41 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

42 **SECTION 19.6.** The Department of Adult Correction may continue to contract with
43 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
44 beds for minimum security female inmates during the 2023-25 fiscal biennium. The Center for
45 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House
46 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
47 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the
48 average daily inmate population compared to bed capacity using the same methodology as that
49 used by the Department of Adult Correction.

50 51 **NURSE STAFFING AT STATE PRISONS**

1 **SECTION 19.7.** Notwithstanding any other provision of law, the Department of
2 Adult Correction may, in its discretion and subject to the approval of the Office of State Budget
3 and Management, convert funds appropriated for contractual nursing services to permanent
4 nursing positions when it is determined to promote security, generate cost savings, and improve
5 health care quality. The Department shall report on any such conversions to the Fiscal Research
6 Division.

7
8 **DOT CONTRACT OF INMATE LITTER CREW**

9 **SECTION 19.8.(a)** After the issuance of a request for information (RFI) and receipt
10 of bids by the Department of Transportation for litter pickup on State highways and roads, the
11 Department of Transportation shall first offer the contract to the Department of Adult Correction
12 upon the same terms and conditions as the most favorable bid received by the Department of
13 Transportation from a suitable contractor. The Department of Adult Correction shall have 30
14 days to accept or decline the offered contract.

15 **SECTION 19.8.(b)** It is the policy of the General Assembly that the Department of
16 Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as
17 often as is necessary and practicable.

18
19 **PART XX. ADMINISTRATION [RESERVED]**

20
21 **PART XXI. ADMINISTRATIVE HEARINGS [RESERVED]**

22
23 **PART XXII. AUDITOR [RESERVED]**

24
25 **PART XXIII. BUDGET AND MANAGEMENT**

26
27 **EXPAND SCOPE OF EVALUATION GRANTS**

28 **SECTION 23.1.** Of the funds appropriated in this act to the Office of State Budget
29 and Management (OSBM), the sum of two million dollars (\$2,000,000) in recurring funds shall
30 be used to provide grants to State agencies to do the following: (i) in partnership with research
31 institutions, conduct research or data analysis projects that will directly inform the agencies'
32 policy and program decisions and (ii) pursuant to contract with an outside entity or in conjunction
33 with OSBM, evaluate how well the agencies' programs are achieving their intended outcomes.
34 OSBM shall develop guidelines and procedures for the administration and distribution of these
35 funds to State agencies through a competitive process. Of these funds, OSBM may use up to ten
36 percent (10%) for external review of applications and pre-analysis plans and other technical
37 assistance. These funds shall not revert and remain available for this purpose until expended.

38
39 **REPORTING REQUIREMENTS**

40 **SECTION 23.2.(a)** G.S. 143C-6-4 reads as rewritten:

41 **"§ 143C-6-4. Budget Adjustments Authorized.**

42 ...

43 ~~(c) — Overexpenditures Reported. — The Director shall report quarterly, beginning October~~
44 ~~31, to the Joint Legislative Commission on Governmental Operations on overexpenditures~~
45 ~~approved by the Director under subdivisions (2) and (3) of subsection (b) of this section.~~

46 "

47 **SECTION 23.2.(b)** G.S. 143C-6-12 is repealed.

48 **SECTION 23.2.(c)** G.S. 20-7 reads as rewritten:

49 **"§ 20-7. Issuance and renewal of drivers licenses.**

50 ...

(i1) Restoration Fee. - Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than G.S. 20-17(a)(2) shall pay a restoration fee of seventy dollars (\$70.00). A person whose drivers license has been revoked under G.S. 20-17(a)(2) shall pay a restoration fee of one hundred forty dollars and twenty-five cents (\$140.25). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The seventy dollar (\$70.00) fee, and the first one hundred five dollars (\$105.00) of the one hundred forty dollar and twenty-five cent (\$140.25) fee, shall be deposited in the Highway Fund. Twenty five dollars (\$25.00) of the one hundred forty dollar and twenty-five cent (\$140.25) fee shall be used to fund a statewide chemical alcohol testing program administered by the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services. Notwithstanding any other provision of law, a restoration fee assessed pursuant to this G.S. 20-7 Page 9 subsection may be waived by the Division when (i) the restoration fee remains unpaid for more than 10 years from the date of assessment and (ii) the person responsible for payment of the restoration fee has been issued a drivers license by the Division after the effective date of the revocation for which the restoration fee is owed. ~~The Office of State Budget and Management shall annually report to the General Assembly the amount of fees deposited in the General Fund and transferred to the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services under this subsection.~~

PART XXIV. CONTROLLER [RESERVED]

PART XXV. ELECTIONS [RESERVED]

PART XXVI. GENERAL ASSEMBLY [RESERVED]

PART XXVII. GOVERNOR [RESERVED]

PART XXVIII. HOUSING FINANCE AGENCY [RESERVED]

PART XXIX. INSURANCE [RESERVED]

PART XXX INSURANCE INDUSTRIAL COMMISSION [RESERVED]

PART XXXI. LIEUTENANT GOVERNOR [RESERVED]

PART XXXII. MILITARY AND VETERANS AFFAIRS

CLARIFICATION OF VETERANS DEFINITIONS

SECTION 32.1. G.S. 143B-14 reads as rewritten:

"§ 143B-1213. Definitions.

Except where provided otherwise, the following definitions apply in this Chapter:

- (1) Department. – The Department of Military and Veterans Affairs.
- (2) Secretary. – The Secretary of Military and Veterans Affairs.
- (3) Veteran. – One of the following, as applicable.
 - a. For qualifying as a voting member of the State Board of Veterans Affairs and as the State Director of Veterans Affairs, a person who

1 served honorably during a period of war as defined in Title 38, United
2 States Code.

3 b. For entitlement to the services of the Department of Military and
4 Veterans Affairs, a person who may be entitled to any benefits or rights
5 under the laws of the United States by reason of service in the Armed
6 Forces of the United States under the U.S. Department of Defense
7 (Army, Marine Corps, Navy, Air Force, Space Force, National Guard)
8 and the U.S. Department of Homeland Security (Coast Guard), and the
9 reserve components thereof.

10 c. For this Chapter, unless otherwise stated "Armed Forces of the United
11 States" means the Armed Forces of the United States under the United
12 States Department of Defense (Army, Marine Corps, Navy, Air Force,
13 Space Force, National Guard) and the United States Department of
14 Homeland Security (Coast Guard), the reserve components thereof."

15 ESTABLISH CAROLINA VETERANS CEMETARY TRUST FUND

16 SECTION 32.2. Article 14 of Chapter 14B of the General Statutes is amended by
17 adding a new Section to read:

18 "§ 143B-1218. North Carolina Veterans Cemeteries Trust Fund.

19 (a) There is established the North Carolina Veterans Cemeteries Trust Fund (hereinafter
20 "Fund"), a special fund within the Department of Military and Veterans Affairs. The Fund shall
21 be maintained as a special fund and shall be administered by the Department to carry out the
22 provisions of this section for the operations and maintenance of State veterans' cemeteries. Fund
23 resources may also be used to cover the projected cash flow needs of cemetery expansion projects
24 funded by the grants from the U.S. Department of Veterans Affairs. Interest accruing from the
25 monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources
26 of funding:

27 (1) All interest and investment earnings received on monies in the Fund.

28 (1a) Funds or monies received by the Department, the receipt of which does not
29 exclude any other source of revenue, from the United States, any federal
30 agency or institution, or any other source whether as a federal aid, grant,
31 appropriation, gift, contribution, devise, or individual reimbursement, for the
32 support of veterans cemeteries.

33 (2) Any other funds, as directed by the General Assembly.

34 (b) The funds in the Fund shall be allowed to accumulate until they have generated sufficient
35 interest earnings to maintain the State's veteran cemeteries once they have reach full capacity.
36 The interest earnings in the Fund shall be used to maintain existing veterans' cemeteries once
37 they have reached full capacity. Prior to that point, funds from the Fund may only be spent for
38 cash flow needs of cemetery expansion projects. The interest earnings in the Fund shall not be
39 used to open veterans' cemeteries. The Department shall have sole authority to approve the use
40 of the Fund for the purposes authorized in this section. "

41 CREATE NON-REVERTING LANGUAGE FOR SCHOLARSHIP PROGRAM

42 SECTION 32.3. G.S. 143B-14 reads as rewritten:

43 "(b) Funds for the support of this program shall be appropriated to the Department of Military
44 and Veterans Affairs as a reserve for payment of the allocable costs for room, board, tuition, and
45 other ~~changes, changes, and shall be placed in a separate budget code from which disbursement~~
46 ~~shall be made.~~ Funds to support this program shall not revert and shall remain available to be
47 expended for future obligation of awarded scholarship. Funds to support this program shall not
48 revert and shall remain available to be expended for future obligation of awarded scholarships.
49 Funds to support the program shall be supported by receipts from the Escheat Fund, as provided
50
51

1 by G.S. 116B-7, but those funds may be used only for worthy and needed residents of this State
2 who are enrolled in public institutions of higher education of this State. In the event the said
3 appropriation for any year is insufficient to pay the full amount allocable under the provisions of
4 this Part, such supplemental sums as may be necessary shall be allocated from the Contingency
5 and Emergency Fund. The method of disbursing and accounting for funds allocated for payments
6 under the provisions of this section shall be in accordance with those standards and procedures
7 prescribed by the Director of the Budget, pursuant to the State Budget Act."

8
9 **AMENDMENT TO GENERAL STATUTE TO SUPPORT FUNDING ROOM AND**
10 **BOARD**

11 **SECTION 32.4.** G.S. 143B-1226(b)(2) reads as rewritten:

12 "(b)(2) Class I-B: Under this class, a ~~limited~~ scholarship providing only those benefits set
13 forth in G.S. 143B 1225(a)(1)a., d., and e., and G.S. 143B 1225(a)(2) shall be awarded sought to
14 be availed of is ~~or was at the time of his death~~ receiving compensation for a wartime service-
15 connected disability or one hundred percent (100%) as rated by the recipient under this class
16 should die of his wartime service-connected condition before the recipient shall have utilized all
17 of his scholarship eligibility time, then the North Carolina Department of Military and Veterans
18 Affairs shall amend the recipients award from Class I-B to Class I-A for the remainder of the
19 recipient's eligibility time. The effective date of such an amended award shall be determined by
20 the Department of Military and Veterans Affairs but, in no event shall it predate the date of the
21 veteran parent's death."

22
23 **PART XXXIII. REVENUE**

24
25 **911 SERVICE CHARGE**

26 **SECTION 33.1.** G.S. 143B-1414(c) reads as rewritten:

27 "**§ 143B-1414 Service charge for prepaid wireless telecommunications service; seller**
28 **collects 911 service charge on each retail transaction occurring in this State;**
29 **remittances to Department of Revenue and transfer to 911 Fund.**

30 ...

31 (c) Administration. – Administration, auditing, requests for review, making returns,
32 collection of tax debts, promulgation of rules and regulations by the Secretary of Revenue,
33 additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter
34 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless
35 telecommunications service. An audit of the collection of the 911 service charge for prepaid
36 wireless telecommunications service shall only be conducted in connection with an audit of the
37 taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be
38 subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall
39 be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive
40 and erroneous collections of the service charge will be subject to G.S. 105-164.11. The
41 Department of Revenue shall establish procedures for a seller of prepaid wireless
42 telecommunications service to document that a sale is not a retail transaction, and the procedures
43 established shall substantially coincide with the procedures for documenting a sale for resale
44 transaction under G.S. 105-164.28. The Secretary of Revenue may retain the costs of collection
45 from the remittances received under subsection (b) of this section ~~not to exceed in the amount of~~
46 ~~seven hundred fifty five hundred~~ thousand dollars ~~(\$500,000) (\$750,000)~~ a year of the total 911
47 service charges for prepaid wireless telecommunications service remitted to the Department. The
48 amount allowed to the Department for costs under this section shall be increased (i) each fiscal
49 year by a percentage equal to any legislative salary increase awarded to State-funded employees
50 and (ii) by any adjustment in salary reserve funds that impact employees funded by the 911
51 Service Charge. Within 45 days of the end of each month in which 911 service charges for

1 prepaid wireless telecommunications service are remitted to the Department, the Secretary of
2 Revenue shall transfer the total 911 service charges remitted to the Department less the costs of
3 collection to the 911 Fund established under G.S. 143B-1404.

4"

6 DOCUMENT MANAGEMENT SYSTEM

7 SECTION 33.2. Section 6.6 of S.L. 2020-58 reads as rewritten:

8 "SECTION 6.6. Of the funds generated in the 2020-2021 fiscal year by the
9 Department of Revenue's collection assistance fee, imposed under G.S. 105-243.1, the
10 Department may use up to five hundred thousand dollars (\$500,000) to implement Section 8.1 of
11 S.L. 2019-246. Additional funds of up to five hundred thousand dollars (\$500,000) needed by
12 the Department for this purpose may be drawn from the funds previously allocated to the
13 Department in S.L. 2017-57 from the collection assistance fee for the Collections Case
14 Management system for any additional project costs required to fully implement Section 8.1 of
15 S.L. 2019-246."

17 ALLOW FUNDS TO BE USED FOR SAFETY AND SECURITY AT REMOTE 18 LOCATIONS

19 SECTION 33.3. Notwithstanding G.S. 143C-8-13, any funds available to the
20 Department of Revenue may be used for safety and security upgrades at the Department's remote
21 locations, which are leased and not state-owned.

23 SCRAP TIRE DISPOSAL TAX

24 SECTION 33.4. G.S. 105-187.19(a) reads as rewritten:

25 "§ 105-187.19. Use of tax proceeds.

26 (a) The Secretary shall distribute the taxes collected under this Article, less the allowance
27 to the Department of Revenue for administrative expenses, in accordance with this section. The
28 Secretary may retain the cost of collection by the Department, ~~not to exceed in the amount of~~
29 four hundred twenty-five thousand dollars (\$425,000) a year as reimbursed to the Department.
30 The amount allowed to the Department of costs under this section shall be increased (i) each
31 fiscal year by a percentage equal to any legislative salary increase awarded to State-funded
32 employees and (ii) by any adjustment in salary reserve funds that impact employees funded by
33 the Scrap Tire Disposal Tax.

34"

36 WHITE GOODS DISPOSAL TAX

37 SECTION 33.5. G.S. 105-187.24 reads as rewritten:

38 "§ 105-187.24. Use of tax proceeds.

39 The Secretary shall distribute the taxes collected under this Article, less the Department of
40 Revenue's allowance for administrative expenses, in accordance with this section. The Secretary
41 may retain the Department's cost of collection, ~~not to exceed in the amount of~~ four hundred
42 twenty-five thousand dollars (\$425,000) a year, as reimbursement to the Department. The amount
43 allowed to the Department for costs under this section shall be increased (i) each fiscal year by a
44 percentage equal to any legislative salary increase awarded to State-funded employees and (ii)
45 by any adjustment in salary reserves funds that impact employees funded by the White Good
46 Disposal Tax.

47 Each quarter, the Secretary shall credit twenty-eight percent (28%) of the net tax proceeds to
48 the General Fund. The Secretary shall distribute the remaining seventy-two percent (72%) of the
49 net tax proceeds among the counties on a per capita basis according to the most recent annual
50 population estimates certified to the Secretary by the State Budget Officer. The Department shall
51 not distribute the tax proceeds to a county when notified not to do so by the Department of

1 Environmental Quality under G.S. 130A-309.87. If a county is not entitled to a distribution, the
2 proceeds allocated for that county will be credited to the White Goods Management Account.

3 A county may use funds distributed to it under this section only as provided in G.S. 130A-
4 309.82. A county that receives funds under this section and that has an interlocal agreement with
5 another unit of local government under which the other unit provides for the disposal of solid
6 waste for the county must transfer the amount received under this section to that other unit. A
7 unit to which funds are transferred is subject to the same restrictions on use of the funds as the
8 county. "

9
10 **SOLID WASTE DISPOSAL TAX**

11 **SECTION 33.6.** G.S. 105-187.63 reads as rewritten:

12 **"§ 105-187.63. Use of tax proceeds.**

13 From the taxes received pursuant to this Article, the Secretary may retain the costs of
14 collection, ~~not to exceed~~in the amount of two hundred twenty-five thousand dollars (\$225,000)
15 a year, as reimbursement to the Department. The amount allowed to the Department for costs
16 under this section shall be increased (i) each fiscal year by a percentage equal to any legislative
17 salary increase awarded to State-funded employees and (ii) by any adjustment in salary reserve
18 funds that impact employees by the Solid Waste Disposal Tax. The Secretary must credit or
19 distribute taxes received pursuant to this Article, less the cost of collection, on a quarterly basis
20 as follows:

21 ..."

22
23 **CIVIL PENALTIES APPLICABLE TO MOTOR CARRIERS**

24 **SECTION 33.7.** G.S. 105-449.52 reads as rewritten:

25 **"§105-449.52. Civil penalties applicable to motor carriers.**

- 26 (a) Penalty. - A motor carrier who does any of the following is subject to a civil penalty:
- 27 (1) Operates in this State or causes to be operated in this State a qualified motor
28 vehicle that ~~either is not licensed under this Article,~~ fails to carry the license
29 required by this ~~Article Article,~~ or fails to display a decal in accordance with
30 this Article. The ~~amount of the~~ penalty is ~~one two~~ fifty dollars
31 ~~(\$100.00)-(\$250.00).~~
 - 32 (2) Is unable to account for a decal the Secretary ~~issues~~ has issued to motor carrier,
33 as required by G.S. 105-449.47. The ~~amount of the~~ penalty is ~~one two~~ hundred
34 fifty dollars ~~(\$100.00)-~~ \$250.00 for each decal for which the carrier is unable
35 to account.
 - 36 (3) Displays a decal on a qualified motor vehicle operated by a motor carrier that
37 was not issued to the carrier by the Secretary under G.S. 105-449.47. The
38 ~~amount of the~~ penalty is one thousand dollars (\$1,000) for each decal
39 unlawfully obtained. Both the licensed motor carrier to whom the Secretary
40 issued the decal and the motor carrier displaying the unlawfully obtained decal
41 are jointly and severally liable for the penalty under this subdivision.

42"

43
44 **TEMPORARY LICENSE DURING A DISASTER RESPONSE PERIOD**

45 **SECTION 33.8.** G.S. 105-449.69(a) reads as rewritten:

46 **"§ 105-449.449. How to determine the amount of fuel used in the State; presumption of**
47 **amount used.**

48 (a) Temporary License. - The Secretary may grant a temporary license to an applicant to
49 import, export, distribute, or transport motor fuel in this State in response to a state of emergency
50 or a disaster declaration. The terms "state of emergency" and "disaster declaration" have the same
51 meaning as defined in G.S. 166A-19.3. A temporary license is effective on the date the applicant

1 engages in business in this State and expires 30 days after that date. Prior to the expiration of the
2 temporary license, the licensee may request, on a form prescribed by the Secretary, that the
3 license be extended for an additional 30 days, if the state of emergency or disaster declaration
4 remains in effect. A temporary license issued under this section may not be renewed or a new
5 temporary license granted if the licensee failed to comply with this Article.

6 (b) Requirements. - To obtain a temporary license, a person must file an application with
7 the Secretary on a form prescribed by the Secretary within seven calendar days of engaging in
8 business in this State. The application must be filed prior to the termination of the state of
9 emergency or disaster declaration and must include all of the following information:

- 10 (1) The legal name of the business and the trade name, if applicable, under which
11 the person will transact business within the State.
- 12 (2) The federal identification number of the business or, if such number is
13 unavailable, the Social Security number of the owner.
- 14 (3) The location, with a street number address, of the principal office or place of
15 business and the location where records will be made available for inspection.
- 16 (4) Any other information required by the Secretary.

17 (c) Exempt Licensee Requirements - The Secretary may issue a temporary license under
18 this section as an importer, exporter, distributor, or transporter without requiring the applicant to
19 file with the Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-
20 449.72, and without requiring the applicant to be authorized to transact business in this State with
21 the Secretary of State.

22 (d) Civil Penalty- A person who fails to obtain a license as required by this section is
23 subject to a civil penalty. The penalty is one thousand dollars (\$1,000)."
24

25 PENALTIES FOR HIGHWAY USE OF DYED DIESEL OR NON-TAX PAID FUEL.

26 SECTION 33.9. G.S. 105-449.117 reads as rewritten:

27 "§ 105-449.117. Penalties for highway use of dyed diesel or other non-tax-paid fuel.

28 (a) Violation. - It is unlawful to use dyed diesel fuel or other non-tax-paid fuel in a
29 highway vehicle that is licensed or required to be licensed under Chapter 20 of the General
30 Statutes unless that use is allowed under section 4082 of the Code. It is unlawful to use motor
31 fuel or alternative fuel in a highway vehicle that is licensed or required to be licensed under
32 Chapter 20 of the General Statutes unless the tax imposed by this Article or Article 36D of this
33 Chapter and the tax imposed by Article 3 of Chapter 119 of the General Statutes have been paid.
34 A person who violates this section is guilty of a Class 1 misdemeanor and is liable for a civil
35 penalty.

36 (b) Civil Penalty. - The civil penalty is payable to the agency that assessed the penalty
37 and is payable by the person in whose name the highway vehicle is registered. ~~The amount of the~~
38 ~~penalty depends on the amount of fuel in the supply tank of the highway vehicle.~~ The penalty is
39 ~~the greater of one two thousand dollars (\$1,000) or five times the amount of motor fuel tax~~
40 ~~payable on the fuel in the supply tank. (\$2,000).~~ A penalty imposed under this section is in
41 addition to any motor fuel tax assessed.

42 (c) Enforcement. - The Secretary or a person designated by the Secretary may conduct
43 investigations to identify violations of this Article. It is not a valid defense to a violation of this
44 Article that the State is exempt from the tax imposed by this Article."
45

46 CIVIL PENALTY FOR BUYING OR SELLING NON-TAX PAID MOTOR FUEL.

47 SECTION 33.10. G.S. 105-449.118 reads as rewritten:

48 "§ 105-449.118. Civil penalty for buying or selling non-tax-paid motor fuel.

49 A person who dispenses non-tax-paid motor fuel into the supply tank of a highway vehicle
50 or who allows non-tax-paid motor fuel to be dispensed into the supply tank of a highway vehicle

1 is subject to a civil penalty of ~~two hundred~~ five hundred dollars ~~(\$250.00)~~ (\$500.00) per
2 occurrence.

3 The penalty is payable to the agency that assessed the penalty. Failure to pay a penalty
4 imposed under this section is grounds under G.S. 20-88.01(b) to withhold or revoke the
5 registration plate of the motor vehicle into which the motor fuel was dispensed."
6

7 **CIVIL PENALTY FOR REFUSING TO ALLOW THE TAKING OF MOTOR FUEL**
8 **SAMPLE.**

9 **SECTION 33.11.** G.S. 105-449.118A reads as rewritten:

10 **"§ 105-449.118A. Civil penalty for refusing to allow the taking of a motor fuel sample.**

11 A person who refuses to allow the taking of a motor fuel sample is subject to a civil penalty
12 of ~~one two~~ thousand dollars ~~(\$1,000)~~ (\$2,000). The penalty is payable to the agency that assessed
13 the penalty. If the refusal is for a sample to be taken from a vehicle, the penalty is payable by the
14 person in whose name the vehicle is registered. If the refusal is for a sample to be taken from any
15 other storage tank or container, the penalty is payable by the owner of the container."
16

17 **PART XXXIV. SECRETARY OF STATE**

18
19 **EVALUATION FUNDS FOR RURAL RESOURCES FOR INVESTORS, START-UPS,**
20 **AND ENTREPRENEURS**

21 **SECTION 34.1.** The Department of the Secretary of State shall use a portion of
22 funds provided for Rural Resources for Investors, Start-Ups, and Entrepreneurs NC to conduct a
23 program evaluation. The department may consult with the Office of State Budget and
24 Management for assistance on how to develop a plan for evaluation, including how to register a
25 pre-analysis plan. The department shall report annually to OSBM and the Fiscal Research
26 Division on the progress of the evaluation and, when completed, make the pre-analysis plan and
27 final evaluation report publicly available.
28

29 **PART XXXV. STATE HUMAN RESOURCES [RESERVED]**

30
31 **PART XXXVI. TREASURER [RESERVED]**

32
33 **PART XXXVII. GENERAL GOVERNMENT [RESERVED]**

34
35 **PART XXXVIII. INFORMATION TECHNOLOGY [RESERVED]**

36
37 **PART XXXIX. SALARIES AND BENEFITS**

38
39 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING**
40 **ADJUSTMENT/ LEGISLATIVE SALARY INCREASES**

41 **SECTION 39.1.(a)** Effective July 1, 2023, except as provided by subsection (c) of
42 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
43 Resources Act or as otherwise authorized in this act and (ii) who is employed in a State-funded
44 position on June 30, 2023, is awarded a compensation adjustment as follows:

- 45 (1) Five percent (5%) effective July 1, 2023.
46 (2) As otherwise allowed or provided by law.

47 **SECTION 39.1.(a1)** Except as provided by subsection (c) of this section, a person
48 (i) whose salary is set by this part, pursuant to the North Carolina Human Resources Act or as
49 otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30,
50 2024, is awarded a cost-of-living adjustment as follows:

- 51 (1) Three percent (3%) effective July 1, 2024.

1 (2) As otherwise allowed or provided by law.

2 **SECTION 39.1.(b)** For the 2023-25 fiscal biennium, the following persons are not
3 eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this
4 section:

- 5 (1) Employees of local boards of education.
- 6 (2) Local community college employees.
- 7 (3) Employees of The University of North Carolina
- 8 (4) Clerks of superior court compensated under G.S. 7A-101.
- 9 (5) Correctional employees to which Section 39.18 of this Part applies.
- 10 (6) Law enforcement officers to which Section 39.19.(a) of this Part applies.
- 11 (7) Probation and parole officers to which Section 39.20.(a) of this Part applies.
- 12 (8) Employees of schools operated by the Department of Health and Human
13 Services, the Department of Public Safety, and the State Board of Education
14 who are paid based on the Teacher Salary Schedule.

15 **SECTION 39.1.(c)** Permanent part-time employees shall receive the increase
16 authorized by this section on a prorated and equitable basis.

17 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from
18 receiving the full salary increase provided in this section solely because the employee's salary
19 after applying the legislative increase is above the maximum of the salary range prescribed by
20 the State Human Resources Commission.

21 **RECEIPT-SUPPORTED COST-OF-LIVING ADJUSTMENT RESERVE**

22 **SECTION 39.2.** State Agencies are authorized to use the funding allotted to them
23 from the Receipt-Supported Cost-of-Living Adjustment Reserve to fundshift a limited number
24 of receipt-supported positions in the General Fund to net appropriation funding.
25

26 **ADDITIONAL VACATION DAYS FOR STATE EMPLOYEES**

27 **SECTION 39.3.** The Commission shall increase number of annual vacation leave
28 credits provided to employees subject to the State Human Resources Act who are full-time or
29 over half-time and have a permanent, trainee, time-limited or probationary appointment and who
30 are in pay status for one-half of the regularly scheduled workdays and holidays in a pay period
31 shall be increased to the following amounts:
32

<u>Years of Total Service</u>	<u>Days Granted Each Year</u>
33 Less than 1 year	15
34 1 but less than 5 years	17
35 5 but less than 10 years	20
36 10 but less than 15 years	22
37 15 but less than 20 years	24
38 20 or more years	26

39 **RETENTION PAY FOR STATE EMPLOYEES**

40 **SECTION 39.4.(a)** All references to “longevity” pay in Chapter 126 of the General
41 Statute shall be replaced with “retention” pay.
42

43 **SECTION 39.4.(b)** The amount of retention pay provided to employees who are
44 full-time or over half-time and have a permanent, time-limited or probationary appointment and
45 who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay
46 period shall be increased to the following amounts:
47

<u>Years of Total Service</u>	<u>Retention Pay Percentage</u>
48 2 but less than 5 years	1.0%
49 5 but less than 10 years	1.5%
50 10 but less than 15 years	2.0%

1	15 but less than 20 years	2.5%
2	20 but less than 25 years	3.5%
3	25 or more years	4.5%

4
5 **ENHANCED LABOR MARKET ADJUSTMENT RESERVE**

6 **SECTION 39.5.(a)** Of the Enhanced Labor Market Adjustment Salary Reserve funds
7 appropriated in this Act, agencies shall award salary adjustments to identified employees
8 pursuant to the following requirements:

- 9 (1) Any increase provided to an employee shall not exceed the greater of fifteen
10 thousand dollars (\$15,000) or fifteen percent (15%) of their current base salary.
11 (2) Any increase provided to an employee may not result in the employee's salary
12 exceeding the maximum salary of the salary range associated with the position.
13 (3) No more than fifty percent (50%) of the agency's permanent employees may
14 receive a salary increase from the funds appropriated for this purpose.
15 (4) Funds may not be awarded to employees in positions with salaries set in law or
16 paid based on an experience-based salary schedule that is eligible to receive
17 funding from the Pay Plan Reserve.

18 **SECTION 39.5.(b)** Notwithstanding G.S. 143C-6-6(b), agencies may use Enhanced
19 Labor Market Adjustment Reserve funds to award salary adjustments to any General Fund
20 employee regardless of the proportionate part of the employee's current salary supported by net
21 appropriation or receipts.

22 **SECTION 39.5.(c)** Funds may not be awarded to employees in positions with salaries
23 set in law or paid on an experience-based salary schedule that is eligible to receive funding from
24 the Pay Plan Reserve.

25 **SECTION 39.5.(d)** The Office of State Human Resources (OSHR) shall compile a
26 single report detailing how these funds were distributed by each agency. The OSHR shall develop
27 a uniform reporting mechanism for agencies that displays the salary increases made for each
28 position classification, the average increase provided to employees in each position classification,
29 and the market-based justification for the awarded salary increases. Agencies receiving Labor
30 Market Adjustment Salary Reserve appropriations shall report to the OSHR by January 30, 2024.
31 By February 30, 2024, the OSHR shall submit the report containing the agency responses to the
32 Fiscal Research Division.

33
34 **RETENTION BONUS AWARDED FOR FISCAL YEAR**

35 **SECTION 39.6.(a)** Any person (i) whose salary is set by this act in Part 7A or this
36 Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act
37 and (ii) who is continuously employed by the State or a public school unit from July 1, 2023 to
38 October 31, 2023 shall be awarded a retention bonus for the 2023-24 fiscal year in the amount of
39 five hundred dollars (\$500.00), payable during the month of November 2023. For otherwise
40 eligible local education employees, eligibility for the bonus shall be measured beginning not on
41 July 1, 2023, but on the first day when staff report for the 2023-2024 school year.

42 **SECTION 39.6.(b)** Any person (i) whose salary is set by this act in Part 7A or this
43 Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act
44 and (ii) who is continuously employed by the State or a public school unit from November 1,
45 2023, to March 31, 2024, shall be awarded an additional retention bonus for the 2023-24 fiscal
46 year in the amount of five hundred dollars (\$500.00), payable during the month of April 2024.

47 **SECTION 39.6.(c)** Employers of State employees and local education employees
48 shall provide an additional retention bonus of two hundred and fifty dollars (\$250.00), payable
49 during the month of November 2023, to all permanent full-time State employees and local
50 education employees who are continuously employed by the State or a public school unit from

1 July 1, 2023, to October 31, 2023, and who earns an annual salary that does not exceed
2 seventy-five thousand dollars (\$75,000).

3 **SECTION 39.6.(d)** Employers of State employees and local education employees
4 shall provide an additional retention bonus of two hundred and fifty dollars (\$250.00), payable
5 during the month of April 2024, to all permanent full-time State employees and local education
6 employees who are employed by the State or a public school unit from November 1, 2023, to
7 March 31, 2024, and who earn an annual salary that does not exceed seventy-five thousand
8 dollars (\$75,000).

9 **SECTION 39.6.(e)** Notwithstanding Subsection (d) of Section 39.24, any funds
10 appropriated for retention bonuses in excess of the amounts required to implement the bonuses
11 shall revert and not be credited to the Pay Plan Reserve.

12 **SECTION 39.6.(f)** Notwithstanding G.S. 135-1(7a), the compensation bonuses
13 awarded by this section is not compensation under Article 1 of Chapter 135 of the General
14 Statutes, the Teachers' and State Employees' Retirement System.

15 **SECTION 39.6.(g)** The compensation bonuses awarded by this section are not part
16 of annual salary and shall be paid out separately. The compensation bonus shall be awarded to
17 eligible permanent employees without regard to an employee's placement within the salary range,
18 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
19 rata for permanent part-time employees.

20 **GOVERNOR AND COUNCIL OF STATE**

21 **SECTION 39.7.(a)** The salary of the Governor, as provided by G.S. 147-11(a), shall
22 remain unchanged.

23 **SECTION 39.7.(b)** The annual salaries for members of the Council of State, payable
24 monthly, for the 2023-25 fiscal biennium are as follows:
25

26	<u>Council of State</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
27	Lieutenant Governor	\$153,742	\$158,354
28	Attorney General	153,742	158,354
29	Secretary of State	153,742	158,354
30	State Treasurer	153,742	158,354
31	State Auditor	153,742	158,354
32	Superintendent of Public Instruction	153,742	158,354
33	Agriculture Commissioner	153,742	158,354
34	Insurance Commissioner	153,742	158,354
35	Labor Commissioner	153,742	158,354

36 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

37 **SECTION 39.8.(a)** The annual salaries, payable monthly, for the following
38 executive branch officials for the 2023-25 fiscal biennium are as follows:
39

40	<u>Executive Branch Officials</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
41	Chairman, Alcoholic Beverage		
42	Control Commission	\$138,057	\$142,199
43	State Controller	192,238	198,005
44	Commissioner of Banks	154,947	159,595
45	Chair, Board of Review, Division		
46	of Employment Security	151,986	156,546
47	Members, Board of Review,		
48	Division of Employment Security	150,129	154,633
49	Chairman, Parole Commission	151,986	156,546

1	Full-Time Members of the Parole Commission	140,527	144,743
2	Chairman, Utilities Commission	172,287	177,456
3	Members of the Utilities Commission	154,947	159,595
4	Executive Director, North Carolina		
5	Agricultural Finance Authority	134,446	138,479

6
7 **JUDICIAL BRANCH**

8 **SECTION 39.9.(a)** The annual salaries, payable monthly, for the following judicial
9 branch officials for the 2023-25 fiscal biennium are as follows:

11	<u>Judicial Branch Officials</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
12	Chief Justice, Supreme Court	\$180,892	\$186,319
13	Associate Justice, Supreme Court	176,197	181,483
14	Chief Judge, Court of Appeals	173,411	178,613
15	Judge, Court of Appeals	168,909	173,976
16	Judge, Senior Regular Resident Superior Court	164,351	169,282
17	Judge, Superior Court	159,797	164,591
18	Chief Judge, District Court	145,221	149,578
19	Judge, District Court	140,665	144,885
20	Chief Administrative Law Judge	141,871	146,127
21	District Attorney	154,499	159,134
22	Assistant Administrative Officer of the Courts	148,810	153,274
23	Public Defender	154,531	159,167
24	Director of Indigent Defense Services	159,268	164,046

25 **SECTION 39.9.(b)** The district attorney or public defender of a judicial district, with
26 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
27 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
28 defenders, respectively, in that district such that the average salaries of assistant district attorneys
29 or assistant public defenders in that district, for the 2023-24 fiscal year, do not exceed ninety-
30 two thousand eight hundred ninety-one dollars (\$92,891) and the minimum salary of any assistant
31 district attorney or assistant public defender is at least forty-nine thousand eight hundred fifty-
32 six dollars (\$49,856), effective July 1, 2023.

33 **SECTION 39.9.(c)** The district attorney or public defender of a judicial district, with
34 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
35 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
36 defenders, respectively, in that district such that the average salaries of assistant district attorneys
37 or assistant public defenders in that district, for the 2024-25 fiscal year, do not exceed ninety-
38 five thousand six hundred seventy-eight dollars (\$95,678) and the minimum salary of any
39 assistant district attorney or assistant public defender is at least fifty-one thousand three hundred
40 fifty-two dollars (\$51,352), effective July 1, 2024.

41
42 **CLERKS OF SUPERIOR COURT**

43 **SECTION 39.10.(a)** Effective July 1, 2023, G.S. 7A-101(a) reads as rewritten:

44 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
45 annual salary, payable in equal monthly installments, based on the number of State-funded
46 assistant and deputy clerks of court as determined by the Administrative Office of Court's
47 workload formula, according to the following schedule:

48	<u>Assistants and Deputies</u>	<u>Annual Salary</u>
49	0-19	\$104,300 <u>\$109,515</u>
50	20-29	115,280 <u>121,044</u>
51	30-49	126,259 <u>132,572</u>

The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

<u>Step Level</u>	<u>Annual Salary</u>
Entry Rate	\$43,462 \$46,287
Step 1	46,67049,704
Step 2	50,13153,390
Step 3	53,79557,292
Step 4	58,18661,968
Step 5	63,47367,599
Step 6	69,40173,912."

SECTION 39.12.(b) Effective July 1, 2024, G.S. 7A-171.1, as amended by subsection (a) of this section, reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

<u>Step Level</u>	<u>Annual Salary</u>
Entry Rate	\$46,287 \$47,676
Step 1	49,70451,195
Step 2	53,39054,992
Step 3	57,29259,011
Step 4	61,96863,827
Step 5	67,59969,627
Step 6	73,91276,129."

LEGISLATIVE EMPLOYEES

SECTION 39.13.(a) Effective July 1, 2023, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2019, shall be legislatively increased by five percent (5%).

SECTION 39.13.(b) Effective July 1, 2024, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2020, shall be legislatively increased by three percent (3%).

SECTION 39.13.(c) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.14.(a) Effective July 1, 2023, G.S. 120-37(c) reads as rewritten:

1 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
2 to other benefits available to permanent legislative employees and shall be paid an annual salary
3 of ~~one hundred twenty-five thousand thirty-four dollars (\$125,034)~~, one hundred thirty-three
4 thousand one hundred sixty-one dollars (\$133,161), payable monthly. Each principal clerk shall
5 also receive such additional compensation as approved by the Speaker of the House of
6 Representatives or the President Pro Tempore of the Senate, respectively, for additional
7 employment duties beyond those provided by the rules of their House. The Legislative Services
8 Commission shall review the salary of the principal clerks prior to submission of the proposed
9 operating budget of the General Assembly to the Governor and shall make appropriate
10 recommendations for changes in those salaries. Any changes enacted by the General Assembly
11 shall be by amendment to this paragraph."

12 **SECTION 39.14.(b)** Effective July 1, 2024, G.S. 120-37(c), as amended by
13 subsection (a) of this section, reads as rewritten:

14 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
15 to other benefits available to permanent legislative employees and shall be paid an annual salary
16 of ~~one hundred thirty-three thousand one hundred sixty-one dollars (\$133,161)~~, one hundred
17 thirty-six thousand nine hundred twelve dollars (\$137,156), payable monthly. Each principal
18 clerk shall also receive such additional compensation as approved by the Speaker of the House
19 of Representatives or the President Pro Tempore of the Senate, respectively, for additional
20 employment duties beyond those provided by the rules of their House. The Legislative Services
21 Commission shall review the salary of the principal clerks prior to submission of the proposed
22 operating budget of the General Assembly to the Governor and shall make appropriate
23 recommendations for changes in those salaries. Any changes enacted by the General Assembly
24 shall be by amendment to this paragraph."
25

26 **SERGEANTS-AT-ARMS AND READING CLERKS**

27 **SECTION 39.15.(a)** Effective July 1, 2023, G.S. 120-37(b) reads as rewritten:

28 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~
29 ~~hundred ninety-three dollars (\$493)~~ five hundred twenty-five dollars (\$525.00) per week plus
30 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
31 at the rate provided for members of the General Assembly for one round trip only from their
32 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General
33 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
34 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
35 shall serve during sessions only."

36 **SECTION 39.15.(b)** Effective July 1, 2024, G.S. 120-37(b), as amended by
37 subsection (a) of this section, reads as rewritten:

38 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~five~~
39 ~~hundred twenty-five dollars (\$525.00)~~ five hundred forty dollars (\$541.00) per week plus
40 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
41 at the rate provided for members of the General Assembly for one round trip only from their
42 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General
43 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
44 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
45 shall serve during sessions only."
46

47 **COMMUNITY COLLEGES**

48 **SECTION 39.16.(a)** Community college personnel shall receive the following cost-
49 of-living adjustments:

(1) Effective July 1, 2023, 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 five percent (5%).

(2) Effective July 1, 2024, 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 three percent (3%).

SECTION 39.16.(b) The minimum salaries for nine-month, fulltime curriculum community college faculty for the 2023-25 fiscal biennium are as follows:

<u>Education Level</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Vocational Diploma/Certificate or Less	\$42,267	\$43,535
Associate Degree or Equivalent	42,855	44,141
Bachelor's Degree	45,404	46,766
Master's Degree or Education Specialist	47,667	49,097
Doctoral Degree	50,928	52,456

SECTION 39.16.(c) No full-time faculty member shall earn less than the minimum salary for his or her 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 SYSTEM

SECTION 39.17.(a) Effective for the 2023-25 fiscal biennium, the annual salaries of University of North Carolina SHRA employees shall be increased as provided by Section 39.1 of this act.

SECTION 39.17.(b) For the 2023-25 fiscal biennium, the Board of Governors of The University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.

SECTION 39.17.(c) The Board of Governors of The University of North Carolina shall make a report on the use of compensation increase and bonus funds to the General Assembly by no later than March 1 of each year of the biennium.

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 39.18.(a) The following annual salary schedule applies under subsection (a) of this section for the 2023-25 fiscal biennium, effective for each year on July 1, 2023, and July 1, 2024, respectively:

Experience	FY 2023-24			FY 2024-25		
	COI	COII	COIII	COI	COII	COIII
0	\$36,871	\$38,084	\$40,731	\$37,977	\$39,227	\$41,953
1	\$39,452	\$40,750	\$43,582	\$40,636	\$41,973	\$44,889
2	\$41,819	\$43,238	\$46,198	\$43,074	\$44,535	\$47,584
3	\$43,910	\$45,355	\$48,508	\$45,227	\$46,716	\$49,963
4	\$45,666	\$47,169	\$50,448	\$47,036	\$48,584	\$51,961
5	\$47,037	\$48,583	\$51,961	\$48,448	\$50,040	\$53,520
6+	\$47,977	\$49,556	\$53,001	\$49,416	\$51,043	\$54,591

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.19.(a) Law enforcement officers of the State Highway Patrol, Alcohol Law Enforcement, and the State Bureau of Investigation compensated pursuant to an experience-

1 based salary schedule shall be compensated based on the officer's respective work experience
2 pursuant to the salary schedule in subsection (b) of this section.

3 **SECTION 39.19.(b)** The following annual salary schedule applies under subsection
4 (a) of this section for the 2023-25 fiscal biennium, effective July 1, 2023, and July 1, 2024, for
5 each respective fiscal year:

6	7	8	9
	Years of Experience	FY 2023-24	FY 2024-25
8	0	52,735	54,317
9	1	56,163	57,848
10	2	59,814	61,608
11	3	63,702	65,613
12	4	67,843	69,878
13	5	72,253	74,421
14	6+	76,949	79,257

15
16 **PROBATION AND PAROLE OFFICER SALARY SCHEDULE**

17 **SECTION 39.20.(a)** Probation and parole officers shall be compensated pursuant to
18 the experience-based salary schedule based on the officer's respective work experience, as
19 established in subsection (b) of this section.

20 **SECTION 39.20.(b)** The following annual salary schedule applies under subsection
21 (a) of this section for the 2023-25 fiscal biennium, effective July 1, 2023, and July 1, 2024, for
22 each respective fiscal year:

23	24	25	26
	Years of Experience	FY 2023-24	FY 2024-25
25	0	44,517	45,853
26	1	47,411	48,833
27	2	50,493	52,008
28	3	53,775	55,388
29	4	57,270	58,988
30	5	60,993	62,823
31	6+	64,958	66,907

32
33 **STATE AGENCY TEACHERS**

34 **SECTION 39.21.(a)** Employees of schools operated by the Department of Health
35 and Human Services, the Department of Public Safety, and the State Board of Education who are
36 paid on the Teacher Salary Schedule shall be paid as authorized by Section 8.1 of this act.

37 **SECTION 39.21.(b)** Employees of the School of Science and Mathematics of The
38 University of North Carolina who are paid pursuant to a salary schedule adopted by the North
39 Carolina School of Science and Math Board of Trustees shall be paid in accordance with the
40 schedule adopted by the Board.

41
42 **ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF COST-
43 OF-LIVING ADJUSTMENTS**

44 **SECTION 39.22.(a)** The cost-of-living adjustments authorized by this act:

- 45 (1) For the 2023-2024 fiscal year, shall be paid effective on July 1, 2023, and do not
46 apply to persons separated from service due to resignation, dismissal, reduction
47 in force, death, or retirement or whose last workday is prior to June 30, 2023.
48 (2) For the 2024-25 fiscal year, shall be paid effective on July 1, 2024, and do not
49 apply to persons separated from service due to resignation, dismissal, reduction
50 in force, death, or retirement or whose last workday is prior to June 30, 2024.

1 **SECTION 39.22.(b)** The Director of the Budget is granted flexibility to administer
2 the compensation increases enacted by this act.

3 **SECTION 39.22.(c)** The State employer contribution rates enacted by this act for
4 retirement and related benefits may be deemed by the Director of the Budget for administrative
5 purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the
6 collection and reconciliation of salary-related contributions as required by law, provided the
7 estimated amount contributed to any affected employee benefit trust equals the amount that
8 would have been contributed to the employee benefit trust if the enacted employer contribution
9 rates had been effective on July 1 of the applicable fiscal year.

10 **SECTION 39.22.(d)** This section applies to all employees paid from State funds,
11 whether or not subject to or exempt from the North Carolina Human Resources Act, including
12 employees of public schools, community colleges, and The University of North Carolina.
13

14 **MOST STATE EMPLOYEES**

15 **SECTION 39.23.(a)** Unless otherwise expressly provided by this part, the annual
16 salaries in effect for the following persons on June 30, 2023, and June 30, 2024 shall be
17 legislatively increased as provided by Section 39.1 of this act:

- 18 (1) Permanent, full-time State officials and persons whose salaries are set in
19 accordance with the State Human Resources Act.
- 20 (2) Permanent, full-time State officials and persons in positions exempt from the
21 State Human Resources Act.
- 22 (3) Permanent, part-time State employees.
- 23 (4) Temporary and permanent hourly State employees.
24

25 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING ADJUSTMENT/BENEFIT** 26 **INCREASES**

27 **SECTION 39.24.(a)** The Office of State Budget and Management shall ensure that
28 the appropriations made in this act for cost-of-living adjustments and employee benefits are used
29 only for these purposes

30 **SECTION 39.24.(b)** If the Director of the Budget determines that funds appropriated
31 to a State agency for mandated salary increases and employee benefits exceed the amount
32 required by that agency for those purposes, the Director may reallocate those funds to other State
33 agencies that received insufficient funds for required cost-of-living and benefit increases.

34 **SECTION 39.24.(c)** Funds appropriated for cost-of-living adjustments and
35 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
36 or to provide salary increases in excess of those required by the General Assembly except to
37 increase the budgeted salary of any position to the minimum of the position's salary range and to
38 meet retention pay needs.

39 **SECTION 39.24.(d)** Any funds appropriated for cost-of-living adjustment and
40 employee benefit increases in excess of the amounts required to implement the increases pursuant
41 to subsection (c) of this section shall be credited to the Pay Plan Reserve.

42 **SECTION 39.24.(e)** No later than March 1 of each year of the biennium, the Office
43 of State Budget and Management shall report to the Joint Legislative Commission on
44 Governmental Operations on the expenditure of funds for legislatively mandated salary increases
45 and employee benefits. This report shall include at least the following information for each State
46 agency:

- 47 (1) The total amount of funds that the agency received for legislatively mandated
48 salary increases and employee benefits.
- 49 (2) The total amount of funds transferred from the agency to other State agencies
50 pursuant to subsection (b) of this section. This section of the report shall
51 identify the amounts transferred to each recipient State agency.

- (3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
- (4) The amount of funds used pursuant to subsection (c) of this section.

MITIGATE BONUS LEAVE

SECTION 39.25. During the 2023-25 fiscal biennium, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

- (1) Employee participation in the program must be voluntary.
- (2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.
- (3) By September 1, 2024 and September 1, 2025, a report on the demographic information shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

SALARY-RELATED CONTRIBUTIONS

SECTION 39.26.(a) Effective July 1, 2023, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2023-24 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:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	17.26%	17.26%	6.84%	37.26%	22.05%
Disability	0.11%	0.11%	0.11%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.12%	7.12%	7.12%	7.12%	7.12%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	24.62%	29.62%	14.07%	44.38%	29.17%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.26.(b) Effective July 1, 2024, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-25 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:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	17.61%	17.61%	6.84%	37.26%	22.05%
Disability	0.11%	0.11%	0.11%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.30%	7.30%	7.30%	7.30%	7.30%

1	NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
2						
3	Total Contribution					
4	Rate	24.51%	29.51%	14.25%	44.56%	29.35%

5 The rate for teachers and State employees and State law enforcement officers includes
6 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

7 **SECTION 39.26.(c)** Effective July 1, 2023, the maximum annual employer
8 contributions, payable monthly, by the State to the North Carolina State Health Plan for Teachers
9 and State Employees for each covered employee and the average covered retiree are as follows:

- 10 (1) For employees, seven thousand six hundred nineteen dollars (\$7,619)
- 11 (2) For retirees, five thousand four hundred ninety-eight dollars (\$5,498). In applying
12 this subdivision, the annual employer contribution for the average retiree shall be
13 calculated assuming the retiree enrollment counts remain at the April 2023 level
14 throughout the 2023-2024 fiscal year.

15 **SECTION 39.26.(d)** Effective July 1, 2024, the maximum annual employer
16 contributions, payable monthly, by the State to the North Carolina State Health Plan for Teachers
17 and State Employees for each covered employee and the average covered retiree are as follows:

- 18 (1) For employees, eight thousand one hundred fifty-three dollars (\$8,153).
- 19 (2) For retirees, five thousand six hundred forty-one dollars (\$5,641). In applying this
20 subdivision, the annual employer contribution for the average retiree shall be
21 calculated assuming the retiree enrollment counts remain at the April 2024 level
22 throughout the 2024-25 fiscal year.

23
24 **COMPENSATION EQUITY FOR STATEWIDE PUBLIC DEFENDERS**

25 **SECTION 39.27.** G.S. 135-53 reads as rewritten:

26 "(14a) "Public defender" means a public defender provided for in G.S. 7A-498.7, the
27 appellate defender provided for in G.S. 7A-498.8, the capital defender, ~~and~~ the juvenile defender,
28 the parent defender, and chief special counsel. "
29

30 **RETIREE CONTRIBUTORY DEATH BENEFIT PLAN**

31 **SECTION 39.28.** G.S. 147-69.2(b)(8) reads as rewritten:

32 "(8) With respect to assets of the Teachers' and State Employees' Retirement
33 System, the Consolidated Judicial Retirement System, the Firefighters' and
34 Rescue Workers' Pension Fund, the Local Governmental Employees'
35 Retirement System, the Legislative Retirement System, the North Carolina
36 National Guard Pension Fund, the Registers of Deeds' Supplemental Pension
37 Fund, the North Carolina Teachers' and State Employees' Benefit Trust, and
38 the Retiree Health Benefit Fund (hereinafter referred to collectively as the
39 Retirement Systems), they may be invested in a strategy composed primarily
40 of equity securities traded on a public securities exchange or market organized
41 and regulated pursuant to the laws of the jurisdiction of the exchange or
42 market and issued by any company incorporated or otherwise created or
43 located within or outside the United States as long as the investments meet the
44 conditions of this subdivision. The investments authorized for the Retirement
45 Systems under this subdivision are subject to the following limitations:

46 ..."
47

48 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'**
49 **AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED**
50 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT**
51 **SYSTEM**

1 **SECTION 39.29.(a)** G.S. 135-5 is amended by adding new subsections to read:

2 "(zzz) From and after July 1, 2023, the retirement allowance to or on account of beneficiaries
3 whose retirement commenced on or before July 1, 2022, shall be increased by two percent (2%) of
4 the allowance payable on June 1, 2023, in accordance with G.S. 135-5(o). Furthermore, from and
5 after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement
6 commenced after July 1, 2022, but before June 30, 2023, shall be increased by a prorated amount of
7 one percent (2%) of the allowance payable as determined by the Board of Trustees based upon the
8 number of months that a retirement allowance was paid between July 1, 2022, and June 30, 2023.

9 (aaaa) After September 1, 2023, but on or before October 31, 2023, a onetime cost of living
10 supplement payment shall be made to or on account of beneficiaries who are living as of September
11 1, 2023, and whose retirement commenced on or before September 1, 2023. The payment shall be
12 two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2023,
13 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the
14 payment is made, then the payment shall be payable to the member's legal representative. No
15 beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

16 (bbbb) After September 1, 2024, but on or before October 31, 2024, a one-time cost -of -living
17 supplement payment shall be made to or on account of beneficiaries who are living as of September
18 1, 2024, and whose retirement commenced on or before September 1, 2024. The payment shall be
19 one percent (1%) of the beneficiary's annual retirement allowance payable as of September 1, 2024,
20 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the
21 payment is made, then the payment shall be payable to the member's legal representative. No
22 beneficiary shall be deemed to have acquired a vested right to any future supplemental payments"

23 **SECTION 39.29.(b)** G.S. 135-65 is amended by adding a new subsection to read:

24 "(kk) From and after July 1, 2023, the retirement allowance to or on account of beneficiaries
25 whose retirement commenced on or before July 1, 2022, shall be increased by two percent (2%) of
26 the allowance payable on June 1, 2023, in accordance with G.S. 135-5(o). Furthermore, from and
27 after July 1, 2023, the retirement allowance to or on account of beneficiaries whose retirement
28 commenced after July 1, 2022, but before June 30, 2023, shall be increased by a prorated amount of
29 one percent (2%) of the allowance payable as determined by the Board of Trustees based upon the
30 number of months that a retirement allowance was paid between July 1, 2022, and June 30, 2023.

31 (ll) After September 1, 2023, but on or before October 31, 2023, a onetime cost of living
32 supplement payment shall be made to or on account of beneficiaries who are living as of September
33 1, 2023, and whose retirement commenced on or before September 1, 2023. The payment shall be
34 two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2023,
35 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the
36 payment is made, then the payment shall be payable to the member's legal representative. No
37 beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

38 (mm) After September 1, 2024, but on or before October 31, 2024, a onetime cost of living
39 supplement payment shall be made to or on account of beneficiaries who are living as of September
40 1, 2024, and whose retirement commenced on or before September 1, 2024. The payment shall be
41 one percent (1%) of the beneficiary's annual retirement allowance payable as of September 1, 2024,
42 and shall not be prorated for date of retirement commencement. If the beneficiary dies before the
43 payment is made, then the payment shall be payable to the member's legal representative. No
44 beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

45 **SECTION 39.29.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

46 "(ee) In accordance with subsection (a) of this section, from and after July 1, 2023, the
47 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
48 January 1, 2023, shall be increased by two percent (2%) of the allowance payable on June 1, 2023.
49 Furthermore, from and after July 1, 2023, the retirement allowance to or on account of beneficiaries
50 whose retirement commenced after January 1, 2023, but before June 30, 2023, shall be increased by
51 a prorated amount of two percent (2%) of the allowance payable as determined by the Board of
52 Trustees based upon the number of months that a retirement allowance was paid between January 1,
53 2023, and June 30, 2023.

(ff) In accordance with subsection (a) of this section, after September 1, 2023, but on or before October 31, 2023, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2023, and whose retirement commenced on or before September 1, 2023. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2023, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

(gg) In accordance with subsection (a) of this section, after September 1, 2024, but on or before October 31, 2024, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2024, and whose retirement commenced on or before September 1, 2024. The payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as of September 1, 2024, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

PART XL. CAPITAL

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 40.1. The appropriations made by the 2023 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS / STATE CAPITAL AND INFRASTRUCTURE FUND

SECTION 40.2.(a) This subsection authorizes the capital projects listed in the Committee Report, and appropriates funding from the State Capital and Infrastructure Fund to the Office of State Budget and Management for the 2023-25 fiscal biennium based upon projected cash flow needs for the authorized projects. The amounts authorized in this subsection represent the maximum amounts of funding from the State Capital and Infrastructure Fund that may be expended on each project. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed.

SECTION 40.2.(b) The funds in the State Capital and Infrastructure Fund allocated in the Committee Report for Community College Capital Allocations (but not High-Demand Workforce Capital Funds) should be distributed for the purposes and according to the schedule set out in S.L. 2021-180, Section 40.1.(e).

EXPENDITURE OF FUNDS ONLY AFTER ALLOTMENTS APPROVED

SECTION 40.3.(a) The appropriations made by the 2023 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects, including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

SECTION 40.3.(b) Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment

1 shall not be subject to transfer into construction accounts except as authorized by the Director of
 2 the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be
 3 reviewed and approved by the Director of the Budget prior to commitment of funds.

4 **SECTION 40.3.(c)** Capital improvement projects authorized by the 2023 General
 5 Assembly shall be completed, including fixed and movable equipment and furnishings, within
 6 the limits of the amounts of the direct or self-liquidating appropriations provided, except as
 7 otherwise provided in this act. Capital improvement projects authorized by the 2023 General
 8 Assembly for the design phase only shall be designed within the scope of the project as defined
 9 by the approved cost estimate filed with the Director of the Budget, including costs associated
 10 with site preparation, demolition, and movable and fixed equipment.

11
 12 **COMBINE OSBM FLEX FUNDS / CAPITAL PROJECT INFLATION RESERVE INTO**
 13 **SINGLE CAPITAL PROJECTS INFLATION ADJUSTMENTS FUND**

14 **SECTION 40.4.(a)** A new Capital Projects Inflation Adjustments Fund (CPIAF) is
 15 established in the State Capital and Infrastructure Fund. There is transferred into the CPIAF the
 16 two hundred and fifty million dollars (\$250,000,000) in the Capital Project Inflation Reserve
 17 authorized but not appropriated in S.L. 2022-74, Section 40.7.

18 **SECTION 40.4.(b)** There is appropriated from the State Capital and Infrastructure
 19 Fund to the CPIAF fifty million dollars (\$50,000,000) in FY 2023-24 and twenty-five million
 20 dollars (\$25,000,000), as anticipated in S.L. 2021-180, Section 40.2. These funds are allocated
 21 to the Office of State Budget and Management to supplement funds allocated to other state
 22 agency projects up to ten per cent (10%) of the authorized amount for those projects.

23 **SECTION 40.4.(c)** Of the funding transferred to the CPIAF in Section 40.4.(a), fifty-
 24 nine million four hundred ninety thousand (\$59,490,000) is appropriated for the 2023-25
 25 biennium to fund inflation adjustments for projects funded in the 2021-23 biennium as follows:

Name of Project	2023-2024	2024-2025
(1) Appalachian State University – Wey Hall	\$2,000,000	\$2,000,000
(2) Appalachian State University – Duncan Hall	\$3,000,000	\$3,000,000
(3) UNC Chapel Hill – Nursing School	\$8,550,000	\$10,450,000
(4) UNC Greensboro – Jackson Library	\$1,710,000	\$5,985,000
(5) UNC Greensboro – Campus Chilled Water projects	–	\$3,403,000
(6) Community Colleges – Various Projects	\$5,000,000	\$5,000,000
(7) DACS – Region 1 Headquarters	–	\$3,350,000
(9) DACS – Tidewater Swine Research	–	\$3,400,000
(9) DPS – SHP TSU Building	–	\$519,000
(10) NCCAT – Professional Development Center Renovation	\$2,123,000	–
TOTAL	\$22,383,000	\$37,107,000

41
 42 **SECTION 40.4.(d)** The remaining one hundred ninety million five hundred ten
 43 thousand dollars (\$190,510,000) in the CPIAF is appropriated to the Office of State Budget and
 44 Management, to be used as follows:

- 45 1) No more than fifty million dollars (\$50,000,000) may be allocated in 2023-24 to
 46 both state agency and UNC system projects authorized in S.L. 2021-180 and S.L.
 47 2022-74, to address cost increases resulting from inflationary pressures, and
 48 where all reasonable efforts have been made to address those costs through
 49 redesign measures, from the reallocation of other resources, or from receipts. No
 50 more than twenty million dollars (\$20,000,000) may be allocated to a single
 51 project or to any one agency or UNC campus.

2) No more than fifty million dollars (\$50,000,000) may be allocated in 2024-25 to both state agency and UNC system projects authorized in S.L. 2021-180 and S.L. 2022-74, to address cost increases resulting from inflationary pressures, and where all reasonable efforts have been made to address those costs through redesign measures, from the reallocation of other resources, or from receipts. No more than twenty million dollars (\$20,000,000) may be allocated to a single project or to any one agency or UNC campus.

3) The remaining one hundred million, five hundred ten thousand dollars (\$100,510,000) is reserved for the 2025-27 biennium, and may only be allocated in future legislation.

SECTION 40.4.(e) The Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on Capital Improvements of the General Assembly every six months, starting on January 31, 2024, setting out the amount of funding allocated under Section 40.4.(d), the criteria under which projects funded were selected, and a list of the projects funded and amounts allocated.

SIX YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.5.(a) The following agency capital improvement projects have been assigned a project code for reference to intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Department of Agriculture and Consumer Services Improvements to the Raleigh State Farmer's Market	DACS23-1
Department of Environmental Quality Reedy Creek Addition	DEQ23-1
Department of Administration New Administration Office Building	DOA22-1
DOA Services Campus	DOA23-1
Water Resources Commission Setzer Hatchery Revision	WRC23-1
Department of Public Safety Samarcand Training Academy for Safer Schools	DPS23-1
State Highway Patrol Cadet Dormitory I	DPS23-2
Emergency Management Badin Warehouse Expansion	DPS23-3
SBI Logistics Building Phase I	DPS23-4
New 48-Bed Youth Detention Center	DPS23-5
State Highway Patrol TSP Building Supplemental (CPIAF-funded)	DPS23-6
Department of Natural and Cultural Resources NC Museum of History Renovations and Expansion	DNCR23-1
NC Zoo – New Aviary Exhibit Building	DNCR23-2
State Historic Sites – Three New Visitor Centers	DNCR23-3
NC Aquariums – Gallants Channel Animal Rescue Facility	DNCR23-4
Charlotte Hawkins Brown – Galen, Stone, Eliot and Reynolds Halls Reno	DNCR23-5

1	Department of Adult Correction	
2	Stun Fencing	DAC23-1
3	Facilities Management Office Renovation	DAC23-2
4	Arledge Building Modifications and Shop Building	DAC23-3
5	Storage Buildings	DAC23-4
6		
7	General Assembly	
8	Education Campus Project	NCGA21-3
9		
10	Office of State Budget and Management	
11	Capital Project Inflation Adjustment Fund	CPIAF
12		
13	The University of North Carolina	
14	Appalachian State University	
15	Hickory Campus	UNC/ASU22-1
16		
17	East Carolina University	
18	Leo Jenkins Building Comprehensive Renovation	UNC/ECU23-1
19		
20	Elizabeth City State University	
21	Infrastructure Repairs Phase III	UNC/ECSU23-1
22		
23	NC A&T State University	
24	Health and Human Sciences Building	UNC/A&T23-1
25		
26	NC State University	
27	Mann Hall Renovation Phase II	UNC/NCS23-1
28	Polk Hall Renovation Phase II	UNC/NCS23-2
29		
30	UNC Chapel Hill	
31	School of Law	UNC/CH23-1
32	Gardner Hall – Comprehensive Renovation	UNC/CH23-2
33		
34	UNC Charlotte	
35	Colvard Hall Comprehensive Renovation	UNC/CHA23-1
36		
37	UNC Greensboro	
38	Moore Building Renovation	UNC/GRE23-1
39		
40	UNC School of the Arts	
41	Stevens Center Renovation Phase II	UNC/SA23-1
42		
43	UNC Wilmington	
44	Cameron Hall Comprehensive Renovation / Expansion	UNC/WIL23-1
45		
46	Western Carolina University	
47	Replacement Engineering Building	UNC/WCU23-1
48		
49	Community Colleges, R&R, Leases, and Capital Personnel	
50	Community College Capital Allocations	CC21
51	UNC System Office Lease Funds	UNC/BOG21-1

1	UNC System Repairs and Renovations	UNC/R&R21
2	State Agency Repairs and Renovations	R&R21
3	Capital Personnel, Including State Construction	PERS23

4
5 **SECTION 40.5.(b)** It is the intent of the General Assembly to fund capital
6 improvement projects on a cash flow basis and to plan for future project funding based upon
7 projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall
8 be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to
9 appropriate funds for the projects listed in future years. The following schedule lists capital
10 improvement projects that began before or will begin during the 2023-25 biennium but will only
11 be completed in fiscal years outside of the 2023-25 fiscal biennium, and estimated amounts (in
12 thousands of dollars) needed for completion of those projects:
13

14	Project Code	FY23-24	FY2425	FY25-26	FY26-27	FY27-28	FY28-29
15	UNC/R&R21	200,000	200,000	200,000	200,000	200,000	200,000
16	R&R21	200,000	200,000	200,000	200,000	200,000	200,000
17	PERS23	3,000	3,000	3,000	3,000	3,000	3,000
18	CPIAF	100,000	75,000	50,510	50,000	—	—
19	DACS23 1	3,000	2,000	4,000	4,000	—	—
20	DEQ23 1	10,958	15,000	25,000	17,693	—	—
21	DOA22-1	—	—	80,000	52,000	—	—
22	DOA23-1	—	1,500	20,244	12,000	—	—
23	WRC23-1	8,000	6,000	6,000	—	—	—
24	DPS23 1	15,000	15,000	7,008	—	—	—
25	DPS23 2	3,706	11,070	11,070	—	—	—
26	DPS23 3	1,000	2,025	2,024	—	—	—
27	DPS23 4	2,029	5,928	5,927	—	—	—
28	DPS23 5	600	10,000	29,850	—	—	—
29	DPS23 6	—	519	3,227	—	—	—
30	DNCR23-1	25,000	—	25,000	25,000	25,000	—
31	DNCR23-2	3,000	3,000	30,000	24,000	—	—
32	DNCR23-3	2,000	7,722	7,000	—	—	—
33	DNCR23-4	—	1,000	6,500	—	—	—
34	DNCR23-5	—	3,000	8,500	8,000	—	—
35	DAC23-1	4,777	9,608	9,608	—	—	—
36	DAC23-2	1,331	3,411	3,411	—	—	—
37	DAC23-3	—	1,032	6,428	—	—	—
38	DAC23-4	—	449	2,439	600	—	—
39	NCGA21 3	38,000	101,000	40,000	—	—	—
40	UNC/ASU22-1	—	4,100	12,300	14,350	10,250	—
41	UNC/ECU23 1	—	1,890	—	5,670	11,340	—
42	UNC/ECSU23 1	—	2,000	8,000	10,000	—	—
43	UNC/A&T23 1	—	2,000	18,825	18,825	37,650	48,200
44	UNC/NCS23 1	6,000	6,000	18,000	—	—	—
45	UNC/NCS23 2	—	6,300	9,000	9,900	22,050	15,750
46	UNC/CH23 1	8,300	15,750	17,450	24,500	17,000	—
47	UNC/CH23 2	—	2,500	12,000	10,500	—	—
48	UNC/CHA23 1	—	4,500	15,750	15,000	9,750	—
49	UNC/GRE23 1	—	2,420	—	8,470	13,310	—
50	UNC/SA23 1	8,600	12,750	29,650	—	—	—
51	UNC/WIL23 1	10,263	10,000	9,770	10,018	—	—

1	UNC/WCU23	1	11,530	–	33,355	50,415	–	–
2	UNC/BOG21	1	3,750	3,750	3,750	–	–	–
3	CC21		100,000	100,000	100,000	100,000	100,000	100,000

4
5 **WATER RESOURCES DEVELOPMENT PROJECTS**

6 **SECTION 40.6.** The Department of Environmental Quality shall allocate funds for
7 water resources development projects in accordance with the schedule that follows. The amounts
8 set forth in the schedule include funds appropriated in this act for water resources development
9 projects and funds carried forward from previous fiscal years. These funds will provide a State
10 match for an estimated \$30,790,000 in federal funds.

11	12		2023-2024	2024-2025
13		Name of Project		
14	(1)	Holden Beach CSDR	\$750,000	–
15	(2)	Carolina Beach CSDM	\$911,667	–
16	(3)	Ocean Isle CSDM	\$27,784	–
17	(4)	WRD Grant Program–State & Local Projects	\$3,000,000	3,000,000
18	(5)	WRD Grant Program–EQIP Projects	\$2,000,000	–
19	(6)	Manteo Old House Channel	\$2,700,000	2,700,000
20	(7)	Dan River Regional Water Supply Project	\$107,667	–
21	(8)	Cape Fear River Basin Flood Mitigation	\$1,500,000	–
22		TOTALS	\$10,997,118	\$5,700,000

23
24 **NATIONAL GUARD PROJECTS**

25 **SECTION 40.7.(a)** The Department of Public Safety shall allocate the funds
26 appropriated for armory and facility development projects in the Committee Report in
27 accordance with the schedule that follows. These funds will provide a State match for federal
28 funds made available for this purpose.

30	31	Name of Project	Total Project Cost	2023-25
32	(1)	Winston-Salem FMS7 HAZMAT	\$1,112,832	\$278,208
33	(2)	Winston-Salem FMS7 Storage	\$1,000,000	\$250,000
34	(3)	Louisburg Readiness Center CIP	\$8,666,667	\$3,666,667
35				Total \$4,194,875

36
37 **SECTION 40.7.(b)** Subject to the limitations imposed by Section 40.2(a) of this act,
38 the Adjutant General of the National Guard may determine which projects listed in subsection
39 (a) of this section shall receive an allocation of State funds in each fiscal year of the biennium.

40 **SECTION 40.7.(c)** Where the actual costs are different from the estimated costs
41 under subsection (a) of this section, the Adjutant General of the National Guard may adjust the
42 allocations among projects as needed. However, State funds shall not be allocated to a project in
43 excess of the maximum amount of State funds authorized to be allocated to the project under
44 subsection (a) of this section. If any projects funded under subsection (a) of this section are
45 delayed and the budgeted State funds cannot be used during the 2023-24 fiscal year, or if the
46 projects funded under subsection (a) of this section are accomplished at a lower cost, the
47 Department may use the resulting fund availability to fund any of the following:

- 48 (1) Future project feasibility studies.
- 49 (2) Survey, testing, and permitting.
- 50 (3) Planning and execution for reversion of facilities no longer in use.
- 51 (4) Previously funded projects that have experienced a cost overrun.

1
2 **NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

3 **SECTION 40.8.(a)** The General Assembly authorizes the capital projects to be
4 funded with receipts or from other non-General Fund and non-State Capital and Infrastructure
5 Fund sources available to the appropriate department:
6

7 Agency Project	2023-2024	2024-2025
8 Department of Agriculture and Consumer Services		
9 Arena and Barn Replacement	\$1,900,000	\$0
10 State Fair Lunch Facility Renovation	\$25,500,000	\$0
11 State Fair Gate 8 Restroom Renovation	\$1,500,000	\$0
12 Equipment Shelters Replacement	\$0	\$300,000
13		
14 Wildlife Resources Commission		
15 WRC Land Acquisitions	\$5,000,000	\$5,000,000
16 Game Land Improvements	\$2,000,000	\$0
17 Caswell Depot Expansion	\$2,460,000	\$0
18 Mills River Equipment Storage	\$355,000	\$0
19 Morganton Depot Equipment Storage	\$340,000	\$0
20 Rhems Depot Equipment Storage	\$415,000	\$0
21 Troy Depot Office and Shop	\$1,900,000	\$0
22 Shooting Range Office and Classroom	\$3,100,000	\$0
23 Mount Holly Depot	\$2,400,000	\$0
24 Marion Aquaculture Building	\$0	\$600,000
25		
26 Department of Public Safety		
27 ABC Warehouse Precast Repair	\$275,000	\$0
28 ABC Commission New Campus Advanced 29 Planning	\$4,700,000	\$0
30		
31 Department of Natural and Cultural Resources		
32 Brunswick Town State Historical Site	\$150,000	\$0
33		
34 Department of Adult Correction		
35 Old Craggy Laundry Waste Water/Storm 36 Water Replacement	\$742,000	\$0
37		

38 **FUND LEGISLATIVE INCREASES AND OTHER SALARY AND BENEFITS ITEMS**
39 **FROM SCIF INTEREST**

40 **SECTION 40.9.(a)** G.S. 143C-4-3.1 is amended to add a new subsection:

41 "(i) The Year End Credit Balance is the unappropriated interest credited to the State
42 Capital and Infrastructure Fund pursuant to G.S. 143C-4-3.1(b). Upon the last day of the Fiscal
43 Year the Office of State Budget and Management shall determine the Year End Credit Balance.

44 (j) Upon enactment of changes to state employee salaries and benefits, including
45 employees of the University of North Carolina system and the Community College System
46 Office, funds from the Year End Credit Balance shall be appropriated, as a first call on the Year
47 End Credit Balance, to meet the resulting increase in cost requirements for state employees
48 funded through the State Capital and Infrastructure Fund."
49

50 **SECTION 40.9.(b)** Funds are hereby appropriated for the 2023-25 biennium for the
51 purpose of G.S. 143C-4-3.1.(j), as amended by Section 40.9.(a) above, to the University of North

1 Carolina System Office, the Community College System Office, the State Construction Office at
2 the Department of Administration, and the Office of State Budget and Management.

3
4 **PRE-K CAPITAL FUNDING**

5 **SECTION 40.10.(a)** One hundred million dollars (\$100,000,000) is appropriated
6 from the State Capital and Infrastructure Fund to the Department of Public Instruction to
7 distribute to local school boards to establish or expand the provision of high-quality Pre-
8 Kindergarten education.

9 **SECTION 40.10.(b)** The department shall consult with the Division of Child
10 Development and Early Education at the Department of Health and Human Services on criteria
11 for the funds to be distributed to local school boards. Subject to these criteria, priority shall be
12 given to counties with the greatest unmet need for childcare and those with ‘shovel-ready’
13 projects. The distribution strategy and criteria shall be confirmed by the State Board of Education
14 before the process for deciding fund allocation begins.

15
16 **K-12 PUBLIC SCHOOL CAPITAL FUNDING**

17 **SECTION 40.11.(a)** Public School Capital. – One billion dollars (\$1,000,000,000)
18 is allocated to the Department of Public Instruction for capital projects at public schools.

19 **SECTION 40.11.(b)** Purpose. – The purpose of these funds is to invest in the State's
20 public school facilities for construction, repair, and renovation, in order to ensure that the citizens
21 of North Carolina have access to high quality educational facilities.

22 **SECTION 40.11.(c)** Allocation Methodology. – The funds appropriated in Section
23 39.8.(a) shall be allocated as follows:

- 24 (1) One million dollars (\$1,000,000) of funding shall be allocated to each public
25 school system in the State, making a total of one hundred fifteen million
26 dollars (\$115,000,000).
27 (2) The remaining eight hundred eighty-five million dollars (\$885,000,000) of
28 funds shall be allocated to public school units on the basis of average daily
29 membership for Fiscal Year 2022-2023.

30 **SECTION 40.11.(d)** Matching requirements. – Any county receiving funds under
31 Section 40.11.(c), above, shall provide local matching funds from county funds, other non-state
32 funds, or a combination of these sources. The amount of matching funds shall be as follows:

- 33 (1) One dollar (\$1.00) of local matching funds for every three dollars (\$3.00) of
34 such funding for a local school administrative unit located in a county that is
35 a development tier one area, as defined in G.S. 143B-437.08,
36 (2) One dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of
37 such funding for a local school administrative unit located in a county that is
38 a development tier two area, as defined in G.S. 143B-437.08, and
39 (3) One dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such
40 funding for a local school administrative unit located in a county that is a
41 development tier three area, as defined in G.S. 143B-437.08.

42 **SECTION 40.11.(e)** Funding qualifying as eligible match. – The match requirement
43 may be satisfied by non-state expenditures for public school facilities made on or after January
44 1, 2019. If a debt has been incurred since January 1, 2019, for the general purpose of public
45 school facilities, then the face amount of the debt shall be considered as a non-state expenditure
46 for public school facilities for the purpose of the match. No other expenditures made or debts
47 incurred before January 1, 2019, may be used to satisfy the match requirement. As counties
48 satisfy the match requirements of this subsection, they shall document the extent to which they
49 have done so in periodic reports to the State Board of Education. These reports shall include any
50 information and documentation required by the State Board of Education. The State Board of
51 Education shall certify to the Office of State Budget and Management upon request the extent to

1 which the match requirements of this subsection have been met with respect to each county.
2 Funding shall be distributed for expenditure only as, and to the extent, the matching requirement
3 of this section are satisfied, as certified by the State Board of Education.

4 **SECTION 40.11.(f)** Reallocation of monies. – If the State Board of Education
5 determines that a county has not met the matching requirement set forth in this subdivision by
6 January 1, 2030, the State Board of Education shall certify that fact to the Office of State Budget
7 and Management by March 1, 2030. The State Board of Education shall reallocate unmatched
8 funds in the following manner:

- 9 (1) Proceeds allocated under section 40.11.(d)(1) shall be reallocated to local
10 administrative units receiving funds under the same section, for which the
11 State Board of Education has certified matching funds.
- 12 (2) Proceeds allocated under section 40.11.(d)(2) shall be reallocated to local
13 administrative units receiving funds under the same section, for which the
14 State Board of Education has certified matching funds.
- 15 (3) Proceeds allocated under section 40.11.(d)(3) shall be reallocated to local
16 administrative units receiving funds under the same section, for which the
17 State Board of Education has certified matching funds

18 **SECTION 40.11.(g)** Uses of capital funding. – A local school administrative unit
19 that receives proceeds under this section shall ensure that such proceeds are used:

- 20 (1) For acquisition of real property and construction, acquisition, reconstruction,
21 enlargement, renovation, or replacement of buildings and other structures, and
- 22 (2) To supplement local funds for public school capital outlay projects and shall
23 not decrease local funds for those projects from one fiscal year to the next
24 fiscal year, as measured by the most recent five-year annual average capital
25 outlay expenditure.

26 **UNC R&R PROGRAM FUNDING FLEXIBILITY**

27 **SECTION 40.12** The Board of Governors of The University of North Carolina shall
28 prioritize funds allocated for project code UNC/R&R21 for repairs and renovations pursuant to
29 G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in subsection
30 40.1.(d) of S.L. 2021-180. The cost for any single repair and renovation project other than those
31 specifically listed in Section 40.1.(d) of S.L. 2021-180 shall not exceed fifteen million dollars
32 (\$15,000,000). The Board of Governors may reallocate funds in accordance with G.S. 143C-8-
33 13(b) or to projects listed in subsection 40.1.(d) of S.L. 2021-180; provided, however,
34 reallocation of funds intended for a project located at a particular constituent institution may only
35 be reallocated for repairs and renovations projects at that particular constituent institution. The
36 provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to
37 the projects listed in subsection 40.1.(d) of S.L. 2021-180. The Board of Governors shall report
38 to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-
39 8-13(b).
40

41 **AUTHORIZE FUNDING TO CONSTRUCT A STATE VETERANS HOME IN WAKE** 42 **COUNTY**

43 **SECTION 40.13** Section 40.5.(c) of S.L. 2021-180 reads as rewritten:

44 "Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by Section 9.1(a) of S.L.
45 2018-97, the Department of Military and Veterans Affairs may utilize funds in an amount not
46 exceeding ~~twenty-nine million nine hundred ninety-five thousand dollars (\$29,995,000) funds~~
47 ~~appropriated in this act the total cost of the project~~ from the North Carolina Veterans Home Trust
48 Fund established under G.S. 143B-1293 to provide the required State match for federal funding
49 for the construction of a new State veterans nursing facility in Wake County. Any federal funds
50 received for this purpose are hereby appropriated."
51

1
2 **ESTABLISH THRESHOLD FOR REPORTING CHANGES FOR STATE PARK**
3 **PROJECTS FUNDED FROM CONNECT NC BOND**

4 **SECTION 40.14.(a)** Subdivision (2) of Section 1(f) of S.L. 2015-280, as amended
5 by Section 37.9 of S.L. 2016-94, Section 9.3 of S.L. 2017-197, and Section 36.7.(a) of S.L. 2018-
6 5, reads as rewritten:

7 "(2) Special Allocation Provisions. – In determining the use of the proceeds of
8 public improvement bonds and notes, including premium thereon, if any, set
9 forth in subdivision (1) of this subsection, the following special allocation
10 provisions apply:

11 ...

12 g. The proceeds of public improvement bonds and notes, including premium, if
13 any, for the North Carolina State Parks, as provided in this subdivision, may
14 be allocated to the capital cost of another State Park project, provided that all
15 of the following conditions are met:

- 16 1. The Park project to which the original allocation was made has been
17 completed.
- 18 2. The Park project to which funds are allocated under this sub-
19 subdivision has experienced a cost overrun for which additional funds
20 are required.
- 21 3. The Office of State Budget and Management shall report any
22 reallocations over ten thousand dollars (\$10,000) made under this sub-
23 subdivision to the Joint Legislative Oversight Committee on Capital
24 Improvements."
25

26 **PART XLI. TRANSPORTATION**

27
28 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

29 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2021-180 are
30 repealed.

31 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated
32 revenues for the Highway Fund as follows:

33	For Fiscal Year 2025-2026	\$ 3,079 million
34	For Fiscal Year 2026-2027	\$ 3,124 million
35	For Fiscal Year 2027-2028	\$ 3,170 million
36	For Fiscal Year 2028-2029	\$ 3,284 million
37	For Fiscal Year 2029-2030	\$ 3,335 million

38 **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated
39 revenues for the Highway Trust Fund as follows:

40	For Fiscal Year 2025-2026	\$ 2,162 million
41	For Fiscal Year 2026-2027	\$ 2,182 million
42	For Fiscal Year 2027-2028	\$ 2,310 million
43	For Fiscal Year 2028-2029	\$ 2,373 million
44	For Fiscal Year 2029-2030	\$ 2,404 million

45 **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the
46 Office of State Budget and Management, shall develop a five-year revenue forecast. The first
47 fiscal year in the five-year revenue forecast shall be the 2027-2028 fiscal year. The five-year
48 revenue forecast developed under this subsection shall be used (i) to develop the five-year cash
49 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation
50 Improvement Program, and (iii) by the Department of the State Treasurer to compute
51 transportation debt capacity.

1
2 **CAPITAL, REPAIRS, AND RENOVATIONS**

3 **SECTION 41.2.** The funds appropriated in this act from the Highway Fund to the
4 Department of Transportation for the 2023-25 fiscal biennium for capital, repairs, and
5 renovations are allocated as follows:
6

7 **Capital – Highway Fund**

	2023-24	2024-25
8 10 Year NCDOT Facilities Study	\$12,190,000	\$12,190,000
9 Swan Quarter CME Office/Equipment Shop - Supplemental	\$2,485,045	–
10 Cherry Branch Shore Power	\$2,104,000	–
11 Wilmington DE/RE Office Renovation	\$1,533,000	–
12 Edgecombe County Maintenance Engineer Equipment		
13 Shop	–	\$5,790,000
14 Old Art Museum Exterior Door Replacement	\$199,000	–
15 Watauga County District Engineer Office – Supplemental	\$1,070,041	–
16 Rowan County District Engineer Office Addition	\$627,426	–
17 Iredell Combined County Maintenance Engineer & Bridge		
18 Maintenance Office – Increased Scope / Supplement	\$1,628,865	–
19 Dobson Equipment Shop Fire Suppression System	\$1,384,000	–
20 Surrey County District Engineer's Office	\$1,231,450	–
21 Avery County Equipment Shed	\$833,000	–
22 Clay County Maintenance Engineer Office/Equipment		
23 Shop - Supplement	\$2,061,354	–
24 Graham County Maintenance Engineer (CME) Office	\$2,265,000	–
25 Rosman Equipment Shop	\$1,895,800	–
26 SMOG and Traffic Services Modular Offices	\$824,000	–
27 Jacksonville Traffic Services Modular Office	\$1,288,000	–
28 Fayetteville Multi-Unit Office	\$800,000	\$10,097,000
29 Triad Traffic Management Center	\$1,000,000	\$13,050,000
30 Burgaw Materials & Testing Laboratory	\$300,000	\$3,027,000
31 Avery County Maintenance Engineer Office	\$2,628,000	–
32 Hot Springs, Madison Co - Maintenance Office	–	\$2,013,000
33 Statewide Small Office Repair and Renovation	\$1,759,000	\$2,489,000
34 Statewide Demolition of Obsolete Buildings / Asbestos		
35 Abatement	\$500,000	\$466,000
36 Bathroom Upgrades - Code Compliance / ADA	\$400,000	\$4,039,000
37 Statewide ADA Compliance	\$1,000,000	\$1,000,000
38 Century Center HVAC Roof Top Unit (RTU)		
39 Replacements	\$449,500	\$200,000
40 Statewide Roof Repairs/Replacement	\$7,027,368	\$7,623,363

41
42 **BUILD NC AMENDMENTS**

43 **SECTION 41.3.(a)** Section 7 of S.L. 2018-16 reads as rewritten:

44 "**SECTION 7.** This act becomes effective January 1, 2019, and expires ~~December~~
45 ~~31,2028.~~ December 31, 2030."

46 **SECTION 41.3.(b)** Notwithstanding G.S. 142-97(2)(a), for the 2023-25 fiscal
47 biennium, the State Treasurer may issue Build NC Bonds without regard to any limitations on
48 the Department of Transportation's average month-end cash balance for the first three months
49 in the calendar year prior to the date of determination.
50

1 **FINANCIAL SUPPORT FOR BICYCLE AND PEDESTRIAN IMPROVEMENT**
2 **PROJECTS**

3 **SECTION 41.4.** G.S. 136-189.11(d)(3)(c) is repealed.
4

5 **FUTURE FUNDING SOURCES FOR DEPARTMENT OF TRANSPORTATION**

6 **SECTION 41.5.(a)** The Governor and the General Assembly recognize the
7 importance of transforming how the state funds transportation needs, moving away from reliance
8 on the gas tax.

9 **SECTION 41.5.(b)** The Future Transportation Funding Commission is established
10 to consider proposals on the future funding sources for the Department of Transportation. The
11 Commission shall have thirteen members, consisting of: five members appointed by the
12 Governor; one member of the House of Representatives' Transportation Committee, one member
13 of the House Finance Committee, and one member of the House Appropriations Committee, each
14 appointed by the Speaker of the House of Representatives; one member of the Senate
15 Transportation Committee, one member of the Senate Finance Committee, and one member of
16 the Senate Appropriations Committee, each appointed by the President Pro Tempore of the
17 Senate; the Secretary of Transportation; and the State Budget Director.

18 **SECTION 41.5.(c)** The Department of Transportation and the Office of State Budget
19 and Management shall commission and work with the Institute for Transportation Research and
20 Education (ITRE) at NC State University to develop a practical implementation plan for the
21 transition to a new funding model for transportation. The proposed new funding structure shall
22 take into consideration the state's future transportation funding needs and reduce reliance on the
23 gas tax. This plan shall include an estimate of likely revenue generated from the new funding
24 structure and a proposed timeline. ITRE shall actively seek input and feedback from stakeholders
25 and the public to help shape the development of the plan. The plan shall be submitted to the
26 Commission established in subsection 41.5.(b) of this Section by June 30, 2024.

27 **SECTION 41.5.(d)** The sum of two-hundred thousand dollars (\$200,000) is
28 appropriated to the Department of Transportation for expenses related to the development of the
29 plan.
30

31 **PART XLII. FINANCE**
32

33 **PERSONAL INCOME TAX RATE REDUCTION FAIRNESS**

34 **SECTION 42.1.(a)** G.S. 105-153.7 (a) reads as rewritten:

35 "(a) Tax. - A tax is imposed for each taxable year on the North Carolina taxable income
36 of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~a percentage~~
37 ~~four and ninety-nine hundredths of a percent (4.99%)~~ of the taxpayer's North Carolina taxable
38 income ~~computed as follows: in taxable years beginning in 2022.~~

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	4.6%
In 2025	4.5%
In 2026	4.25%
After 2026	3.99%."

46 **SECTION 42.1.(b)** Subsection (a) of this section is effective for taxable years
47 beginning on or after January 1, 2023, and before January 1, 2024.

48 **SECTION 42.1.(c)** G.S. 105-153.7 (a) reads as rewritten:

49 "(a) Tax. - A tax is imposed for each taxable year on the North Carolina taxable income
50 of every individual. The tax shall be levied, collected, and paid annually. The tax ~~is four and~~

~~ninety-nine hundredths of a percent (4.99%) shall be computed at the following percentages of the taxpayer's North Carolina taxable income in taxable years beginning in 2022.~~

<u>Filing Status</u>	<u>Taxable Income</u>	<u>Tax Rate</u>
<u>Married, filing jointly</u>	<u>Up to \$200,000</u>	<u>4.6%</u>
	<u>Over \$200,000</u>	<u>4.75%</u>
<u>Head of Household</u>	<u>Up to \$150,000</u>	<u>4.6%</u>
	<u>Over \$150,000</u>	<u>4.75%</u>
<u>Single</u>	<u>Up to \$100,000</u>	<u>4.6%</u>
	<u>Over \$100,000</u>	<u>4.75%</u>
<u>Married, filing separately</u>	<u>Up to \$100,000</u>	<u>4.6%</u>
	<u>Over \$100,000</u>	<u>4.75%."</u>

SECTION 42.1.(d) Subsection (c) of this section is effective for taxable years beginning on or after January 1, 2024, and before January 1, 2025.

SECTION 42.1.(e) G.S. 105-153.7 (a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax shall be computed at the following percentages of the taxpayer's North Carolina taxable income:

Filing Status	Taxable Income	Tax Rate
Married, filing jointly	Up to \$200,000	4.6% <u>4.5%</u>
	Over \$200,000	4.75%
Head of Household	Up to \$150,000	4.6% <u>4.5%</u>
	Over \$150,000	4.75%
Single	Up to \$100,000	4.6% <u>4.5%</u>
	Over \$100,000	4.75%
Married, filing separately	Up to \$100,000	4.6% <u>4.5%</u>
	Over \$100,000	4.75%."

SECTION 42.1.(f) Subsection (e) of this section is effective for taxable years beginning on or after January 1, 2025, and before January 1, 2026.

SECTION 42.1.(g) G.S. 105-153.7 (a) reads as rewritten:

"(a) Tax. - A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax shall be computed at the following percentages of the taxpayer's North Carolina taxable income:

Filing Status	Taxable Income	Tax Rate
Married, filing jointly	Up to \$200,000	4.5% <u>4.25%</u>
	Over \$200,000	4.75%
Head of Household	Up to \$150,000	4.5% <u>4.25%</u>
	Over \$150,000	4.75%
Single	Up to \$100,000	4.5% <u>4.25%</u>
	Over \$100,000	4.75%
Married, filing separately	Up to \$100,000	4.5% <u>4.25%</u>
	Over \$100,000	4.75%."

SECTION 42.1.(h) Subsection (g) of this section is effective for taxable years beginning on or after January 1, 2026, and before January 1, 2027.

SECTION 42.1.(i) G.S. 105-153.7 (a) reads as rewritten:

"(a) Tax. - A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax shall be computed at the following percentages of the taxpayer's North Carolina taxable income:

	Filing Status	Taxable Income	Tax Rate
2	Married, filing jointly	Up to \$200,000	4.25% <u>3.99%</u>
3		Over \$200,000	4.75%
4	Head of Household	Up to \$150,000	4.25% <u>3.99%</u>
5		Over \$150,000	4.75%
6	Single	Up to \$100,000	4.25% <u>3.99%</u>
7		Over \$100,000	4.75%
8	Married, filing separately	Up to \$100,000	4.25% <u>3.99%</u>
9		Over \$100,000	4.75%."

10 **SECTION 42.1.(j)** Subsection (i) of this section is effective for taxable years
11 beginning on or after January 1, 2027.

12 **SECTION 42.1.(k)** G.S. 105-131.1.A.(b) reads as rewritten:

13 "(b) Taxable income of Taxed S Corporation. – A tax is imposed for the taxable period on
14 the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected,
15 and paid annually. The tax is imposed on the North Carolina taxable income at ~~4.75%.the rate~~
16 ~~levied in G.S.105-153.7.~~ The North Carolina taxable income of a taxed S Corporation is
17 determined as follows:"

18 **SECTION 42.1.(l)** Subsection (k) of this section is effective for taxable years
19 beginning on or after January 1, 2024.

20 **SECTION 42.1.(m)** G.S. 105-154.1.(b) reads as rewritten:

21 "(b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on
22 the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and
23 paid annually. The tax is imposed on the North Carolina taxable income at ~~4.75%.the rate levied~~
24 ~~in G.S.105-153.7.~~ The North Carolina taxable income of a taxed partnership is determined as
25 follows:"

26 **SECTION 42.1.(n)** Subsection (m) of this section is effective for taxable years
27 beginning on or after January 1, 2024.

28 **SECTION 42.1.(o)** G.S. 105-160.2 reads as rewritten:

29 The tax imposed by this Part applies to the taxable income of estates and trusts as determined
30 under the provisions of the Code except as otherwise provided in this Part. The taxable income
31 of an estate or trust is the same as taxable income for such an estate or trust under the provisions
32 of the Code, adjusted as provided in G.S.105-153.5 and G.S.105-153.6, except that the
33 adjustments provided in G.S.105-153.5 and G.S.105-153.6 are apportioned between the estate or
34 trust and the beneficiaries based on the distributions made during the taxable year. The tax is
35 computed on the amount of the taxable income of the estate or trust that is for the benefit of a
36 resident of this State, or for the benefit of a nonresident to the extent that the income (i) is derived
37 from North Carolina sources and is attributable to the ownership of any interest in real or tangible
38 personal property in this State or (ii) is derived from a business, trade, profession, or occupation
39 carried on in this State. For purposes of the preceding sentence, taxable income and gross income
40 is computed subject to the adjustments provided in G.S.105-153.5 and G.S.105-153.6. The tax
41 on the amount computed above is at ~~4.75%.the rate levied in G.S.105-153.7.~~ The fiduciary
42 responsible for administering the estate or trust shall pay the tax computed under the provisions
43 of this Part.

44 **SECTION 42.1.(p)** Subsection (o) of this section is effective for taxable years
45 beginning on or after January 1, 2024.

46
47 **MAINTAIN COMPETITIVE CORPORATE INCOME TAX RATE**

48 **SECTION 42.2.(a)** Section 42.2 of S.L. 2021-180 is repealed.

49 **SECTION 42.2.(b)** This act is effective when it becomes law.

50
51 **USE SALES TAX REVENUES FOR TRANSPORTATION NEEDS**

SECTION 42.3 G.S. 105-164.44M reads as rewritten:

"...

(b) Transportation Needs. – At the end of each quarter, the Secretary must transfer to the Funds listed below a percentage of the net proceeds of the tax collected under this Article at the State's general rate of tax set in G.S. 105-164.4(a). The percentages that must be transferred are as follows:

Fiscal Year	Percentage to Highway Fund	Percentage to Highway Trust Fund
2022-23	2%	0%
2023-24 and thereafter	1% 0.5%	3% 1.5%
2024-25 and thereafter	1.5%	4.5%

...."

VIDEO LOTTERY TERMINALS

SECTION 42.4(a) Chapter 18C of the General Statutes is amended by adding a new article to read:

"Article 9.

"Video Lottery Entertainment.

"Part 1. General Provisions.

"§ 18C-300. Definitions.

The following definitions apply in this Article:

- (1) Associated equipment. – Any hardware that is connected to the video lottery terminal or to the central monitoring system for the purpose of communication, validation, play, or other functions of the video lottery terminal.
- (2) Central monitoring system. – The system that maintains on a real-time basis the financial, integrity, and security controls on video lottery terminals and associated equipment and provides administrative services for its operation.
- (3) Independent testing laboratory. – An independent, nationally recognized testing laboratory approved by the Commission for use in testing whether a video lottery game or video lottery terminal complies with the standards set forth in this Article.
- (4) Manufacturer. – A person that distributes, manufactures, imports, assembles, services, or produces video lottery terminals or associated equipment for use in this State.
- (5) Net machine revenue. – Gross revenue minus prizes actually paid per machine.
- (6) Network operator. – A licensed manufacturer selected by the Commission to operate and maintain the network for video lottery terminals.
- (7) Off-premises ABC permit. – An off-premises malt beverage permit, or off-premises unfortified or fortified wine permit issued pursuant to Chapter 18B of the General Statutes.
- (8) On-premises ABC permit. – An on-premises malt beverage permit, on-premises unfortified or fortified wine permit, or mixed beverages permit issued pursuant to Chapter 18B of the General Statutes.
- (9) Operator. – A person licensed by the Commission who owns, leases, or otherwise controls video lottery terminals for which a video lottery terminal permit has been issued by the Commission.
- (11) Truck stop. – An establishment that is situated on three or more acres and meets all of the following criteria:
 - a. Primarily engaged in retail sale of commercial automotive or commercial fuel.

1 b. Engaged in ancillary activities, including repair services, selling
2 automotive fluids, parts, and accessories, and providing food or food
3 services.

4 c. At least 25,000 gallons of commercial fuel are sold at retail per month,
5 as demonstrated by estimated future sales or past sales averages.

6 (12) Video lottery games. – Electronically simulated games of chance allowed
7 under this Article that are displayed and played on permitted video lottery
8 terminals.

9 (13) Video lottery merchant. – A person licensed by the Commission and with
10 whom an operator has contracted to (i) allow placement of video lottery
11 terminals for public play and (ii) pay cash prizes or redemption of shares of
12 video lottery games in accordance with this Article.

13 (14) Video lottery terminal. – A device operated under the authority of the
14 Commission that is exempt from G.S. 14-306 and G.S. 14-306.1A and is any
15 electronic computerized video game machine that, upon the insertion of cash
16 or a lottery share, is available to play a video lottery game authorized by the
17 Commission and which uses a video display and microprocessors in which,
18 by chance, the player may receive free games or credits that can be redeemed
19 for cash. The term does not include a machine that directly dispenses coins,
20 cash, or tokens.

21 (15) Video lottery terminal permit. – A permanently affixed tag or other device
22 issued to a licensed operator for each video lottery terminal approved by and
23 registered with the Commission.

24 **"§ 18C-301. Video Lottery.**

25 (a) A single play of a video lottery game (i) shall be deemed a share for purposes of this
26 Chapter, (ii) shall be exempt from G.S. 18C-131(c), and (iii) shall be played only on video lottery
27 terminals with a valid video lottery terminal permit. Except as otherwise provided in this Article,
28 the provisions of this Chapter shall apply to the conduct of video lottery games. Notwithstanding
29 G.S. 150B-1, the Commission shall adopt rules in accordance with Article 2A of Chapter 150B
30 of the General Statutes to determine play of video lottery games. The rules adopted by the
31 Commission shall address the procedures for the monitoring, collection, and remittance of net
32 machine revenue from the video lottery games under this Article.

33 (b) Video lottery terminals and associated equipment shall be connected to a central
34 monitoring system at all times during play and as otherwise determined by the Commission. All
35 video lottery terminals shall be available for public play only with a video lottery merchant who
36 holds an active off-site ABC permit or an active on-site ABC permit. No video lottery merchant
37 shall be engaged solely in the business of placing video lottery terminals for play by the public
38 in this State.

39 (c) The Commission shall allow each video lottery merchant to operate up to six video
40 lottery terminals per location and may allow up to an additional four video lottery terminals per
41 location. The Commission shall allow each licensed truck stop to operate up to ten video lottery
42 terminals per location.

43 (d) In contracting with operators, the Commission shall ensure that no video lottery
44 terminals are available for public play within 500 feet of a church, public school, or any nonpublic
45 school as defined by Part 1 or 2 of Article 39 of Chapter 115C of the General Statutes.

46 (e) Prizes for play of video lottery terminals shall be cash or issued by a share that is
47 redeemable in accordance with G.S. 18C-132 or may be inserted into video lottery terminals for
48 redemption or to generate credits for the play of video lottery games.

49 (f) Operators placing video lottery terminals for play in this State are subject to the
50 following:

1 (1) The purchase, lease, or otherwise obtaining of video lottery terminals and
2 associated equipment shall be only from manufacturers licensed under this
3 Article.

4 (2) Contracting for the placement of video lottery terminals for play by the public
5 shall be only with licensed video lottery merchants.

6 **"§ 18C-302. Residency Requirement.**

7 A video lottery merchant shall be a resident of this State. If the video lottery merchant is a
8 partnership or a corporation, the majority of ownership interest of the partnership or corporation
9 shall be held by residents of this State or by a public company or its subsidiary licensed pursuant
10 to this Article and traded on any market regulated or recognized by the United States Securities
11 and Exchange Commission.

12 **"§ 18C-303. Local preemption.**

13 Notwithstanding any authority granted to local governments, including, but not limited to,
14 those imposing taxes, fees, or charges or regulation of land use, a local government may not enact
15 or enforce any regulation that has the effect of imposing any restriction or condition not placed
16 by this Article upon video lottery gaming or that is in any manner in conflict or inconsistent with
17 the provisions of this Article.

18 **"§ 18C-304. North Carolina Video Lottery Fund.**

19 (a) An enterprise fund, to be known as the North Carolina Video Lottery Fund, is created
20 within the State treasury consisting of the transfer of net machine revenues pursuant to G.S. 18C-
21 305(1), any monies remaining from the administrative expenses of the Commission under G.S.
22 18C-207(1), and any interest earned on those funds.

23 (b) The General Assembly shall appropriate the monies in the North Carolina Video
24 Lottery Fund annually in the Current Operations Appropriations Act, based upon estimates of
25 the net machine revenue from video lottery games to the North Carolina Video Lottery Fund.

26 **"§18C-305. Allocation of net machine revenues.**

27 Net machine revenues collected shall be distributed in conformity with all of the
28 following:

29 (1) Fifty percent (50%) of the total net machine revenues from video lottery
30 games shall be transferred to the Commission. An amount not exceeding six
31 percent (6%) of the funds transferred in accordance with this subdivision may
32 be used by the Commission for administrative expenses, including
33 compensation to the central monitoring system provider related to duties
34 imposed upon the Commission under this Article. Funds remaining after
35 deduction of administrative expenses allowed under this subdivision shall be
36 transferred to the Education Lottery Fund in accordance with G.S. 18C-
37 164(a).

38 (2) Twenty-five percent (25%) of the net machine revenues shall be allocated to
39 operators.

40 (3) Twenty-five percent (25%) of the net machine revenues shall be allocated to
41 video lottery merchants.

42
43 "Part 2. Licenses and Permits.

44 **"§ 18C-306. Video lottery permit required on video lottery terminals.**

45 (a) Every video lottery terminal shall have affixed to it a video lottery terminal permit
46 prior to play in the manner set forth by the Commission. The placement of the video lottery
47 terminal permit represents that the machine has been registered, inspected, and approved for
48 operation in the State.

49 (b) The Commission shall issue the video lottery terminal permit annually based on the
50 number of approved video lottery terminals registered with the Commission per licensed
51 operator. Notwithstanding G.S. 150B-1, the Commission shall adopt rules establishing the

1 schedule for issuance and affixation of video lottery terminal permits. The Commission shall
2 include an option for a licensed operator or licensed video lottery merchant to request to add
3 video lottery terminals into play by the public during the license year.

4 (c) No person other than authorized Commission personnel may affix or remove a video
5 lottery permit. No video lottery terminal may be transported out of this State until the video
6 lottery permit has been removed.

7 (d) Video lottery merchants must have one or more of the following to be eligible for
8 licensure under this Article:

9 (1) A current on-premises ABC permit.

10 (2) A current off-premises ABC permit.

11 (3) A current contract with the Commission as a lottery retailer.

12 (e) Manufacturers, licensed operators, and video lottery merchants must make video
13 lottery terminals and associated equipment available for inspection by the Commission. No video
14 lottery terminal shall be issued a video lottery permit unless the software and hardware of the
15 video lottery terminal and associated equipment are compatible with the Commission's central
16 monitoring system and all games installed on the video lottery terminal are approved by the
17 Commission.

18 (f) Any terminal or machine that does not display the video lottery permit as required by
19 this section is illegal and subject to confiscation by any law enforcement officer.

20 **"§ 18C-307. Minimum qualifications for license.**

21 (a) The Commission shall grant licenses to applicants under this Article unless the
22 Commission reasonably determines that any of the following apply:

23 (1) The applicant meets one or more of the following criteria:

24 a. Has been convicted of a felony in any state or federal court of the
25 United States within 10 years of issuance of the license.

26 b. Employs officers or directors who have been convicted of a felony in any
27 state or federal court of the United States within 10 years of issuance of
28 the license.

29 c. Has completed a sentence for a felony in any state or federal court of the
30 United States within 10 years of issuance of the license.

31 d. Employs officers or directors who have completed a sentence for a felony
32 in any state or federal court of the United States within 10 years of
33 issuance of the license.

34 (2) The applicant is less than 21 years of age.

35 (3) The applicant has falsified the application.

36 (4) The applicant has failed to timely file all applicable tax returns to the State or
37 has overdue tax debts, as defined in G.S. 105-243.1 and in payment of all
38 taxes, interest, and penalties owed to the State, excluding items under formal
39 appeal under applicable statutes.

40 (5) The applicant fails to provide all information and documentation requested by
41 the Commission.

42 (6) The Commission is not reasonably satisfied through evidence the Commission
43 has received or discovered that the applicant is all of the following:

44 a. A person of good character, honesty, and integrity.

45 b. A person whose background, including criminal record, reputation,
46 and associations, does not pose a threat to the public interest of the
47 State or to the security and integrity of the Commission.

48 c. A person who, either individually or through employees, demonstrates
49 business ability and experience to establish, operate, and maintain the
50 business for the type of license for which the application is made.

1 d. A person who demonstrates adequate financing for the business
2 proposed under the type of license for which the application is made.

3 (7) The applicant resides in the same household as a member or employee of the
4 Commission.

5 (8) The applicant is an employee, director, officer, partner, or proprietor of a
6 manufacturer, operator, or video lottery merchant.

7 (b) The applicant must furnish all information, documents, certifications, consents,
8 waivers, individual history forms, and other materials required or requested by the Commission
9 for purposes of determining qualification for licensure. If the applicant is a public company, the
10 applicant must file with the Commission a copy of any disclosure statement involving ownership
11 of the public company required to be filed with the United States Securities and Exchange
12 Commission.

13 (c) The applicant must submit to a background investigation, including each partner,
14 director, officer, and all stockholders of five percent (5%) or more of any business entity, except
15 for institutional investors.

16 (d) The burden of proof for establishing qualification under this section shall be on the
17 applicant.

18 (e) No licensee or applicant shall pay, give, or make any economic opportunity, gift, loan,
19 gratuity, special discount, favor, hospitality, or service, including food and beverages, to the
20 Director, to any member or employee of the Commission, or to any member of the immediate
21 family residing in the same household as one of these individuals.

22 (f) A licensed operator shall not give anything of value, including a loan or a financing
23 arrangement, to any video lottery merchant as an incentive or inducement to locate video lottery
24 terminals in a specific location. The Commission shall adopt additional rules governing the
25 exchange of gifts, loans and other financing arrangements, gratuities, special discounts, favors,
26 hospitality, or service between licensees.

27 (g) The Commission may revoke any license issued under this Article for a violation of
28 the requirements imposed upon a licensee pursuant to this Article.

29 (h) A person licensed pursuant to this Article shall not be deemed a "lottery contractor,"
30 "lottery supplier," or "potential contractor" as those terms are defined in G.S. 18C-103 for the
31 purposes of the activities identified in this Article.

32 **"§ 18C-308. Marketing and prizes.**

33 (a) An operator may operate a player tracking system or player reward system and offer
34 direct marketing to players. An operator shall not enroll a player in any player tracking system
35 or player reward system without the express consent and knowledge of a player. An operator
36 shall not conduct any direct marketing or offer incentives to a player without the express consent
37 and knowledge of a player.

38 (b) Prizes may be awarded in the form of cash or gift cards.

39 (c) A licensed operator may pay up to fifty percent (50%) of the first five thousand dollars
40 (\$5,000) of marketing and promotional costs for a video lottery terminal incurred by a licensed
41 video lottery merchant annually. The video lottery merchant shall pay all other marketing and
42 promotional costs.

43 (d) For the purposes of marketing, operators may issue promotional non-redeemable
44 credits solely for play on a video lottery terminal.

45 **"§18C-309. Fees.**

46 (a) The Commission shall charge a license application and renewal fee not to exceed five
47 hundred dollars (\$500.00) plus the cost of the criminal and financial record check.

48 (b) All licenses issued by the Commission are renewable biennially unless sooner
49 cancelled or terminated.

1 (c) A license issued by the Commission may be transferred or assigned, provided the new
2 license holder submits an application and associated fee and is approved for licensure by the
3 Commission.

4 **"§18C-310. Limitations on licensee relationships.**

5 (a) A licensed operator shall not employ any person, or immediate family of a person,
6 who is a licensed video lottery merchant.

7 (b) A licensed video lottery merchant shall not employ any person, or immediate family
8 of a person, who is a licensed operator.

9 (c) A licensed operator may not operate video lottery terminals in any location where the
10 operator, or any employee or immediate family member of an operator, is the owner of the real
11 estate that is leased to a video lottery merchant.

12 **"§ 18C-311. Limitations on licenses.**

13 (a) A manufacturer, or a subsidiary of a manufacturer, may not be licensed as an operator.
14 An operator, or a subsidiary of an operator, may not be licensed as a manufacturer. A video
15 lottery merchant, or a subsidiary of a video lottery merchant, may not be licensed as a
16 manufacturer or operator. A manufacturer or operator, or a subsidiary of a manufacturer or
17 operator, may not be licensed as a video lottery merchant.

18 (b) When contracting for a central monitoring system under Part 3 of this Article, the
19 Commission may contract with a manufacturer if the Commission is satisfied that manufacturer
20 shall not use any knowledge or control of the central monitoring system to advantage that
21 manufacturer, an operator associated with that manufacturer, or a video lottery merchant with
22 whom that manufacturer's video lottery terminals are available for public play.

23 (c) The Commission shall strive to have (i) no fewer than five manufacturers licensed in
24 this State at all times and (ii) no fewer than 12 operators licensed in this State at all times.

25 **"§ 18C-312. Prior agreements void.**

26 (a) The following agreements are void and the Commission may not approve them:

27 (1) An agreement entered into by a licensed truck stop to the effective date of this
28 section with a person or entity for the placement, operation, service or
29 maintenance of video lottery terminals, including an agreement granting a
30 person or entity the right to enter into an agreement or match any offer made
31 after the effective date of this section.

32 (2) An agreement entered into by an establishment other than a truck stop prior to the
33 effective date of this section with a person or entity for the placement, operation,
34 service or maintenance of video lottery terminals, including an agreement
35 granting a person or entity the right to enter into an agreement or match any offer
36 made after the effective date of this section.

37 (3) An agreement to compensate a person for facilitating the opportunity to enter into
38 an agreement or otherwise allow for or restrict the placement, operation, service
39 or maintenance of a video lottery terminal in an on-site ABC permit locations or
40 an off-site ABC permit locations if the agreement was entered into prior to the
41 effective date of this section.

42 (4) An agreement to limit or otherwise restrict the type of video lottery terminals that
43 may be placed, operated, serviced or maintained at an on-site ABC permit
44 location or an off-site ABC permit location if the agreement was entered into
45 prior to the effective date of this section.

46 (b) An agreement contrary to the limitations, restrictions, or conditions as outlined in this
47 Article or under rules established by the Commission shall be void as against public policy.

48 **"§ 18C-313. General duties of licensees.**

49 A video lottery license holder under this Article shall do all of the following:

50 (1) Promptly report to the Commission any factors or circumstances related to
51 video lottery games operated under this Article that constitute a violation of
52 State or federal law.

- (2) Conduct all video lottery activities and functions in a manner that does not pose a threat to the public health, safety, or welfare of the citizens of this State and that does not adversely affect the security and integrity of the lottery or harm video lottery games.
- (3) Hold the Commission and the State of North Carolina harmless from and defend and pay for the defense of any and all claims that may be asserted against a license holder, this State, or the Commission and its employees arising from the license holder's participation in or operation of video lottery games.
- (4) Assist the Commission in maximizing video lottery games revenue to the State.
- (5) Maintain all records required by the Commission.
- (6) Keep current in all payments and obligations to the Commission.

"Part 3. Video Lottery Terminals

"§ 18C-330. Possession; permitting.

(a) Every video lottery terminal shall have a video lottery terminal permit prior to play in this State and shall be located on the premises of a video lottery merchant for public play.

(b) Operators shall file with the Commission the location of each permitted video lottery terminal and the name and address of the video lottery merchant where each video lottery terminal for public play is located.

(c) No video lottery terminal shall be issued a permit unless the game software is certified by an independent testing laboratory. The game software, and any other component required by the Commission, for all video lottery terminals must be submitted by the manufacturer to an independent testing laboratory to test for compliance with Commission rules and regulations, which shall include compatibility with the central monitoring system.

(d) The Commission shall not limit licensure or connection to the central monitoring system to one type of video lottery terminal, one manufacturer, or one operator.

"§ 18C-331. Commission rules and regulations.

Notwithstanding G.S. 150B-1, the Commission shall from time to time adopt, amend or repeal rules and regulations inconsistent with the policy, objectives and purposes of this Article as it may deem necessary or desirable in the public interest in carrying out the policy and provisions of this Article.

"§ 18C-332. Central monitoring system.

The Commission shall contract with a provider for a central monitoring system from a supplier of central monitoring systems. To the extent practicable, the Commission shall solicit bids from at least four different vendors. All of the following shall apply to the central monitoring system used by the Commission for video lottery terminals:

- (1) The central monitoring system shall be linked by a communications network through which all video lottery terminals shall connect to a single point of commerce.
- (2) All video lottery terminals shall be linked by a communications network to the central monitoring system for purposes of monitoring and reading device activities as provided for in this section.
- (3) The Commission shall routinely assess and inspect the operation of the central monitoring system and shall notify licensees and video lottery merchants of any deficiencies.
- (4) The video lottery terminal must adhere to the standards adopted by the Commission with regard to the hardware and software requirements of the central monitoring system.
- (5) The central monitoring system shall be designed and operated to allow the monitoring and reading of all video lottery terminals for compliance play and revenues to the State.
- (6) The Commission may contract for the administration of the central monitoring system but shall be responsible for oversight of that administration.

1 these temporary rules. The Commission is exempt from the fiscal note requirement of G.S. 150B-
2 21.4 in adopting rules to implement this section.

3 **SECTION 42.4.(c)** G.S. 18C-103 reads as rewritten:

4 **"§ 18C-103. Definitions.**

5 As used in this Chapter, unless the context requires otherwise:

- 6 (1) ~~"Commission"~~Commission. ~~—means the~~The North Carolina State Lottery
7 Commission.
- 8 (2) ~~"Commissioner"~~Commissioner. ~~—means a~~ A member of the Commission.
- 9 (3) ~~"Director"~~Director. ~~—means the~~ The person selected by the Commission to be
10 the chief administrator of the North Carolina State Lottery.
- 11 (4) ~~"Game" or "lottery game"~~Game or lottery game. ~~— means any~~Any procedure
12 or amusement authorized by the Commission where prizes are distributed
13 among persons who have paid, or unconditionally agreed to pay, for tickets or
14 shares that provide the opportunity to win those ~~prizes and does not utilize a~~
15 ~~video gaming machine as defined in G.S. 14-306.1(e).~~prizes.
- 16 (5) ~~Lottery.~~Lottery. ~~—means any~~Any lottery game or series of games established
17 and operated pursuant to this Chapter.
- 18 (6) ~~"Lottery contractor"~~Lottery contractor. ~~—means a~~A person other than a lottery
19 retailer with whom the Commission has contracted for the purpose of
20 providing goods or services to the Commission on an ongoing basis.
- 21 (6a) ~~"Lottery supplier"~~Lottery supplier. ~~—means a~~A person, other than a lottery
22 retailer, with whom the Commission has contracted for the purpose of
23 providing goods or services to the Commission for an individual purchase
24 which may include a maintenance program.
- 25 (7) ~~"Person"~~Person. ~~— means any~~Any natural person or corporation, limited
26 liability company, trust, association, partnership, joint venture, subsidiary, or
27 other business entity.
- 28 (7a) ~~"Potential contractor" or "lottery potential contractor"~~Potential contractor or
29 lottery potential contractor. ~~—means any~~Any person other than a lottery
30 retailer who submits a bid, proposal, or offer to procure a contract for goods
31 or services for the Commission on an ongoing basis.
- 32 (8) ~~"Retailer", "lottery retailer", or "lottery game retailer"~~ Retailer, lottery retailer,
33 or lottery game retailer. ~~—means a~~A person with whom the Commission has
34 contracted to sell tickets or shares in lottery games.
- 35 (9) ~~"Share"~~Share. ~~—means any~~Any method of participation in a lottery game,
36 other than by a ticket purchased on an equivalent basis with a ticket.
- 37 (10) ~~"Ticket"~~Ticket. ~~—means any~~Any tangible evidence authorized by the
38 Commission to demonstrate participation in a lottery game.
- 39 (11) Repealed by Session Laws 2009-357, s. 5, effective July 27, 2009."

40 **SECTION 42.4(d)** G.S. 18C-114 reads as rewritten:

41 **"§ 18C-114. Powers and duties of the Commission.**

42 (a) The Commission shall have the following powers and duties:

43 ...

- 44 (8) To charge a fee of potential ~~contractors~~and contractors, lottery
45 ~~contractors~~contractors, and applicants under Article 9 of this Chapter, to not
46 exceed the cost of the criminal record check of the potential contractors and
47 lottery contractors.

48 ...

49 (14) To adopt rules to implement this Chapter.

50 (15) To establish requirements for linking all video lottery terminals under a central
51 control system to provide auditing of program information, including creating

1 and maintaining a central control system, which may not limit participation to
2 only one manufacturer of video lottery terminals by either cost or
3 implementing the necessary program modifications to communicate with
4 central monitoring system.

5 (16) To establish criteria for information systems, operating procedures, reporting,
6 and accounting criteria for video lottery entertainment consistent with this
7 Chapter.

8 (b) Article 15 of Chapter 143B of the General Statutes shall not apply to the Commission."

9 **SECTION 42.4(e) G.S. 18C-120 reads as rewritten:**

10 **"§ 18C-120. Selection of the Director; powers and duties.**

11 ...

12 (b) The Director shall have the following powers and duties, under the supervision of the
13 Commission:

14 ...

15 (2) To conduct a background investigation, including a criminal history record
16 check, of applicants for employment with the Commission, lottery retailers,
17 ~~and~~ lottery potential contractors, and applicants under Article 9 of this
18 Chapter, which may include a search of the State and National Repositories
19 of Criminal Histories based on the fingerprints of applicants.

20 ...

21 (4) To enter into contracts with lottery retailers, lottery contractors, ~~or~~ lottery
22 ~~suppliers~~ suppliers, or licensees under Article 9 of this Chapter upon approval
23 by the Commission.

24 (5) To provide for the security and accuracy in the operation and administration
25 of the Commission and the Lottery, including examining the background of
26 all prospective employees, lottery potential contractors, lottery contractors,
27 ~~and~~ lottery ~~retailers-retailers,~~ and applicants under Article 9 of this Chapter.

28 ...

29 (7) To confer with the Commission on the operation and administration of ~~the~~
30 ~~Lottery~~ this Chapter and make available for inspection by the Commission all
31 books, records, files, documents, and other information ~~of the~~
32 ~~Lottery~~ maintained under this Chapter.

33 ...

34 (9) To provide monthly financial reports to the Commission of all ~~lottery~~
35 revenues, prize disbursements, expenses, net revenues, and all other financial
36 transactions involving lottery ~~funds-funds~~ and activities governed under this
37 Chapter.

38 ...

39 (11) To engage an independent firm experienced in security procedures, including
40 computer security and systems security, to conduct a comprehensive study
41 and evaluation of all aspects of security in the operation of video lottery
42 terminals. At a minimum, the comprehensive study and evaluation shall
43 include a review of network vulnerability, application vulnerability,
44 application code review, wireless security, security policy and processes,
45 security and privacy program management, technology infrastructure and
46 security controls, security organization and governance, and operational
47 effectiveness."

48 **SECTION 42.4(f) G.S. 18C-122 reads as rewritten:**

49 **"§ 18C-122. Independent audits.**

50 (a) Biennially, at the beginning of the calendar year, the Commission shall engage an
51 independent firm experienced in security procedures, including computer security and systems

1 security, to conduct a comprehensive study and evaluation of all aspects of security in the
2 operation of the Commission and of the Lottery. At a minimum, such a security assessment
3 should include a review of network vulnerability, application vulnerability, application code
4 review, wireless security, security policy and processes, security/privacy program management,
5 technology infrastructure and security controls, security organization and governance, and
6 operational effectiveness.

7 (b) The portion of the security audit report containing the overall evaluation of the
8 Commission and of lottery games in terms of each aspect of security shall be presented to the
9 Commission, to the Governor, and to the General Assembly.

10 (c) The portion of the security audit report containing specific recommendations shall be
11 confidential, shall be presented only to the Director and to the Commission, and shall be exempt
12 from Chapter 132 of the General Statutes. The Commission may hear the report of such an audit,
13 discuss, and take action on any recommendations to address that audit under G.S. 143-
14 318.11(a)(1). The Commission may hear any report of information regarding any vulnerabilities
15 listed in subsection (a) of this section or that could be used to provide an unfair advantage to a
16 player or jeopardize the integrity of any lottery game under G.S. 143-318.11(a)(1), and all reports
17 of that nature shall be exempt from Chapter 132 of the General Statutes.

18 (d) Biennially at the end of the fiscal year, in addition to the audits required by G.S. 18C-
19 116 and by subsection (a) of this section, beginning in 2010, the Commission shall engage an
20 independent auditing firm that has experience in evaluating the operation of lotteries to perform
21 an audit of the Lottery. The results of this audit shall be presented to the Commission, to the
22 Governor, and to the General Assembly."

23 **SECTION 42.4(g)** Article 2 of Chapter 105 of the General Statutes is amended by
24 adding a new section to read:

25 "**§ 105-102.7. Video lottery terminal privilege tax.**

26 (a) A licensed manufacturer, licensed operator, or licensed video lottery merchant under
27 Article 9 of Chapter 18C of the General Statutes engaging in the activity authorized by the license
28 or contract shall pay a tax as follows:

29 (1) Manufacturers. – Fifty thousand dollars annually (\$50,000).

30 (2) Operators. – Two hundred fifty thousand dollars (\$250,000) for the first year
31 of operations and twenty-five thousand dollars (\$25,000) for each year after
32 the initial year of operations plus one hundred fifty dollars annually (\$150.00)
33 per video lottery terminal in each retail location.

34 (3) Video lottery merchants. – One thousand dollars (\$1,000) per retail location
35 annually.

36 (b) The tax is due by July 1 of each year.

37 (c) Counties and cities shall not levy any license tax on the business taxed under this
38 section."

39 **SECTION 42.4(h)** G.S. 105-259(b)(33) reads as rewritten:

40 "(33) To provide to the North Carolina State Lottery Commission the information
41 required under ~~G.S. 18C-142~~ G.S. 18C-142 and G.S. 18C-214."

42 **SECTION 42.4(i).** The North Carolina State Lottery Commission may use up to ten
43 million dollars (\$10,000,000) in funds available from the North Carolina State Lottery Fund to
44 implement the provisions of this section, and those funds are hereby appropriated for that
45 purpose. The North Carolina State Lottery Commission shall credit funds to the North Carolina
46 State Lottery Fund in an amount equal to the sum expended pursuant to this section.

47 **SPORTS WAGERING**

48 **SECTION 42.5.(a)** Chapter 18C of the General Statutes is rewritten to add a new
49 Article:

50 "Article 10.
51

"Sports Wagering.

"§18C-190. Definitions.

As used in this Article, the following definitions apply:

- (1) Amateur sports. – A sporting competition that is not a professional sport, college sport, or youth sport. This term includes domestic, international, and Olympic sporting competitions.
- (2) Cash equivalent. – An asset convertible to cash for use in connection with authorized sports wagering that includes all of the following:
 - a. Foreign currency and coin.
 - b. Personal checks and drafts.
 - c. Digital, crypto, and virtual currencies.
 - d. Online and mobile payment systems that support online money transfers.
 - e. Credit cards and debit cards.
 - f. A prepaid access instrument.
 - g. Any other form approved by the Commission.
- (3) College sports. – An athletic or sporting competition in which at least one participant is a team or contestant competing on behalf of or under the sponsorship of a public or private institution of postsecondary education.
- (4) Covered services. – Any service creating sports wagering markets and determination of sports wager outcomes that involves the operation, management, or control of sports wagers authorized by this Article, including the development or operation of the sports wagering platform and the determination of odds or line information. The term shall not include any of the following:
 - a. Payment processing and similar financial services.
 - b. Customer identity, age verification, and geolocation services.
 - c. Streaming or other video and data that does not include the determination of odds or line information.
 - d. Telecommunications, internet service providers, and other similar services not specifically designed for sports wagering.
 - e. Other goods or services not specifically designed for use in connection with sports wagering.
- (5) Electronic sports. – Leagues, competitive circuits, tournaments, or similar competitions where individuals or teams play video games, typically for spectators, either in-person or online, for the purpose of prizes, money, or entertainment.
- (6) Geofencing. – Technology approved by the Commission and utilized by an interactive sports wagering operator to verify a registered player's geolocation prior to the time the registered player is placing a sports wager.
- (7) Gross wagering revenue. – The total of all cash or cash equivalents received by an interactive sports wagering operator from sports wagers as authorized under this Article.
- (7) Interactive account. – A mobile account established by a registered player for the purpose of placing sports wagers in accordance with this Article.
- (8) Interactive sports wagering operator. – The holder of an interactive sports wagering license issued by the Commission.
- (9) Key person. – An officer or director of an interactive sports wagering operator who is directly involved in the operation, management, or control of sports wagering authorized under this Article, or who exercises substantial influence

- 1 or control over the interactive sports wagering operator's sports wagering
2 activities.
- 3 (10) Official league data. – Statistics, results, outcomes, and other data relating to
4 a sporting event obtained pursuant to an agreement with the relevant sports
5 governing body or an entity expressly authorized by the relevant sports
6 governing body to provide such data.
- 7 (11) Parimutuel wager. – A betting system in which all of the bets of a particular
8 type are placed together in a pool and the sports wager is placed against other
9 bettors placing sports wagers on the same event of horse racing, dog racing,
10 or other sporting events in which the participants finish in a ranked order.
- 11 (12) Professional sports. – An athletic or sporting competition involving at least two
12 competitors who receive compensation for participating in such event.
- 13 (13) Registered player. – An individual who has established an account with an
14 interactive sports wagering operator.
- 15 (14) Service provider. – A business entity that provides covered services to an
16 interactive sports wagering operator and holds a service provider license.
- 17 (15) Sporting event. – Professional sports, amateur sports, and college sports, all
18 of which may include electronic sports, and any other event approved by the
19 Commission.
- 20 (16) Sports facility. – Any of the following:
- 21 a. A motorsports facility that hosts a National Association for Stock Car
22 Auto Racing national touring race and has a minimum seating capacity
23 of 17,000 people.
- 24 b. A facility that hosts a professional golf tournament with more than
25 50,000 live spectators anticipated to attend based on similar prior
26 tournaments.
- 27 c. A facility that is the home location of a professional sports team that
28 competes in any of the following professional leagues:
- 29 1. Major League Baseball.
- 30 2. Major League Soccer.
- 31 3. National Basketball Association.
- 32 4. National Football League.
- 33 5. National Hockey League.
- 34 6. National Women's Soccer League.
- 35 (17) Sports governing body. – An organization headquartered in the United States
36 and proscribes final rules with respect to a sporting event and enforces the
37 code of conduct for participants therein. In the context of electronic sports, the
38 sports governing body shall be the video game publisher of the title used in
39 the electronic sports competition, regardless of location.
- 40 (18) Sports wagering brand. – The names, logos, and brands that an interactive
41 sports wagering operator advertises, promotes, or otherwise holds out to the
42 public displaying its sports wagering platform.
- 43 (19) Sports wagering platform. – A website, mobile application, or other
44 interactive platform accessible via the internet, mobile, wireless, or similar
45 communication technology that a registered player may use to place sports
46 wagers authorized under this Article.
- 47 (20) Sports wagering supplier. – A person that provides services, goods, software,
48 or other components necessary for the creation of sports wagering markets
49 and determination of sports wager outcomes, directly or indirectly, to any
50 interactive sports wagering operator or service provider involved in the
51 acceptance of sports wagers, including any of the following: providers of data

1 feeds and odds services, internet platform providers, risk management
2 providers, integrity monitoring providers, and other providers of sports
3 wagering supplier services as determined by the Commission. The term does
4 not include a sports governing body that provides raw statistical match data to
5 one or more designated and licensed providers of data and odds services.

6 (21) Sports wager or sports wagering. – Placing of wagers via an interactive
7 account on any of the following: (i) a sporting event, (ii) a portion of a sporting
8 event, (iii) the individual performance statistics of athletes in a sporting event
9 or combination of sporting events, or (iv) a parimutuel wager. The term also
10 includes single-game wagers, teaser wagers, parlays, over-under, moneyline,
11 pools, exchange wagering, in-game wagering, in-play wagers, proposition
12 wagers, and straight wagers.

13 (22) Tier one sports wager. – A sports wager that is determined solely by the final
14 score or final outcome of the sporting event and is placed before the sporting
15 event has begun.

16 (23) Tier two sports wager. – Any sports wager that is not a tier one sports wager.

17 (24) Tribal gaming enterprise. – A federally recognized Indian tribe that is
18 authorized to conduct Class III games in accordance with the federal Indian
19 Gaming Regulatory Act, 25 U.S.C. § 2701 et seq., in this State or a business
20 entity owned or controlled by such tribe. Any federally recognized tribe, or
21 business entity owned or controlled by the tribe, that is deemed an interactive
22 sports wagering operator under this Article shall include authorization for any
23 technology and sports wagering brand partners of the tribe or the business
24 entity owned or controlled by the tribe, subject to compliance with the terms
25 of this Article by the technology and sports wagering brand partners.

26 (25) Youth sports. – An event in which the majority of participants are under the
27 age of 18 or are competing on behalf or under the sponsorship of one or more
28 public or private preschool, elementary, middle, or secondary schools. The
29 term does not include the following:

30 a. Professional sports.

31 b. Sporting events that occur under the sponsorship or oversight of
32 national or international athletic bodies that are not educational
33 institutions and that include participants both over and under the age
34 of 18.

35 **"§ 18C-191. Authorization of sports wagering generally.**

36 (a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes, sports
37 wagering as authorized by this Article shall not be considered unlawful. All sports wagering
38 authorized under this Article shall be placed via an interactive account as described in G.S. 18C-
39 201 and shall be initiated and received within this State except as provided in G.S. 18C-213. The
40 interactive sports wagering operator shall comply with the following:

41 (1) Ensure that the registered player is located within the State, and not present
42 on Indian lands within the State, when placing any sports wager, utilizing
43 geofencing.

44 (2) Monitor and block unauthorized attempts to place sports wagers.

45 (b) This Article does not apply to interactive sports wagering conducted exclusively on
46 Indian lands by an Indian tribe operating in accordance with a Tribal-State gaming compact and
47 authorized to conduct Class III gaming pursuant to a compact with the State. For purposes of this
48 Article, sports wagering is conducted exclusively on Indian lands only if the individual who
49 places the sports wager is physically present on Indian lands when the sports wager is initiated
50 and received on equipment that is physically located consistent with federal law, and the sports

1 wager is initiated and received in conformity with the safe harbor requirements as provided in 31
2 U.S.C. § 5362(10)(c).

3 (c) An interactive sports wagering operator licensed under G.S. 18C-193 shall not accept
4 any wager if the registered player placing the wager is physically present on Indian lands when
5 the sports wager is initiated and received. Each interactive sports wagering operator licensed
6 under G.S. 18C-193 shall use geofencing approved by the Commission to ensure compliance
7 with this Article.

8 (d) Nothing in this Article shall authorize any of the following:

9 (1) Sports wagering involving youth sports.

10 (2) Sports wagering on the occurrence of any of the following:

11 a. Injuries.

12 b. Penalties.

13 c. The outcome of disciplinary proceedings against a participant in a
14 sporting event.

15 d. The outcome of replay reviews.

16 (3) The Commission serving as an operator of a sports wagering platform.

17 (e) Upon request and with reasonable notice, the Commission or the Department of
18 Revenue has the authority to audit any interactive sports wagering operator or its service
19 providers as related to sports wagering activities authorized under this Article.

20 (f) Any sports governing body on whose sporting events sports wagering is authorized
21 by this Article may enter into commercial agreements with interactive sports wagering operators
22 or other entities in which the sports governing body may share in the amount bet from sports
23 wagering on sporting events of the sports governing body. A sports governing body is not
24 required to obtain a license or any other approval from the Commission to lawfully accept such
25 amounts.

26 (g) Nothing in this Chapter shall authorize the Commission to establish, require, or
27 enforce a maximum or minimum payout or hold percentage upon any interactive sports wagering
28 operator.

29 **"§ 18C-192. Reserved for future codification purposes.**

30 **"§ 18C-193. Interactive sports wagering license.**

31 (a) It shall be unlawful for any person to offer or accept sports wagers in this State without
32 a valid interactive sports wagering license. Except as provided in G.S.18C-213, the Commission
33 shall authorize at least 10, but not more than 12, interactive sports wagering operators to offer
34 and accept sports wagers to and from registered players on sporting events, which shall include
35 any of the following:

36 (1) Professional sports.

37 (2) College sports.

38 (3) Electronic sports.

39 (4) Amateur sports.

40 (5) Any other event approved by the Commission.

41 (b) The Commission shall review and issue sports wagering licenses to qualified
42 applicants. The applicant shall complete and submit an application on a form prescribed by the
43 Commission and a licensing fee of one million dollars (\$1,000,000). If the application is denied,
44 the licensing fee shall be refunded, minus any expenses the Commission incurs in reviewing the
45 application.

46 (c) The application shall set forth all of the following:

47 (1) The proposed initial business plan, including the range of contemplated types
48 and modes of sports wagering.

49 (2) The proposed measures to address age and identity verification and
50 geolocation requirements.

- 1 (3) The proposed internal controls that will prevent ineligible persons from
2 participating in sports wagering.
- 3 (4) A documented history of working to prevent compulsive gambling, including
4 training programs for its employees.
- 5 (5) A written information security program detailing information security
6 governance and the designation of a chief security officer or equivalent.
- 7 (6) The proposed sports wagering brand that the applicant plans to hold out to the
8 public displaying its sports wagering platform.
- 9 (7) Any personal information the Commission may deem necessary concerning
10 the applicant's key persons.
- 11 (8) Any other information the Commission may deem necessary.

12 (d) The Commission shall conduct a background investigation on the applicant and key
13 persons as deemed necessary by the Commission. The background investigation shall include a
14 credit history check, a tax record check, and a criminal history record check. The Commission
15 may, in its discretion, accept the results of such prior check and an affidavit that there has been
16 no change in criminal history since the prior check from an applicant or key person who has
17 submitted to a criminal history record check in this or any other state within the previous 12
18 months. The Commission may not award a license to if an applicant or a key person of the
19 applicant has been convicted of a felony or any gambling offense in any state or federal court of
20 the United States within 10 years of application or renewal.

21 (e) An applicant and key person for licensure shall consent to a criminal history record check.
22 Refusal to consent to a criminal history record check may constitute grounds for the Commission to
23 deny licensure.

24 (f) The Commission shall grant or deny all applications under this section. The grounds for
25 denial of an interactive sports wagering license shall be the same as in G.S. 18C-195(g). If there are
26 more qualified applicants than the number of interactive sports wagering operators authorized under
27 subsection (a) of this section, the Commission shall select the best qualified applicants, taking into
28 consideration the following factors:

- 29 (1) The contents of the application submitted in accordance with this section.
- 30 (2) The extent to which the applicant demonstrates past experience, financial
31 viability, compliance with applicable laws and regulations in other jurisdictions,
32 and success with sports wagering operations in other jurisdictions.
- 33 (3) The extent to which the applicant is able to meet the duties of an interactive sports
34 wagering operator.
- 35 (4) The amount of gross wagering revenue and associated tax revenue that an
36 applicant is projected to generate.
- 37 (5) Any other factors the Commission deems relevant.

38 (g) A person holding a license to engage in sports wagering, on the basis of comparable
39 licensing requirements issued to that person by a proper authority in another state or territory of
40 the United States or the District of Columbia if that jurisdiction's requirements for licensure,
41 certification, or registration are substantially equivalent to or exceed the requirements of this
42 State, and who, in the opinion of the Commission otherwise meets the requirements of this Article
43 based upon verified evidence may, upon application, be licensed as an interactive sports wagering
44 operator with or without further examination, as determined by the Commission. The
45 Commission may also accept another jurisdiction's or approved third party's testing of the
46 interactive sports wagering platform as evidence that the sports wagering platform meets any
47 requirements mandated by the Commission.

48 (h) The Commission shall review and issue interactive sports wagering licenses to qualified
49 applicants within 60 days of receipt of a completed application. The Commission may extend the
50 review period for an additional 30 days if the background check is outstanding. Any denial shall be
51 in writing and state the grounds therefor.

1 (i) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, only
2 the following documents under this section shall be a public record, with respect to each applicant
3 and each interactive sports wagering operator:

4 (1) The name, address, and sports wagering platform.

5 (2) The name of all key persons.

6 (3) The documented history of working to prevent compulsive gambling,
7 including training programs for its employees.

8 (4) The proposed sports wagering brand that the applicant plans to hold out to the
9 public displaying its sports wagering platform.

10 (5) Whether the Commission granted or denied the application.

11 (j) Each interactive sports wagering operator shall promptly report all criminal or
12 disciplinary proceedings commenced against that interactive sports wagering operator in
13 connection with its operations to the Commission. Each interactive sports wagering operator shall
14 promptly report to the Commission all changes in key persons, and all new key persons shall
15 consent to a background check.

16 (k) No interactive sports wagering operator license is assignable or transferable without
17 approval of the Commission.

18 (l) Interactive sports wagering operators shall assure the financial integrity of sports
19 wagering operations by the maintenance of a reserve of not less than five hundred thousand
20 dollars (\$500,000) or the amount required to cover the outstanding liabilities for sports wagers
21 accepted by the interactive sports wagering operator, whichever is greater. The reserve may take
22 the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables,
23 cash or cash equivalents segregated from operational funds, guaranty letter, a combination
24 thereof, or any other means as approved by the Commission. Such reserve shall be adequate to
25 pay winning sports wagers to sports bettors when due. An interactive sports wagering operator
26 is presumed to have met this requirement if the operator maintains, on a daily basis, a minimum
27 reserve in an amount which is at least equal to the average daily minimum reserve, calculated on
28 a monthly basis, for the corresponding month in the previous year. For purposes of this
29 subsection, 'outstanding liabilities for sports wagers accepted by an interactive sports wagering
30 operator' shall mean the amounts accepted by the interactive sports wagering operator on sports
31 wagers whose outcomes have not been determined and amounts owed but unpaid on winning
32 sports wagers.

33 **"§ 18C-194. Reserved for future codification purposes.**

34 **"§ 18C-195. Applications for service provider licenses.**

35 (a) It shall be unlawful for any person to provide covered services to any interactive sports
36 wagering operator in this State without a valid service provider license. An interactive sports
37 wagering operator who provides covered services in-house shall not be required to have a service
38 provider license in addition to the interactive sports wagering operator license.

39 (b) The Commission shall review and issue service provider licenses to qualified
40 applicants within 60 days of receipt of a completed application. The Commission may extend the
41 review period for an additional 30 days if the background check is outstanding. Any denial shall
42 be in writing and state the grounds therefor. The applicant shall complete and submit an
43 application on a form prescribed by the Commission and a licensing fee of fifty thousand dollars
44 (\$50,000).

45 The application shall set forth all of the following:

46 (1) The applicant's background in sports wagering or the covered service.

47 (2) All experience with sports wagering or other wagering activities in other
48 jurisdictions, including the applicant's history, reputation of integrity and
49 compliance, and a list of all active and inactive licenses, certifications, or
50 registrations and reasons for inactivity, if applicable.

51 (3) A written information security program, detailing information security
52 governance and the designation of a chief security officer or equivalent.

1 (4) Any personal information the Commission may deem necessary concerning the
2 applicant's key persons.

3 (5) Any other information the Commission may deem necessary.

4 (d) The Commission shall conduct a background investigation on the applicant and key
5 persons as deemed necessary by the Commission. The background investigation shall include a
6 credit history check, a tax record check, and a criminal history record check. The Commission
7 may, in its discretion, accept the results of such prior check and an affidavit that there has been
8 no change in criminal history since the prior check from an applicant or key person who has
9 submitted to a criminal history record check in this or any other state within the previous 12
10 months. The Commission may not award a license if the applicant or a key person of the applicant
11 has been convicted of a felony or any gambling offense in any state or federal court of the United
12 States within 10 years of application or renewal.

13 (e) An applicant and key persons for licensure shall consent to a criminal history record
14 check. Refusal to consent to a criminal history record check may constitute grounds for the
15 Commission to deny licensure.

16 (f) A person holding a service provider license or its equivalent, on the basis of
17 comparable licensing requirements issued to that person by a proper authority by another state or
18 territory of the United States or the District of Columbia if that jurisdiction's requirements for
19 licensure, certification, or registration are substantially equivalent to or exceed the requirements
20 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
21 this Article based upon verified evidence may, upon application, be licensed as a service provider
22 with or without further examination, as determined by the Commission.

23 (g) Grounds for denial of a license may include the following:

24 (1) The applicant is unable to satisfy the requirements under this Article.

25 (2) The applicant or any key persons are not of good character, honesty, or
26 integrity.

27 (3) The applicant's or any key person's prior activities, criminal record,
28 reputation, or associations indicate any of the following:

29 a. A potential threat to the public interest.

30 b. Impede the regulation of sports wagering.

31 c. Promote unfair or illegal activities in the conduct of sports wagering.

32 (4) The applicant or a key person knowingly makes a false statement of material
33 fact or deliberately fails to disclose information requested by the Commission.

34 (5) The applicant or a key person knowingly fails to comply with the provisions
35 of this Article or any requirements of the Commission.

36 (6) The applicant or a key person was convicted of a felony, a crime of moral
37 turpitude, or any criminal offense involving dishonesty or breach of trust
38 within the 10 years prior to the submission date of the application.

39 (7) Any revocation, suspension, or denial of the applicant's or key person's
40 license, certification, or registration to conduct sports wagering, other forms
41 of gambling activity, or a covered service issued by any other jurisdiction.

42 (8) The applicant has defaulted on any obligation or debt owed to this State.

43 (h) Notwithstanding any other provision of law, only the following documents under this
44 section shall be a public record, with respect to each applicant and each interactive sports
45 wagering operator:

46 (1) The name, address, and sports wagering platform.

47 (2) The name of all key persons.

48 (3) Whether the Commission granted or denied the application.

49 (i) Each service provider shall promptly report all criminal or disciplinary proceedings
50 commenced against that service provider in connection with its operations to the Commission.

1 Each service provider shall promptly report all changes in key persons to the Commission, and
2 all new key persons shall consent to a background check.

3 (j) No service provider license is assignable or transferable without approval of the
4 Commission.

5 **"§ 18C-196. Sports wagering supplier license.**

6 (a) The Commission may issue a sports wagering supplier license to a sports wagering
7 supplier. An interactive sports wagering operator who provides covered services in-house shall not
8 be required to have a sports wagering supplier license in addition to the interactive sports wagering
9 operator license.

10 (b) At the request of an applicant for a sports wagering supplier license, the Commission may
11 issue a provisional sports wagering supplier license to the applicant so long as the applicant has
12 submitted a completed application in accordance with this section. A provisional license issued under
13 this subsection expires on the date provided by the Commission.

14 (c) A person may apply to the Commission for a sports wagering supplier license as provided
15 in this Article.

16 (d) The applicant shall complete and submit an application on a form prescribed by the
17 Commission and a licensing fee of thirty thousand dollars (\$30,000). In the application, the
18 Commission shall require applicants to disclose the identity of all of the following:

19 (1) The applicant's principal owners who directly own ten percent (10%) or more
20 of the applicant.

21 (2) Each holding, intermediary, or parent company that directly owns fifteen percent
22 (15%) or more of the applicant.

23 (3) The applicant's board appointed CEO and CFO, or the equivalent as determined
24 by the Commission.

25 (4) Any other information the Commission may deem necessary.

26 (e) The Commission shall conduct a background investigation on the applicant and key
27 persons as deemed necessary by the Commission. The background investigation shall include a
28 credit history check, a tax record check, and a criminal history record check. The Commission
29 may, in its discretion, accept the results of such prior check and an affidavit that there has been
30 no change in criminal history since the prior check from an applicant or key person who has
31 submitted to a criminal history record check in this or any other state within the previous 12
32 months. The Commission may not award a license if the applicant or a key person of the applicant
33 has been convicted of a felony or any gambling offense in any state or federal court of the United
34 States within 10 years of application or renewal. An applicant and key persons for licensure shall
35 consent to a criminal history record check. Refusal to consent to a criminal history record check
36 may constitute grounds for the Commission to deny licensure.

37 (f) The Commission shall review and issue licenses to qualified applicants within 60 days
38 of receipt of a completed application. The Commission may extend the review period for an
39 additional 30 days if the background check is outstanding.

40 (g) In disclosing the principal owners of the applicant, the following shall apply:

41 (1) Governmental created entities, including statutory authorized pension
42 investment boards and Canadian Crown corporations, that are direct or
43 indirect shareholders of an applicant shall be waived in the applicant's
44 disclosure of ownership and control as determined by the Commission.

45 (2) Investment funds or entities registered with the Securities and Exchange
46 Commission, including Investment Advisors and entities under the management
47 of the Securities and Exchange Commission, that are direct or indirect
48 shareholders of the applicant, shall be waived in the applicant's disclosure of
49 ownership and control as determined by the Commission.

50 (h) A sports wagering supplier license or a provisional sports wagering supplier license
51 shall be sufficient to offer the sports wagering services under this Article.

1 (i) A person holding a sports wagering supplier license or its equivalent, on the basis of
2 comparable licensing requirements issued to that person by a proper authority by another state or
3 territory of the United States or the District of Columbia if that jurisdiction's requirements for
4 licensure, certification, or registration are substantially equivalent to or exceed the requirements
5 of this State, and who, in the opinion of the Commission otherwise meets the requirements of
6 this Article based upon verified evidence may, upon application, be licensed as a service provider
7 with or without further examination, as determined by the Commission.

8 (j) No sports wagering supplier license is assignable or transferable without approval of
9 the Commission.

10 **"§ 18C-197. Renewals of licenses.**

11 (a) Any license issued pursuant to this Article shall be valid for five years.

12 (b) At least 60 days prior to the expiration of a license, the license holder shall submit a
13 renewal application, on a form prescribed by the Commission, including a renewal fee as follows:

14 (1) One million dollars (\$1,000,000) for an interactive sports wagering license.

15 (2) Fifty thousand dollars (\$50,000) for a service provider license.

16 (3) Thirty thousand dollars (\$30,000) for a sports wagering supplier license.

17 (c) The Commission may revoke or deny a license renewal for any of the following
18 reasons:

19 (1) The same grounds that would constitute denial of an initial application under
20 G.S. 18C-193(g).

21 (2) A violation of this Article.

22 (3) Failure to pay the privilege tax imposed under Article 2E of Chapter 105 of 15
23 the General Statutes.

24 (d) With respect to interactive sports wagering operators, the Commission may deny a
25 license renewal if the Commission finds good cause to believe approval of another applicant
26 would better meet the objectives of this Article in generating revenue for the State, protecting the
27 public interest, and otherwise satisfying the criteria for issuance, and no additional licenses are
28 to be available under G.S. 18C-193(a).

29 **"§ 18C-198. Use of proceeds.**

30 (a) The Commission shall use the funds remitted to it pursuant to G.S. 105-113.128 and
31 any proceeds from license fees collected under this Article to cover expenses in administering
32 this Article. Any proceeds remaining at the end of each fiscal year after payment of expenses of
33 the Commission pursuant to this section shall be remitted to the General Fund.

34 (b) Expenses of the Commission shall include all items listed in G.S. 18C-163.

35 **"§ 18C-199. Duties of licensees.**

36 (a) The interactive sports wagering operator and its service providers shall make
37 commercially reasonable efforts to do all of the following:

38 (1) Prevent persons who are not registered players from placing sports wagers
39 through its sports wagering platform.

40 (2) Prevent persons who are not physically located in the State from placing a
41 wager through its sports wagering platform.

42 (3) Protect the confidential information of registered players using its sports
43 wagering platform.

44 (4) Prevent sports wagering on prohibited events set forth in this Article or as
45 otherwise determined by the Commission.

46 (5) Prevent persons from placing sports wagers as agents or proxies for others.

47 (6) Allow persons to voluntarily exclude themselves under G.S. 18C-922 from
48 placing sports wagers through its sports wagering platform as set forth in this
49 Article.

50 (7) Establish procedures to detect suspicious or illegal sports wagering activity.

51 (8) Provide for the reporting of income tax of registered players where required by
52 applicable State or federal law.

1 (9) Prevent a participant in a sporting event, including an athlete, coach, trainer,
2 official, or any employee or staff of a participant from placing a sports wager on
3 that sporting event in which the participant is participating.

4 (b) For three years after a sporting event occurs, interactive sports wagering operators
5 shall maintain records on:

6 (1) All sports wagers, including the identity of the registered player.

7 (2) The amount, type, time, location, and outcome of the wager, including the IP
8 address, if available.

9 (3) Suspicious or illegal sports wagering activity.

10 (c) The interactive sports wagering operator shall disclose the records described in
11 subsection (b) of this section to the Commission upon request.

12 (d) If a sports governing body has notified the Commission that real-time information sharing
13 for sports wagers placed on its sporting events is necessary, interactive sports wagering operators
14 shall share with that sports governing body or its designee in real time, at the account level,
15 anonymized information regarding a registered player, amount and type of sports wager, the time the
16 sports wager was placed, the location of the registered player at the time the sports wager was placed,
17 and the IP address if applicable, outcome of the sports wager, and records of abnormal sports
18 wagering activity. For purposes of this subsection, real time means on a commercially reasonable
19 periodic interval, but in any event, not less than once every 72 hours. A sports governing body
20 receiving any information pursuant to this subsection shall use the information for the purpose of
21 integrity monitoring only and not for any commercial purpose.

22 (e) In advertising its sports wagering platform, the interactive sports wagering operator
23 shall ensure that its advertisements meet all of the following:

24 (1) It does not target persons under the age of 21.

25 (2) It discloses the identity of the interactive sports wagering operator.

26 (3) It provides information about or links to resources related to gambling
27 addiction and prevention.

28 (4) It is not misleading to a reasonable person.

29 (f) Licensees shall conduct background checks on newly hired employees. Background
30 checks shall search for criminal history and any charges or convictions involving corruption or
31 manipulation of sporting events and association with organized crime.

32 (g) Interactive sports wagering operators and service providers shall employ
33 commercially reasonable methods to maintain the security of wagering data, registered player
34 and other customer data, and any other confidential information, including information provided
35 by a sports governing body, from unauthorized access and dissemination. All servers necessary
36 to the placement and resolution of a sports wager, other than back-up servers, shall be physically
37 located in this State. Consistent with federal law, nothing in this subsection shall preclude the
38 use of internet or cloud-based hosting, or the use of back-up servers located outside of this State.

39 (h) Each interactive sports wagering operator shall provide a daily summary of all sports
40 wagering activity, detailing all transactions processed through each wagering system, provided
41 in a format established by the Commission at the close of each business day.

42 "§ 18C-200. Reserved for future codification purposes.

43 "§ 18C-201. Establishment of interactive accounts.

44 (a) Only a registered player shall be permitted to deposit cash or cash equivalents, or to
45 place a sports wager, with an interactive sports wagering operator. The interactive sports
46 wagering operator is responsible for verifying the identity of the registered player and ensuring
47 that the registered player is at least 21 years of age.

48 (b) A registered player may not have more than one interactive account with each interactive
49 sports wagering operator.

50 (c) All of the following persons are prohibited from engaging in sports wagering:

51 (1) Any person under the age of 21.

- 1 (2) Any person who has requested and not revoked a voluntary exclusion designation
2 from sports wagering pursuant to G.S. 18C-209.
- 3 (3) Any person who has been adjudicated by law as prohibited from engaging in
4 sports wagering.
- 5 (4) Any member, officer, or employee of the Commission if placing a sports wager
6 in this State.
- 7 (5) Any employee or key person of an interactive sports wagering operator or
8 service provider license when placing sports wagers with that interactive
9 sports wagering operator.
- 10 (6) With respect to a sporting event, any participant in that sporting event, including
11 an athlete, coach, trainer, official, or any employee or staff of a participant, when
12 placing a sports wager on that sporting event in which that participant is
13 participating.
- 14 (7) Any employees or staff of a sports governing body or authorizing league or
15 similar sponsoring organization, but only from the sporting events with which
16 that individual or sports governing body, authorizing league or similar sponsoring
17 organization is affiliated.
- 18 (d) An interactive account shall meet all of the following requirements:
- 19 (1) Be registered in the name of the registered player, who is a natural person.
20 (2) Be established through the interactive sports wagering operator's sports wagering
21 platform.
22 (3) Be funded with cash or cash equivalents online or placed at a sports facility as
23 provided in G.S. 18C-211.
24 (4) Prohibit the transfer or sale of an account or account balance.
25 (5) Prohibit the use of any virtual private network or other technology that may
26 obscure or falsify the registered player's physical location.
27 (6) Prohibit any form of collusion, cheating, or other unlawful activity.
28 (7) Affirm that the registered player meets all eligibility requirements for registration.
29 (8) Authorize the provision of notices and other required communications either
30 through a designated mobile or other interface or to an electronic mail address
31 designated by the registered player.
- 32 (e) The interactive sports wagering operator shall put in place sufficient measures to
33 verify the age and identity of the registered player needed to allow the establishment of
34 interactive accounts remotely.
- 35 (f) An interactive account held by a registered player in this State may be suspended or
36 terminated by the interactive sports wagering operator under any of the following conditions:
- 37 (1) The registered player has provided any false or misleading information in
38 connection with the opening of the account, or has engaged in collusion,
39 cheating, or other unlawful conduct.
40 (2) The registered player is barred from placing sports wagers in the State.
41 (3) The registered player is or otherwise becomes ineligible pursuant to this Article.
42 (4) For any other reason at the sole discretion of the interactive sports wagering
43 operator, provided it is not in violation of federal or State law.
- 44 (g) In the event of termination of the interactive account in accordance with this section,
45 the registered player shall be provided a timely ability to access and withdraw any funds
46 remaining in the interactive account.
- 47 "§ 18C-202. Reserved for future codification purposes.
- 48 "§ 18C-203. Integrity of competition and prohibited events.
- 49 (a) A sports governing body may submit to the Commission in writing a request to
50 restrict, limit, or exclude a certain type, form, or category of sports wagering with respect to
51 sporting events of such body, if the sports governing body believes that such type, form, or
52 category of sports wagering with respect to sporting events of such body may undermine the

1 integrity or perceived integrity of such body or sporting events of such body. The Commission
2 shall request comment from sports wagering operators on all such requests. After giving due
3 consideration to all comments received, the Commission shall, upon a demonstration of good
4 cause from the requestor that such type, form, or category of sports wagering is likely to
5 undermine the integrity or perceived integrity of such body or sporting events of such body, grant
6 the request. The Commission shall respond to a request concerning a particular event before the
7 start of the event, or if it is not feasible to respond before the start of the event, no later than seven
8 days after the request is made. If the Commission determines that the requestor is more likely
9 than not to prevail in successfully demonstrating good cause for its request, the Commission may
10 provisionally grant the request of the sports governing body until the Commission makes a final
11 determination as to whether the requestor has demonstrated good cause. Absent such a
12 provisional grant by the Commission, sports wagering operators may continue to offer sports
13 wagering on sporting events that are the subject of such a request during the pendency of the
14 Commission's consideration of the applicable request.

15 (b) The Commission and interactive sports wagering operators shall cooperate with
16 investigations conducted by sports governing bodies or law enforcement agencies, including
17 using commercially reasonable efforts to provide or facilitate the provision of sports wagering
18 information. All disclosures under this section are subject to an interactive sports wagering
19 operator's obligations to comply with all federal, State, and local laws and regulations, including
20 those relating to privacy and personally identifiable information.

21 (c) Interactive sports wagering operators are not required to use official league data for
22 determining any of the following:

23 (1) The results of tier one sports wagers on sporting events of any organization
24 whether headquartered in the United States or elsewhere.

25 (2) The results of tier two sports wagers on sporting events of organizations that are
26 not headquartered in the United States.

27 (d) A sports governing body may notify the Commission that it desires interactive sports
28 wagering operators to use official league data to settle tier two sports wagers on sporting events of
29 such sports governing body. Such notification shall be made in the form and manner as the
30 Commission may require. The Commission shall notify each interactive sports wagering operator of
31 a sports governing body's notification within five days of the Commission's receipt of such
32 notification. If a sports governing body does not so notify the Commission, an interactive sports
33 wagering operator is not required to use official league data for determining the results of tier two
34 sports wagers on sporting events of such sports governing body.

35 (e) Within 60 days of the Commission notifying each interactive sports wagering
36 operator of such a sports governing body notification to the Commission, or such longer period
37 as may be agreed between the sports governing body and the applicable interactive sports
38 wagering operator, interactive sports wagering operators shall use only official league data to
39 determine the results of tier two sports wagers on sporting events of that sports governing body,
40 unless any of the following apply:

41 (1) The sports governing body or its designee cannot provide a feed of official
42 league data to determine the results of a particular type of tier two sports
43 wager, in which case interactive sports wagering operators are not required to
44 use official league data for determining the results of the applicable tier two
45 sports wager until such time as such a data feed becomes available from the
46 sports governing body on commercially reasonable terms and conditions.

47 (2) An interactive sports wagering operator can demonstrate to the Commission
48 that the sports governing body or its designee will not provide a feed of official
49 league data to the interactive sports wagering operator on commercially
50 reasonable terms and conditions.

51 (3) The sports governing body or its designee of the sports governing body does not
52 obtain a supplier license from the Commission to provide official league data to

1 interactive sports wagering operators to determine the results of tier two sports
2 wagers, if and to the extent required by law.

3 (f) During the pendency of the Commission's determination as to whether a sports
4 governing body or its designee will provide a feed of official league data on commercially
5 reasonable terms, an interactive sports wagering operator is not required to use official league
6 data for determining the results of tier two sports wagers. The Commission's determination shall
7 be made within 60 days of the interactive sports wagering operator notifying the Commission
8 that it desires to demonstrate that the sports governing body or its designees will not provide a
9 feed of official league data to the sports wagering operator on commercially reasonable terms.
10 The following is a non-exclusive list of factors the Commission may consider in evaluating
11 whether official league data is being offered on commercially reasonable terms and conditions
12 for purposes of this subsection and subsections (d) and (e) of this section:

13 (1) The extent to which interactive sports wagering operators have purchased the
14 same or similar official league data on the same or similar terms, particularly
15 in jurisdictions where such purchase was not required by law, or was required
16 by law, but only if offered on commercially reasonable terms.

17 (2) The nature and quantity of the official league data, including its speed, accuracy,
18 reliability, and overall quality, as compared to comparable non-official data.

19 (3) The quality and complexity of the process used to collect and distribute the
20 official league data as compared to comparable non-official data.

21 (4) The availability of a sports governing body's tier two official league data to an
22 interactive sports wagering operator from more than one authorized source.

23 (5) Market information, including price and other terms and conditions, regarding the
24 purchase by interactive sports wagering operators of comparable data for the
25 purpose of settling sports wagers in this State and other jurisdictions.

26 (6) The extent to which sports governing bodies or their designees have made data
27 used to settle tier two sports wagers available to interactive sports wagering
28 operators and any terms and conditions relating to the use of that data.

29 (7) Any other information the Commission deems relevant.

30 (g) Interactive sports wagering operators shall, as soon as practicable, report to the
31 Commission any information relating to abnormal betting activity or patterns that may indicate
32 a concern with the integrity of a sporting event or events, or any other conduct that corrupts a
33 sports wagering outcome of a sporting event or events for purposes of financial gain, including
34 match fixing. The interactive sports wagering operator making such a report shall also
35 simultaneously report such information to the relevant sports governing body.

36 **"§ 18C-204.** Reserved for future codification purposes.

37 **"§ 18C-205. Civil penalties; suspension and revocation of licenses.**

38 If the Commission determines that the holder of a license under this Article has
39 violated any provision of this Article, the Commission, with at least 15 days' notice and a hearing,
40 may do either or both of the following:

41 (1) Suspend or revoke the license.

42 (2) Impose a monetary penalty of not more than twenty thousand dollars (\$20,000) for
43 each violation.

44 **"§ 18C-206.** Reserved for future codification purposes.

45 **"§ 18C-207. Criminal penalties.**

46 (a) Any person who knowingly engages in sports wagering in violation of this Article
47 shall be guilty of a Class 2 misdemeanor.

48 (b) Any person who knowingly offers sports wagering in violation of this Article shall be
49 guilty of a Class 1 misdemeanor.

50 (c) Any person under the age of 21 who engages in sports wagering as defined under this
51 Article shall be guilty of a Class 2 misdemeanor.

1 (d) Any person who knowingly attempts to suborn, collude, or otherwise conspire to
2 influence the outcome of any competition or aspect of any competition that is the subject of sports
3 wagering pursuant to this Article shall be guilty of a Class G felony.

4 (e) Any applicant for an interactive sports wagering license or a service provider license
5 who willfully furnishes, supplies, or otherwise gives false information on the interactive sports
6 wagering license application shall be guilty of a Class I felony.

7 (f) Any interactive sports wagering operator or service provider licensee who willfully
8 furnishes, supplies, or otherwise gives false information on the sports wagering privilege tax
9 return shall be guilty of a Class I felony.

10 (g) Nothing in this Article shall be construed to allow the interactive sports wagering
11 operator or its service providers to be charged with violation of this Article absent actual notice
12 and knowledge that a registered player is under age or giving false information.

13 **"§ 18C-208.** Reserved for future codification purposes.

14 **"§ 18C-209. Voluntary exclusion program.**

15 (a) The Commission shall establish a voluntary exclusion program for any individual
16 shall be able to voluntarily exclude themselves from placing sports wagers through a voluntary
17 exclusion program established by the Commission. wagers. Interactive sports wagering operators
18 shall use reasonable means to comply with the exclusion of individuals participating in the
19 voluntary exclusion program by the Commission.

20 (b) The Commission shall adopt rules to establish the voluntary exclusion program, which
21 shall establish procedures for all of the following:

22 (1) Verification of the individual's request to be placed in the voluntary exclusion
23 program, and for how long, up to and including that individual's lifetime.

24 (2) How information regarding which individuals are in the voluntary exclusion
25 program is to be disseminated to the interactive sports wagering operators.

26 (3) How an individual in the voluntary exclusion program may petition the
27 Commission for removal from the voluntary exclusion program.

28 (4) The means by which the interactive sports wagering operators and their agents
29 shall make all reasonable efforts to cease direct marketing efforts to individuals
30 participating in the voluntary exclusion program.

31 (5) The means by which the Commission shall make available to all interactive sports
32 wagering operators and their agents the names of the individuals participating the
33 voluntary exclusion program, which shall be at least quarterly.

34 (c) Participation in the voluntary exclusion program shall not preclude an interactive
35 sports wagering operator and its agents from seeking the payment of a debt accrued by the
36 individual prior to participating in the voluntary exclusion program.

37 (d) The voluntary exclusion program shall be exempt from Chapter 132 of the General
38 Statutes and shall be treated as confidential by each interactive sports wagering operator.

39 (e) Sports wagering operators and their agents may be fined \$1,000 for each instance of
40 targeting direct marketing to individuals on the voluntary exclusion program.

41 (f) Sports wagering operators and their agents are prohibited from targeting direct
42 marketing to individuals on the voluntary exclusion program for sixty (60) days after the
43 individual leaves the voluntary exclusion program.

44 **"§ 18C-923.** Reserved for future codification purposes.

45 **"§ 18C-924. Risk management.**

46 The Commission shall adopt rules permitting, but not requiring, interactive sports wagering
47 operators and their service providers to employ systems that offset loss or manage or lay off risk
48 in the operation of sports wagering pursuant to this Article, including through liquidity pools,
49 exchanges, or similar mechanisms in another approved jurisdiction in which the interactive sports
50 wagering operator, service provider, or an affiliate of either or other third party also holds a
51 license or the equivalent, provided that at all times adequate protections are maintained to ensure
52 sufficient funds are available to pay all registered players.

1 "§ 18C-210. Reserved for future codification purposes.

2 "§ 18C-211. Places of public accommodation.

3 (a) Permanent places of public accommodation for the purpose of accessing the
4 registered player's interactive account, either directly or with assistance from a person, may be
5 associated with each sports facility.

6 (b) Permanent places of public accommodation permitted under this section shall be
7 located as follows:

8 (1) On the property of the sports facility.

9 (2) No more than one place of public accommodation may be on other property
10 owned or controlled by the owner or operator of the sports facility or an affiliated
11 entity of the owner or operator of the sports facility that is located within a one-
12 half mile radius of a sports facility defined in G.S. 18C-190(15)a. or G.S. 18C-
13 190(15)c.

14 (3) No more than one place of public accommodation may be on other property
15 owned or controlled by the owner or operator of the sports facility that is located
16 within a one and one-half mile radius of a sports facility defined in G.S. 18C-
17 190(15)b.

18 (c) Nothing in this section shall be construed to exempt a place of public accommodation
19 from the provisions of any other law that may be enforceable.

20 (d) All sports wagers made at a place of public accommodation shall be placed via an
21 interactive account as described in G.S. 18C-201. Mobile devices, computer terminals, similar
22 devices, and cashiers used to operate the place of public accommodation shall have the ability to
23 accept cash and cash equivalents and distribute cash or cash equivalents; however, only a cashier
24 may distribute something of monetary value to the registered player at a place of public
25 accommodation. All cashiers that accept or distribute cash or cash equivalents shall be an employee
26 of an interactive sports wagering operator.

27 (e) A public accommodation under this section may be advertised by the owner or operator
28 of the sports facility.

29 (f) Notwithstanding subsections (a) through (c) of this section, no more than one place of
30 public accommodation may be temporarily established during a professional golf tournament as
31 described in G.S. 18C-190(15)b. The temporary place of public accommodation need not comply
32 with local ordinances under Chapter 160D of the General Statutes but shall not operate more than
33 five days prior to the professional golf tournament or five days after the professional golf tournament.

34 "§ 18C-212. Reserved for future codification purposes.

35 "§ 18C-213. Indian gaming; compliance with federal law.

36 (a) Consistent with the intent of the United States Congress as articulated in the Unlawful
37 Internet Gambling Enforcement Act of 2006 (31 U.S.C. § 5361 et seq.), the intermediate routing
38 of electronic data relating to intrastate sports wagering authorized under this Article shall not
39 determine the location or locations in which such sports wagers are initiated and received.

40 (b) All activities authorized by this Article shall be deemed to be conducted solely under
41 the authority of this Article and not under the federal Indian Gaming Regulatory Act, 25 U.S.C.
42 § 2701 et seq.

43 (c) Without application under G.S. 18C-193, a tribal gaming enterprise shall be deemed a
44 licensed interactive sports wagering operator upon the occurrence of all of the following:

45 (1) Submission of a completed application to the Commission.

46 (2) Payment to the Commission of any application and renewal fees as provided in
47 this Article.

48 (3) Agreement by the tribal gaming enterprise, in a form as prescribed by the
49 Commission:

50 a. To adhere to the requirements of this Article and to the regulations
51 adopted by the Commission with respect to interactive sports
52 wagering.

1 than those specified in this section are used to determine the value of the privilege conferred upon
2 the operator.

3 (1) Gross wagers. – All cash and promotional wagers received by the operator
4 from bettors as wagers. Gross wagers include all cash, cash equivalents and
5 promotional credit, including but not limited to free bet wagers, “no deposit”
6 bonus codes, “refer a friend” bonuses, deposit matched bets, reload bonuses,
7 risk free bets, and any other medium by which a bettor is allowed to place a
8 wager.

9 (2) Gross payouts. – All cash payouts made by the operator to bettors. Gross
10 payouts include all cash payouts, whether that payout is made in connection
11 with a wager that originated as a promotion or not, including but not limited
12 to odds boosts, bet insurance (if paid in cash), and cash outs. Gross payouts
13 do not include any items or credits that are given to bettors that cannot be
14 withdrawn by the bettor immediately such as play-through credits that are not
15 immediately recognizable as cash, reward, or loyalty points, or credit that can
16 be redeemed elsewhere such as hotel stays, travel, or dining credit.

17 (3) Adjusted gross revenue. – Gross wagering revenue received by an interactive
18 sports wagering operator from all sports wagers authorized under this Article
19 and calculated as gross wagers less gross payouts and less excise tax payments
20 on sports wagers remitted to the federal government.

21 (4) Carryforward. – If the adjusted gross revenue is a negative number for any
22 month, the interactive sports wagering operator may carry forward the
23 negative amount to the return filed for the subsequent month. No amount shall
24 be carried forward more than 12 months after the month in which the amount
25 carried forward was originally due.

26 (c) Return. – Taxes levied by this Article are due when a return is required to be filed.
27 The return is due on a monthly basis. A monthly return is due by the twentieth day of the month
28 following the calendar month covered by the return. A return is filed on a form prescribed by the
29 Secretary.

30 (d) Records. – A person who is required to file a return under this Article must keep a record
31 of all documents used to determine information the person provides in a return. These records shall
32 be open at all times for inspection by the Secretary or an authorized representative of the Secretary
33 and shall be kept for the applicable period of statute of limitations as set forth under G.S. 105-242.6
34 or G.S. 105-242.8.

35 (e) Refund. – An interactive sports wagering operator is allowed a refund of the tax paid
36 under this section on a sports wager that has been refunded to the registered player. The Secretary
37 shall prescribe the manner in which a taxpayer may request a refund under this subsection, which
38 may include allowing a credit for the amount refunded on a subsequent monthly return required under
39 this section.

40 **§ 105-113.127. Bond or irrevocable letter of credit.**

41 The Secretary may require an interactive sports wagering operator to furnish a bond in an
42 amount that adequately protects the State from an interactive sports wagering operator's failure
43 to pay taxes due under this Article. A bond must be conditioned on compliance with this Article,
44 payable to the State, and in the form required by the Secretary. The amount of the bond is two
45 times the interactive sports wagering operator's expected monthly tax liability under this Article,
46 as determined by the Secretary, provided the amount of the bond may not be less than fifty
47 thousand dollars (\$50,000) and may not be more than two million dollars (\$2,000,000). The
48 Secretary should periodically review the sufficiency of bonds required of interactive sports
49 wagering operators and increase the amount of a required bond when the amount of the bond
50 furnished no longer covers the anticipated tax liability of the interactive sports wagering operator
51 and decrease the amount when the Secretary determines that a smaller bond amount will
52 adequately protect the State from loss.

1 For purposes of this section, an interactive sports wagering operator may substitute an irrevocable
2 letter of credit for the secured bond required by this section. The letter of credit must be issued by a
3 commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of
4 credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article,
5 and in the amounts stipulated in this section.

6 **"§ 105-113.128. Use of tax proceeds.**

7 (a) The Secretary shall distribute the taxes collected under this Article, less the allowance
8 to the Department of Revenue and reimbursement to the Lottery Commission for administrative
9 expenses, in accordance with this section. The Secretary may retain the cost of collection by the
10 Department, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to
11 the Department. The Lottery Commission shall, no later than 20 days after the end of the month,
12 notify the Department of its expenses from administering the provisions of Article 10 of Chapter
13 18C of the General Statutes from the previous month. The Department shall reimburse the
14 Lottery Commission from the tax revenues collected under this Article no later than the end of
15 the month in which the Department was notified. The remainder of the net proceeds of the tax
16 collected under this Article are to be credited to the North Carolina Education Lottery Fund.

17 **SECTION 42.5.(f)** G.S. 18C-114 reads as rewritten:

18 **"§ 18C-114. Powers and duties of the Commission.**

19 (a) The Commission shall have the following powers and duties:

20 ...

21 (14) To adopt and implement any rules necessary to carry out the provisions of this
22 Chapter, resolving any conflicts in this Chapter to the best interest of the State.

23 (c) The Commission and the Department of Revenue may agree to exchange any data
24 necessary to enforce and administer Article 10 of this Chapter and Article 2E of Chapter 105 of
25 the General Statutes, including information deemed necessary to perform an audit of a licensee
26 or taxpayer under those Articles."

27 **SECTION 42.5.(g)** G.S. 105-259(b)(33) reads as rewritten:

28 "(33) To provide to the North Carolina State Lottery Commission the information 7
29 required under G.S. 18C-142 or agreed upon under 8 G.S. 18C-114(c)."

30 **SECTION 42.5.(h)** Article 37 of Chapter 14 of the General Statutes is amended by
31 adding a new section to read:

32 **"§ 14-309.3. Sports wagering exempt.**

33 This Article shall not apply to sports wagering lawfully conducted in compliance with Article
34 10 of Chapter 18C of the General Statutes."

35 **SECTION 42.5.(i)** G.S. 14-309.20 reads as rewritten:

36 **"§ 14-309.20. Greyhound racing prohibited.**

37 (a) No person shall hold, conduct, or operate any greyhound races for public exhibition
38 in this State for monetary remuneration.

39 (b) No person shall transmit or receive interstate or intrastate simulcasting of greyhound
40 races for commercial purposes in this State, except as authorized under Article 10 of Chapter 18C of
41 the General Statutes.

42 (c) Any person who violates this section shall be guilty of a Class 1 misdemeanor."

43 **SECTION 42.5.(j)** The North Carolina State Lottery Commission shall use sufficient
44 funds from the North Carolina State Lottery Fund to cover initial operating expenses of the
45 Commission to implement Article 10 of Chapter 18C of the General Statutes, as enacted by this
46 act, provided the total amount borrowed by the Commission shall not exceed ten million dollars
47 (\$10,000,000) without further action by the General Assembly. The Commission shall repay any
48 funds used out of the North Carolina State Lottery Fund pursuant to this section within 36 months
49 after the effective date of this act.

50 **SECTION 42.5.(k)** The North Carolina State Lottery Commission shall study the
51 restrictions on number of licensees as established by G.S. 18C-193, as enacted by this act, and

1 shall report its findings, with any legislative recommendations, to the Joint Legislative Oversight
2 Committee on the North Carolina State Lottery no later than October 1, 2025.

4 **TECHNICAL AND COORDINATING LOTTERY CHANGES**

5 **SECTION 42.6.(a)** G.S. 18C-114(a)(8) reads as rewritten:

6 "(8) To charge a fee of potential contractors, of lottery contractors, of lottery retailers,
7 and of licensees and potential licensees under this Chapter to not exceed the cost
8 of the criminal record check of the potential contractors and lottery contractors."

9 **SECTION 42.6.(b)** G.S. 18C-120(b)(2) reads as rewritten:

10 "(2) To conduct a background investigation, including a criminal history record check,
11 of applicants for employment with the Commission, licensees under this Chapter,
12 lottery contractors, lottery retailers, and lottery potential contractors, which may
13 include a search of the State and National Repositories of Criminal Histories
14 based on the fingerprints of applicants."

15 **SECTION 42.6.(c)** G.S. 143B-947 reads as rewritten:

16 **"§ 143B-947. Criminal record checks for the North Carolina State Lottery Commission and** 17 **its Director.**

18 The Department of Public Safety may provide to the North Carolina State Lottery
19 Commission and to its Director from the State and National Repositories of Criminal Histories
20 the criminal history of any prospective employee of the Commission, any potential contractor,
21 and any licensee or prospective licensee under Chapter 18C of the General Statutes. The North
22 Carolina State Lottery Commission or its Director shall provide to the Department of Public
23 Safety, along with the request, the fingerprints of the individual, a form signed by the individual
24 consenting to the criminal record check and use of fingerprints and other identifying information
25 required by the State and National Repositories, and any additional information required by the
26 Department of Public Safety. The fingerprints of the individual shall be forwarded to the State Bureau
27 of Investigation for a search of the State's criminal history record file, and the State Bureau of
28 Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national
29 criminal history record check. The North Carolina State Lottery Commission and its Director shall
30 remit any fingerprint information retained by the Commission to alcohol law enforcement agents
31 appointed under Article 5 of Chapter 18B of the General Statutes and shall keep all information
32 obtained pursuant to this section confidential. The Department of Public Safety shall charge a
33 reasonable fee only for conducting the checks of the criminal history records authorized by this
34 section."

35 **SECTION 42.6.(d)** G.S. 14-306 reads as rewritten:

36 **"§ 14-306. Slot machine or device defined.**

37 ...

38 (e) The definition contained in subsection (a) of this section and G.S. 14-296, G.S. 14-
39 301, G.S. 14-302, G.S. 14-305, and G.S. 14-306.1A does not include a video lottery terminal
40 with a valid permit affixed to it and authorized under Article 9 of Chapter 18C of the General
41 Statutes."

42 **SECTION 42.6.(e)** G.S. 14-306.1A reads as rewritten:

43 **"§ 14-306.1A. Types of machines and devices prohibited by law; penalties.**

44 (a) Ban on Machines. – It shall be unlawful for any person to operate, allow to be
45 operated, place into operation, or keep in that person's possession for the purpose of operation
46 any video gaming machine as defined in subsection (b) of this section, except for the **following:**

47 (1) An exemption for a federally recognized Indian tribe under subsection (e) of
48 this section for whom it shall be lawful to operate and possess machines as
49 listed in subsection (b) of this section if conducted in accordance with an
50 approved Class III Tribal-State Compact applicable to that tribe, as provided
51 in G.S. 147-12(14) and G.S. 71A-8.

1 (2) An exemption for those licensed by the North Carolina State Lottery
2 Commission to conduct activities set forth in Article 9 of Chapter 18C of the
3 General Statutes.

4 "

5 **SECTION 42.6.(f)** G.S. 14-306.3 reads as rewritten:

6 **"§ 14-306.3. Certain game promotions unlawful.**

7 ...

8 (d) Upon conviction or plea of guilty, all of the following held by the person shall be
9 automatically revoked:

10 (1) A permit issued under Chapter 18B of the General Statutes.

11 (2) A contract to sell tickets or shares under Article 5 of Chapter 18C of the
12 General Statutes.

13 (3) Any license issued under Article 9 of Chapter 18C of the General Statutes.

14 (4) Any video lottery terminal permits issued under Article 9 of Chapter 18C of
15 the General Statutes.

16 (e) Nothing in this section shall apply to the form of Class III gaming legally conducted
17 on Indian lands which are held in trust by the United States government for and on behalf of
18 federally recognized Indian tribes if conducted in accordance with an approved Class III Tribal-
19 State Gaming Compact applicable to that tribe as provided in G.S. 147-12(14) and G.S. 71A-8.

20 (f) Nothing in this section shall apply to any product licensed or operated by the North
21 Carolina Lottery Commission."

22 **SECTION 42.6.(g)** G.S. 14-306.4 is amended by adding a new subsection to read:

23 "(d1) Nothing in this section shall be construed to make illegal any activity or product
24 licensed or operated by the North Carolina Lottery Commission."

25 **SECTION 42.6.(h)** Part 1 of Article 37 of Chapter 14 of the General Statutes is
26 amended by adding the following new section to read:

27 **"§ 14-309.3. Amusements with non-cash prizes.**

28 The provisions of G.S. 14-296, G.S. 14-301, G.S. 14-302, G.S. 14-305, G.S. 14-306, and G.S.
29 14-306.1A do not apply to coin-operated machines, video games, pinball machines, and other
30 computer, electronic, or mechanical devices that are operated and played for amusement and that
31 meet all of the following criteria:

32 (1) Non-cash prizes, toys, novelties, free replays, coupons, or other
33 representations of value redeemable for non-cash prizes, toys, or novelties are
34 awarded.

35 (2) The wholesale value of a prize, toy, or novelty awarded for a single win from
36 any individual play does not exceed ten dollars (\$10.00).

37 (3) Each play of the game involves the use of some element of skill or dexterity.

38 (4) A notice is affixed to each machine or device in view of the player that
39 provides notice that it is a criminal offense, with the potential of
40 imprisonment, to award cash prizes from the play of the machine or device."

41 42 **PART XLII. MISCELLANEOUS**

43 44 **STATE BUDGET ACT APPLIES**

45 **SECTION 43.1.** The provisions of the State Budget Act, Chapter 143C of the
46 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
47 this act by reference.

48 49 **MOST TEXT APPLIES ONLY TO THE 2023-25 FISCAL BIENNIUM**

50 **SECTION 43.2.** Except for statutory changes or other provisions that clearly indicate
51 an intention to have effects beyond the 2023-25 fiscal biennium, the textual provisions of this act

