



1	Less: Receipts	2,196,466,432	2,196,466,432
2	<b>Net Appropriation</b>	<b>9,702,977,572</b>	<b>9,837,450,504</b>
3			
4	University of North Carolina		
5	NC A&T University		
6	Requirements	179,670,122	179,670,122
7	Less: Receipts	87,068,977	87,068,977
8	<b>Net Appropriation</b>	<b>92,601,145</b>	<b>92,601,145</b>
9			
10	NC School of Science and Mathematics		
11	Requirements	25,868,609	28,616,238
12	Less: Receipts	1,796,561	1,796,561
13	<b>Net Appropriation</b>	<b>24,072,048</b>	<b>26,819,677</b>
14			
15	NC State University-Academic Affairs		
16	Requirements	844,689,661	844,689,661
17	Less: Receipts	422,436,564	422,436,564
18	<b>Net Appropriation</b>	<b>422,253,097</b>	<b>422,253,097</b>
19			
20	NC State University-Agric. Research		
21	Requirements	72,792,781	72,792,781
22	Less: Receipts	17,721,640	17,721,640
23	<b>Net Appropriation</b>	<b>55,071,141</b>	<b>55,071,141</b>
24			
25	NC State University-Coop. Extension		
26	Requirements	55,529,168	55,529,168
27	Less: Receipts	14,833,163	14,833,163
28	<b>Net Appropriation</b>	<b>40,696,005</b>	<b>40,696,005</b>
29			
30	North Carolina Central University		
31	Requirements	136,655,404	136,655,404
32	Less: Receipts	51,822,380	51,822,380
33	<b>Net Appropriation</b>	<b>84,833,024</b>	<b>84,833,024</b>
34			
35	UNC at Asheville		
36	Requirements	61,661,158	61,661,158
37	Less: Receipts	21,876,242	21,876,242
38	<b>Net Appropriation</b>	<b>39,784,916</b>	<b>39,784,916</b>
39			
40	UNC at Chapel Hill-Academic Affairs		
41	Requirements	648,856,478	648,856,478
42	Less: Receipts	371,403,527	371,403,527
43	<b>Net Appropriation</b>	<b>277,452,951</b>	<b>277,452,951</b>
44			
45	UNC at Chapel Hill-Area Health Education		
46	Requirements	54,664,072	54,664,072
47	Less: Receipts	0	0
48	<b>Net Appropriation</b>	<b>54,664,072</b>	<b>54,664,072</b>
49			
50	UNC at Chapel Hill-Health Affairs		
51	Requirements	327,723,444	327,723,444

1	Less: Receipts	122,612,306	122,612,306
2	<b>Net Appropriation</b>	<b>205,111,138</b>	<b>205,111,138</b>
3			
4	UNC at Charlotte		
5	Requirements	420,146,272	420,146,272
6	Less: Receipts	164,780,562	164,780,562
7	<b>Net Appropriation</b>	<b>255,365,710</b>	<b>255,365,710</b>
8			
9	UNC at Greensboro		
10	Requirements	287,718,420	287,718,420
11	Less: Receipts	109,591,257	109,591,257
12	<b>Net Appropriation</b>	<b>178,127,163</b>	<b>178,127,163</b>
13			
14	UNC at Pembroke		
15	Requirements	90,161,357	90,165,578
16	Less: Receipts	13,264,333	13,264,333
17	<b>Net Appropriation</b>	<b>76,897,024</b>	<b>76,901,245</b>
18			
19	UNC at Wilmington		
20	Requirements	244,118,982	244,118,982
21	Less: Receipts	98,550,341	98,550,341
22	<b>Net Appropriation</b>	<b>145,568,641</b>	<b>145,568,641</b>
23			
24	UNC Board of Governors		
25	Requirements	42,592,385	42,592,385
26	Less: Receipts	46,899	46,899
27	<b>Net Appropriation</b>	<b>42,545,486</b>	<b>42,545,486</b>
28			
29	UNC BOG – Institutional Programs		
30	Requirements	116,889,417	154,489,417
31	Less: Receipts	34,183,633	34,183,633
32	<b>Net Appropriation</b>	<b>82,705,784</b>	<b>120,305,784</b>
33			
34	UNC BOG – Related Educational Programs		
35	Requirements	195,700,476	195,700,476
36	Less: Receipts	84,481,975	84,481,975
37	<b>Net Appropriation</b>	<b>111,218,501</b>	<b>111,218,501</b>
38			
39	UNC General Administration		
40	Requirements	184,683,089	198,899,756
41	Less: Receipts	0	0
42	<b>Net Appropriation</b>	<b>184,683,089</b>	<b>198,899,756</b>
43			
44	UNC School of the Arts		
45	Requirements	49,623,526	49,623,526
46	Less: Receipts	16,359,089	16,359,089
47	<b>Net Appropriation</b>	<b>33,264,437</b>	<b>33,264,437</b>
48			
49	Western Carolina University		
50	Requirements	159,162,027	159,195,028
51	Less: Receipts	27,714,804	27,714,804

1	<b>Net Appropriation</b>	<b>131,447,223</b>	<b>131,480,224</b>
2			
3	Winston-Salem State University		
4	Requirements	86,145,805	86,145,805
5	Less: Receipts	22,495,553	22,495,553
6	<b>Net Appropriation</b>	<b>63,650,252</b>	<b>63,650,252</b>
7			
8	East Carolina Univ-Academic Affairs		
9	Requirements	414,348,327	414,348,327
10	Less: Receipts	182,150,292	182,150,292
11	<b>Net Appropriation</b>	<b>232,198,035</b>	<b>232,198,035</b>
12			
13	East Carolina Univ-Health Affairs		
14	Requirements	90,335,813	90,335,813
15	Less: Receipts	12,400,019	12,400,019
16	<b>Net Appropriation</b>	<b>77,935,794</b>	<b>77,935,794</b>
17			
18	Elizabeth City State University		
19	Requirements	38,867,498	38,867,498
20	Less: Receipts	3,564,271	3,564,271
21	<b>Net Appropriation</b>	<b>35,303,227</b>	<b>35,303,227</b>
22			
23	Appalachian State University		
24	Requirements	261,453,151	261,453,151
25	Less: Receipts	113,650,398	113,650,398
26	<b>Net Appropriation</b>	<b>147,802,753</b>	<b>147,802,753</b>
27			
28	Fayetteville State University		
29	Requirements	75,646,019	75,646,019
30	Less: Receipts	21,734,797	21,734,797
31	<b>Net Appropriation</b>	<b>53,911,222</b>	<b>53,911,222</b>
32			
33	<b>HEALTH AND HUMAN SERVICES</b>		
34	Aging and Adult Services		
35	Requirements	120,301,050	120,301,050
36	Less: Receipts	70,784,053	70,784,053
37	<b>Net Appropriation</b>	<b>49,516,997</b>	<b>49,516,997</b>
38			
39	Central Management and Support		
40	Requirements	236,865,779	239,849,068
41	Less: Receipts	110,088,177	113,679,163
42	<b>Net Appropriation</b>	<b>126,777,602</b>	<b>126,169,905</b>
43			
44	Child Development and Early Education		
45	Requirements	808,017,928	817,770,668
46	Less: Receipts	572,283,644	572,086,384
47	<b>Net Appropriation</b>	<b>235,734,284</b>	<b>245,684,284</b>
48			
49	Health Benefits (Medicaid and Health Choice)		
50	Requirements	15,436,640,030	15,774,241,222
51	Less: Receipts	11,479,942,840	11,637,903,144

1	<b>Net Appropriation</b>	<b>3,956,697,190</b>	<b>4,136,338,078</b>
2			
3	Health Service Regulation		
4	Requirements	71,561,343	71,561,343
5	Less: Receipts	52,610,008	52,610,008
6	<b>Net Appropriation</b>	<b>18,951,335</b>	<b>18,951,335</b>
7			
8	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
9	Requirements	1,550,193,348	1,566,361,063
10	Less: Receipts	793,895,541	787,473,601
11	<b>Net Appropriation</b>	<b>756,297,807</b>	<b>778,887,462</b>
12			
13	Public Health		
14	Requirements	904,911,548	902,353,542
15	Less: Receipts	740,511,193	740,167,484
16	<b>Net Appropriation</b>	<b>164,400,355</b>	<b>162,186,058</b>
17			
18	Services for the Blind/Deaf/Hard of Hearing		
19	Requirements	47,077,712	47,094,980
20	Less: Receipts	38,354,656	38,371,368
21	<b>Net Appropriation</b>	<b>8,723,056</b>	<b>8,723,612</b>
22			
23	Social Services		
24	Requirements	1,912,156,681	1,908,547,973
25	Less: Receipts	1,707,238,186	1,705,434,076
26	<b>Net Appropriation</b>	<b>204,918,495</b>	<b>203,113,897</b>
27			
28	Vocational Rehabilitation Services		
29	Requirements	152,942,430	152,705,953
30	Less: Receipts	112,486,771	112,511,632
31	<b>Net Appropriation</b>	<b>40,455,659</b>	<b>40,194,321</b>
32			
33	<b>AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES</b>		
34	Agriculture and Consumer Services		
35	Requirements	195,652,414	186,586,639
36	Less: Receipts	68,929,628	59,329,628
37	<b>Net Appropriation</b>	<b>126,722,786</b>	<b>127,257,011</b>
38			
39	Commerce		
40	Requirements	287,643,083	320,643,083
41	Less: Receipts	142,084,386	138,779,386
42	<b>Net Appropriation</b>	<b>145,558,697</b>	<b>181,863,697</b>
43			
44	Environmental Quality		
45	Requirements	199,342,714	198,972,950
46	Less: Receipts	118,958,863	114,782,705
47	<b>Net Appropriation</b>	<b>80,383,851</b>	<b>84,190,245</b>
48			
49	Labor		
50	Requirements	37,106,127	37,126,948
51	Less: Receipts	18,968,296	18,968,296

1	<b>Net Appropriation</b>	<b>18,137,831</b>	<b>18,158,652</b>
2			
3	Natural and Cultural Resources		
4	Requirements	238,368,755	236,021,529
5	Less: Receipts	45,478,864	42,487,651
6	<b>Net Appropriation</b>	<b>192,889,891</b>	<b>193,533,878</b>
7			
8	Wildlife Resources Commission		
9	Requirements	75,630,859	75,630,859
10	Less: Receipts	64,486,379	64,486,379
11	<b>Net Appropriation</b>	<b>11,144,480</b>	<b>11,144,480</b>
12			
13	<b>JUSTICE AND PUBLIC SAFETY</b>		
14	Public Safety		
15	Requirements	2,368,221,583	2,388,109,845
16	Less: Receipts	259,709,909	259,634,879
17	<b>Net Appropriation</b>	<b>2,108,511,674</b>	<b>2,128,474,966</b>
18			
19	Justice		
20	Requirements	91,618,748	92,566,722
21	Less: Receipts	40,484,546	40,487,512
22	<b>Net Appropriation</b>	<b>51,134,202</b>	<b>52,079,210</b>
23			
24	Indigent Defense Services		
25	Requirements	136,243,776	136,110,650
26	Less: Receipts	10,182,323	10,182,323
27	<b>Net Appropriation</b>	<b>126,061,453</b>	<b>125,928,327</b>
28			
29	Administrative Office of the Courts		
30	Requirements	559,690,746	561,811,449
31	Less: Receipts	1,136,462	1,136,462
32	<b>Net Appropriation</b>	<b>558,554,284</b>	<b>560,674,987</b>
33			
34	<b>GENERAL GOVERNMENT</b>		
35	Administration		
36	Requirements	75,187,871	74,296,687
37	Less: Receipts	11,387,542	9,964,318
38	<b>Net Appropriation</b>	<b>63,800,329</b>	<b>64,332,369</b>
39			
40	Administrative Hearings		
41	Requirements	7,742,558	7,828,616
42	Less: Receipts	1,684,910	1,684,910
43	<b>Net Appropriation</b>	<b>6,057,648</b>	<b>6,143,706</b>
44			
45	Auditor		
46	Requirements	19,898,816	19,898,816
47	Less: Receipts	6,199,884	6,199,884
48	<b>Net Appropriation</b>	<b>13,698,932</b>	<b>13,698,932</b>
49			
50	Budget and Management		
51	Requirements	8,299,545	8,751,669

1	Less: Receipts	0	0
2	<b>Net Appropriation</b>	<b>8,299,545</b>	<b>8,751,669</b>
3			
4	Budget and Management – Special Approp.		
5	Requirements	4,500,000	4,550,000
6	Less: Receipts	0	50,000
7	<b>Net Appropriation</b>	<b>4,500,000</b>	<b>4,500,000</b>
8			
9	Controller		
10	Requirements	25,050,227	25,123,346
11	Less: Receipts	846,028	846,028
12	<b>Net Appropriation</b>	<b>24,204,199</b>	<b>24,277,318</b>
13			
14	Elections		
15	Requirements	6,818,399	6,853,108
16	Less: Receipts	102,000	102,000
17	<b>Net Appropriation</b>	<b>6,716,399</b>	<b>6,751,108</b>
18			
19	General Assembly		
20	Requirements	71,729,572	70,475,420
21	Less: Receipts	2,115,152	861,000
22	<b>Net Appropriation</b>	<b>69,614,420</b>	<b>69,614,420</b>
23			
24	Governor		
25	Requirements	6,037,114	6,037,114
26	Less: Receipts	898,760	898,760
27	<b>Net Appropriation</b>	<b>5,138,354</b>	<b>5,138,354</b>
28			
29	Housing Finance Agency		
30	Requirements	30,660,000	10,660,000
31	Less: Receipts	0	0
32	<b>Net Appropriation</b>	<b>30,660,000</b>	<b>10,660,000</b>
33			
34	Insurance		
35	Requirements	50,241,173	49,321,539
36	Less: Receipts	9,378,222	8,455,565
37	<b>Net Appropriation</b>	<b>40,862,951</b>	<b>40,865,974</b>
38			
39	Insurance – Industrial Commission		
40	Requirements	22,363,107	22,363,707
41	Less: Receipts	13,053,262	13,053,262
42	<b>Net Appropriation</b>	<b>9,309,845</b>	<b>9,310,445</b>
43			
44	Lieutenant Governor		
45	Requirements	873,753	873,753
46	Less: Receipts	0	0
47	<b>Net Appropriation</b>	<b>873,753</b>	<b>873,753</b>
48			
49	Military and Veterans Affairs		
50	Requirements	61,696,378	62,226,362
51	Less: Receipts	52,444,456	52,444,456

1	<b>Net Appropriation</b>	<b>9,251,922</b>	<b>9,781,906</b>
2			
3	Revenue		
4	Requirements	162,192,308	145,418,688
5	Less: Receipts	75,636,207	58,768,852
6	<b>Net Appropriation</b>	<b>86,556,101</b>	<b>86,649,836</b>
7			
8	Secretary of State		
9	Requirements	14,469,065	14,470,922
10	Less: Receipts	291,456	291,456
11	<b>Net Appropriation</b>	<b>14,177,609</b>	<b>14,179,466</b>
12			
13	Treasurer		
14	Requirements	60,591,562	60,852,057
15	Less: Receipts	55,809,044	56,069,539
16	<b>Net Appropriation</b>	<b>4,782,518</b>	<b>4,782,518</b>
17			
18	Treasurer – Additional Retirement Systems		
19	Requirements	29,595,641	29,595,641
20	Less: Receipts	0	0
21	<b>Net Appropriation</b>	<b>29,595,641</b>	<b>29,595,641</b>
22			
23	<b>INFORMATION TECHNOLOGY</b>		
24	Department of Information Technology		
25	Requirements	72,414,125	74,414,125
26	Less: Receipts	15,395,579	15,395,579
27	<b>Net Appropriation</b>	<b>57,018,546</b>	<b>59,018,546</b>
28			
29	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
30	General Debt Service		
31	Requirements	730,767,386	748,058,900
32	Less: Receipts	730,767,386	748,058,900
33	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
34			
35	Federal Debt Service		
36	Requirements	1,616,380	1,616,380
37	Less: Receipts	1,616,380	1,616,380
38	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
39			
40	Film and Entertainment Grant		
41	Requirements	31,000,000	0
42	Less: Receipts	0	0
43	<b>Net Appropriation</b>	<b>31,000,000</b>	<b>0</b>
44			
45	Statewide Reserves		
46	Requirements	377,904,170	926,804,504
47	Less: Receipts	0	0
48	<b>Net Appropriation</b>	<b>377,904,170</b>	<b>926,804,504</b>
49			
50	OSHR Minimum of Market Adjustment		
51	Requirements	1,624,316	1,624,316

1	Less: Receipts	0	0
2	<b>Net Appropriation</b>	<b>1,624,316</b>	<b>1,624,316</b>
3			
4	<b>Total Requirements</b>	<b>45,926,194,400</b>	<b>47,021,776,936</b>
5	<b>Less: Total Receipts</b>	<b>22,019,694,400</b>	<b>22,149,385,430</b>
6	<b>Total Net Appropriation</b>	<b>23,906,500,000</b>	<b>24,872,391,506</b>

**GENERAL FUND AVAILABILITY**

9           **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,  
10 nontax revenue, and other adjustments used in developing the budget for each year of the  
11 2019-2021 fiscal biennium is as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>	
13			
14	Unappropriated Balance	\$645,592,679	\$605,599,545
15	Anticipated Reversions	275,000,000	275,000,000
16	Projected Over Collections	150,800,000	-
17	Information Technology Reserve	(73,214,383)	(93,201,702)
18	<b>Total, Prior Year-End Fund Balance</b>	<b>998,178,296</b>	<b>787,397,843</b>
19			
20	Statutory Earmark, State Capital & Infrastructure Fund	(249,544,574)	(196,849,461)
21	<b>Beginning Unreserved Fund Balance</b>	<b>748,633,722</b>	<b>590,548,382</b>
22			
23	<b>Tax Revenues</b>		
24	Personal Income	12,891,800,000	13,407,500,000
25	Sales and Use	8,155,600,000	8,530,800,000
26	Corporate Income	687,000,000	730,400,000
27	Franchise	685,800,000	705,800,000
28	Insurance	602,400,000	620,200,000
29	Alcoholic Beverage	400,600,000	413,000,000
30	Tobacco Products	260,100,000	260,000,000
31	Other Tax Revenues	130,400,000	133,100,000
32	<b>Subtotal, Tax Revenues</b>	<b>23,813,700,000</b>	<b>24,801,100,000</b>
33	<b>Non-Tax Revenues</b>		
34	Judicial Fees	232,900,000	232,400,000
35	Investment Income	183,000,000	203,300,000
36	Disproportionate Share	164,700,000	142,100,000
37	Master Settlement Agreement	139,400,000	139,400,000
38	Insurance	83,700,000	84,600,000
39	Other Non-Tax Revenues	196,600,000	198,600,000
40	<b>Subtotal, Non-Tax Revenues</b>	<b>1,000,300,000</b>	<b>1,000,400,000</b>
41			
42	<b>Total, Net Revenues</b>	<b>24,814,000,000</b>	<b>25,801,500,000</b>
43			
44	<b>Adjustments to Tax Revenues: 2019 Session</b>		
45	Tax Law Changes	(5,300,000)	(144,600,000)
46	Gross Premiums Tax/Prepaid Health Plans (H.B. 114)	12,000,000	191,000,000
47	<b>Statutory Reservations of Tax Revenues</b>		
48	Savings Reserve	(104,610,000)	(154,065,000)
49	State Capital and Infrastructure Fund	(952,816,000)	(993,900,000)
50	<b>Other Adjustments to Availability: 2019 Session</b>		
51	Transfer from Department of Insurance	109,237	109,237

1	Transfer from Department of Treasurer	82,586	82,586
2			
3	<b>Total, Adjustments and Reservations</b>	<b>(1,050,534,177)</b>	<b>(1,101,373,177)</b>
4			
5	<b>Revised Net General Fund Availability</b>	<b>24,512,099,545</b>	<b>25,290,675,205</b>
6			
7	Less General Fund Net Appropriations	(23,906,500,000)	(24,872,391,506)
8			
9	<b>Unappropriated Balance Remaining</b>	<b>605,599,545</b>	<b>418,283,699</b>

10  
11 **SECTION 2.2.(b)** Effective June 30, 2019, the funds remaining in the General Fund  
12 unreserved fund balance on June 30, 2019, as a result of the repeal of the Repairs and Renovation  
13 Reserve in G.S. 143C-4-3, shall instead be reserved for the State Capital and Infrastructure Fund  
14 established in G.S. 143C-4-3.1. On July 1, 2019, the State Controller shall transfer the funds in  
15 this section to the State Capital and Infrastructure Fund.

16 **SECTION 2.2.(c)** The State Controller shall reserve from funds available in the  
17 unappropriated General Fund balance the sum of seventy-three million two hundred fourteen  
18 thousand three hundred eighty-three dollars (\$73,214,383) for the 2018-2019 fiscal year for the  
19 information technology projects listed below. This subsection becomes effective May 31, 2019.  
20 The funds reserved in this subsection shall be transferred and deposited in the following special  
21 funds, and are hereby appropriated for the 2018-2019 fiscal year for the purposes enumerated in  
22 this subsection:

	<b>Budget Code</b>	<b>2018-2019</b>
24		
25		
26		
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51		

41 **SECTION 2.2.(d)** The State Controller shall reserve from funds available in the  
42 unappropriated General Fund balance the sum of ninety-three million two hundred one thousand  
43 seven hundred two dollars (\$93,201,702) for the 2019-2020 fiscal year for the information  
44 technology projects listed below. The funds reserved in this subsection shall be transferred and  
45 deposited in the following special funds, and shall be available for expenditure only upon an  
46 appropriation by act of the General Assembly:

	<b>Budget Code</b>	<b>2019-2020</b>
43		
44		
45		
46		
47		
48		
49		
50		
51		

1  
2           **SECTION 2.2.(e)** The State Controller shall transfer the sum of two hundred six  
3 million one hundred forty-five thousand six hundred twelve dollars (\$206,145,612) for the  
4 2019-2020 fiscal year and the sum of sixty-two million five hundred eleven thousand six hundred  
5 ninety-two dollars (\$62,511,692) for the 2020-2021 fiscal year from funds available in the  
6 Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund  
7 established under Section 12H.29 of S.L. 2015-241.

8  
9 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

10  
11 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

12           **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance  
13 and operation of the Department of Transportation and for other purposes as enumerated are  
14 made for the fiscal biennium ending June 30, 2021, according to the following schedule:

15			
16	<b>Current Operations – Highway Fund</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
17			
18	Department of Transportation		
19	Administration	\$89,378,517	\$89,388,867
20			
21	Division of Highways		
22	Administration	40,787,566	40,787,566
23	Construction	36,100,000	36,100,000
24	Maintenance	1,451,015,977	1,451,015,977
25	Governor's Highway Safety Program	267,914	267,914
26	OSHA Program	358,030	358,030
27			
28	State Aid to Municipalities	162,250,000	177,000,000
29			
30	Intermodal Divisions		
31	Ferry	50,379,026	50,879,026
32	Public Transportation, Bicycle, and Pedestrian	95,154,993	95,154,993
33	Aviation	135,846,918	129,546,918
34	Rail	53,822,269	87,127,269
35	Division of Motor Vehicles	142,408,193	138,796,720
36	Reserves, Transfers, and Other	37,914,566	31,506,566
37			
38	Capital Improvements	11,716,031	11,964,960
39			
40	<b>Total Highway Fund Appropriations</b>	<b>\$2,307,400,000</b>	<b>\$2,408,200,000</b>

41  
42 **HIGHWAY FUND AVAILABILITY**

43           **SECTION 3.2.** The Highway Fund availability used in developing the 2019-2021  
44 fiscal biennial budget is shown below:

45			
46	<b>Highway Fund Availability</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
47	Motor Fuels Tax	\$1,520,100,000	\$1,569,500,000
48	Highway Short-Term Lease	10,000,000	10,000,000
49	Licenses and Fees	772,200,000	828,000,000
50	Investment Income	1,000,000	1,000,000
51	NCCR Dividend Payment	4,100,000	4,200,000

1	Aviation Fuel Tax Adjustment	0	(5,400,000)
2			
3	<b>Total Highway Fund Availability</b>	<b>\$2,307,400,000</b>	<b>\$2,407,300,000</b>

#### 5 HIGHWAY TRUST FUND APPROPRIATIONS

6 **SECTION 3.3.** Appropriations from the State Highway Trust Fund for the  
7 maintenance and operation of the Department of Transportation and for other purposes as  
8 enumerated are made for the fiscal biennium ending June 30, 2021, according to the following  
9 schedule:

11	<b>Current Operations – Highway Trust Fund</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
12			
13	Program Administration	\$35,626,560	\$35,626,560
14	Bonds	88,334,015	56,824,500
15	Turnpike Authority	49,000,000	49,000,000
16	State Ports Authority	45,000,000	45,000,000
17	FHWA State Match	4,640,000	4,640,000
18	Strategic Prioritization Funding Plan for		
19	Transportation Investments	1,376,699,425	1,465,308,940
20	Transfer to Visitor Center	400,000	400,000
21			
22	<b>Total Highway Trust Fund Appropriations</b>	<b>\$1,599,700,000</b>	<b>\$1,656,800,000</b>

#### 23 HIGHWAY TRUST FUND AVAILABILITY

24 **SECTION 3.4.** The Highway Trust Fund availability used in developing the  
25 2019-2021 fiscal biennial budget is shown below:

27	<b>Highway Trust Fund Availability</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
28			
29	Highway Use Tax	\$833,900,000	\$855,500,000
30	Motor Fuels Tax	618,500,000	636,400,000
31	Fees	145,300,000	162,900,000
32	Investment Income	2,000,000	2,000,000

#### 33 PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

##### 34 OTHER APPROPRIATIONS

35 **SECTION 4.1.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated  
36 for each year of the 2019-2021 fiscal biennium, all budget codes listed in the Governor's  
37 Recommended Base Budget for the 2019-2021 fiscal biennium, submitted pursuant to  
38 G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General  
39 Assembly in this act and as delineated in the Committee Report described in Section \_\_ of this  
40 act, or in another act of the General Assembly.

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

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

##### 48 OTHER RECEIPTS FROM PENDING AWARD GRANTS

1           **SECTION 4.2.(a)** Notwithstanding G.S. 143C-6-4, State agencies may, with  
 2 approval of the Director of the Budget, spend funds received from grants awarded subsequent to  
 3 the enactment of this act for grant awards that are for less than two million five hundred thousand  
 4 dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital  
 5 project. State agencies shall report to the Joint Legislative Commission on Governmental  
 6 Operations within 30 days of receipt of such funds.

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

10           **SECTION 4.2.(b)** The Office of State Budget and Management shall work with the  
 11 recipient State agencies to budget grant awards according to the annual program needs and within  
 12 the parameters of the respective granting entities. Depending on the nature of the award,  
 13 additional State personnel may be employed on a time-limited basis. Funds received from such  
 14 grants are hereby appropriated and shall be incorporated into the authorized budget of the  
 15 recipient State agency.

16           **SECTION 4.2.(c)** Notwithstanding the provisions of this section, no State agency  
 17 may accept a grant not anticipated in this act if acceptance of the grant would obligate the State  
 18 to make future expenditures relating to the program receiving the grant or would otherwise result  
 19 in a financial obligation as a consequence of accepting the grant funds.

## 20           **EDUCATION LOTTERY FUNDS**

21           **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the  
 22 2019-2021 fiscal biennium are as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
	<b>\$694,200,000</b>	<b>\$694,200,000</b>

34           **SECTION 4.3.(b)** G.S. 18C-164(b1) reads as rewritten:

35           "(b1) Net revenues credited to the Education Lottery Fund shall be appropriated in an  
 36 amount equal to the amount appropriated from the Education Lottery Fund in the most recently  
 37 enacted Current Operations and Capital Improvements Appropriations Act of 2017-Act."

## 38           **INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

39           **SECTION 4.4.** Notwithstanding G.S. 143C-9-7, there is allocated from the Indian  
 40 Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and  
 41 Digital Resources Allotment, the sum of ten million dollars (\$10,000,000) in each year of the  
 42 2019-2021 fiscal biennium.  
 43

## 44           **CIVIL PENALTY AND FORFEITURE FUND**

45           **SECTION 4.5.(a)** Allocations are made from the Civil Penalty and Forfeiture Fund  
 46 for the fiscal biennium ending June 30, 2021, as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
48		
49		
50		
51		
	<b>\$18,000,000</b>	<b>\$18,000,000</b>
	<b>27,393,768</b>	<b>27,393,768</b>
	<b>162,941,640</b>	<b>162,941,640</b>

1 **Total Appropriation** **\$208,335,408** **\$208,335,408**

2 **SECTION 4.5.(b)** Excess receipts realized in the Civil Penalty and Forfeiture Fund  
3 in each year of the 2019-2021 fiscal biennium shall be allocated to the School Technology Fund.

4  
5 **2019 DISASTER RECOVERY**

6 **SECTION 4.6.(a)** Transfers; Appropriations; Reversions; Reallocations. – The  
7 following applies to this subsection:

8 (1) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of  
9 eighty-four million seven hundred thousand dollars (\$84,700,000) in  
10 nonrecurring funds for the 2019-2020 fiscal year from the Hurricane Florence  
11 Disaster Recovery Reserve in the General Fund to the Hurricane Florence  
12 Disaster Recovery Fund created in S.L. 2018-134 and these funds are  
13 appropriated within the Fund and shall be allocated as provided in subsection  
14 (b) of this section.

15 (2) Notwithstanding any other provision of law, the sum of seventeen million  
16 dollars (\$17,000,000) received by the Department of Agriculture and  
17 Consumer Services as reimbursement for composting programs necessitated  
18 by damage to livestock caused by Hurricane Florence shall revert to the  
19 Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 and is  
20 appropriated within the Fund for the 2019-2020 fiscal year for the purposes  
21 set out in subsection (b) of this section.

22 (3) Notwithstanding any provision of S.L. 2018-136 or the Committee Report  
23 described in Section 6.1 of that act to the contrary, of the funds allocated to  
24 the North Carolina Community College System Office for repair and  
25 renovation of local community college facilities damaged by Hurricane  
26 Florence, the sum of one million five hundred thousand dollars (\$1,500,000)  
27 are reallocated for the use set out in subdivision (b)(12) of this section.

28 (4) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of  
29 ten million dollars (\$10,000,000) for the 2019-2020 fiscal year from the  
30 Hurricane Florence Disaster Recovery Reserve in the General Fund to the  
31 State Emergency Response and Disaster Relief Fund and the funds are  
32 appropriated to ensure that sufficient funds are available to provide relief and  
33 assistance from emergencies, as authorized by G.S. 166A-19.42. Up to one  
34 million dollars (\$1,000,000) may be allocated to provide relief and assistance  
35 to the City of Greensboro for recovery from damage caused by tornados in  
36 April of 2018.

37 **SECTION 4.6.(b)** Allocations. – The funds appropriated and reallocated in  
38 subsection (a) of this section in the Hurricane Florence Disaster Recovery Fund shall be allocated  
39 as follows:

40 (1) Two million five hundred thousand dollars (\$2,500,000) to the Department of  
41 Public Safety, Division of Emergency Management, to be used to support the  
42 State Search and Rescue program.

43 (2) One million dollars (\$1,000,000) to the Department of Agriculture and  
44 Consumer Services, Division of Soil and Water Conservation, for stream  
45 debris removal.

46 (3) Twelve million dollars (\$12,000,000) to the Department of Environmental  
47 Quality for disaster-related infrastructure and cleanup needs including, but not  
48 limited to, underground storage tanks, water and waste water infrastructure,  
49 coastal management planning, and dam safety. Of the funds allocated under  
50 this subdivision, one million five hundred thousand dollars (\$1,500,000) is

- 1 further allocated collectively to the Division of Waste Management and the  
2 Division of Marine Fisheries for resiliency activities.
- 3 (4) Three million three hundred thousand dollars (\$3,300,000) to the Department  
4 of Natural and Cultural Resources for land acquisition for the Bogue Sound  
5 Project.
- 6 (5) Ten million dollars (\$10,000,000) to the Department of Public Safety, Office  
7 of Recovery and Resiliency, for the Florence Housing Recovery Program to  
8 repair, reconstruct, and purchase 100 residences ineligible for  
9 FEMA/CDBG-DR.
- 10 (6) Ten million dollars (\$10,000,000) to the Department of Public Safety, Office  
11 of Recovery and Resiliency, State Disaster Resiliency Fund to be used for  
12 mitigation programs serving homeowners and communities outside the  
13 HUD-designated "most impacted/distressed" counties. The funds may be used  
14 for buyouts, relocations, buyout assistance to local governments, and  
15 infrastructure projects.
- 16 (7) Thirteen million dollars (\$13,000,000) to the Department of Public Safety,  
17 Office of Recovery and Resiliency, State Acquisition and Relocation Fund  
18 (SARF) for GAP assistance payments for 214 FEMA expedited HMGP  
19 acquisitions.
- 20 (8) Two million dollars (\$2,000,000) to the Department of Public Safety, Division  
21 of Emergency Management for a flood insurance pilot program. The pilot  
22 program will provide the full cost of two years of flood insurance premiums  
23 for 1,667 residential property owners.
- 24 (9) Two million dollars (\$2,000,000) to the Department of Public Safety, Division  
25 of Emergency Management for Voluntary Organizations Active in Disasters  
26 (VOAD), a grant program for voluntary organizations that provide disaster  
27 recovery services using volunteer labor.
- 28 (10) Thirteen million dollars (\$13,000,000) to the Department of Public Safety,  
29 Office of Recovery and Resiliency, to provide grants and loans to local  
30 governments in disaster areas with immediate cash flow issues during disaster  
31 recovery.
- 32 (11) Twenty-six million five hundred forty-two thousand six hundred ninety-three  
33 dollars (\$26,542,693) to the Office of State Budget and Management for The  
34 Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a  
35 nonprofit corporation, to provide grants to local governments and to water  
36 and/or sewer authorities to repair and replace water, wastewater, and storm  
37 water infrastructure as well as the replacement, improvement, or construction  
38 of new infrastructure to support hazard mitigation.
- 39 (12) Six million seven hundred fifty-seven thousand three hundred seven dollars  
40 (\$6,757,307) to the North Carolina Community College System Office to  
41 offset the receipts shortfall at affected community colleges due to enrollment  
42 declines caused by Hurricane Florence.
- 43 (13) One hundred thousand dollars (\$100,000) to the Department of Environmental  
44 Quality for the Lost Fishing Gear Recovery Project.
- 45 (14) One million dollars (\$1,000,000) to the Wildlife Resources Commission for  
46 derelict vessel removal.

47 **SECTION 4.6.(c)** Expand DACS Farmer Assistance. – Notwithstanding the deadline  
48 set forth in Section 5.11(e) of S.L. 2018-136, as amended by S.L. 2018-141, a person who  
49 experienced a verifiable loss of agricultural commodities as a result of excessive rain and  
50 flooding that occurred during May 15, 2018, through December 31, 2018, and whose farm is  
51 located in a North Carolina county that, between January 31, 2019, and February 15, 2019, was

1 included in a Secretarial Disaster Declaration as a result of excessive rain and flooding that  
2 occurred during May 15, 2018, through December 31, 2018, issued by the United States Secretary  
3 of Agriculture, is eligible for financial assistance for losses of agricultural commodities pursuant  
4 to Section 5.11 of S.L. 2018-136. This subsection is effective when this act becomes law. The  
5 Department shall accept completed applications from people eligible for financial assistance  
6 pursuant to this subsection for no more than 10 consecutive business days on which the federal  
7 government is not partially or fully shut down, beginning on the effective date of this subsection.  
8 This subsection shall expire on the date the Department has processed all applications validly  
9 received during this period.

10 **SECTION 4.6.(d) Expand Uses/Golden L.E.A.F. Hurricane Florence Allocation.** –  
11 Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section  
12 6.1 of that act to the contrary, the funds allocated to the Office of State Budget and Management  
13 for Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc. for infrastructure  
14 may be used for the replacement, improvement, or construction of new infrastructure to support  
15 hazard mitigation.

16 **SECTION 4.6.(e) Clarify Volunteer Fire Department Assistance.** – Notwithstanding  
17 any provision of S.L. 2018-136 or the Committee Report described in Section 6.1 of that act to  
18 the contrary, the funds allocated to the Department of Insurance, Office of State Fire Marshal,  
19 for financial assistance to volunteer fire departments is available to be used to repair damages  
20 not covered by insurance policy proceeds.

21 **SECTION 4.6.(f) Applicability.** – Unless otherwise provided, this section applies to  
22 the North Carolina counties designated under a major disaster declaration by the President of the  
23 United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence. Sections  
24 4.2, 4.3, 5.21, 5.22, 5.23, and 5.24 of S.L. 2018-136 apply to this section and are incorporated by  
25 reference.  
26

## 27 **PART V. GENERAL PROVISIONS**

### 28 **ESTABLISHING OR INCREASING FEES**

29 **SECTION 5.1.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to consult  
30 with the Joint Legislative Commission on Governmental Operations prior to establishing or  
31 increasing a fee to the level authorized or anticipated in this act.  
32

33 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
34 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
35 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
36 150B of the General Statutes.  
37

### 38 **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

39 **SECTION 5.2.(a)** Article 6 of Chapter 147 of the General Statutes is amended by  
40 adding a new section to read:

#### 41 **"§ 147-76.1. Require deposit into the State treasury of funds received by the State.**

42 **(a) Definition.** – For purposes of this section, the term "cash gift or donation" means any  
43 funds provided, without valuable consideration, to the State, for use by the State, or for the benefit  
44 of the State.

45 **(b) Requirement.** – Except as otherwise specifically provided by law, all funds received  
46 by the State, including cash gifts and donations, shall be deposited into the State treasury. Nothing  
47 in this subsection shall be construed as exempting from the requirement set forth in this  
48 subsection funds received by a State officer or employee acting on behalf of the State.

49 **(c) Terms Binding.** – Except as otherwise provided by subsection (b) of this section, the  
50 terms of an instrument evidencing a cash gift or donation are a binding obligation of the State.  
51 Nothing in this section shall be construed to supersede, or authorize a deviation from the terms

1 of an instrument evidencing a gift or donation setting forth the purpose for which the funds may  
2 be used."

3 **SECTION 5.2.(b)** G.S. 147-83 reads as rewritten:

4 "**§ 147-83. Receipts from federal government ~~and gifts not affected.~~**

5 General Statutes 147-77, 147-78, 147-80, 147-81, 147-82, 147-83 and 147-84 shall not be  
6 held or construed to affect or interfere with the receipts and disbursements of any funds received  
7 by any institution or department of this State from the federal government ~~or any gift or donation~~  
8 ~~to any institution or department of the State or commission or agency thereof~~ when either in the  
9 act of Congress, relating to such funds received from the federal government, ~~or in the instrument~~  
10 ~~evidencing the said private donation or gift~~, a contrary disposition or handling is prescribed or  
11 required, and the said sections shall not apply to any moneys paid to any department, institution  
12 or agency, or undertaking of the State of North Carolina, as a part of any legislative appropriation,  
13 or allotment from any contingent fund, as provided by law, after the same has been paid out of  
14 the State treasury."

15 **SECTION 5.2.(c)** This section becomes effective July 1, 2019, and applies to funds  
16 received on or after that date.

## 17 18 **DIRECTED GRANTS TO NON-STATE ENTITIES**

19 **SECTION 5.3.(a)** Definitions. – For purposes of this act, the following definitions  
20 apply:

- 21 (1) Directed grant. – Funds allocated by a State agency to a non-State entity as  
22 directed by an act of the General Assembly.  
23 (2) Non-State entity. – As defined in G.S. 143C-1-1.

24 **SECTION 5.3.(b)** Requirements. – Nonrecurring funds appropriated in this act as  
25 directed grants are subject to all of the following requirements:

- 26 (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
27 G.S. 143C-6-23.  
28 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
29 made in a single annual payment, in the discretion of the Director of the  
30 Budget. Directed grants of more than one hundred thousand dollars  
31 (\$100,000) shall be made in quarterly or monthly payments, in the discretion  
32 of the Director of the Budget. A State agency administering a directed grant  
33 shall begin disbursement of funds as soon as practicable, but no later than  
34 September 15, 2019.  
35 (3) Beginning September 15, 2019, and quarterly thereafter, State agencies  
36 administering directed grants shall report to the Fiscal Research Division on  
37 the status of funds disbursed for each directed grant until all funds are fully  
38 disbursed.  
39 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
40 nonrecurring funds appropriated in this act as directed grants shall not revert  
41 until June 30, 2021.

42 **SECTION 5.3.(c)** This section expires on June 30, 2021.

## 43 44 **DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT**

45 **SECTION 5.4.** G.S. 143B-10(c) reads as rewritten:

46 "(c) Department Staffs. – The head of each principal State department may establish  
47 necessary subordinate positions within ~~his~~ the department, make appointments to those positions,  
48 and remove persons appointed to those positions, all within the limitations of appropriations and  
49 subject to the State Budget Act and the North Carolina Human Resources Act. All employees  
50 within a principal State department shall be under the supervision, direction, and control of the  
51 head of that department. The head of each principal State department may establish or abolish

1 positions, transfer officers and employees between positions, and change the duties, titles, and  
 2 compensation of existing offices and positions as ~~he~~ the head of the department deems necessary  
 3 for the efficient functioning of the department, subject to the State Budget Act and the North  
 4 Carolina Human Resources Act and the limitations of available appropriations. For the purposes  
 5 of the foregoing provisions, a member of a board, commission, council, committee, or other  
 6 citizen group shall not be considered an "employee within a principal department. Nothing in this  
 7 subsection shall be construed as authorizing the transfer of officers and employees between  
 8 departments without express authorization of the General Assembly."

## 10 STATE BUDGET ACT AMENDMENTS

11 **SECTION 5.5.(a)** G.S. 143C-1-3(a) reads as rewritten:

12 "(a) Types. – The Controller shall account for State resources through use of the fund  
 13 types listed in this subsection. The Controller may not establish a fund type that differs from the  
 14 listed fund types unless the Governmental Accounting Standards Board has approved the use of  
 15 the different fund type.

16 The fund types are described as follows, except that where a conflict exists between a  
 17 description used in this section and the definition of the corresponding fund type issued by the  
 18 Governmental Accounting Standards Board, it is presumed that the definition issued by the  
 19 Governmental Accounting Standards Board shall prevail.

### 20 Governmental Funds.

- 21 (1) Capital Projects Funds. – Accounts for financial resources to be used for the  
 22 acquisition or construction of major capital facilities other than those financed  
 23 by proprietary funds or ~~in trust funds for individuals, private organizations, or~~  
 24 ~~other governments.~~ fiduciary funds. Capital outlays financed from general  
 25 obligation bond proceeds should be accounted for through a capital projects  
 26 fund.
- 27 (2) Debt Service Funds. – Accounts for the accumulation of resources for, and the  
 28 payment of, general long-term debt principal and interest.
- 29 (3) General Fund. – Accounts for all financial resources except those required to  
 30 be reported in another fund.
- 31 (4) Special Revenue Funds. – Accounts for the proceeds of specific revenue  
 32 sources, other than ~~trusts for individuals, private organizations, or other~~  
 33 ~~governments~~ debt service or for major capital projects, that are legally  
 34 restricted to expenditure for specified purposes.
- 35 (5) Permanent Funds. – Accounts for resources that are legally restricted to the  
 36 extent that only earnings, and not principal, may be used for purposes that  
 37 support the reporting government's programs.

### 38 Proprietary Funds.

- 39 (6) Enterprise Funds. – Accounts for any activity for which a fee is charged to  
 40 external users for goods or services. Activities are required to be reported as  
 41 enterprise funds if any one of the following criteria is met. Each of these  
 42 criteria should be applied in the context of the activity's principal revenue  
 43 sources.
- 44 a. The activity is financed with debt that is secured solely by a pledge of  
 45 the net revenues from fees and charges of the activity.
- 46 b. Laws or regulations require that the activity's costs of providing  
 47 services, including capital costs, be recovered with fees and charges  
 48 rather than with taxes or similar revenues.
- 49 c. The pricing policies of the activity establish fees and charges designed  
 50 to recover its costs, including capital costs.

1 (7) Internal Service Funds. – Accounts for any activity that provides goods or  
 2 services to other funds, departments, or agencies of the primary government  
 3 and its component units, or to other governments, on a cost-reimbursement  
 4 basis. Internal service funds should be used only if the reporting government  
 5 is the predominant participant in the activity. Otherwise, the activity should  
 6 be reported as an enterprise fund.

7 ~~Agency and Trust Fiduciary Funds.~~

8 (8) ~~Agency Custodial Funds.~~ – Accounts for resources held by the reporting  
 9 government in a purely custodial capacity. ~~Agency funds typically involve~~  
 10 ~~only the receipt, temporary investment, and remittance of fiduciary resources~~  
 11 ~~to individuals, private organizations, or other governments.capacity.~~  
 12 Custodial funds are fiduciary activities that are not required to be reported in  
 13 investment trust funds, pensions, and other employee benefit trust funds and  
 14 private purpose trust funds as described in this section.

15 (9) Investment Trust Funds. – Accounts for the external portion of investment  
 16 pools reported by the sponsoring government.

17 (10) Pension and Other Employee Benefit Trust Funds. – Accounts for resources  
 18 that are required to be held in trust for ~~the members and beneficiaries of~~  
 19 ~~defined benefit pension plans, defined contribution plans, other~~  
 20 ~~postemployment benefit plans, or other employee benefit plans.pension plans,~~  
 21 other postemployment benefit plans, and other employee benefit plans that  
 22 meet certain Governmental Accounting Standards Board (GASB) criteria.

23 (11) Private-Purpose Trust Funds. – Accounts for all other trust arrangements  
 24 ~~under which principal and income benefit individuals, private organizations,~~  
 25 ~~or other governments.that are not required to be reported in investment trust~~  
 26 funds and pension and other employee benefit trust funds."

27 **SECTION 5.5.(b)** G.S. 143C-3-5 reads as rewritten:

28 **"§ 143C-3-5. Budget recommendations and budget message.**

29 (a) Budget Proposals. – The Governor shall present budget recommendations, consistent  
 30 with G.S. 143C-3-1, 143C-3-2, and 143C-3-3 to each regular session of the General Assembly  
 31 at a mutually agreeable time to be fixed by joint resolution.

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

34 (1) A Recommended State Budget setting forth goals for improving the State with  
 35 recommended expenditure requirements, funding sources, and performance  
 36 information for each State government program and for each proposed capital  
 37 improvement. The Recommended State Budget may be presented in a format  
 38 chosen by the Director, except that the Recommended State Budget shall  
 39 clearly distinguish program base budget requirements, program reductions,  
 40 program eliminations, program expansions, and new programs, and shall  
 41 explain all proposed capital improvements in the context of the Six-Year  
 42 Capital Improvements Plan and as required by G.S. 143C-8-6.

43 (1a) The Governor's Recommended State Budget shall include a base budget,  
 44 which shall be presented ~~in the budget support document~~ pursuant to  
 45 subdivision (2) of this subsection.

46 (2) A ~~Budget Support Document~~ Recommended Base Budget showing, for each  
 47 budget code and purpose or program in State government, accounting detail  
 48 corresponding to the Recommended State Budget.

49 a. The ~~Budget Support Document~~ Recommended Base Budget shall  
 50 employ the North Carolina Accounting System Uniform Chart of  
 51 Accounts adopted by the State Controller to show both uses and

1 sources of funds and shall display in separate parallel columns all of  
2 the following: (i) actual expenditures and receipts for the most recent  
3 fiscal year for which actual information is available, (ii) the certified  
4 budget for the preceding fiscal year, (iii) the currently authorized  
5 budget for the preceding fiscal year, (iv) program base budget  
6 requirements for each fiscal year of the biennium, (v) proposed  
7 expenditures and receipts for each fiscal year of the biennium, and (vi)  
8 proposed increases and decreases.

9 b. The ~~Budget Support Document~~ Recommended Base Budget shall  
10 include detailed information on recommended expenditures for capital  
11 improvements as required by G.S. 143C-8-6.

12 c. The ~~Budget Support Document~~ Recommended Base Budget shall  
13 include accurate projections of receipts, expenditures, and fund  
14 balances. Estimated receipts, including tuition collected by university  
15 or community college institutions, shall be adjusted to reflect actual  
16 collections from the previous fiscal year, unless the Director  
17 recommends a change that will result in collections in the budget year  
18 that differ from prior year actuals, or the Director otherwise determines  
19 there is a more reasonable basis upon which to accurately project  
20 receipts. Revenue and expenditure detail provided in the Budget  
21 Support Document shall be no less detailed than the two-digit level in  
22 the North Carolina Accounting System Uniform Chart of Accounts as  
23 prescribed by the State Controller.

24 d. The ~~Budget Support Document~~ Recommended Base Budget shall  
25 clearly identify all proposed expenditures supported by existing or  
26 proposed appropriations, including statutory appropriations.

27 (3) A recommended Current Operations Appropriations Act that makes  
28 appropriations for each fiscal year of the upcoming biennium for the operating  
29 and capital expenses of all State agencies as contained in the Recommended  
30 State Budget.

31 (4) The biennial State Information Technology Plan as outlined in Part 2 of  
32 Article 15 of Chapter 143B of the General Statutes to be consistent in  
33 facilitating the goals outlined in the Recommended State Budget.

34 (5) A list of budget adjustments made during the prior fiscal year pursuant to  
35 G.S. 143C-6-4 that are included in the proposed base budget for the upcoming  
36 fiscal year.

37 (6) The Governor's Recommended State Budget shall include a transfer to the  
38 Savings Reserve of fifteen percent (15%) of the estimated growth in State tax  
39 revenues that are deposited in the General Fund for each fiscal year of the  
40 upcoming biennium. This subdivision applies only if, and to the extent that,  
41 the balance of the Savings Reserve remains below the recommended Savings  
42 Reserve balance developed pursuant to G.S. 143C-4-2(f).

43 (7) The Governor's Recommended State Budget shall include a transfer to the  
44 State Capital and Infrastructure Fund of four percent (4%) of the estimated net  
45 State tax revenues that are deposited in the General Fund for each fiscal year  
46 of the upcoming biennium.

47 (c) Even-Numbered Years. – In even-numbered years, the Governor may recommend  
48 changes in the enacted budget for the second year of the biennium. These recommendations shall  
49 be presented as amendments to the enacted budget and shall be incorporated in a recommended  
50 Current Operations Appropriations Act. Any recommended changes shall clearly distinguish  
51 program reductions, program eliminations, program expansions, and new programs, and shall

1 explain all proposed capital improvements in the context of the Six-Year Capital Improvements  
2 Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting  
3 documentation and accounting detail, consistent with that required by G.S. 143C-3-5(b),  
4 corresponding to the recommended amendments to the enacted budget.

5 (d) Funds Included in Budget. – Consistent with requirements of the North Carolina  
6 Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with  
7 the Recommended Base Budget and Recommended Capital Improvements Budget Support  
8 Document, shall include recommended expenditures of State funds from all Governmental and  
9 Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for  
10 The University of North Carolina and its constituent institutions that are subject to this Chapter.  
11 Except where provided otherwise by federal law, funds received from the federal government  
12 become State funds when deposited in the State treasury and shall be classified and accounted  
13 for in the Governor's budget recommendations no differently than funds from other sources.

14 (e) Availability Estimates. – The recommended Current Operations Appropriations Act  
15 shall contain a statement showing the estimates of General Fund availability, Highway Fund  
16 availability, and Highway Trust Fund availability upon which the Recommended State Budget  
17 is based.

18 (f) Budget Message. – The Governor's budget recommendations shall be accompanied  
19 by a written budget message that does all of the following:

- 20 (1) Explains the goals embodied in the recommended budget.
- 21 (2) Explains important features of the activities anticipated in the budget.
- 22 (3) Explains the assumptions underlying the statement of revenue availability.
- 23 (4) Sets forth the reasons for changes from the previous biennium or fiscal year,  
24 as appropriate, in terms of programs, program goals, appropriation levels, and  
25 revenue yields.
- 26 (5) Identifies anticipated sources of funding for major spending initiatives.
- 27 (6) Prepares a fiscal analysis that addresses the State's budget outlook for the  
28 upcoming five-year period. This fiscal analysis shall include detailed  
29 estimates for five years for any proposals to create new or significantly expand  
30 programs and for proposals to create new or change existing law.

31 (g) Different Gubernatorial Administrations. – For years in which there will be a change  
32 in gubernatorial administrations, the incumbent Governor shall complete the budget  
33 recommendations and budget message by December 15 and deliver them to the Governor-elect."

34 **SECTION 5.5.(c)** G.S. 143C-8-6 reads as rewritten:

35 **"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**  
36 **State Budget.**

37 (a) Budget Director's Recommendations. – The Director of the Budget shall recommend  
38 expenditures for repairs and renovations of existing facilities, and real property acquisition, new  
39 construction, or rehabilitation of existing facilities in the Recommended State Budget in  
40 accordance with G.S. 143C-3-5.

41 (b) Repairs and Renovations in the Recommended State Budget. – The Recommended  
42 State Budget shall contain for repairs and renovations of existing facilities: (i) the amount  
43 recommended for each State agency, (ii) a summary of the recommendations by project type, and  
44 (iii) the means of financing.

45 (c) Repairs and Renovations in the Recommended Capital Improvements Budget  
46 Support Document. – The Recommended Capital Improvements Budget Support Document shall  
47 contain for each repair and renovation project recommended in accordance with subsection (b)  
48 of this section: (i) a project description and justification, (ii) a detailed cost estimate, (iii) an  
49 estimated schedule for the completion of the project, and (iv) an explanation of the means of  
50 financing.

1 (d) Other Capital Projects in the Recommended State Budget. – The Recommended State  
2 Budget shall contain for each capital project involving real property acquisition, new  
3 construction, building area (sq. ft.) expansions, or the rehabilitation of existing facilities to  
4 accommodate new or expanded uses: (i) a project description and statement of need, (ii) an  
5 estimate of acquisition and construction or rehabilitation costs, and (iii) a means of financing the  
6 project.

7 (e) Other Capital Projects in the Capital Improvements Budget Support Document. – The  
8 Capital Improvements Budget Support Document shall contain for each capital project  
9 recommended in accordance with subsection (d) of this section: (i) a detailed project description  
10 and justification, (ii) a detailed estimate of acquisition, planning, design, site development,  
11 construction, contingency and other related costs, (iii) an estimated schedule of cash flow  
12 requirements over the life of the project, (iv) an estimated schedule for the completion of the  
13 project, (v) an estimate of revenues, if any, likely to be derived from the project, covering the  
14 first five years of operation, and (vi) an explanation of the means of financing.

15 (f) All Recommended Capital Projects. – The Director of the Budget shall ensure that  
16 recommendations in the Recommended State Budget for repairs and renovations of existing  
17 facilities, real property acquisition, new construction, or rehabilitation of existing facilities  
18 include all of the following information:

- 19 (1) An estimate of maintenance and operating costs, including personnel, for the  
20 project, covering the first five years of operation. If no increase in these  
21 expenditures is anticipated because the recommended project would replace  
22 an existing facility, then the level of expenditures for the previous five years  
23 of operation shall be included instead.  
24 (2) A recommended funding source for the operating costs identified pursuant to  
25 subdivision (1) of this subsection."  
26

## 27 PART VI. COMMUNITY COLLEGE SYSTEM

### 29 CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE

#### 30 SECTION 6.1. G.S. 115D-3 reads as rewritten:

#### 31 "§ 115D-3. Community Colleges System Office; ~~staff~~; ~~staff~~; reorganization authority.

32 (a) The Community Colleges System Office shall be a principal administrative  
33 department of State government under the direction of the State Board of Community Colleges,  
34 and shall be separate from the free public school system of the State, the State Board of  
35 Education, and the Department of Public Instruction. The State Board has authority to adopt and  
36 administer all policies, regulations, and standards which it deems necessary for the operation of  
37 the System Office.

38 The State Board shall elect a President of the North Carolina System of Community Colleges  
39 who shall serve as chief administrative officer of the Community Colleges System Office. The  
40 compensation of this position shall be fixed by the State Board from funds provided by the  
41 General Assembly in the Current Operations Appropriations Act.

42 The President shall be assisted by such professional staff members as may be deemed  
43 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on  
44 nomination of the President. The compensation of the staff members elected by the Board shall  
45 be fixed by the State Board of Community Colleges, upon recommendation of the President of  
46 the Community College System, from funds provided in the Current Operations Appropriations  
47 Act. These staff members shall include such officers as may be deemed desirable by the President  
48 and State Board. Provision shall be made for persons of high competence and strong professional  
49 experience in such areas as academic affairs, public service programs, business and financial  
50 affairs, institutional studies and long-range planning, student affairs, research, legal affairs,  
51 health affairs and institutional development, and for State and federal programs administered by

1 the State Board. In addition, the President shall be assisted by such other employees as may be  
2 needed to carry out the provisions of this Chapter, who shall be subject to the provisions of  
3 Chapter 126 of the General Statutes. The staff complement shall be established by the State Board  
4 on recommendation of the President to insure that there are persons on the staff who have the  
5 professional competence and experience to carry out the duties assigned and to insure that there  
6 are persons on the staff who are familiar with the problems and capabilities of all of the principal  
7 types of institutions represented in the system. The State Board of Community Colleges shall  
8 have all other powers, duties, and responsibilities delegated to the State Board of Education  
9 affecting the Community Colleges System Office not otherwise stated in this Chapter.

10 (b) Notwithstanding any other provision of law, the President may reorganize the System  
11 Office in accordance with recommendations and plans submitted to and approved by the State  
12 Board of Community Colleges. If a reorganization is implemented pursuant to this subsection,  
13 including any movement of positions and funds between fund codes on a recurring basis, the  
14 President shall report by June 30 of the fiscal year in which the reorganization occurred to the  
15 Joint Legislative Education Oversight Committee and the Fiscal Research Division of the  
16 General Assembly."

## 17 18 **CC TUITION WAIVER/CAMPUS POLICE OF PRIVATE INSTITUTIONS OF** 19 **HIGHER EDUCATION**

20 **SECTION 6.2.(a)** G.S. 115D-5(b) reads as rewritten:

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

- 30 (1) Persons not enrolled in elementary or secondary schools taking courses  
31 leading to a high school diploma or equivalent certificate.
- 32 (2) Courses requested by the following entities that support the organizations'  
33 training needs and are on a specialized course list approved by the State Board  
34 of Community Colleges:
- 35 a. Volunteer fire departments.
  - 36 b. Municipal, county, or State fire departments.
  - 37 c. Volunteer EMS or rescue and lifesaving departments.
  - 38 d. Municipal, county, or State EMS or rescue and lifesaving departments.
  - 39 d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving  
40 a lake authority that was created by a county board of commissioners  
41 prior to July 1, 2012.
  - 42 e. Radio Emergency Associated Communications Teams (REACT)  
43 under contract to a county as an emergency response agency.
  - 44 f. Municipal, county, or State law enforcement agencies.
  - 45 f1. Campus police agencies of private institutions of higher education  
46 certified by the Attorney General pursuant to Chapter 74G of the  
47 General Statutes.
  - 48 g. The Division of Adult Correction and Juvenile Justice of the  
49 Department of Public Safety for the training of full-time custodial  
50 employees and employees of the Division required to be certified

1 under Article 1 of Chapter 17C of the General Statutes and the rules  
 2 of the Criminal Justice and Training Standards Commission.  
 3 h. Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December  
 4 1, 2017.  
 5 i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS or  
 6 rescue and lifesaving tribal government departments or programs.  
 7 j. The Criminal Justice Standards Division of the Department of Justice  
 8 for the training of criminal justice professionals, as defined in  
 9 G.S. 17C-20(6), who are required to be certified under (i) Article 1 of  
 10 Chapter 17C of the General Statutes and the rules of the North  
 11 Carolina Criminal Justice Education and Training Standards  
 12 Commission or (ii) Chapter 17E of the General Statutes and the rules  
 13 of the North Carolina Sheriffs' Education and Training Standards  
 14 Commission. The waivers provided for in this sub-subdivision apply  
 15 to participants and recent graduates of the North Carolina Criminal  
 16 Justice Fellows Program to obtain certifications for eligible criminal  
 17 justice professions as defined in G.S. 17C-20(6).

18 ...."

19 **SECTION 6.2.(b)** This section applies beginning with the 2019-2020 academic year.

20  
 21 **NC CAREER COACHES/LOCAL MATCHING FUNDS**

22 **SECTION 6.3.** G.S. 115D-21.5(c) reads as rewritten:

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

- 28 (1) Advisory committee. – Establishment of an advisory committee, which shall  
 29 include representatives from the NC Community College System, the  
 30 Department of Public Instruction, the Department of Commerce, and at least  
 31 three representatives of the business community, to review applications and  
 32 make recommendations for funding awards to the State Board.
- 33 (2) Application submission requirements. – The State Board of Community  
 34 Colleges shall require at least the following:
  - 35 a. Evidence of a signed memorandum of understanding that meets, at a  
 36 minimum, the requirements of this section.
  - 37 b. Evidence that the funding request will be matched ~~dollar for dollar~~  
 38 with local ~~funds~~ funds in accordance with the following:
    - 39 1. Matching funds may come from public or private sources.
    - 40 2. The match amount shall be determined based on the location  
 41 of a community college's main campus as follows:
      - 42 I. If located in a tier-one county as defined in  
 43 G.S. 143B-437.08, no local match shall be required.
      - 44 II. If located in a tier-two county as defined in  
 45 G.S. 143B-437.08, one dollar (\$1.00) of local funds for  
 46 every two dollars (\$2.00) in State funds shall be  
 47 required.
      - 48 III. If located in a tier-three county as defined in  
 49 G.S. 143B-437.08, one dollar (\$1.00) of local funds for  
 50 every one dollar (\$1.00) in State funds shall be  
 51 required.

- 1 (3) Awards criteria. – The State Board of Community Colleges shall develop
- 2 criteria for consideration in determining the award of funds that shall include
- 3 the following:
- 4 a. Consideration of the workforce needs of business and industry in the
- 5 region.
- 6 b. Targeting of resources to enhance ongoing economic activity within
- 7 the community college service area and surrounding counties.
- 8 c. Geographic diversity of awards."
- 9

10 **ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS**

11 **SECTION 6.4.(a)** Section 8.3(b) of S.L. 2010-31 reads as rewritten:

12 "**SECTION 8.3.(b)** Courses in federal prisons ~~or local jails~~ shall not earn regular budget

13 full-time equivalents, but may be offered on a self-supporting basis."

14 **SECTION 6.4.(b)** G.S. 115D-5 reads as rewritten:

15 "**§ 115D-5. Administration of institutions by State Board of Community Colleges;**

16 **personnel exempt from North Carolina Human Resources Act; extension**

17 **courses; tuition waiver; in-plant training; contracting, etc., for establishment**

18 **and operation of extension units of the community college system; use of existing**

19 **public school facilities.**

20 ...

21 (c) No course of instruction shall be offered by any community college at State expense

22 or partial State expense to any captive or co-opted group of students, as defined by the State

23 Board of Community Colleges, without prior approval of the State Board of Community

24 Colleges. All course offerings approved for State prison inmates or prisoners in local jails must

25 be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of

26 Community Colleges shall be presumed to constitute approval of both the course and the group

27 served by that institution. The State Board of Community Colleges may delegate to the President

28 the power to make an initial approval, with final approval to be made by the State Board of

29 Community Colleges. A course taught without such approval will not yield any full-time

30 equivalent students, as defined by the State Board of Community Colleges.

31 (c1) Community colleges shall report full-time equivalent (FTE) student hours for

32 correction education programs on the basis of ~~contact hours rather than~~ student membership

33 hours. No community college shall operate a multi-entry/multi-exit class or program in a prison

34 facility, except for a literacy class or program.

35 The State Board shall work with the Division of Adult Correction and Juvenile Justice of the

36 Department of Public Safety on offering classes and programs that match the average length of

37 stay of an inmate in a prison facility.

38 ...."

39 **SECTION 6.4.(c)** Beginning with the 2019-2020 academic year, community college

40 courses offered in local jails shall earn regular budget full-time equivalents.

41

42 **WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS**

43 **SECTION 6.5.(a)** G.S. 115B-1 reads as rewritten:

44 "**§ 115B-1. Definitions.**

45 The following definitions apply in this Chapter:

46 (1) Correctional officer. – An employee of an employer who is certified as a State

47 correctional officer under the provisions of Article 1 of Chapter 17C of the

48 General Statutes.

49 ~~(1)~~(1a) Employer. – The State of North Carolina and its departments, agencies, and

50 institutions; or a county, city, town, or other political subdivision of the State.

51 ...

(4) Permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. – A person: (i) who as a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker suffered a disabling injury while in active service or training for active service, (ii) who at the time of active service or training was a North Carolina resident, and (iii) who has been determined to be permanently and totally disabled for compensation purposes by the North Carolina Industrial Commission.

...

(6) Survivor. – Any person whose parent, legal guardian, legal custodian, or spouse: (i) was a law enforcement officer, a correctional officer, a firefighter, a volunteer firefighter, or a rescue squad worker, (ii) was killed while in active service or training for active service or died as a result of a service-connected disability, and (iii) at the time of active service or training was a North Carolina resident. The term does not include the widow or widower of a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or a rescue squad worker if the widow or widower has remarried.

...."

**SECTION 6.5.(b)** G.S. 115B-2(a) reads as rewritten:

"(a) The constituent institutions of The University of North Carolina and the community colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

...

(2) Any person who is the survivor of a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.

(3) The spouse of a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.

(4) Any child, if the child is at least 17 years old but not yet 24 years old, whose parent, legal guardian, or legal custodian is a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 54 months, if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

...."

**SECTION 6.5.(c)** G.S. 115B-5(b)(3) reads as rewritten:

"(3) The cause of death of the law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker shall be verified by certification from the records of the Department of State Treasurer, the appropriate city or county law enforcement agency that employed the deceased, the administrative agency for the fire department or fire protection district recognized for funding under the Department of State Auditor, or the administrative agency having jurisdiction over any paid firefighters of all counties and cities."

**SECTION 6.5.(d)** This section applies beginning with the 2019-2020 academic year.

**REMOVE RESTRICTION ON STANLY CC FROM USING STATE FUNDS FOR CULINARY PROGRAM OFF CAMPUS**

1           **SECTION 6.6.(a)** G.S. 115D-31(b1) reads as rewritten:

2           "(b1) A local community college may use all State funds allocated to it, except for Literacy  
3 funds and Customized Training funds, for any authorized purpose that is consistent with the  
4 college's Institutional Effectiveness Plan, ~~except that the State funds shall not be used to fund a~~  
5 ~~culinary program located at a site other than the main campus of the college.~~ Plan. The State  
6 Board of Community Colleges may authorize a local community college to use up to twenty  
7 percent (20%) of the State Literacy funds allocated to it to provide employability skills,  
8 job-specific occupational and technical skills, and developmental education instruction to  
9 students concurrently enrolled in an eligible community college literacy course.

10          Each local community college shall include in its Institutional Effectiveness Plan a section  
11 on how funding flexibility allows the college to meet the demands of the local community and  
12 to maintain a presence in all previously funded categorical programs."

13           **SECTION 6.6.(b)** Section 9.15(b) of S.L. 2017-57 is repealed.

14           **SECTION 6.6.(c)** Subsection (a) of this section applies only to Stanly Community  
15 College.

## 16

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

### 18

### 19 **FUNDS FOR CHILDREN WITH DISABILITIES**

20           **SECTION 7.1.** The State Board of Education shall allocate additional funds for  
21 children with disabilities on the basis of four thousand four hundred forty-two dollars and  
22 thirty-four cents (\$4,442.34) per child for fiscal years 2019-2020 and 2020-2021. Each local  
23 school administrative unit shall receive funds for the lesser of (i) all children who are identified  
24 as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its  
25 2019-2020 allocated average daily membership in the local school administrative unit. The dollar  
26 amounts allocated under this section for children with disabilities shall also be adjusted in  
27 accordance with legislative salary increments, retirement rate adjustments, and health benefit  
28 adjustments for personnel who serve children with disabilities.

### 29

### 30 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

31           **SECTION 7.2.** The State Board of Education shall allocate additional funds for  
32 academically or intellectually gifted children on the basis one thousand three hundred thirty-nine  
33 dollars and fourteen cents (\$1,339.14) per child for fiscal years 2019-2020 and 2020-2021. A  
34 local school administrative unit shall receive funds for a maximum of four percent (4%) of its  
35 2019-2020 allocated average daily membership, regardless of the number of children identified  
36 as academically or intellectually gifted in the unit. The dollar amounts allocated under this section  
37 for academically or intellectually gifted children shall also be adjusted in accordance with  
38 legislative salary increments, retirement rate adjustments, and health benefit adjustments for  
39 personnel who serve academically or intellectually gifted children.

### 40

### 41 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

42           **SECTION 7.3.(a)** Use of Funds for Supplemental Funding. – All funds received  
43 pursuant to this section shall be used only (i) to provide instructional positions, instructional  
44 support positions, teacher assistant positions, clerical positions, school computer technicians,  
45 instructional supplies and equipment, staff development, and textbooks and digital resources and  
46 (ii) for salary supplements for instructional personnel and instructional support personnel. Local  
47 boards of education are encouraged to use at least twenty-five percent (25%) of the funds  
48 received pursuant to this section to improve the academic performance of children who are  
49 performing at Level I or II on either reading or mathematics end-of-grade tests in grades three  
50 through eight.

- 1           **SECTION 7.3.(b)** Definitions. – As used in this section, the following definitions  
2 apply:
- 3           (1) Anticipated county property tax revenue availability. – The county-adjusted  
4 property tax base multiplied by the effective State average tax rate.
- 5           (2) Anticipated total county revenue availability. – The sum of the following:  
6           a. Anticipated county property tax revenue availability.  
7           b. Local sales and use taxes received by the county that are levied under  
8 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of  
9 Chapter 105 of the General Statutes.  
10           c. Fines and forfeitures deposited in the county school fund for the most  
11 recent year for which data are available.
- 12           (3) Anticipated total county revenue availability per student. – The anticipated  
13 total county revenue availability for the county divided by the average daily  
14 membership of the county.
- 15           (4) Anticipated State average revenue availability per student. – The sum of all  
16 anticipated total county revenue availability divided by the average daily  
17 membership for the State.
- 18           (5) Average daily membership. – Average daily membership as defined in the  
19 North Carolina Public Schools Allotment Policy Manual adopted by the State  
20 Board of Education. If a county contains only part of a local school  
21 administrative unit, the average daily membership of that county includes all  
22 students who reside within the county and attend that local school  
23 administrative unit.
- 24           (6) County-adjusted property tax base. – Computed as follows:  
25           a. Subtract the present-use value of agricultural land, horticultural land,  
26 and forestland in the county, as defined in G.S. 105-277.2, from the  
27 total assessed real property valuation of the county.  
28           b. Adjust the resulting amount by multiplying by a weighted average of  
29 the three most recent annual sales assessment ratio studies.  
30           c. Add to the resulting amount the following:  
31           1. Present-use value of agricultural land, horticultural land, and  
32 forestland, as defined in G.S. 105-277.2.  
33           2. Value of property of public service companies, determined in  
34 accordance with Article 23 of Chapter 105 of the General  
35 Statutes.  
36           3. Personal property value for the county.
- 37           (7) County-adjusted property tax base per square mile. – The county-adjusted  
38 property tax base divided by the number of square miles of land area in the  
39 county.
- 40           (8) County wealth as a percentage of State average wealth. – Computed as  
41 follows:  
42           a. Compute the percentage that the county per capita income is of the  
43 State per capita income and weight the resulting percentage by a factor  
44 of five-tenths.  
45           b. Compute the percentage that the anticipated total county revenue  
46 availability per student is of the anticipated State average revenue  
47 availability per student and weight the resulting percentage by a factor  
48 of four-tenths.  
49           c. Compute the percentage that the county-adjusted property tax base per  
50 square mile is of the State-adjusted property tax base per square mile  
51 and weight the resulting percentage by a factor of one-tenth.

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

36 **SECTION 7.3.(c)** Eligibility for Funds. – Except as provided in subsection (g) of  
37 this section, the State Board of Education shall allocate these funds to local school administrative  
38 units located in whole or in part in counties in which the county wealth as a percentage of the  
39 State average wealth is less than one hundred percent (100%).

40 **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this  
41 section, the amount received per average daily membership for a county shall be the difference  
42 between the State average current expense appropriations per student and the current expense  
43 appropriations per student that the county could provide given the county's wealth and an average  
44 effort to fund public schools. To derive the current expense appropriations per student that the  
45 county could be able to provide given the county's wealth and an average effort to fund public  
46 schools, multiply the county's wealth as a percentage of State average wealth by the State average  
47 current expense appropriations per student. The funds for the local school administrative units  
48 located in whole or in part in the county shall be allocated to each local school administrative  
49 unit located in whole or in part in the county based on the average daily membership of the  
50 county's students in the school units. If the funds appropriated for supplemental funding are not

1 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata  
2 share of the funds appropriated for supplemental funding.

3 **SECTION 7.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to  
4 this Section Only. – The formula in this section is solely a basis for distribution of supplemental  
5 funding for low-wealth counties and is not intended to reflect any measure of the adequacy of  
6 the educational program or funding for public schools. The formula is also not intended to reflect  
7 any commitment by the General Assembly to appropriate any additional supplemental funds for  
8 low-wealth counties.

9 **SECTION 7.3.(f)** Minimum Effort Required. – A county shall receive full funding  
10 under this section if the county (i) maintains an effective county tax rate that is at least one  
11 hundred percent (100%) of the effective State average tax rate in the most recent year for which  
12 data are available or (ii) maintains a county appropriation per student to the school local current  
13 expense fund of at least one hundred percent (100%) of the current expense appropriations per  
14 student to the school local current expense fund that the county could provide given the county's  
15 wealth and an average effort to fund public schools. A county that maintains a county  
16 appropriation per student to the school local current expense fund of less than one hundred  
17 percent (100%) of the current expense appropriations per student to the school local current  
18 expense fund that the county could provide given the county's wealth and an average effort to  
19 fund public schools shall receive funding under this section at the same percentage that the  
20 county's appropriation per student to the school local current expense fund is of the current  
21 expense appropriations per student to the school local current expense fund that the county could  
22 provide given the county's wealth and an average effort to fund public schools.

23 **SECTION 7.3.(g)** Nonsupplant Requirement. – A county in which a local school  
24 administrative unit receives funds under this section shall use the funds to supplement local  
25 current expense funds and shall not supplant local current expense funds. For the 2019-2021  
26 fiscal biennium, the State Board of Education shall not allocate funds under this section to a  
27 county found to have used these funds to supplant local per student current expense funds. The  
28 State Board of Education shall make a finding that a county has used these funds to supplant  
29 local current expense funds in the prior year, or the year for which the most recent data are  
30 available, if all of the following criteria apply:

- 31 (1) The current expense appropriations per student of the county for the current  
32 year is less than ninety-five percent (95%) of the average of local current  
33 expense appropriations per student for the three prior fiscal years.  
34 (2) The county cannot show (i) that it has remedied the deficiency in funding or  
35 (ii) that extraordinary circumstances caused the county to supplant local  
36 current expense funds with funds allocated under this section.

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

39 **SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. –  
40 Notwithstanding any other provision of this section, for the 2019-2021 fiscal biennium, counties  
41 containing a base of the Armed Forces of the United States that have an average daily  
42 membership of more than 17,000 students shall receive whichever is the higher amount in each  
43 fiscal year as follows: either the amount of supplemental funding the county received as a  
44 low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county  
45 is eligible to receive as a low-wealth county pursuant to the formula for distribution of  
46 supplemental funding under the other provisions of this section.

47 **SECTION 7.3.(i)** Funds for EVAAS Data. – Notwithstanding the requirements of  
48 subsection (a) of this section, local school administrative units may utilize funds allocated under  
49 this section to purchase services that allow for extraction of data from the Education  
50 Value-Added Assessment System (EVAAS).

1           **SECTION 7.3.(j)** Reports. – For the 2019-2021 fiscal biennium, the State Board of  
 2 Education shall report to the Fiscal Research Division prior to May 15 of each year if it  
 3 determines that counties have supplanted funds.

4           **SECTION 7.3.(k)** Department of Revenue Reports. – The Department of Revenue  
 5 shall provide to the Department of Public Instruction a preliminary report for the current fiscal  
 6 year of the assessed value of the property tax base for each county prior to March 1 of each year  
 7 and a final report prior to May 1 of each year. The reports shall include for each county the annual  
 8 sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real  
 9 property represented by the present-use value of agricultural land, horticultural land, and  
 10 forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined  
 11 in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.  
 12

13 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

14           **SECTION 7.4.(a)** Allotment Schedule for the 2019-2021 Fiscal Biennium. – Except  
 15 as otherwise provided in subsection (d) of this section, each eligible county school administrative  
 16 unit shall receive a dollar allotment according to the following schedule:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,300	\$1,548,000.

25           **SECTION 7.4.(b)** Phase-Out Provision for the 2019-2020 Fiscal Year. – If a local  
 26 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of  
 27 this section in the 2019-2020 fiscal year, funding for that unit shall be phased out over a five-year  
 28 period. Funding for such local school administrative units shall be reduced in equal increments  
 29 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
 30 fiscal year after the local school administrative unit becomes ineligible.

31           Allotments for eligible local school administrative units under this subsection shall  
 32 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
 33 2018-2019 in any fiscal year. A local school administrative unit shall not become ineligible for  
 34 funding if either the highest of the first two months' total projected average daily membership for  
 35 the current year or the higher of the first two months' total prior year average daily membership  
 36 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
 37 section.

38           **SECTION 7.4.(c)** Phase-Out Provision for the 2020-2021 Fiscal Year. – If a local  
 39 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of  
 40 this section in the 2020-2021 fiscal year, funding for that unit shall be phased out over a five-year  
 41 period. Funding for such local school administrative units shall be reduced in equal increments  
 42 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
 43 fiscal year after the local administrative unit becomes ineligible.

44           Allotments for eligible local school administrative units under this subsection shall  
 45 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
 46 2019-2020 in any fiscal year. A local school administrative unit shall not become ineligible for  
 47 funding if either the highest of the first two months' total projected average daily membership for  
 48 the current year or the higher of the first two months' total prior year average daily membership  
 49 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
 50 section.

1           **SECTION 7.4.(d)** Nonsupplant Requirement for the 2019-2021 Fiscal Biennium. –  
2 A county in which a local school administrative unit receives funds under this section shall use  
3 the funds to supplement local current expense funds and shall not supplant local current expense  
4 funds. For the 2019-2021 fiscal biennium, the State Board of Education shall not allocate funds  
5 under this section to a county found to have used these funds to supplant local per student current  
6 expense funds. The State Board of Education shall make a finding that a county has used these  
7 funds to supplant local current expense funds in the prior year or the year for which the most  
8 recent data are available, if all of the following criteria apply:

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

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

17           **SECTION 7.4.(e)** Reports. – For the 2019-2021 fiscal biennium, the State Board of  
18 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it  
19 determines that counties have supplanted funds.

20           **SECTION 7.4.(f)** Use of Funds. – Local boards of education are encouraged to use  
21 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the  
22 academic performance of children who are performing at Level I or II on either reading or  
23 mathematics end-of-grade tests in grades three through eight.

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

## 27 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

28           **SECTION 7.5.(a)** Funds appropriated in this act for disadvantaged student  
29 supplemental funding shall be used, consistent with the policies and procedures adopted by the  
30 State Board of Education, only to do the following:

- 31           (1) Provide instructional positions or instructional support positions.
- 32           (2) Provide professional development.
- 33           (3) Provide intensive in-school or after-school remediation, or both.
- 34           (4) Purchase diagnostic software and progress-monitoring tools.
- 35           (5) Provide funds for teacher bonuses and supplements. The State Board of  
36           Education shall set a maximum percentage of the funds that may be used for  
37           this purpose.

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

44           **SECTION 7.5.(b)** Disadvantaged student supplemental funding (DSSF) shall be  
45 allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and  
46 (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student  
47 ratios:

- 48           (1) For counties with wealth greater than ninety percent (90%) of the statewide  
49           average, a ratio of 1:19.9.

- 1 (2) For counties with wealth not less than eighty percent (80%) and not greater  
2 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.  
3 (3) For counties with wealth less than eighty percent (80%) of the statewide  
4 average, a ratio of 1:19.1.  
5 (4) For local school administrative units that received DSSF funds in fiscal year  
6 2005-2006, a ratio of 1:16. These local school administrative units shall  
7 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

10 **SECTION 7.5.(c)** If a local school administrative unit's wealth increases to a level  
11 that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment  
12 ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional  
13 fiscal year.  
14

#### 15 **DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

16 **SECTION 7.6.(a)** Notwithstanding G.S. 143C-6-4, for the 2019-2021 fiscal  
17 biennium, the Department of Public Instruction may, after consultation with the Office of State  
18 Budget and Management and the Fiscal Research Division, reorganize the Department, realign  
19 fund structures, or both, if necessary, to implement (i) the reorganization authorized in Section  
20 7.7 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting  
21 from the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes  
22 necessary to improve the efficiency of the Department. Consultation shall occur prior to  
23 requesting budgetary and personnel changes through the budget revision process. The  
24 Department of Public Instruction shall provide (i) a current organization chart and a list of  
25 affected funds and (ii) the proposed organization chart and a list of affected funds clearly  
26 identifying the changes for the Department in the consultation process and shall report to the  
27 Joint Legislative Commission on Governmental Operations on any reorganization, including any  
28 movement of positions and funds between fund codes on a recurring basis.

29 **SECTION 7.6.(b)** In implementing (i) the reorganization authorized in Section 7.7  
30 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from  
31 the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary  
32 to improve the efficiency of the Department of Public Instruction, the Department of Public  
33 Instruction shall make no reduction to funding for (i) the State Public School Fund, including for  
34 the following residential schools: Eastern North Carolina School for the Deaf, the North Carolina  
35 School for the Deaf, and the Governor Morehead School, and (ii) any budget expansion item  
36 funded by an appropriation to the Department of Public Instruction by this act for the 2019-2021  
37 fiscal biennium. The Department shall also make no transfers from or reduction to funding or  
38 positions for any of the following:

- 39 (1) Communities in Schools of North Carolina, Inc.  
40 (2) Teach For America, Inc.  
41 (3) Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.  
42 (4) The Excellent Public Schools Act, Read to Achieve Program, initially  
43 established under Section 7A.1 of S.L. 2012-142.  
44 (5) The North Carolina School Connectivity Program.  
45 (6) The North Carolina Center for the Advancement of Teaching.  
46 (7) The North Carolina Innovative School District.  
47 (8) Eastern North Carolina STEM.  
48

#### 49 **DEPARTMENT ISSUE REQUEST FOR PROPOSALS FOR EDUCATION FUNDING** 50 **EVALUATION**

1           **SECTION 7.7.(a)** No later than September 15, 2019, the Department of Public  
2 Instruction shall issue a Request for Proposals (RFP) to independent research organizations to  
3 perform an evaluation of the State's system for funding public schools and to propose alternative  
4 funding systems. The evaluation and proposal shall include the following components:

- 5           (1) An in-depth study of the State's current public school allotment system,  
6 including all public school funding formulas and distributions.
- 7           (2) A review of alternative funding systems for elementary and secondary public  
8 schools, including charter schools. The review should include a discussion of  
9 the various types of weighted student formula funding models proposed and  
10 actually used in other states.
- 11           (3) A suggested base amount of funds that could be distributed on a per student  
12 basis to provide a student in the State with a sound basic education.
- 13           (4) Student characteristics that could be eligible for weighted funding and  
14 suggested weights for each of those characteristics.
- 15           (5) Suggested adjustments to the base amount of funds in light of characteristics  
16 of individual local school administrative units or groups of local school  
17 administrative units with similar characteristics.
- 18           (6) Which funding components, if any, should remain outside the base amount of  
19 funds distributed on a per student basis.
- 20           (7) Suggestions for improving the system of distributing State funds to public  
21 schools by (i) maximizing equity, transparency, and adequacy and (ii)  
22 minimizing complexity and inefficiency.
- 23           (8) The estimated fiscal impact of any proposed alternative funding systems on  
24 the public schools, including projected positive and negative fiscal impacts on  
25 each local school administrative unit and charter school.

26           **SECTION 7.7.(b)** No later than December 15, 2019, the Department shall select an  
27 independent research organization to complete the evaluation. The independent research  
28 organization selected by the Department pursuant to subsection (a) of this section shall report the  
29 results of its evaluation to the State Board of Education no later than December 31, 2020. The  
30 State Board shall provide the report to the offices of the President Pro Tempore of the Senate and  
31 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,  
32 the House Committee on Appropriations, the Senate Appropriations Committee on  
33 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal  
34 Research Division, and the Joint Legislative Education Oversight Committee.

35  
36           **CONTINUE           EXPANSION           OF           SCHOOL           CONNECTIVITY**  
37           **INITIATIVE/CYBERSECURITY AND RISK MANAGEMENT**

38           **SECTION 7.8.(a)** The State Board of Education and the Department of Public  
39 Instruction, in collaboration with the Friday Institute at North Carolina State University, shall  
40 continue the expansion of the School Connectivity Initiative client network engineering to  
41 include cybersecurity and risk management services supporting local school administrative units  
42 and charter schools. The expansion shall include the following:

- 43           (1) Continuous monitoring and risk assessment. – Cloud-based solutions to  
44 discover assets, assess their security posture, and recommend corrective  
45 actions based on real-world risk reduction.
- 46           (2) Security advisory and consulting services. – Five regional security consultants  
47 working with schools to assess security posture and develop and implement  
48 improvement plans. The plans shall include security policy, building security  
49 programs, implementing effective security controls, and ongoing support for  
50 operating security governance.

- 1 (3) Security training and education services. – Security training and education for  
2 teachers, staff, and administrators.

3 **SECTION 7.8.(b)** Funds appropriated to the Department by this act for the  
4 2019-2021 fiscal biennium for the School Connectivity Initiative and cybersecurity shall be used  
5 to develop and implement the above cybersecurity and risk management services to support  
6 public school cybersecurity and risk management service operations.  
7

#### 8 **ADVANCED TEACHING ROLES CHANGES**

9 **SECTION 7.9.(a)** Effective June 30, 2020, the following session laws are repealed:

- 10 (1) Section 8.7 of S.L. 2016-94.  
11 (2) Section 7.11(a) of S.L. 2017-57.  
12 (3) Section 7.15(b) of S.L. 2017-57.  
13 (4) Section 7.9 of S.L. 2018-5.  
14 (5) Section 2.6 of S.L. 2018-97.

15 **SECTION 7.9.(b)** Article 20 of Chapter 115C is amended by adding a new section  
16 to read:

#### 17 **§ 115C-311. Teacher compensation models and advanced teaching roles.**

18 (a) Purpose. – The State Board of Education shall establish a program (program) to  
19 develop advanced teaching roles and organizational models that link teacher performance and  
20 professional growth to salary increases for classroom teachers in selected local school  
21 administrative units. For the purposes of this section, a classroom teacher is a teacher who works  
22 in the classroom providing instruction at least seventy percent (70%) of the instructional day and  
23 who is not instructional support personnel. The purpose of the program shall be to do the  
24 following:

- 25 (1) Allow highly effective classroom teachers to teach an increased number of  
26 students by assuming accountability for additional students, by becoming a  
27 lead classroom teacher accountable for the student performance of all of the  
28 students taught by teachers on that lead classroom teacher's team, or by  
29 leading a larger effort in the school to implement new instructional models to  
30 improve school-wide performance.  
31 (2) Enable local school administrative units to provide salary supplements to  
32 classroom teachers in advanced teaching roles. Selection of an advanced  
33 teaching role classroom teacher and award of related salary supplements shall  
34 be made on the basis of demonstrated effectiveness and additional  
35 responsibilities.  
36 (3) Enable local school administrative units to create innovative compensation  
37 models that focus on classroom teacher professional growth that lead to  
38 measurable improvements in student outcomes.  
39 (4) Utilize local plans to establish organizational changes related to compensation  
40 in order to sustain evidenced-based teaching practices that have the capacity  
41 to be replicated throughout the State.

42 (b) Request for Proposal. – By September 15, 2019, and annually thereafter, the State  
43 Board of Education shall issue a Request for Proposal (RFP) for the program. Local boards of  
44 education shall submit their proposals by October 15. The RFP shall require that proposals  
45 include the following information at a minimum:

- 46 (1) Description of the program structure, including both of the following:  
47 a. The process for teacher advancement based on performance,  
48 professional growth, or the specific teacher roles assumed by the  
49 teacher.  
50 b. Plans for how the local school administrative unit will utilize and train  
51 classroom teachers in advanced teaching roles. These plans shall draw

- 1                    a direct correlation between the proposed use and training of  
2                    classroom teachers in advanced teaching roles and improved student  
3                    outcomes.
- 4                    (2)    Descriptions of the advanced teaching roles, including minimum  
5                    qualifications for the positions that shall include at least two of the following:  
6                    a.    Advanced certifications, such as National Board for Professional  
7                    Teaching Standards Certification, or a master's degree in the area in  
8                    which the classroom teacher is licensed and teaching.  
9                    b.    A rating of at least accomplished on each of the Teacher Evaluation  
10                    Standards 1-5 on the North Carolina Teacher Evaluation instrument.  
11                    c.    Evidence that the teacher has an average Education Value-Added  
12                    Assessment System (EVAAS) student growth index score from the  
13                    three previous school years of 1.5 or greater and no individual EVAAS  
14                    student growth index score below zero.  
15                    d.    Equivalent demonstrated mastery of teaching skills as required by the  
16                    new local compensation model.
- 17                    (3)    Job responsibilities that include at least one of the following:  
18                    a.    Teaching an increased number of students and being accountable for  
19                    their performance as the teacher of record for those students.  
20                    b.    Becoming a lead classroom teacher among a group of teachers and  
21                    participating in EVAAS according to a model developed by the  
22                    Department of Public Instruction. The model shall be published and  
23                    explained on the Department's Web site no later than August 1, 2019,  
24                    and, thereafter, within 30 days of any change made to the model.  
25                    c.    Leading a school-wide effort to implement data-driven instructional  
26                    models that include blended learning environments, utilizing digital  
27                    learning and resources, and focusing on methods of improvement for  
28                    school-wide performance issues.  
29                    d.    Providing in-house professional development or functioning as an  
30                    instructional content area coach or a coach in another professional  
31                    development area following the completion of certification training.  
32                    The training shall ensure that the professional development or  
33                    coaching the teacher provides is faithfully implemented in the  
34                    classroom.
- 35                    (4)    Description of how the local school administrative unit will inform all  
36                    employees and the public on the criteria and selection for the advanced  
37                    teaching roles, the continued eligibility requirements for the advanced  
38                    teaching roles, and how the individuals selected for the advanced teaching  
39                    roles will be evaluated.
- 40                    (5)    Description of how the local school administrative unit will inform all  
41                    employees and the public on the criteria for movement on the proposed new  
42                    local compensation model.
- 43                    (6)    The process for the voluntary relinquishment of an advanced teaching role,  
44                    including the associated additional duties. Voluntary relinquishment of the  
45                    advanced teaching role shall not be considered a demotion under Part 3 of  
46                    Article 22 of Chapter 115C of the General Statutes.
- 47                    (7)    Salary supplement information including the following:  
48                    a.    The amount of the salary supplements that will be provided to those  
49                    selected for the advanced teaching roles. The supplements may be up  
50                    to thirty percent (30%) of the State teacher salary schedule.

- 1                    b. A statement by the local school administrative unit that the salary  
2                    supplements will be paid as a supplement to the classroom teacher's  
3                    regular salary and not be included in the average salary calculation  
4                    used for budgeting State allotments.
- 5                    c. A statement by the local school administrative unit that if a classroom  
6                    teacher in an advanced teaching role (i) fails to maintain the minimum  
7                    criteria established for the position, (ii) is not successfully performing  
8                    the additional duties associated with the advanced teaching role, or (iii)  
9                    voluntarily relinquishes the advanced teaching role, the teacher shall  
10                   only be paid the salary applicable to that individual on the State teacher  
11                   salary schedule and any other local supplements that would otherwise  
12                   apply to the classroom teacher's compensation.
- 13                   d. Loss of an advanced teaching role shall not be considered a demotion  
14                   under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- 15                   e. The amount of the salary supplements at all levels of the proposed new  
16                   compensation model in relation to the State teacher salary schedule.
- 17                   (8) The implementation plan, including the number of schools in the local school  
18                   administrative unit that will have advanced teaching roles and any new  
19                   proposed compensation model, the number of advanced teaching roles at each  
20                   of those schools, the number of students whose teacher of record will be a  
21                   teacher in an advanced teaching role, and the number of teachers overall who  
22                   would be eligible for the proposed new compensation model.
- 23                   (9) Plans for long-term financial sustainability once any grant money that may be  
24                   awarded to the local school administrative unit is no longer available. This  
25                   plan shall include a description of how the unit intends to provide  
26                   supplemental compensation for teachers in an advanced teaching role without  
27                   grant money.
- 28                   (10) A description of how the local school administrative unit could partner with  
29                   local educator preparation programs, institutions of higher education, or  
30                   community colleges to improve teacher effectiveness and student outcomes.
- 31                   (c) Selection by State Board of Education. – By December 15, 2019, and annually  
32                   thereafter, the State Board of Education shall review proposals and select local school  
33                   administrative units to participate in the program, beginning in the subsequent school year, in  
34                   accordance with the following criteria:
- 35                   (1) Selected local school administrative units must meet minimum criteria  
36                   established by the State Board of Education consistent with this section.
- 37                   (2) The State Board shall prioritize the award of available State funds for the  
38                   following categories of local school administrative units:
- 39                   a. Up to five units with an average daily membership from the previous  
40                   school year of 4,000 or fewer students.
- 41                   b. Up to five units with an average daily membership from the previous  
42                   school year of between 4,001 and 20,000 students.
- 43                   c. Up to five units with an average daily membership from the previous  
44                   school year of 20,001 or more students.
- 45                   (3) The State Board shall approve the proposal of any local school administrative  
46                   unit that is submitted by October 15, 2019, if the following criteria are met:
- 47                   a. The local school administrative unit is participating in an approved  
48                   advanced teaching roles program pursuant to Section 8.7 of S.L.  
49                   2016-94 in the 2019-2020 school year.
- 50                   b. The application of a local school administrative unit is not inconsistent  
51                   with this section.

1        (d) Advanced Teaching Roles Designation. – Any local board of education that is  
2 selected to participate in the program pursuant to subsection (c) of this section shall designate  
3 participating schools within the unit as "Advanced Teaching Roles" schools. Every Advanced  
4 Teaching Roles school shall receive class size flexibility pursuant to subsection (i) of this section  
5 and budget flexibility pursuant to subsection (j) of this section.

6        (e) Material Revisions of Plans. – Material revisions of a plan submitted to the State  
7 Board of Education by a local board of education with at least one Advanced Teaching Roles  
8 school shall be made only upon the approval of the State Board of Education.

9        (f) Renewal and Termination. – The initial selected local school administrative units  
10 shall implement their approved plans beginning with the 2020-2021 school year. Every five years  
11 after a local school administrative unit begins implementing its plan, the State Board of Education  
12 shall review the unit to ensure it is complying with its approved plan. After the review, the State  
13 Board may, in its discretion, renew or terminate the plan of any local school administrative unit  
14 that fails to meet criteria established by the State Board in accordance with this section and the  
15 Advanced Teaching Roles designation of any school within that unit. Throughout the program,  
16 a local school administrative unit shall provide any information or access requested by (i) the  
17 State Board of Education or (ii) the independent research organization selected by the State Board  
18 of Education to evaluate the program pursuant to this section.

19        (g) Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit  
20 pursuant to this section shall be subject to availability and awarded for a term of up to three years,  
21 in the discretion of the State Board. A local school administrative unit shall not be eligible to  
22 receive funding for more than one term. Funds awarded to local school administrative units shall  
23 be used for any of the following:

24            (1) Development of advanced teaching role plans.

25            (2) Development of professional development courses for teachers in advanced  
26 teaching roles that lead to improved student outcomes.

27            (3) Transition costs associated with designing and implementing advanced  
28 teaching role models. Transition costs may include employing staff members  
29 or contractors to assist with design and implementation of the plan.

30            (4) Development of the design and implementation of compensation plans that  
31 focus on teacher professional growth and student outcomes and the transition  
32 costs associated with designing and implementing new compensation plans,  
33 including employing staff members or contractors to assist with design and  
34 implementation of the plan.

35        (h) Program Evaluation. – The State Board of Education shall evaluate how the advanced  
36 teaching roles and new compensation plans have accomplished, at a minimum, the following:

37            (1) Improvement in the quality of classroom instruction and increases in  
38 school-wide growth or the growth of teachers who are mentored or impacted  
39 by a teacher in an advanced teaching role.

40            (2) An increase in the attractiveness of teaching.

41            (3) Recognition, impact, and retention of high-quality classroom teachers.

42            (4) Assistance to and retention of beginning classroom teachers.

43            (5) Improvement in and expansion of the use of technology and digital learning.

44            (6) School culture based on school climate survey results.

45        The State Board shall contract with an independent research organization to perform this  
46 evaluation in the first two years of the program and provide reports on October 15, 2020, and  
47 October 15, 2021. Beginning October 15, 2022, and annually thereafter, the State Board shall  
48 perform the evaluation and provide the report. The State Board shall provide any report required  
49 in accordance with this subsection to the offices of the President Pro Tempore of the Senate and  
50 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,  
51 the House Committee on Appropriations, the Senate Appropriations Committee on

1 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal  
2 Research Division, and the Joint Legislative Education Oversight Committee.

3 (i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the  
4 State Board of Education, Advanced Teaching Roles schools selected to participate in the  
5 program may exceed the maximum class size requirements for kindergarten through third grade.

6 (j) Budget Flexibility. – Notwithstanding any other provision of law, the State Board of  
7 Education shall authorize local boards of education participating in the program to use any  
8 available State funds to provide salary supplements to classroom teachers in an advanced  
9 teaching role as long as the local school administrative unit complies with policies of the State  
10 Board of Education, federal law, and any State programs with specific restrictions on the use of  
11 funds, including bonus and grant programs."

12 **SECTION 7.9.(c)** Funds appropriated to the Department of Public Instruction by this  
13 act for the 2019-2020 fiscal year shall be used to (i) support teacher compensation models and  
14 advanced teaching roles pursuant to Section 8.7 of S.L. 2016-94, as amended by Section 7.11 of  
15 S.L. 2017-57 and Section 7.9 of S.L. 2018-5, and (ii) develop implementation plans for teacher  
16 compensation models and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this  
17 act. These funds shall not revert at the end of the fiscal year but shall remain available until  
18 expended.

19 **SECTION 7.9.(d)** Funds appropriated to the Department of Public Instruction by  
20 this act for the 2020-2021 fiscal year shall be used to support teacher compensation models and  
21 advanced teaching roles and to develop implementation plans for teacher compensation models  
22 and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act. Beginning in the  
23 2020-2021 fiscal year, funds appropriated to the Department of Public Instruction for the program  
24 and for the evaluation of the program shall not revert at the end of the fiscal year but shall remain  
25 available until expended.

26 **SECTION 7.9.(e)** Beginning in the 2019-2020 fiscal year, of the funds appropriated  
27 to the Department of Public Instruction by this act to support teacher compensation models and  
28 advanced teaching roles and to develop associated implementation plans, the Department may  
29 use up to four percent (4%) each fiscal year to evaluate the program, contract with an independent  
30 research organization to evaluate the program, or continue any preexisting contract with an  
31 independent research organization formed pursuant to Section 8.7 of S.L. 2016-94. Any  
32 remaining funds may be awarded to selected local school administrative units in accordance with  
33 this act to support teacher compensation models and advanced teaching roles and to develop  
34 associated implementation plans.

## 35 **DIGITAL LEARNING PLAN FUNDS CARRYFORWARD**

36 **SECTION 7.10.** Funds appropriated to the Department of Public Instruction for the  
37 Digital Learning Plan pursuant to this act shall not revert at the end of the 2019-2020 fiscal year,  
38 but shall remain available until expended.

## 39 **NCCAT PERMITTED TO CONTRACT FOR EXPANDED TEACHER CADET** 40 **PROGRAM**

41 **SECTION 7.11.** Of the funds appropriated to the Department of Public Instruction  
42 for the North Carolina Center for the Advancement of Teaching by this act for the 2019-2021  
43 fiscal biennium, the North Carolina Center for the Advancement of Teaching is permitted to  
44 contract with the North Carolina Foundation for Public School Children to expand that  
45 organization's North Carolina Teacher Cadet Program.

## 46 **RECONCILE PRINCIPAL ALLOTMENT REQUIREMENTS**

47 **SECTION 7.12.(a)** G.S. 115C-284(f) reads as rewritten:  
48  
49  
50

1       "(f) The allotment of classified principals shall be one principal for each duly constituted  
2 school with (i) seven or more state-allotted teachers-teachers and (ii) a final total average daily  
3 membership of 100 or more students."

4           **SECTION 7.12.(b)** Sections 7.14(a) and 7.14(c) of S.L. 2011-145 are repealed.

5           **SECTION 7.12.(c)** Subsection (a) of this section applies only to schools created after  
6 July 1, 2011.

7  
8       **CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS**  
9       **REPORT**

10       **SECTION 7.13.(a)** G.S. 115C-5 is amended by adding a new subdivision to read:

11       "(11) Public school unit. – Any of the following:

12           a. A local school administrative unit.

13           b. A charter school.

14           c. A regional school.

15           d. A school providing elementary or secondary instruction operated by  
16 one of the following:

17               1. The State Board of Education, including schools operated  
18 under Article 7A and Article 9C of this Chapter.

19               2. The University of North Carolina, including schools operated  
20 under Articles 4, 29, and 29A of Chapter 116 of the General  
21 Statutes."

22       **SECTION 7.13.(b)** G.S. 115C-105.57 reads as rewritten:

23       "**§ 115C-105.57. Center for Safer Schools.**

24       (a) Center for Safer Schools Established. – There is established the Center for Safer  
25 Schools. The Center for Safer Schools shall be administratively located in the Department of  
26 Public Instruction. The Center for Safer Schools shall consist of an executive director appointed  
27 by the Superintendent of Public Instruction and such other professional, administrative, technical,  
28 and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out  
29 its powers and duties.

30       (b) Executive Director. – The Executive Director shall report to and serve at the pleasure  
31 of the Superintendent of Public Instruction at a salary established by the Superintendent within  
32 the funds appropriated for this purpose.

33       (c) Powers and Duties. – The Center for Safer Schools shall have all powers and duties  
34 provided in this Article.

35       (d) Agency Cooperation. – All State agencies and departments shall cooperate with the  
36 Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with  
37 this Article.

38       (e) Annual Census of School Resource Officers. – The Center for Safer Schools shall  
39 conduct an annual census of school resource officers located in each public school unit. The  
40 Center shall submit a report based on this census to the Joint Legislative Education Oversight  
41 Committee and the State Board of Education by March 1 of each year. At a minimum, the report  
42 shall include all of the following information:

43           (1) The total number of school resource officers in the State and in each public  
44 school unit.

45           (2) Data regarding school resources officers' education levels, years as sworn law  
46 enforcement officers, and years as school resource officers.

47           (3) Training required of school resource officers and training actually completed  
48 by school resource officers, including training specific to the position of  
49 school resource officer and other advanced or additional training.

50           (4) The funding source for all school resource officers.

- 1           (5)    The location of school resource officers, differentiated by grade levels and  
2                type of public school unit.
- 3           (6)    The percentage of school resource officers assigned to more than one school.
- 4           (7)    The law enforcement affiliation of school resource officers."

## 6   **TEACH FOR AMERICA REPORTING REQUIREMENT**

7           **SECTION 7.14.(a)** G.S. 120-70.84 reads as rewritten:

### 8   **"§ 120-70.84. Reports to the Committee.**

9           By March 1, 2014, and by January 1, 2015, and annually thereafter, ~~TFA [Teach for America,~~  
10 ~~Inc.] Teach for America, Inc. (TFA)~~ shall report to the offices of the President Pro Tempore of  
11 the Senate and the Speaker of the House of Representatives, the Senate Appropriations/Base  
12 Budget Committee, the House Appropriations Committee, the Senate Appropriations Committee  
13 on Education/Higher Education, the House Appropriations Committee on Education, the Joint  
14 Legislative Education Oversight Committee-Committee, and the Fiscal Research Division on the  
15 operation of its programs under subsection (a) of Section 8.21 of S.L. 2013-360, including at  
16 least all of the following information:

- 17           (1)    The total number of applications received nationally from candidates seeking  
18                participation in the program.
- 19           (2)    The total number of applications received from candidates who are residents  
20                of North Carolina and information on the source of these candidates, including  
21                the number of (i) recent college graduates and the higher institution the  
22                candidates attended, (ii) mid-career level and lateral entry industry  
23                professionals, and (iii) veterans of the United States Armed Forces.
- 24           (3)    The total number of North Carolina candidates accepted by TFA.
- 25           (4)    The total number of accepted candidates placed in North Carolina, including  
26                the number of accepted candidates who are residents of North Carolina.
- 27           (5)    The regions in which accepted candidates have been placed, the number of  
28                candidates in each region, and the number of students impacted by placement  
29                in those regions.
- 30           (6)    Success of recruitment efforts, including the Teach Back Home program and  
31                targeting of candidates who are (i) working in areas related to STEM  
32                education, (ii) mid-career level and lateral entry industry professionals, and  
33                (iii) veterans of the United States Armed Forces.
- 34           (7)    Success of retention efforts, including the Teach Beyond Two and Make it  
35                Home programs, and the percentage of accepted candidates working in their  
36                placement communities beyond the initial TFA two-year commitment period  
37                and the number of years those candidates teach beyond the initial  
38                commitment.
- 39           (7a)   The percentage of candidates who are residents of North Carolina and become  
40                principals in a North Carolina public school following the initial TFA  
41                two-year commitment period.
- 42           (8)    A financial accounting of how the State funds appropriated to TFA were  
43                expended in the previous year, including at least the following information:
  - 44                a.    Funds expended by region of the State.
  - 45                b.    Details on program costs, including at least the following:
    - 46                    1.    Recruitment, candidate selection, and placement.
    - 47                    2.    Preservice training and preparation costs.
    - 48                    3.    Operational and administrative costs, including development  
49                        and fundraising, alumni support, management costs, and  
50                        marketing and outreach.

- 1 c. Funds received through private fundraising, specifically by sources in  
2 each region of the State."

3 **SECTION 7.14.(b)** Section 8.21(e) of S.L. 2013-360 is repealed.  
4

#### 5 **BROADEN CHARTER SCHOOL SIBLING PRIORITY**

6 **SECTION 7.15.(a)** G.S. 115C-218.45(f) reads as rewritten:

7 "(f) The charter school may give enrollment priority to any of the following:

- 8 (1) Siblings of currently enrolled students who were admitted to the charter school  
9 in a previous year. For the purposes of this section, the term "siblings"  
10 includes any of the following who reside in the same household: half siblings,  
11 stepsiblings, and children residing in a family foster home.

12 (1a) Siblings who apply to the charter school for admission beginning in the same  
13 school year.

- 14 (2) Siblings of students who have completed the highest grade level offered by  
15 that school and who were enrolled in at least four grade levels offered by the  
16 charter school or, if less than four grades are offered, in the maximum number  
17 of grades offered by the charter school.

18 (2a) A student who was enrolled in a preschool program operated by the charter  
19 school in the prior year.

- 20 (3) Limited to no more than fifteen percent (15%) of the school's total enrollment,  
21 unless granted a waiver by the State Board of Education, the following:

22 a. Children of ~~the school's~~ persons employed to work full-time  
23 employees for the charter school, including children of contracted  
24 employees.

25 b. Children of the charter school's board of directors.

- 26 (4) A student who was enrolled in the charter school within the two previous  
27 school years but left the school (i) to participate in an academic study abroad  
28 program or a competitive admission residential program or (ii) because of the  
29 vocational opportunities of the student's parent.

30 (5) A student who was enrolled in another charter school in the State in the  
31 previous school year that does not offer the student's next grade level.

32 (6) A student who was enrolled in another charter school in the State in the  
33 previous school year that does not offer the student's next grade level and both  
34 of the charter schools have an enrollment articulation agreement to accept  
35 students or are governed by the same board of directors.

36 (7) A student who was enrolled in another charter school in the State in the  
37 previous school year."

38 **SECTION 7.15.(b)** This section is effective when it becomes law and applies  
39 beginning with the 2019-2020 school year.  
40

#### 41 **ENSURE SUFFICIENT STAFFING FOR PUBLIC SCHOOLS**

42 **SECTION 7.16.(a)** G.S. 115C-84.2 is amended by adding a new subsection to read:

43 "(b1) Alterations of Adopted School Calendar. – A local board of education shall not alter  
44 a school calendar once adopted unless necessary to address a severe weather condition, energy  
45 shortage, utility failure, public health crisis, school safety crisis, emergency related to a school  
46 building or school transportation, or act of God."

47 **SECTION 7.16.(b)** G.S. 115C-302.1(d) reads as rewritten:

48 "(d) Personal Leave. – The following shall apply to personal leave:

- 49 (1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days  
50 for each full month of employment not to exceed two days per year. Personal  
51 leave may be accumulated without any applicable maximum until June 30 of

each year. A teacher may carry forward to July 1 a maximum of five days of personal leave; the remainder of the teacher's personal leave shall be converted to sick leave on June 30. At the time of retirement, a teacher may also convert accumulated personal leave to sick leave for creditable service towards retirement. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.

(2) Use. – Personal leave may be used by a teacher upon the authorization of the teacher's immediate supervisor as follows:

a. A request for personal leave shall not be approved on any day when students are scheduled to be in regular attendance unless the availability of a substitute for that teacher is confirmed for that day.

b. Unless the request is approved by the principal, a teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation day.

c. On days other than those referenced in sub-subdivision b. of this subdivision, if the request is made at least five days in advance and a substitute teacher has been confirmed as available, the request shall be automatically granted, and the teacher cannot be required to provide a reason for the request.

(3) Pay. – Teachers using personal leave on teacher workdays shall receive full salary. Teachers using personal leave on other days shall receive full salary less the required substitute deduction. If, however, no substitute is hired for a teacher, the substitute reduction shall be refunded to that teacher.

~~Personal leave may be used only upon the authorization of the teacher's immediate supervisor. A teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation day, unless the request is approved by the principal. On all other days, if the request is made at least five days in advance, the request shall be automatically granted subject to the availability of a substitute teacher, and the teacher cannot be required to provide a reason for the request. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave. Teachers using personal leave on teacher workdays shall receive full salary. Teachers using personal leave on other days shall receive full salary less the required substitute deduction. If, however, no substitute is hired for a teacher, the substitute reduction shall be refunded to that teacher."~~

**SECTION 7.16.(c)** This section is effective when it becomes law and applies to calendars adopted for the 2019-2020 school year and thereafter.

## **RENEWAL SCHOOLS**

**SECTION 7.17.** Section 6(l) of S.L. 2018-32 reads as rewritten:

**"SECTION 6.(l)** Available State Funds. – Beginning with the ~~2018-2019~~ 2019-2020 fiscal year, the Department of Public Instruction shall calculate the amount of State funds to be allocated to the local school administrative unit operating under a renewal school system plan on the same basis as other local school administrative units and shall distribute those funds to the

1 unit. The Department shall use statewide average salary figures for the purpose of calculating the  
2 dollar equivalent of guaranteed positions as necessary. The funds allocated to the local school  
3 administrative unit shall be subject to any restrictions as to use imposed by federal law, the  
4 conditions of federal or State grants, or as provided through any rules that the State Board adopts  
5 to ensure compliance with federal regulations. Use of these funds shall otherwise be unrestricted  
6 except as provided in this section.

7 ~~In no event shall the local school administrative unit receive a total amount of State funds in~~  
8 ~~the 2018-2019 fiscal year under the disbursement method described in this subsection that is less~~  
9 ~~than the total amount of State funds the local school administrative unit received in the 2017-2018~~  
10 ~~fiscal year."~~

## 11 **ECONOMICS AND FINANCIAL LITERACY**

12 **SECTION 7.18.(a)** G.S. 115C-81.65 reads as rewritten:

13 **"§ 115C-81.65. Financial literacy.**

14 (a) Instruction shall be provided in personal financial literacy for all students. In addition  
15 to the requirements in subsection (b) of this section, the State Board of Education shall determine  
16 the other components of personal financial literacy that will be covered in the curriculum. ~~The~~  
17 ~~State Board shall also review the high school standard course of study to determine into which~~  
18 ~~courses and grade levels personal financial literacy shall be integrated.~~

19 (b) ~~Each student shall receive personal financial literacy instruction that shall include:~~  
20 The State Board of Education shall require during the high school years the teaching of a full  
21 credit course focused solely on Economics and Personal Finance (EPF). A passing grade in the  
22 course shall be required for graduation from high school. The content of the course shall, at a  
23 minimum, include the standards established by the second edition of the Voluntary National  
24 Content Standards in Economics and the 2013 National Standards for Financial Literacy, as  
25 developed by the Council for Economic Education. The EPF course shall provide instruction on  
26 economic principles and shall provide personal financial literacy instruction that shall include, at  
27 a minimum, the following:

- 28 (1) The true cost of credit.  
29 (2) Choosing and managing a credit card.  
30 (3) Borrowing money for an automobile or other large purchase.  
31 (4) Home mortgages.  
32 (5) Credit scoring and credit reports.  
33 (5a) Planning and paying for postsecondary education.  
34 (6) Other relevant financial literacy issues.

35 (c) The State Board of Education shall require that EPF teachers receive the professional  
36 development necessary to ensure that the intent and provisions of this section are carried out. To  
37 the extent funds are made available for this purpose, the State Board of Education shall require  
38 the employing entity to make available to EPF teachers and prospective EPF teachers the EPF  
39 professional development course provided by the North Carolina Council on Economic  
40 Education (NCCEE). When practicable, teachers shall complete the EPF professional  
41 development course prior to teaching the EPF course in public schools. If necessary, teachers  
42 may begin teaching the EPF course in public schools while awaiting the next possible opportunity  
43 to complete a session of the EPF professional development course. To the extent possible, the  
44 EPF professional development course shall be taken at the NCCEE-approved location most  
45 conveniently located to the local school administrative unit."

46 **SECTION 7.18.(b)** The requirements of G.S. 115C-81.65(b), as amended by  
47 subsection (a) of this section, shall apply to all students entering the ninth grade in the 2020-2021  
48 school year.

49 **SECTION 7.18.(c)** G.S. 115C-81.45 reads as rewritten:

50 **"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**  
51

- 1 ...
- 2 (c) ~~Democratic Process and Citizenship Education.~~Education for Middle School Social
- 3 Studies. –
- 4 (1) ~~The State Board of Education shall include instruction in civic and citizenship~~
- 5 ~~education in the standard course of study for high school social studies. The~~
- 6 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~
- 7 ~~following components in the high school civic and citizenship education~~
- 8 ~~standard course of study:~~
- 9 a. ~~That students write to a local, State, or federal elected official about~~
- 10 ~~an issue that is important to them.~~
- 11 b. ~~Instruction on the importance of voting and otherwise participating in~~
- 12 ~~the democratic process, including instruction on voter registration.~~
- 13 e. ~~Information about current events and governmental structure.~~
- 14 d. ~~Information about the democratic process and how laws are made.~~
- 15 (2) The State Board of Education shall include instruction in civic and citizenship
- 16 education in the standard course of study for middle school social studies. The
- 17 State Board of Education is strongly encouraged to include, at a minimum, the
- 18 following components in the middle school civic and citizenship education
- 19 standard course of study:
- 20 a.(1) A tour of representative local government facilities, such as the local jail, the
- 21 courthouse, or a town hall, to help students understand the way their
- 22 community is governed.
- 23 b.(2) Allowing students to choose and analyze a community problem and offer
- 24 public policy recommendations on the problem to local officials.
- 25 e.(3) Information about getting involved in community groups.
- 26 (d) Founding Principles of the United States of America and North Carolina: Civic
- 27 Literacy. –
- 28 (1) The State Board of Education shall require ~~during the high school years~~
- 29 instruction in civic and citizenship education in the standard course of study
- 30 for high school social studies through the teaching of a semester full credit
- 31 course on the that shall be called Founding Principles of the United States of
- 32 America and the State of North Carolina. North Carolina: Civic Literacy. A
- 33 passing grade in the course shall be required for graduation from high school,
- 34 and the school.
- 35 (1a) The course required by subdivision (1) of this subsection shall be solely
- 36 focused on civics and citizenship education, and shall include at least the
- 37 following subjects:
- 38 a. The Creator-endowed inalienable rights of the people.
- 39 b. Structure of government, separation of powers with checks and
- 40 balances.
- 41 c. Frequent and free elections in a representative government.
- 42 d. Rule of law.
- 43 e. Equal justice under the law.
- 44 f. Private property rights.
- 45 g. Federalism.
- 46 h. Due process.
- 47 i. Individual rights as set forth in the Bill of Rights.
- 48 j. Individual responsibility.
- 49 k. Constitutional limitations on government power to tax and spend, and
- 50 prompt payment of public debt.
- 51 l. Strong defense and supremacy of civil authority over military.

m. Peace, commerce, and honest friendship with all nations, entangling alliances with none.

(1b) The State Board of Education is strongly encouraged to include the following components in the course required by subdivision (1) of this subsection:

a. That students write to a local, State, or federal elected official about an issue that is important to them.

b. Instruction on the importance of voting and otherwise participating in the democratic process, including instruction on voter registration.

c. Information about current events and governmental structure.

d. Information about the democratic process and how laws are made.

(2) The State Board of Education shall require that any high school level curriculum-based tests for the course required in subdivision (1) of this subsection developed and administered statewide ~~beginning with the 2016-2017 academic year~~ include questions related to the philosophical foundations of our form of government and the principles underlying the Declaration of Independence, the United States Constitution and its amendments, and the most important of the Federalist Papers.

(3) The Department of Public Instruction and the local boards of education, as appropriate, shall provide or cause to be provided curriculum content for the ~~semester~~ course required in subdivision (1) of this subsection and professional development to ensure that the intent and provisions of this subsection are carried out. The curriculum content established shall include a review of the contributions made by Americans of all races.

(4) The Department of Public Instruction shall submit a biennial report by October 15 of each odd-numbered year to the Joint Legislative Education Oversight Committee covering the implementation of this subsection."

**SECTION 7.18.(d)** The requirements of G.S. 115C-81.45(d), as amended by subsection (c) of this section, shall apply to all students entering the ninth grade in the 2021-2022 school year.

**SECTION 7.18.(e)** G.S. 115C-218.85(a) is amended by adding a new subdivision to read:

"(5) A charter school shall provide financial literacy instruction as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course."

**SECTION 7.18.(f)** G.S. 115C-238.66(1) is amended by adding a new sub-subdivision to read:

"e. The board of directors shall ensure that financial literacy instruction is provided as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course."

**SECTION 7.18.(g)** G.S. 116-239.8(b)(2) is amended by adding a new sub-subdivision to read:

"d. The chancellor shall ensure that financial literacy instruction is provided as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course."

**SECTION 7.18.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new subdivision to read:

"(4a) G.S. 115C-81.65, Financial literacy."

**SECTION 7.18.(i)** The State Board of Education shall begin the process for review and revision of the standard course of study for social studies in grades kindergarten through 12

1 in the 2019-2020 school year, and shall revise the high school standard course of study in  
2 accordance with the requirements of this section for the EPF course and the Founding Principles  
3 of America and North Carolina: Civic Literacy course. The State Board shall review the high  
4 school standard course of study to determine the high school grade level during which the EPF  
5 course and the Founding Principles of America and North Carolina: Civic Literacy course may  
6 be completed. The State Board of Education shall not require more than four full course credits  
7 in social studies for high school graduation.

8 **SECTION 7.18.(j)** Of the funds appropriated to the Department of Public Instruction  
9 for the 2019-2020 fiscal year to be made available as grant-in-aid to the nonprofit organization  
10 known as The North Carolina Council on Economic Education (NCCEE), NCCEE shall provide  
11 all of the following:

- 12 (1) The EPF professional development course, including administration of the  
13 Test of Economic Literacy and the Working in Support of Education personal  
14 finance test, and the provision of a certificate of completion to qualified  
15 teachers.
- 16 (2) A stipend in the amount of five hundred dollars (\$500.00), upon completion  
17 of the Test of Economic Literacy and the Working in Support of Education  
18 personal finance test, to either the public school teacher, if the teacher attends  
19 the course on weekends or during a time outside the teacher's school year, or,  
20 to the teacher's public school employer, if the teacher attends the course on  
21 school days during the teacher's school year.

22 By September 1, 2020, and by September 1 of the year following any fiscal year that  
23 NCCEE uses State funds thereafter, NCCEE, in consultation with the Department of Public  
24 Instruction, shall submit a report to the Joint Legislative Education Oversight Committee and the  
25 Fiscal Research Division on the activities described by this section and the expenditure of State  
26 funds.

## 27 **UPSTART VIRTUAL EARLY LEARNING PILOT PROGRAM**

28 **SECTION 7.19.(a)** Pilot Program. – The State Board of Education (Board), in  
29 consultation with the Department of Public Instruction, Office of Early Learning, and the  
30 Department of Health and Human Services, Division of Child Development and Early Education,  
31 shall establish a three-year virtual early learning pilot program known as "UpStart." The pilot  
32 program shall be targeted to "at-risk," preschool-age children to develop school readiness skills  
33 and created to (i) evaluate the effectiveness of giving preschool-age children access, at home, to  
34 interactive individualized instruction delivered by computers and the Internet to prepare them  
35 academically for success in school and (ii) test the feasibility of scaling a home-based curriculum  
36 in reading, math, and science delivered by computers and the Internet to all preschool-age  
37 children in the State. Throughout implementation of the pilot program, the Board shall ensure  
38 that parents are encouraged to be attentive to the recommendations of the American Academy of  
39 Pediatrics regarding media use for preschool-age children.

40 **SECTION 7.19.(b)** Contractor Requirements. – In establishing the pilot program,  
41 the Board shall develop and issue a request for proposal (RFP) to contract with a third-party  
42 organization (contractor). The contractor shall have demonstrated experience in the delivery of a  
43 home-based educational technology program to provide adaptive computer software for literacy  
44 and numeracy instruction and an assessment for preschool-age children. The Board shall ensure  
45 that the contractor selected to conduct the pilot program does each of the following:

- 46 (1) Provides computer-assisted instruction for preschool-age children on a home  
47 computer connected by the Internet to a centralized file storage facility.
  - 48 (2) Provides technical support to families for the installation and operation of the  
49 instructional software.
- 50

- 1 (3) Provides for the installation of computer and Internet access in homes of  
 2 low-income families that cannot afford the equipment and service.  
 3 (4) Has the capability of doing the following through the Internet:  
 4 a. Communicating with parents.  
 5 b. Updating the instructional software.  
 6 c. Validating user access.  
 7 d. Collecting usage data.  
 8 e. Storing research data.  
 9 f. Producing reports for parents, schools, and the General Assembly.  
 10 (5) Develops and implements a program consisting of the following components:  
 11 a. Computer-assisted, individualized instruction in reading,  
 12 mathematics, and science.  
 13 b. A multisensory reading tutorial program for children needing  
 14 additional reading instruction.  
 15 c. A validated computer adaptive reading test that accurately indicates  
 16 reading readiness of children who cannot read and provides easily  
 17 understood reports for parents and educators.  
 18 (6) Has the capability to quickly and efficiently modify, improve, and support the  
 19 product.  
 20 (7) Collaborates with school district personnel who will provide administrative  
 21 and technical support of the program.  
 22 (8) Purchases equipment and service through cooperative purchasing contracts.

23 **SECTION 7.19.(c)** School District Participation in Pilot Program. – The Board shall  
 24 select up to 10 local school administrative units to participate in the pilot program. The local  
 25 school administrative units selected for participation in the pilot program shall have demonstrated  
 26 waiting lists for the North Carolina Prekindergarten (NC Pre-K) program. Local school  
 27 administrative units shall be from geographically diverse areas in the State, with representation  
 28 from tier one, tier two, and tier three counties. For purposes of this section, tier one, tier two, and  
 29 tier three counties shall have the same designations as those established by the N.C. Department  
 30 of Commerce's 2017 County Tier Designations.

31 **SECTION 7.19.(d)** Equipment. – The Board or a local school administrative unit  
 32 may purchase computers, peripheral equipment, and Internet service for low-income families  
 33 who cannot afford them.

34 **SECTION 7.19.(e)** Family Participation in Pilot Program. – The contractor selected  
 35 to develop and implement the pilot program and the local school administrative units selected to  
 36 participate in the pilot shall solicit family participants through a public information campaign  
 37 and referrals from participating local school administrative units. Qualifying children shall be  
 38 selected through a random lottery. For purposes of this pilot program, a preschool-age child is  
 39 eligible for participation in the program based on the following:

- 40 (1) Is 4 years of age on or before August 31 of the program year.  
 41 (2) Is at-risk, which shall be defined to include any of the following:  
 42 a. A child whose family's gross income is at or below one hundred  
 43 percent (100%) of the federal poverty level.  
 44 b. A child of either of the following: (i) an active duty member of the  
 45 Armed Forces of the United States, including the North Carolina  
 46 National Guard, State military forces, or a reserve component of the  
 47 Armed Forces, who has been ordered to active duty by the proper  
 48 authority within the last 18 months or is expected to be ordered within  
 49 the next 18 months or (ii) a member of the Armed Forces of the United  
 50 States, including the North Carolina National Guard, State military

1 forces, or a reserve component of the Armed Forces, who was injured  
2 or killed while serving on active duty.

3 Eligibility determinations for participation in the pilot program may be made by local  
4 North Carolina Partnerships for Children, Inc., partnerships. If funds are available, in addition to  
5 the children defined as "at-risk" in this section, the pilot program may also serve a child whose  
6 family's gross income is at or below one hundred thirty percent (130%) of the federal poverty  
7 guidelines.

8 **SECTION 7.19.(f)** Annual Report. – The Board shall make a report on the pilot  
9 program to the Joint Legislative Education Oversight Committee by November 30 of each year  
10 for the duration of the pilot program. The report shall include the following:

- 11 (1) The extent to which the pilot program is accomplishing the purposes for which  
12 it was established.
- 13 (2) The number of families selected to participate in the pilot.
- 14 (3) The number of families requesting computers.
- 15 (4) The number of computers furnished.
- 16 (5) The number of families requiring Internet access.
- 17 (6) The frequency of use of the instructional software.
- 18 (7) Any obstacles encountered with software or hardware usage or in providing  
19 technical assistance to families.
- 20 (8) Student performance on prekindergarten and postkindergarten assessments  
21 conducted by local school administrative units and charter schools for students  
22 who participated in the pilot program in comparison to those students who did  
23 not participate in the pilot program.

24 **SECTION 7.19.(g)** Appropriation. – Of the funds appropriated by this act to the  
25 Department of Public Instruction for the 2019-2020 fiscal year to establish UpStart, the  
26 Department shall divide funds evenly among the local school administrative units selected to  
27 participate in the pilot program.

## 29 SELECTION OF READING DIAGNOSTIC ASSESSMENTS

30 **SECTION 7.20.(a)** G.S. 115C-174.11 reads as rewritten:

31 "**§ 115C-174.11. Components of the testing program.**

32 (a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The  
33 State Board of Education shall develop, adopt, and provide to the local school administrative  
34 units a selection of developmentally appropriate individualized assessment instruments aligned  
35 with the standard course of study and Part 1A of Article 8 of this Chapter for the kindergarten,  
36 first, second, and third grades. ~~The State Board shall approve no fewer than three different~~  
37 assessment instruments designed by no fewer than three different vendors for selection by local  
38 school administrative units.

39 ~~(a1) Local~~ (a1) Each local school administrative ~~units-unit~~ shall select from and use these the  
40 assessment instruments provided to them approved by the State Board under subsection (a) of  
41 this section for kindergarten, first, second, and third grade students to assess progress, diagnose  
42 difficulties, and inform instruction and remediation needs. Local school administrative units shall  
43 not use standardized tests for summative assessment of kindergarten, first, and second grade  
44 students except as required as a condition of receiving federal grants.

45 ...."

46 **SECTION 7.20.(b)** Section 7.27 of S.L. 2017-57, as amended by Section 2.6 of S.L.  
47 2017-197 and Section 7.23 of S.L. 2018-5, reads as rewritten:

48 "..."

49 **"SECTION 7.27.(b)** The State Superintendent shall issue a Request for Proposals (RFP) to  
50 vendors of diagnostic reading assessment instruments to provide ~~one or more~~ valid, reliable,  
51 formative, and diagnostic reading assessment ~~instrument or~~ instruments for use pursuant to

1 G.S. 115C-174.11. At a minimum, the diagnostic reading assessment ~~instrument or instruments~~  
2 provided by the selected ~~vendor~~ vendors shall meet all of the following criteria:

- 3 (1) Yield data that can be used with the Education Value-Added Assessment  
4 System (EVAAS).
- 5 (2) Demonstrate close alignment with student performance on State assessments,  
6 including all assessments required in kindergarten through third grade by Part  
7 2 of Article 10A of Chapter 115C of the General Statutes.
- 8 (3) Demonstrate high rates of predictability as to student performance on State  
9 assessments, including all assessments required in kindergarten through third  
10 grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.

11 **"SECTION 7.27.(c)** The State Superintendent shall form and supervise an Evaluation Panel  
12 to review the proposals received pursuant to the RFP issued in accordance with subsection (b) of  
13 this section. The Evaluation Panel shall be composed of persons employed within the Department  
14 of Public Instruction. By ~~December 1, 2018,~~ August 1, 2019, the Evaluation Panel, with the  
15 approval of the State Superintendent, shall select ~~one vendor~~ no fewer than three vendors to  
16 provide the assessment instrument ~~or instruments~~ selections for local school administrative units  
17 for the 2019-2020 school year. In determining which ~~vendor~~ vendors to select, the Evaluation  
18 Panel shall consider, at a minimum, all of the following factors:

- 19 (1) The time required to conduct formative and diagnostic assessments with the  
20 intention of minimizing the impact on instructional time.
- 21 (2) The level of integration of assessment results with instructional support for  
22 teachers and students.
- 23 (3) The timeliness in reporting assessment results to teachers and administrators.
- 24 (4) The ability to provide timely assessment results to parents and guardians.

25 ...."

26 **SECTION 7.20.(c)** Subsection (a) of this section applies beginning with the  
27 2019-2020 school year.

## 29 INNOVATIVE SCHOOL DISTRICT/CARRYFORWARD OF FUNDS

30 **SECTION 7.21.(a)** Of the funds appropriated to the Department of Public  
31 Instruction for the 2018-2019 fiscal year in accordance with Section 5 of S.L. 2016-110, as  
32 amended by Section 7.11(c) of S.L. 2017-57, for salary and benefits for the Innovative School  
33 District (ISD) Superintendent, staff, and other expenses associated with the ISD, the remainder  
34 of any unencumbered and unexpended funds at the end of the 2018-2019 fiscal year shall not  
35 revert but shall remain available for expenses related to the ISD until the end of the 2019-2020  
36 fiscal year.

37 **SECTION 7.21.(b)** This section becomes effective June 30, 2019.

## 39 MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS

40 **SECTION 7.22.(a)** Part 3 of Article 8 of Chapter 115C is repealed.

41 **SECTION 7.22.(b)** Article 8 of Chapter 115C of the General Statutes is amended by  
42 adding a new Part to read:

43 "Part 3C. Selection of Instructional Material.

### 44 **"§ 115C-102.20. Definition of instructional materials.**

45 The following definitions apply in this Part:

- 46 (1) Health and safety programs. – Any instruction, curricula, or materials intended  
47 to impart information or promote discussion or understanding regarding any  
48 of the following:
  - 49 a. Reproductive health and safety, as provided in G.S. 115C-81.30(a).
  - 50 b. Mental and emotional health, as provided in G.S. 115C-81.25(c)(1).
  - 51 c. Growth and development, as provided in G.S. 115C-81.25(c)(9).

1 d. Anti-bullying or anti-harassment.

2 (2) Instructional materials. – Systematically organized material comprehensive  
3 enough to cover the primary objectives outlined in the standard course of  
4 study for a grade or course. Formats for instructional materials may be print  
5 or nonprint, including hardbound books, softbound books, activity-oriented  
6 programs, classroom kits, or digital resources that require the use of electronic  
7 equipment in order to be used in the learning process.

8 (3) Local committee. – A local community media advisory committee.

9 (4) Parent. – A student's parent or legal guardian.

10 (5) State Committee. – The State Community Media Advisory Committee.

11 (6) Supplemental materials. – Educational materials that supplement specific  
12 instruction for the standard course of study selected and procured by a local  
13 board of education for a grade or course or general education needs of the  
14 school. Supplemental materials may include textbooks, library books,  
15 periodicals, audiovisual materials, and other supplemental instructional  
16 materials needed for instructional purposes in the local school administrative  
17 unit. Supplemental materials may be print or nonprint, including hardbound  
18 books, softbound books, activity-oriented programs, classroom kits, or digital  
19 resources that require the use of electronic equipment in order to be used in  
20 the learning process.

21 (7) Unfit materials. – Instructional or supplemental materials determined to be  
22 inappropriate for use in an elementary or secondary school because the  
23 material is either (i) obscene, (ii) inappropriate to the age, maturity, or grade  
24 level of the students, or (iii) not aligned with the standard course of study.

25 **§ 115C-102.25. Selection of instructional materials.**

26 (a) Local Board Adoption. – Local boards of education shall select and adopt  
27 instructional materials for each standard course of study at each instructional level in the  
28 elementary school and the secondary school adopted by the State Board of Education, as provided  
29 in Part 1 of Article 8 of this Chapter.

30 (b) Evaluation of Instructional Materials Prior to Adoption. – For each standard course  
31 of study, the local board of education may require experts employed by the local board of  
32 education and certified in the discipline in which the instructional material would be used to offer  
33 evaluation reports to the local board on materials being considered for adoption. Such evaluation  
34 reports should give special consideration to the suitability of the instructional materials to the  
35 instructional level for which it is offered, the content or subject matter, whether the instructional  
36 materials are aligned with the standard course of study, and other criteria prescribed by the local  
37 board.

38 **§ 115C-102.30. Selection of supplemental materials.**

39 (a) Local boards of education shall adopt written policies concerning the procedures to  
40 be followed in their local school administrative units for the selection and procurement of  
41 supplemental materials for a grade or course or for general education needs at a school or  
42 throughout the entire local school administrative unit. Local boards of education shall have sole  
43 authority to select and procure supplemental materials, whether or not the materials contain  
44 commercial advertising, to determine if the materials are related to and within the limits of the  
45 prescribed curriculum, and to determine when the materials may be presented to students during  
46 the school day.

47 (b) Supplemental materials shall neither displace nor be used to the exclusion of  
48 instructional materials.

49 **§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

1       (a) When adopting, modifying, or amending a health and safety program and the  
2 instructional and supplemental materials for that program, a local board of education shall  
3 conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.

4       (b) The local board of education shall also provide both electronic and written notice to  
5 all parents of students in the local school administrative unit of the public hearing and the  
6 opportunity to review those materials in the program repository, as provided in  
7 G.S. 115C-102.50, at least 60 days before the public hearing occurs.

8       (c) The notice to parents provided for in subsection (b) of this section shall include the  
9 following in both written and electronic form:

10           (1) A detailed description of the program's objectives and any proposed changes,  
11 including any topics that the local board of education determines that a  
12 reasonable parent in that community may wish to examine as to the age  
13 appropriateness of the topics.

14           (2) All written and audio materials that will be used.

15           (3) A link to, or information on how to access, the program repository on the local  
16 school administrative unit's Web site, as provided in G.S. 115C-102.50.

17 **"§ 115C-102.40. Acquisition of instructional and supplemental materials.**

18       (a) Funds allocated by the State Board of Education or appropriated in the current  
19 expense or capital outlay budgets of the local school administrative units shall be used by the  
20 local board of education for purchase, lease, or rental of instructional or supplemental materials  
21 and for hardware, software, or other equipment necessary for the use of the instructional or  
22 supplemental materials. The title of purchased materials and equipment shall be vested in the  
23 local board of education.

24       (b) Local boards of education are encouraged to partner with other local boards of  
25 education and other public schools to jointly purchase instructional and supplemental materials.

26       (c) All instructional materials purchased with State funds shall include a clause granting  
27 to the local board of education the license to produce braille, large print, and audio recording  
28 copies of the instructional materials for use in the local school administrative unit.

29       (d) The local board of education shall publish on the Web site of the local school  
30 administrative unit the title, author, and publisher of all instructional and supplemental materials  
31 purchased by the local board of education.

32 **"§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

33       (a) The students of the public elementary and secondary schools of the State shall be  
34 provided with free instructional materials within the appropriation of the General Assembly for  
35 that purpose. The local board shall provide for the free use by students, with proper care and  
36 return, of elementary and secondary instructional materials. No local board of education may  
37 charge any student a rental fee for the use of instructional materials or for hardware, software, or  
38 other equipment necessary for the use of the instructional or supplemental materials.

39       (b) Local boards of education shall provide adequate and safe storage facilities for the  
40 proper care of instructional and supplemental materials and emphasize to all students the  
41 necessity for proper care of instructional and supplemental materials and equipment necessary  
42 for the use of the instructional materials.

43       (c) A student's parents or legal guardians may be charged damage fees for abuse or loss  
44 of instructional or supplemental materials or equipment necessary for the use of those materials  
45 under rules adopted by the local board of education. Damage fees collected under this subsection  
46 shall be used by the local board of education for purchase, lease, or rental of instructional and  
47 supplemental materials as provided in G.S. 115C-102.40.

48 **"§ 115C-102.50. Instructional materials repository.**

49       (a) A local board of education shall maintain a continuous repository of current  
50 instructional and supplemental materials that have been selected and acquired by the local board  
51 of education pursuant to this Article. The repository shall not be required to include classroom

1 materials developed by teachers. The materials shall be maintained at a central location for  
2 in-person review by parents and the public upon request, and the names of all those materials  
3 shall be posted to the local school administrative unit's Web site for review by parents and the  
4 public.

5 (b) In addition to the requirements of subsection (a) of this section, a local board of  
6 education shall also maintain a continuous repository of current objectives, entire curricula, texts,  
7 and all other materials used in any health and safety program as follows:

8 (1) The current objectives, entire curricula, texts, and all other materials used in  
9 any health and safety program shall be maintained at a central location for  
10 in-person review by parents and the public upon request.

11 (2) Electronic copies of the current objectives, and names of curricula, texts, or  
12 any other materials used in any health and safety program shall be posted to  
13 the local school administrative unit's Web site for review by parents and the  
14 public. The Web site shall also include the curricula, texts, and any other  
15 materials used in the health and safety program, including links to any  
16 materials available on the publisher's Web site.

17 (3) The local board of education shall add to the central location and electronic  
18 repository any objectives, curricula, texts, and other materials that may be  
19 proposed for adoption, amendment, or modification to the health and safety  
20 program and shall clearly indicate that status while the materials are under  
21 consideration.

22 (c) Each school year, at least 14 days before students participate in a health and safety  
23 program, a local board of education shall give both written and electronic notice to parents of  
24 students participating in that program of the right of parents to review the objectives, complete  
25 materials, and entire curriculum of that program in the program repository maintained by the  
26 local board of education, as provided in subsection (b) of this section. The notice shall include  
27 the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction  
28 with and combination with the notice and requirements to inform parents of the local board's  
29 policy for participation in certain health and safety programs, as established in G.S. 115C-81.32.  
30 **§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

31 (a) Any parent, guardian, or person in loco parentis may purchase any instructional  
32 material needed for any student in the public schools of the State from the board of education of  
33 the local school administrative unit in which the child is enrolled, if the board of education holds  
34 title to the instructional material as described in G.S. 115C-102.40(a).

35 (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),  
36 or any other provision of law, a local board of education may dispose of discontinued  
37 instructional or supplemental materials.

38 **§ 115C-102.60. Local community media advisory committee.**

39 (a) A local board of education shall establish a local community media advisory  
40 committee to investigate and evaluate challenges from parents, teachers, and members of the  
41 public to instructional materials and supplemental materials on the grounds that they are unfit  
42 materials. This section does not apply to optional supplemental materials available through the  
43 school library.

44 (b) The local committee shall, at a minimum, include the following:

45 (1) A principal from a high school, middle school, and elementary school,  
46 respectively.

47 (2) A teacher from a high school, middle school, and elementary school,  
48 respectively.

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

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

3           (c) Individuals challenging unfit materials shall make challenges in writing to the local  
4           board of education and shall specify whether the materials are being challenged on the grounds  
5           of being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii)  
6           not aligned with the standard course of study.

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

17           (e) At the next meeting of the local board of education after the local committee's  
18           recommendation is received, the local board shall determine whether the challenge has merit and  
19           whether the challenged material should be retained or removed as unfit material.

20           (f) If the local board of education determines that the challenged material shall be  
21           retained, a challenger may appeal the local board's decision to the State Community Media  
22           Advisory Committee. The challenger must make the appeal in the form and manner designated  
23           by the State Board of Education within two weeks of the local board's decision.

24           **§ 115C-102.65. State Community Media Advisory Committee.**

25           (a) The State Board of Education shall establish a State Community Media Advisory  
26           Committee to review challenges to instructional and supplemental materials appealed under  
27           G.S. 115C-102.55.

28           (b) The State Committee shall, at a minimum, include the following:

29           (1) The State Superintendent of Public Instruction, or designee.

30           (2) One superintendent of a local school administrative unit.

31           (3) A principal from a high school, middle school, and elementary school,  
32           respectively.

33           (4) A teacher from a high school, middle school, and elementary school,  
34           respectively.

35           (5) A parent of a student in high school or middle school and a parent of a student  
36           in elementary school.

37           (6) A school library media coordinator from a high school, middle school, and  
38           elementary school, respectively.

39           (c) A member of the State Committee may be recused from any challenge to materials  
40           used in the local school administrative unit in which the member is employed or in which the  
41           member's child is enrolled.

42           (d) The State Board of Education shall designate the form and manner for appeals to be  
43           made to the State Committee. Upon receipt of an appeal, notice and a copy of the appeal shall be  
44           provided to the local board of education.

45           (e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing  
46           and provide the appellants an opportunity to present concerns to the State Committee as well as  
47           the local board of education an opportunity to rebut those concerns. The State Committee may,  
48           in the State Committee's discretion, request additional information at the hearing from experts on  
49           the subject matter employed by the State Board of Education. Within two weeks of the hearing,  
50           the State Committee shall make a recommendation to the State Board of Education on whether  
51           the appealed challenge has merit and whether the challenged material should be retained or

1 removed as unfit material. The State Committee's determination shall be limited to considerations  
2 of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii)  
3 inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the  
4 standard course of study.

5 (f) At the next meeting of the State Board of Education after the State Committee's  
6 recommendation is received, the State Board shall determine whether the appealed challenge has  
7 merit and whether the challenged material should be retained or removed as unfit material. If the  
8 State Board of Education determines that challenged material shall be removed, the local board  
9 of education shall remove the material. The decision of the State Board of Education is final, and  
10 is not subject to appeal by the local board of education or challenger."

11 **SECTION 7.22.(c)** G.S. 115C-11(d) reads as rewritten:

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

16 **SECTION 7.22.(d)** G.S. 115C-11(e) is repealed.

17 **SECTION 7.22.(e)** G.S. 115C-12(9)b. is repealed.

18 **SECTION 7.22.(f)** G.S. 115C-12(9c). reads as rewritten:

19 "c. The Board also shall develop and implement an ongoing process to  
20 align State programs and support materials with the revised academic  
21 content standards for each core academic area on a regular basis.  
22 Alignment shall include revising ~~textbook criteria,~~ support materials,  
23 State tests, teacher and school administrator preparation, and ongoing  
24 professional development programs to be compatible with content  
25 standards. The Board shall develop and make available to teachers and  
26 parents support materials, including teacher and parent guides, for  
27 academic content standards. The State Board of Education shall work  
28 in collaboration with the Board of Governors of The University of  
29 North Carolina to ensure that teacher and school administrator degree  
30 programs, ongoing professional development, and other university  
31 activity in the State's public schools align with the State Board's  
32 priorities."

33 **SECTION 7.22.(g)** G.S. 115C-12(18)d. reads as rewritten:

34 "d. The State Board of Education shall modify the Uniform Education  
35 Reporting System to provide clear, accurate, and standard information  
36 on the use of funds at the unit and school level. The plan shall provide  
37 information that will enable the General Assembly to determine State,  
38 local, and federal expenditures for personnel at the unit and school  
39 level. The plan also shall allow the tracking of expenditures for  
40 ~~textbooks,~~ instructional materials, educational supplies and  
41 equipment, capital outlay, at-risk students, and other purposes."

42 **SECTION 7.22.(h)** G.S. 115C-47(6) reads as rewritten:

43 "(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall  
44 adopt rules and regulations governing solicitations of, sales to, and  
45 fund-raising activities conducted by, the students and faculty members in  
46 schools under their jurisdiction, and no fees, charges, or costs shall be  
47 collected from students and school personnel without approval of the board of  
48 education as recorded in the minutes of said ~~board;~~ provided, this subdivision  
49 shall not apply to such textbooks fees as are determined and established by the  
50 State Board of Education. board. All schedules of fees, charges and

1 solicitations approved by local boards of education shall be reported to the  
2 Superintendent of Public Instruction."

3 **SECTION 7.22.(i)** G.S. 115C-47(33) reads as rewritten:

4 "(33) To Approve and Use Supplemental Materials. – Local boards of education  
5 shall have sole authority to select and procure ~~supplementary instructional~~  
6 supplemental materials, whether or not the materials contain commercial  
7 advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~Part 3C of Article  
8 8 of this Chapter."

9 **SECTION 7.22.(j)** G.S. 115C-47(33a) reads as rewritten:

10 "(33a) To Approve and Use ~~Textbooks Not Adopted by State Board of Education.~~  
11 Instructional Materials. – Local boards of education shall have the sole  
12 authority to select, procure, and use ~~textbooks not adopted by the State Board~~  
13 ~~of Education instructional materials~~ as provided in ~~G.S. 115C-98(b1).~~Part 3C  
14 of Article 8 of this Chapter."

15 **SECTION 7.22.(k)** G.S. 115C-75.10(c) reads as rewritten:

16 "(c) Funding Memorandum of Understanding. – The IS operator, in consultation with the  
17 ISD Superintendent, may enter into a funding memorandum of understanding with the local  
18 board of education of the local school administrative unit where the innovative school is located  
19 for all student support and operational services and instructional services to be provided by the  
20 local board of education in the same manner and degree as in the prior school year or funding in  
21 an amount equivalent to the amount the local board of education would have expended on those  
22 services if provided. For the purposes of this subsection, student support and operational services  
23 include cafeteria services, custodial services, broadband and utilities, and student information  
24 services, and instructional services include alternative education, special education services, test  
25 administration services, ~~textbooks,~~instructional materials, technology, media resources,  
26 instructional equipment, and other resources. The IS operator and local board of education shall  
27 finalize the funding memorandum of understanding within 30 days of the initial request for the  
28 memorandum by the IS operator. If the parties have not completed the funding memorandum of  
29 understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

30 **SECTION 7.22.(l)** G.S. 115C-81.5(b)(3) is repealed.

31 **SECTION 7.22.(m)** G.S. 115C-81.25(b)(3) is repealed.

32 **SECTION 7.22.(n)** G.S. 115C-81.25(d) reads as rewritten:

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

41 **SECTION 7.22.(o)** G.S. 115C-242(3) reads as rewritten:

42 "(3) The board of education of any local school administrative unit may operate  
43 the school buses of such unit one day prior to the opening of the regular school  
44 term for the transportation of pupils and employees to and from the school to  
45 which such pupils are assigned or in which they are enrolled and such  
46 employees are employed, for the purposes of the registration of students, the  
47 organization of classes, the distribution of ~~textbooks,~~instructional materials,  
48 and such other purposes as will, in the opinion of the superintendent of the  
49 schools of such unit, promote the efficient organization and operation of such  
50 public schools."

51 **SECTION 7.22.(p)** G.S. 115C-271(d)(2) reads as rewritten:

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

**SECTION 7.22.(q)** G.S. 115C-384(c) reads as rewritten:

"(c) Rental Fees for ~~Textbooks~~ Instructional Materials Prohibited; Damage Fees Authorized. – No rental fees are permitted for the use of ~~textbooks~~, instructional materials, but damage fees may be collected pursuant to the provisions of ~~G.S. 115C-100~~ G.S. 115C-102.45."

**SECTION 7.22.(r)** G.S. 115C-390.2(l)(1) reads as rewritten:

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

**SECTION 7.22.(s)** G.S. 115C-390.5(c)(1) reads as rewritten:

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

**SECTION 7.22.(t)** G.S. 115C-398 reads as rewritten:

**§ 115C-398. Damage to school buildings, furnishings, textbooks.**

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

**SECTION 7.22.(u)** G.S. 143A-48 is repealed.

**SECTION 7.22.(v)** G.S. 143C-9-7(b) reads as rewritten:

"(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming Education Revenue Fund shall be allocated quarterly by the State Board of Education to local school administrative units, charter schools, and regional schools on the basis of allotted average daily membership. The funds allotted by the State Board of Education pursuant to this section shall be nonreverting. Funds received pursuant to this section by local school administrative units shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or ~~textbooks~~ instructional materials."

**SECTION 7.22.(w)** Effective July 1, 2019, the existing Textbooks and Digital Resources funding allotment in the State Public School Fund shall be designated as the Instructional Materials funding allotment in the State Public School Fund. The State Board of Education shall establish the purposes for which the funds within the new Instructional Materials funding allotment may be used as follows: (i) to acquire instructional or supplemental materials as defined in G.S. 115C-102.20, as enacted by this section, and (ii) to acquire hardware, software, or other equipment necessary for the use of the instructional or supplemental materials.

**SECTION 7.22.(x)** G.S. 115C-105.25(b)(12) reads as rewritten:

"(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may only be used ~~for the purchase of textbooks and digital resources~~ to acquire instructional and supplemental materials, as defined in G.S. 115C-102.20, and to acquire hardware, software, or other equipment necessary for the use of the instructional or supplemental materials. These funds shall not be transferred out of the allotment for any other purpose."

**SECTION 7.22.(y)** G.S. 115C-81.30(b) and (c) are repealed.

**SECTION 7.22.(z)** Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

**§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

Local boards of education shall adopt policies to provide opportunities either for parents to consent or for parents to withhold their consent to the students' participation in any or all of the health and safety programs included in sub-subdivisions (a) through (c) of G.S. 115C-102.20(1) provided by the local school administrative unit. Local boards of education shall provide notice to parents of this opportunity at least 14 days before students participate in the health and safety programs, in conjunction with and combination with the notice required by G.S. 115C-102.50.

1 The notice shall inform parents of the local board's policy for participation in the health and  
 2 safety programs and provide a form that allows parents to exercise parental rights under that  
 3 policy."

4 **SECTION 7.22.(aa)** The State Board of Education shall not enter into any new  
 5 contracts for textbooks or instructional materials and shall not renew any existing contracts for  
 6 textbooks or instructional materials. The State Board of Education shall make available for  
 7 purchase any textbooks or instructional materials available through existing contracts to local  
 8 boards of education.

9 **SECTION 7.22.(bb)** Notwithstanding G.S. 115C-102.25, as enacted by this section,  
 10 a local board of education may, by resolution, continue use of previously adopted State textbooks  
 11 for a standard course of study until that standard course of study is revised by the State Board of  
 12 Education.

13 **SECTION 7.22.(cc)** No local board of education shall be required to hold a public  
 14 hearing for any health and safety program, as defined in G.S. 115C-102.20, as enacted by this  
 15 act, in use prior to the 2018-2019 school year, until that program is amended, modified, or  
 16 replaced. All local boards of education shall establish a program repository of current health and  
 17 safety programs, as required by G.S. 115C-102.50, as enacted by this section, for access to  
 18 parents prior to the start of the 2019-2020 school year and shall not implement any program until  
 19 that program is included in the repository.

20 **SECTION 7.22.(dd)** This section applies beginning with the 2019-2020 school year.

## 21 **15-POINT SCALE FOR SCHOOL PERFORMANCE GRADES/MODIFY WEIGHTING**

22 **SECTION 7.23.(a)** G.S. 115C-83.15(d) reads as rewritten:

23 "(d) Calculation of the Overall School Performance Scores and Grades. – The State Board  
 24 of Education shall calculate the overall school performance score by adding the school  
 25 achievement score, as provided in subsection (b) of this section, and the school growth score, as  
 26 determined using EVAAS as provided in subsection (c) of this section, earned by a school. The  
 27 school achievement score shall account for ~~eighty percent (80%)~~, ~~fifty-one percent (51%)~~, and  
 28 the school growth score shall account for ~~twenty percent (20%)~~ ~~forty-nine percent (49%)~~ of the  
 29 total sum. For all schools, the total school performance score shall be converted to a 100-point  
 30 scale and used to determine an overall school performance grade. The overall school performance  
 31 grade shall be based on the following scale and shall not be modified to add any other designation  
 32 related to other performance measures, such as a "plus" or "minus":

- 33 (1) A school performance score of at least ~~90~~85 is equivalent to an overall school  
 34 performance grade of A.
- 35 (2) A school performance score of at least ~~80~~70 is equivalent to an overall school  
 36 performance grade of B.
- 37 (3) A school performance score of at least ~~70~~55 is equivalent to an overall school  
 38 performance grade of C.
- 39 (4) A school performance score of at least ~~60~~40 is equivalent to an overall school  
 40 performance grade of D.
- 41 (5) A school performance score of less than ~~60 points~~40 is equivalent to an  
 42 overall school performance grade of F."

43 **SECTION 7.23.(b)** This section applies beginning with the 2019-2020 school year.

## 44 **PROGRAM ENHANCEMENT TEACHER ALLOTMENT CHANGES/ARTS** 45 **EDUCATION**

46 **SECTION 7.24.(a)** G.S. 115C-301 reads as rewritten:

47 **"§ 115C-301. Allocation of teachers; class size.**

48 ...  
 49 ...  
 50 ...

1 (a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public
2 School Fund shall consist of the following position allotments:

- 3 (1) Classroom teachers for kindergarten through twelfth grade, which shall
4 include funds for program enhancement teachers, self-contained exceptional
5 children teachers, math, science, and computer teachers, and matching
6 benefits.

- 7 (2) Program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade.

8 ...

9 (c) Maximum Class Size for Kindergarten Through Third ~~Grade~~. Grade and Allotment
10 Ratios for Classroom Teachers. – The average class size for kindergarten through third grade in
11 a local school administrative unit shall at no time exceed the funded allotment ratio of teachers
12 to students in kindergarten through third grade. At the end of the second school month and for
13 the remainder of the school year, the size of an individual class in kindergarten through third
14 grade shall not exceed the allotment ratio by more than three students. The funded class size
15 allotment ratio for kindergarten through third grade shall be as follows:

- 16 (1) For kindergarten, one teacher per 18 students.
17 (2) For first grade, one teacher per 16 students.
18 (3) For second grade, one teacher per 17 students.
19 (4) For third grade, one teacher per 17 students.

20 Within the remaining funds available for classroom teachers in the State Public School Fund,
21 the State Board of Education shall set the teacher to student ratios for class size in grades four
22 through 12 to allot those positions. In grades four through 12, local school administrative units
23 shall have the maximum flexibility to use allotted teacher positions to maximize student
24 achievement.

25 ...

26 (c2) Program Enhancement Teacher Allotment for Kindergarten Through ~~Fifth~~ Twelfth
27 Grade. –

- 28 (1) Definitions. – For the purposes of this section, "program enhancement" refers
29 to any of the following:

- 30 a. Arts disciplines, including dance, music, theater, and the visual arts.
31 b. Physical education and health programs.
32 c. World languages.

33 c1. Dual language immersion for classes in which (i) at least one-third of
34 the students' dominant language is English and (ii) instruction involves
35 both English and a target foreign language with a minimum of fifty
36 percent (50%) of core content taught in the target foreign language in
37 order to promote dual language proficiency for all students.

38 d. Other supplemental classes as defined by the State Board of Education.

- 39 (2) Allotment ratio calculation. – The allotment ratio for kindergarten through
40 ~~fifth~~ twelfth grade program enhancement teachers shall be one teacher per ~~191~~
41 140 students.

- 42 (3) Appropriation. – Beginning with the 2019-2020 fiscal year, there is
43 appropriated from the General Fund to the Department of Public Instruction
44 for the allotment for program enhancement teachers for kindergarten through
45 ~~fifth~~ twelfth grade an amount equal to the percentage of the total funds
46 required to allot program enhancement teacher positions for kindergarten
47 through ~~fifth~~ twelfth grade on a basis of one teacher per ~~191~~ 140 students for
48 each fiscal year as follows:

49 <b>Fiscal Year</b>	<b>Appropriation</b>
50 2019-2020	50%
51 2020-2021	75%

1 2021-2022 and each subsequent fiscal year thereafter 100%.

2 When developing the base budget, as defined by G.S. 143C-1-1, for each  
3 fiscal year specified in this subdivision, the Director of the Budget shall  
4 include the appropriated amount for that fiscal year.

5 ...."

6 **SECTION 7.24.(b)** Section 3(b) of S.L. 2018-2 is repealed.

7 **SECTION 7.24.(c)** Effective July 1, 2021, G.S. 115C-301(a1), as amended by  
8 subsection (a) of this section, reads as rewritten:

9 "(a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public  
10 School Fund shall consist of the following position allotments:

11 (1) Classroom teachers for kindergarten through twelfth grade, which shall  
12 include funds for ~~program enhancement teachers~~, self-contained exceptional  
13 children teachers, math, science, and computer teachers, and matching  
14 benefits.

15 (2) Program enhancement teachers for kindergarten through twelfth grade."

16 **SECTION 7.24.(d)** G.S. 115C-105.25(5d) reads as rewritten:

17 "(5d) No positions shall be transferred out of the allocation for program  
18 enhancement teachers for kindergarten through ~~fifth~~ twelfth grade except as  
19 provided in this subdivision. Positions allocated for program enhancement  
20 teachers for kindergarten through ~~fifth~~ twelfth grade may be converted into  
21 positions allocated for classroom teachers for kindergarten through twelfth  
22 grade. For the purposes of this subdivision, the term "program enhancement"  
23 is as defined in G.S. 115C-301(c2)."

24 **SECTION 7.24.(e)** Notwithstanding any other provision of law, of the recurring  
25 funds appropriated by Section 5(a) of S.L. 2018-2 to the Department of Public Instruction for the  
26 2018-2019 fiscal year for a position allotment for program enhancement teachers for  
27 kindergarten through fifth grade, beginning with the 2019-2020 fiscal year, the sum of sixty-one  
28 million three hundred fifty-nine thousand two hundred twenty-five dollars (\$61,359,225) in  
29 recurring funds shall be appropriated to the Department of Public Instruction for a position  
30 allotment for program enhancement teachers for kindergarten through twelfth grade.

31 **SECTION 7.24.(f)** The State Board of Education shall modify the State graduation  
32 requirements to include one required credit in arts education to be completed by each student at  
33 any time in grades six through 12.

34 The State Board of Education shall implement this arts education graduation  
35 requirement beginning with students entering the sixth grade in 2022. The State Board shall  
36 include an exemption from the arts education graduation requirement for students transferring  
37 into a North Carolina public school beginning in the ninth grade or later, if such requirement  
38 would prevent a student from graduating with the graduation cohort to which the student was  
39 assigned when transferring.

40 **SECTION 7.24.(g)** The State Board of Education shall do the following:

41 (1) Establish procedures and a time line for a phased-in implementation of the arts  
42 education graduation requirement.

43 (2) Establish the minimum criteria to meet the arts education graduation  
44 requirement.

45 (3) By December 15, 2022, report to the Joint Legislative Education Oversight  
46 Committee on the following:

47 a. The statewide implementation of the three interdependent components  
48 of comprehensive arts education (arts education, arts integration, and  
49 arts exposure).

50 b. The graduation requirement set forth in subsection (f) of this section.

1           **SECTION 7.24.(h)** Subsections (a) through (d) of this section apply beginning with  
2 the 2019-2020 school year.

3  
4 **ELIMINATE REPORT TO SUPERINTENDENT ON THE ADOPTED SCHEDULE OF**  
5 **FEEES**

6           **SECTION 7.25.(a)** G.S. 115C-47(6), as amended by Section 7.22(h) of this act,  
7 reads as rewritten:

8           "(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall  
9 adopt rules and regulations governing solicitations of, sales to, and  
10 fund-raising activities conducted by, the students and faculty members in  
11 schools under their jurisdiction, and no fees, charges, or costs shall be  
12 collected from students and school personnel without approval of the board of  
13 education as recorded in the minutes of said board. ~~All schedules of fees,~~  
14 ~~charges and solicitations approved by local boards of education shall be~~  
15 ~~reported to the Superintendent of Public Instruction.~~The local board of  
16 education shall publish a schedule of fees, charges, and solicitations approved  
17 by the local board on the local school administrative unit's Web site by  
18 October 15 of each school year and, if the schedule is subsequently revised,  
19 within 30 days following the revision."

20           **SECTION 7.25.(b)** This section applies beginning with the 2019-2020 school year.

21  
22 **AUTHORIZE STATE BOARD OF EDUCATION APPOINTMENT AUTHORITY OVER**  
23 **AN ADDITIONAL POSITION**

24           **SECTION 7.26.** G.S. 115C-11(j) reads as rewritten:

25           "(j) Certain Personnel Appointed by the State Board. – The State Board may appoint only  
26 the following personnel positions to support the operations of the State Board of Education  
27 through the Department of Public Instruction:

	Position number	Title
28		
29	(1) 65023576	Attorney I.
30	(2) 60009384	Attorney II.
31	(3) 65003194	Paralegal II.
32	(4) 60095070	Administrative Assistant I.
33	(5) <u>60009394</u>	<u>Legislative and Community Affairs Director."</u>

34  
35 **COOPERATIVE INNOVATIVE SCHOOLS/CAP/CERTAIN CIHS OPERATING**  
36 **WITHOUT ADDITIONAL FUNDS**

37           **SECTION 7.27.(a)** G.S. 115C-238.51A reads as rewritten:

38 **"§ 115C-238.51A. Approval process.**

39           (a) Joint Advisory Committee. – The State Board of Education and the applicable  
40 governing Board of the local board of trustees shall appoint a joint advisory committee to review  
41 the applications and to recommend approval for those applications that meet the requirements of  
42 this Part and achieve purposes set out in G.S. 115C-238.50. The recommendation shall indicate  
43 whether additional funds were requested in the application. The State Board may only approve  
44 up to four applications for cooperative innovative high schools that request additional funds  
45 under subsection (c) of this section to open in a school year. If an application requesting  
46 additional funds is not approved due to this limitation, a revised application may be submitted  
47 under subsection (b) of this section. The State Board may prioritize approval of such applications  
48 for cooperative innovative high schools located in local school administrative units that do not  
49 already operate a school pursuant to this Part.

50           (b) No Additional Funds. – For applications which have not requested additional funds,  
51 the State Board of Education and the applicable governing Board may approve cooperative

1 innovative high schools. In granting approval, consideration shall be given to the proposed  
2 budget and demonstration of sources of sustainable funding for the operation of the cooperative  
3 innovative high school. Approvals shall be made by June 30 of each year. No additional State  
4 funds, position allotments, earning of budget full-time equivalent students, or payments of tuition  
5 shall be provided to cooperative innovative high schools approved under this subsection.

6 (c) Additional Funds. – For applications which have requested additional funds, the State  
7 Board of Education and the applicable governing Board may approve cooperative innovative  
8 high schools contingent upon appropriation of the additional funds by the General Assembly.  
9 Contingent approval shall be made by April 1 of each year. The contingent approval shall expire  
10 if no appropriation is made by the General Assembly for the additional funds within one calendar  
11 year. No cooperative innovative high school shall open prior to the appropriation by the General  
12 Assembly of the full amount of the additional funds as requested in the application for that school  
13 under G.S. 115C-238.51 for the upcoming fiscal year or fiscal biennium, as appropriate. If no  
14 appropriation is made by the General Assembly, a revised application may be submitted under  
15 subsection (b) of this section."

16 **SECTION 7.27.(b)** Beginning with the 2019-2020 school year and for subsequent  
17 school years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, the  
18 Halifax Early College High School and the Stanly STEM Early College High School shall be  
19 permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative  
20 innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the  
21 evaluation requirements of G.S. 115C-238.55.

22 **SECTION 7.27.(c)** Subsection (a) of this section applies beginning with applications  
23 for cooperative innovative high schools to open in the 2020-2021 school year.

24  
25 **AUTHORIZE THE NC CTE EDUCATION FOUNDATION TO ADMINISTER**  
26 **CERTAIN GRANTS**

27 **SECTION 7.28.(a)** G.S. 115C-64.15 reads as rewritten:

28 "**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

29 ...

30 (d) The Commission shall develop and administer the Education and Workforce  
31 Innovation Program, as established under G.S. 115C-64.16, in collaboration with the North  
32 Carolina Career and Technical Education Foundation, Inc., and make awards of grants under the  
33 Program.

34 (d1) The Commission shall develop and administer, in coordination with the State Board  
35 of Education and the Superintendent of Public Instruction, and in collaboration with the North  
36 Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education  
37 Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of  
38 grants under the Program.

39 (d2) The North Carolina Career and Technical Education Foundation, Inc., shall serve as  
40 a grant administrator by providing assistance and support to grantees for initiating, expanding,  
41 improving, and promoting career and technical education initiatives.

42 (e) ~~The Commission~~ Commission, in consultation with the North Carolina Career and  
43 Technical Education Foundation, Inc., shall publish a report on the Education and Workforce  
44 Innovation Program and the Career and Technical Education Grade Expansion Program on or  
45 before April 30 of each year. The report shall be submitted to the Joint Legislative Education  
46 Oversight Committee, the State Board of Education, the State Board of Community Colleges,  
47 and the Board of Governors of The University of North Carolina. The report shall include at least  
48 all of the following information:

- 49 (1) An accounting of how funds and personnel resources were utilized for each  
50 program and their impact on student achievement, retention, and  
51 employability.

- 1 (2) Recommended statutory and policy changes.  
2 (3) Recommendations for improvement of each program.  
3 (4) For the Career and Technical Education Grade Expansion Program,  
4 recommendations on increasing availability of grants after the first two years  
5 of the program to include additional local school administrative units or  
6 providing additional grants to prior recipients."

7 **SECTION 7.28.(b)** G.S. 115C-64.17(c) reads as rewritten:

8 "(c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall accept  
9 applications for a grant until November 30, 2017. For subsequent fiscal years that funds are made  
10 available for the Program, the Commission shall accept applications for a grant until August 1 of  
11 each year. The Commission shall consult with the North Carolina Career and Technical  
12 Education Foundation, Inc., to select recipients in a manner that considers diversity among the  
13 pool of applicants, including geographic location, location of industries in the area in which a  
14 local school administrative unit is located, and the size of the student population served by the  
15 unit, in order to award funds to the extent possible to grant recipients that represent different  
16 regions and characteristics of the State. The Commission shall recommend recipients of the  
17 grants to the State Board of Education. The State Board, upon consultation with the  
18 Superintendent of Public Instruction, shall approve the recipients of grant awards."

19 **SECTION 7.28.(c)** This section shall apply to the administration of grant programs  
20 on or after the date this act becomes law.

## 21 **DDC/CRC GRANT PROGRAM**

22 **SECTION 7.29.(a)** Any unexpended and unencumbered funds at the end of each  
23 fiscal year available from (i) the funds appropriated to the Department of Public Instruction for  
24 the Exceptional Children Allotment to be allocated to local school administrative units for  
25 Community Residential Center Funds (CRCF) grants and Developmental Day Centers (DDC)  
26 and (ii) the Special State Reserve Fund (SSRF) for children with disabilities shall not revert to  
27 the General Fund but shall be transferred by the Department to a reserve to establish a grant  
28 program for community residential centers (CRCs) and DDCs administered in accordance with  
29 subsection (b) of this section.

30 **SECTION 7.29.(b)** Beginning with the 2019-2020 fiscal year, when the balance of  
31 the reserve provided for in subsection (a) of this section reaches the sum of at least fifty thousand  
32 dollars (\$50,000) in a fiscal year, then the Department of Public Instruction shall solicit  
33 applications from licensed, community-based DDCs and CRCs approved by the Department of  
34 Public Instruction, Exceptional Children Division, for grants to assist the DDCs and CRCs with  
35 capital and equipment needs for their facilities. The grant application shall require documentation  
36 of the expenditures for which the grant is being requested and any other information requested  
37 by the Department. Local school administrative units shall not be eligible for the receipt of grant  
38 funds under this section. Any unexpended funds in the reserve shall be carried forward each fiscal  
39 year to be used for the purposes of this section.

40 **SECTION 7.29.(c)** By March 15 of each fiscal year in which grants are awarded  
41 pursuant to subsection (b) of this section, the Department of Public Instruction shall report to the  
42 chairs of the Senate Appropriations Committee on Education/Higher Education, the chairs of the  
43 House of Representatives Appropriations Committee on Education, and the Fiscal Research  
44 Division on the award of grants and the balance of the reserve, including the number of grant  
45 recipients, the amount of grants, and the type of expenditure covered by the grant.

46 **SECTION 7.29.(d)** Subsection (a) of this section becomes effective June 30, 2019.

## 47 **CTE ADJUNCT INSTRUCTORS/IREDELL-STATESVILLE SCHOOLS**

48 **SECTION 7.30.(a)** G.S. 115C-157.1(b) reads as rewritten:  
49  
50

1 "(b) Contracting with Adjunct Instructors. – Notwithstanding Article 20 and Part 3 of  
2 Article 22 of this Chapter, a local board of education may contract with an individual to serve as  
3 an adjunct instructor who meets the adjunct hiring criteria established by the State Board of  
4 Education for a specific career and technical education career cluster. The local board of  
5 education may contract with an adjunct instructor on an annual or semester basis, subject to the  
6 following requirements:

- 7 (1) An adjunct instructor may be employed for no more than ~~40~~15 hours per  
8 week.
- 9 (2) An adjunct instructor shall be subject to a criminal history check, to ensure  
10 that the person has not been convicted of any crime listed in G.S. 115C-332.
- 11 (3) An adjunct instructor shall not be required to hold or apply for licensure as a  
12 teacher.
- 13 (4) An adjunct instructor must complete preservice training in all of the following  
14 areas prior to beginning instruction:
  - 15 a. The identification and education of children with disabilities.
  - 16 b. Positive management of student behavior.
  - 17 c. Effective communication for defusing and deescalating disruptive or  
18 dangerous behavior.
  - 19 d. Safe and appropriate use of seclusion and restraint."

20 **SECTION 7.30.(b)** Subsection (a) of this section applies only to the  
21 Iredell-Statesville School Administrative Unit.  
22

## 23 **CLASSROOM SUPPLIES TO TEACHERS**

24 **SECTION 7.31.(a)** Establishment of the Program. – The North Carolina Classroom  
25 Supply Program (Program) is created in accordance with this section. Beginning with the  
26 2019-2020 fiscal year, the Program shall provide for electronic access to funds from the Teacher  
27 Directed Classroom Supplies Allotment, established by this section, for eligible classroom  
28 teachers to purchase supplies for their classrooms on behalf of public school units participating  
29 in the Program to support educational needs of the public school students assigned to those  
30 classroom teachers. Effective July 1, 2019, the Teacher Directed Classroom Supplies Allotment  
31 (Allotment) is created in the State Public School Fund for the purposes of establishing and  
32 implementing the Program in accordance with this section.

33 **SECTION 7.31.(b)** Definitions. – For purposes of this section, the following  
34 definitions apply:

- 35 (1) Eligible classroom teacher. – Any school-based classroom teacher, including  
36 teachers for special student populations such as exceptional children, reading  
37 resource, English language learners, and program enhancement courses,  
38 employed by a public school unit to teach students in kindergarten through  
39 twelfth grade. School personnel in central office positions, instructional  
40 support personnel, and school-based administrators shall not be deemed  
41 eligible. A classroom teacher must be employed as of August 31 of each fiscal  
42 year for any funds available to the public school unit to be eligible under this  
43 section. The public school unit may include classroom teachers employed  
44 after August 31 within funds available.
- 45 (2) Public school unit. – A local school administrative unit, a charter school, a  
46 regional school, and a school providing elementary or secondary instruction  
47 operated by the State Board of Education, including schools operated under  
48 Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The  
49 University of North Carolina, including schools operated under Article 4,  
50 Article 29, and Article 29A of Chapter 116 of the General Statutes.

1           **SECTION 7.31.(c)** Allotment of Funds. – Funds from the Allotment shall be  
2 transferred only to participating public school units by the Department of Public Instruction. All  
3 local school administrative units, except for the local school administrative unit operating a  
4 renewal school system plan pursuant to Section 6 of S.L. 2018-32, shall participate in the  
5 Program and shall provide all information required by the Department of Public Instruction for  
6 administration of the Program. All other public school units may elect to participate in the  
7 Program no later than August 1 of each fiscal year. The Department of Public Instruction, each  
8 fiscal year, beginning with the 2019-2020 fiscal year, shall transfer for each participating public  
9 school unit the sum of one hundred forty-five dollars (\$145.00) per eligible classroom teacher as  
10 of August 31 of each year to a program report code for a classroom teacher electronic account  
11 administered pursuant to subsection (d) of this section.

12           **SECTION 7.31.(d)** Program Administration. – The Department of Public Instruction  
13 shall utilize the same administrative system used by the North Carolina State Education  
14 Assistance Authority (Authority) to manage funds for the Personal Education Savings Account  
15 Program pursuant to G.S. 115C-597 and shall model its contract in a manner that meets the  
16 requirements of this section and includes capabilities for at least the following:

- 17           (1) The ability to restrict purchases, which may include an automated prior  
18 authorization process for allowable purchases or reimbursement of allowable  
19 purchases.
- 20           (2) Automation for the capture of purchase receipts, which the Department of  
21 Public Instruction and the eligible classroom teacher shall be required to store  
22 electronically for a total of four years for reporting and audit purposes, and  
23 transparent transactions, making accountability and tracking simple.
- 24           (3) Ability for eligible classroom teachers to crowd-fund for certain products.

25           **SECTION 7.31.(e)** In the event that the vendor contracted with the Authority is  
26 unable to meet the requirements of the Program, then the Department shall contract with a vendor  
27 that provides a virtual e-wallets platform and an e-commerce marketplace that enables eligible  
28 classroom teachers to receive and spend funds online and includes the capabilities described in  
29 subsection (d) of this section.

30           **SECTION 7.31.(f)** The Department of Public Instruction shall make the platform  
31 selected for the classroom teacher electronic accounts available for use by eligible classroom  
32 teachers no later than January 15, 2020. The Department of Public Instruction shall conduct  
33 training for eligible classroom teachers on the use of the selected platform as soon as practicable  
34 in the 2019-2020 school year.

35           **SECTION 7.31.(g)** Use of Funds for the Program. – The funds appropriated by this  
36 act to the Department of Public Instruction for the 2019-2021 fiscal biennium for the Program  
37 shall be used to supplement, not supplant, the materials and supplies otherwise available to  
38 eligible classroom teachers and for the Department of Public Instruction to provide training to  
39 eligible classroom teachers on use of the platform selected for the classroom teacher electronic  
40 accounts under subsection (d) or (e) of this section. A public school unit shall not mandate, direct,  
41 or encourage eligible classroom teachers to purchase specific materials and supplies or categories  
42 of materials and supplies. Classroom supply funds made available under the Program shall not  
43 be used to purchase electronic devices, such as computers or software, and shall not be expended  
44 for administrative purposes. Eligible classroom teachers shall utilize these funds in a manner that  
45 addresses individual classroom needs and supports the overall goals of the school regarding  
46 supplies and instructional materials. Any supplies purchased by eligible classroom teachers  
47 through the Program shall be the property of the public school unit. Supplies not consumed during  
48 the school year shall be made available to the eligible classroom teacher for the following school  
49 year or for other eligible classroom teachers as appropriate. Any unexpended funds in the  
50 classroom teacher electronic accounts established in subsection (c) of this section shall revert to  
51 the General Fund at the end of each fiscal year.

1           **SECTION 7.31.(h)** The Department of Public Instruction shall establish categories  
2 of purchases for the Allotment that can be compared to purchases made through the Classroom  
3 Materials/Instructional Supplies/Equipment allotment. The Superintendent of Public Instruction  
4 shall report to the Joint Legislative Education Oversight Committee, the Fiscal Research  
5 Division, the House Appropriations Education Committee, and the Senate Appropriations on  
6 Education/Higher Education Committee by May 15, 2020, on purchases made through both  
7 allotments, including comparisons by categories of purchases from each allotment by each public  
8 school unit.

9           **SECTION 7.31.(i)** This section applies beginning with the 2019-2020 school year.

## 10 **ROBOTICS PROGRAM FOR STUDENTS WITH AUTISM**

11           **SECTION 7.32.** The Department of Public Instruction shall use available funds for  
12 the 2019-2021 fiscal biennium, except for funds in the State Public School Fund, in an amount  
13 of up to three hundred thousand dollars (\$300,000) for each fiscal year of the 2019-2021 fiscal  
14 biennium to implement a program for students with autism that uses interactive facially  
15 expressive humanoid robotics for social and behavioral skills development for the advanced  
16 treatment of autism. The program shall have (i) a research-based curriculum with imbedded  
17 evidence-based practices, (ii) existing installations within North Carolina local school  
18 administrative units or charter schools, and (iii) a comprehensive facilitator and activity manual  
19 for learners with autism. The Department of Public Instruction shall select public schools for  
20 participation in the program and begin implementation of the program for the 2019-2020 school  
21 year. The Department shall ensure that the program uses resources efficiently to provide  
22 interactive humanoid robotics for social and behavioral skills development in the advanced  
23 treatment of autism for any local school administrative unit or charter school that is in need of  
24 the program.  
25

## 26 **REAL SCHOOL GARDENS, DOING BUSINESS AS OUT TEACH/PILOT PROGRAM**

27           **SECTION 7.33.(a)** Of the funds appropriated to the Department of Public  
28 Instruction for the 2019-2020 fiscal year for REAL School Gardens, Carolinas Region, the  
29 Department of Public Instruction shall provide funds as grant-in-aid to the nonprofit organization  
30 known as REAL School Gardens, doing business as Out Teach, for the 2019-2020 school year  
31 to establish a pilot program. The purpose of the pilot program is to transform teaching practices  
32 and create outdoor learning laboratories on school campuses, based on the national model  
33 developed by Out Teach, in 10 rural elementary schools operating a school-wide Title I program.  
34 Qualifying schools shall be selected at the discretion of the State Superintendent of Public  
35 Instruction. The pilot program shall concentrate on improving student academic performance,  
36 teacher effectiveness, student engagement, and improving health and behavioral issues of  
37 students. State funds shall only be used to operate and administer the pilot program and may be  
38 used for teacher training utilizing Out Teach project-based, experiential learning curriculum,  
39 which is aligned to NC Essential Standards for science, math, and literacy skills and the Whole  
40 School, Whole Community, Whole Child model for nutrition education.

41           **SECTION 7.33.(b)** As used in this section, a school-wide Title I program is a  
42 program at a school identified under Part A of Title I of the Elementary and Secondary Education  
43 Act of 1965, as amended.

44           **SECTION 7.33.(c)** The funds provided in accordance with subsection (a) of this  
45 section shall not revert at the end of the each fiscal year but shall remain available for expenditure  
46 until the end of the 2020-2021 fiscal year.

47           **SECTION 7.33.(d)** By October 1, 2020, and by October 1 of any year thereafter in  
48 which Out Teach spends State funds, Out Teach shall submit to the Joint Legislative Education  
49 Oversight Committee and the Fiscal Research Division of the General Assembly an annual report  
50

1 on the progress of the pilot program, an accounting of expenditures, and student outcome and  
2 teacher effectiveness data related to the operation of the pilot program.

### 3 4 **COMPETENCY-BASED MATH PILOT**

5 **SECTION 7.34.(a)** Purpose. – There is established the Competency-Based  
6 Mathematics Education Pilot Program (Pilot) within the Department of Public Instruction to be  
7 administered for a period of five years. The purpose of the Pilot is to allow students to advance  
8 to higher levels of mathematics courses contingent upon the mastery of concepts and skills rather  
9 than upon the awarding of course credits. Participating schools and students attending those  
10 schools will be exempt from the requirements of the standard course of study in the core subject  
11 of mathematics.

12 **SECTION 7.34.(b)** Application. – The State Superintendent of Public Instruction  
13 and the Department of Public Instruction shall develop guidelines for the selection of certain  
14 local boards of education for participation in the Pilot. No later than October 31, 2019, the State  
15 Superintendent shall disseminate the selection guidelines, along with an application form to be  
16 used by local boards of education that wish to apply for participation in the Pilot. The application  
17 form must require, at a minimum, the following:

- 18 (1) The list of schools that will participate in the Pilot.
- 19 (2) A clear, detailed explanation of rigorous and results-driven curricula and  
20 personalized learning tools to be used during the Pilot.
- 21 (3) A plan for student progression based on the mastery of content, including  
22 mechanisms that determine and ensure that a student has satisfied the  
23 requirements for credit promotion.
- 24 (4) The scope and time lines for professional development for mathematics  
25 teachers and other relevant school personnel.
- 26 (5) A plan for communicating with and receiving feedback from parents and  
27 community stakeholders regarding implementation of the Pilot.

28 **SECTION 7.34.(c)** Exercise of Flexibility. – Notwithstanding any provision of State  
29 law or policy to the contrary, local school administrative units participating in the Pilot may  
30 exercise flexibility as necessary relating to student progression and the awarding of credits in  
31 order to comply with the purposes of this section, subject to the limitations included in this  
32 section. Schools participating in the Pilot are not exempt from testing required by the State Board  
33 of Education as part of the statewide annual testing program. The State Superintendent may  
34 approve up to five local school administrative units for participation in the Pilot. Approved local  
35 school administrative units shall implement the plans presented in their applications beginning  
36 with the 2020-2021 school year.

37 **SECTION 7.34.(d)** Appropriation. – Funds appropriated to the Department of Public  
38 Instruction for the 2019-2020 fiscal year for the administration and evaluation of the Pilot shall  
39 not revert but shall remain available for expenditure until the conclusion of the Pilot.

40 **SECTION 7.34.(e)** Participating local school administrative units shall be selected  
41 during the 2019-2020 school year for implementation of the Pilot beginning with the 2020-2021  
42 school year.

### 43 44 **LIFE CHANGING EXPERIENCES SCHOOL PILOT PROGRAM**

45 **SECTION 7.35.(a)** Of the funds appropriated to the Department of Public  
46 Instruction by this act for the Life Changing Experiences School Pilot Program for the 2019-2020  
47 fiscal year, the Department shall contract with the Children and Parent Resource Group, Inc., to  
48 design, implement, and evaluate a one-year Life Changing Experiences School Pilot Program  
49 (Project), ending with the 2019-2020 school year. The Project shall be operated and administered  
50 for students in grades six through 11 in the following local school administrative units: Lincoln  
51 County Schools, McDowell County Schools, Mitchell County Schools, and Pitt County Schools.

1 These contract funds shall not be used for any purpose other than to implement the Project in the  
2 local school administrative units, which consists of traveling three-dimensional, interactive,  
3 holistic, and evidence-based multimedia education in-school programs. The Project shall include  
4 theme-specific programs screened at school assemblies and additional follow-up applications  
5 that address dangerous life- and community-threatening activities that negatively impact  
6 teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal  
7 of these programs is to increase positive intentions and behavioral outcomes by teaching students  
8 the techniques and skills that empower them to reach meaningful life goals, employ positive  
9 behaviors, and start businesses and social enterprises.

10 **SECTION 7.35.(b)** The Children and Parent Resource Group, Inc., in consultation  
11 with the Department of Public Instruction, shall submit a report on the Project authorized by this  
12 section by March 1, 2020, to the Joint Legislative Education Oversight Committee and the Fiscal  
13 Research Division. The report shall include an accounting of expenditures and student outcome  
14 data related to the operation of the Project.

## 15 16 **SCHOOL SAFETY GRANTS PROGRAMS**

17 **SECTION 7.36.(a)** For the 2019-2020 fiscal year, the Department of Public  
18 Instruction shall administer the following school safety grants:

- 19 (1) Definitions. – For purposes of this subsection, the following definitions shall  
20 apply:
- 21 a. Community partner. – A public or private entity, including, but not  
22 limited to, a nonprofit corporation or a local management  
23 entity/managed care organization (LME/MCO), that partners with a  
24 public school unit to provide services or pay for the provision of  
25 services for the unit.
  - 26 b. Public school unit. – A local school administrative unit, regional  
27 school, innovative school, laboratory school, or charter school.
  - 28 c. School mental health support personnel. – All of the following:
    - 29 1. School nurses, school counselors, school psychologists, and  
30 school social workers.
    - 31 2. Any of the following with sufficient training or experience  
32 with school-age populations, determined on a case-by-case  
33 basis in the discretion of the Superintendent of Public  
34 Instruction: registered nurses, licensed practical nurses,  
35 advanced practice nurses, nurse practitioners, licensed or  
36 certified psychologists, licensed clinical social workers, and  
37 licensed professional counselors.
  - 38 d. Other health support services. – Mental or physical health support  
39 services provided by one or more third-party entities to a public school  
40 unit on a contracted basis, including telemedicine or other distance  
41 consultations.
- 42 (2) Program; purpose. – The Superintendent of Public Instruction shall establish  
43 the 2019 School Safety Grants Program (Program). The purpose of the  
44 Program shall be to improve safety in public school units by providing grants  
45 for (i) school resource officers, (ii) services for students in crisis, (iii) school  
46 safety training, (iv) safety equipment in schools, and (v) additional school  
47 mental health support personnel.
- 48 (3) Grant applications. – A public school unit may submit an application to the  
49 Superintendent of Public Instruction for one or more grants pursuant to this  
50 section. The application shall include an assessment, to be performed in  
51 conjunction with a local law enforcement agency, of the need for improving

- 1 school safety within the public school unit that would receive the funding or  
2 services. The application shall identify current and ongoing needs and  
3 estimated costs associated with those needs.
- 4 (4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public  
5 Instruction shall develop criteria and guidelines for the administration and use  
6 of the grants pursuant to this subsection, including any documentation  
7 required to be submitted by applicants. In assessing grant applications, the  
8 Superintendent of Public Instruction shall consider at least all of the following  
9 factors:
- 10 a. The level of resources available to the public school unit that would  
11 receive the funding or services.
- 12 b. Whether the public school unit has received other grants of funding  
13 for school safety.
- 14 c. The overall impact on student safety in the public school unit if the  
15 identified needs are funded.
- 16 (5) Grants for school resource officers. – Of the funds appropriated to the  
17 Department of Public Instruction by this section for grants for school resource  
18 officers, the Superintendent of Public Instruction shall award grants to public  
19 school units for school resource officers in elementary and middle schools, as  
20 follows:
- 21 a. Grants shall be matched on the basis of two dollars (\$2.00) in State  
22 funds for every one dollar (\$1.00) in non-State funds.
- 23 b. Public school units may use these funds to employ school resource  
24 officers in elementary and middle schools, to train them, or both.
- 25 c. Training shall be provided, in partnership with the public school unit,  
26 by a community college, a local law enforcement agency, or the North  
27 Carolina Justice Academy. Any training shall include instruction on  
28 research into the social and cognitive development of elementary  
29 school and middle school children.
- 30 (6) Grants for students in crisis. – Of the funds appropriated to the Department of  
31 Public Instruction by this section for students in crisis, the Superintendent of  
32 Public Instruction, in consultation with the Department of Health and Human  
33 Services, shall award grants to public school units to contract with community  
34 partners to provide or pay for the provision of any of the following crisis  
35 services:
- 36 a. Crisis respite services for parents or guardians of an individual student  
37 to prevent more intensive or costly levels of care.
- 38 b. Training and expanded services for therapeutic foster care families and  
39 licensed child placement agencies that provide services to students  
40 who (i) need support to manage their health, welfare, and safety and  
41 (ii) have any of the following:
- 42 1. Cognitive or behavioral problems.
- 43 2. Developmental delays.
- 44 3. Aggressive behavior.
- 45 c. Evidence-based therapy services aligned with targeted training for  
46 students and their parents or guardians, including any of the following:
- 47 1. Parent-child interaction therapy.
- 48 2. Trauma-focused cognitive behavioral therapy.
- 49 3. Dialectical behavior therapy.
- 50 4. Child-parent psychotherapy.

- 1 d. Any other crisis service, including peer-to-peer mentoring, that is  
2 likely to increase school safety. Of the funds allocated to the  
3 Superintendent for grants pursuant to this subdivision, the  
4 Superintendent shall not use more than fifty percent (50%) for the  
5 services identified in this sub-subdivision.
- 6 (7) Grants for training to increase school safety. – Of the funds appropriated to  
7 the Department of Public Instruction by this section for training to increase  
8 school safety, the Superintendent of Public Instruction, in consultation with  
9 the Department of Health and Human Services, shall award grants to public  
10 school units to contract with community partners to address school safety by  
11 providing training to help students develop healthy responses to trauma and  
12 stress. The training shall be targeted and evidence-based and shall include any  
13 of the following services:
- 14 a. Counseling on Access to Lethal Means (CALM) training for school  
15 mental health support personnel, local first responders, and teachers  
16 on the topics of suicide prevention and reducing access by students to  
17 lethal means.
- 18 b. Training for school mental health support personnel on comprehensive  
19 and evidence-based clinical treatments for students and their parents  
20 or guardians, including any of the following:
- 21 1. Parent-child interaction therapy.  
22 2. Trauma-focused cognitive behavioral therapy.  
23 3. Behavioral therapy.  
24 4. Dialectical behavior therapy.  
25 5. Child-parent psychotherapy.
- 26 c. Training for students and school employees on community resilience  
27 models to improve understanding and responses to trauma and  
28 significant stress.
- 29 d. Training for school mental health support personnel on Modular  
30 Approach to Therapy for Children with Anxiety, Depression, Trauma,  
31 or Conduct problems (MATCH-ADTC), including any of the  
32 following components:
- 33 1. Trauma-focused cognitive behavioral therapy.  
34 2. Parent and student coping skills.  
35 3. Problem solving.  
36 4. Safety planning.
- 37 e. Any other training, including the training on the facilitation of  
38 peer-to-peer mentoring, that is likely to increase school safety. Of the  
39 funds allocated to the Superintendent for grants pursuant to this  
40 subdivision, the Superintendent shall not use more than fifty percent  
41 (50%) for the services identified in this sub-subdivision.
- 42 (8) Grants for school mental health support personnel. – Of the funds appropriated  
43 to the Department of Public Instruction by this section for school mental  
44 health support personnel, the Superintendent of Public Instruction shall award  
45 grants to public school units, as follows:
- 46 a. Grants shall be matched on the basis of two dollars (\$2.00) in State  
47 funds for every one dollar (\$1.00) in non-State funds.
- 48 b. Grants may be used for any of the following purposes:
- 49 1. To provide all or a portion of the salary and benefits costs  
50 needed to employ additional school mental health support  
51 personnel on a full-time, part-time, or contractual basis.



1 school resource officers, (ii) services for students in crisis, (iii) school safety training, (iv) safety  
2 equipment in schools, and (v) additional school mental health support personnel.

3 (c) Grant Applications. – A public school unit may submit an application to the  
4 Superintendent of Public Instruction for one or more grants pursuant to this section. The  
5 application shall include an assessment, to be performed in conjunction with a local law  
6 enforcement agency, of the need for improving school safety within the public school unit that  
7 would receive the funding or services. The application shall identify current and ongoing needs  
8 and estimated costs associated with those needs.

9 (d) Criteria and Guidelines. – By August 1, 2020, and each year thereafter in which funds  
10 are made available for the Program, the Superintendent of Public Instruction shall develop criteria  
11 and guidelines for the administration and use of the grants pursuant to this section, including any  
12 documentation required to be submitted by applicants. In assessing grant applications, the  
13 Superintendent of Public Instruction shall consider at least all of the following factors:

14 (1) The level of resources available to the public school unit that would receive  
15 the funding or services.

16 (2) Whether the public school unit has received other grants of funding for school  
17 safety.

18 (3) The overall impact on student safety in the public school unit if the identified  
19 needs are funded.

20 (e) Grants for School Resource Officers. – From funds made available for grants for  
21 school resource officers, the Superintendent of Public Instruction shall award grants to public  
22 school units for school resource officers in elementary and middle schools, as follows:

23 (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for  
24 every one dollar (\$1.00) in non-State funds.

25 (2) Public school units may use these funds to employ school resource officers in  
26 elementary and middle schools, to train them, or both.

27 (3) Training shall be provided, in partnership with the public school unit, by a  
28 community college, a local law enforcement agency, or the North Carolina  
29 Justice Academy. Any training shall include instruction on research into the  
30 social and cognitive development of elementary school and middle school  
31 children.

32 (f) Grants for Students In Crisis. – From funds made available for grants for students in  
33 crisis, the Superintendent of Public Instruction, in consultation with the Department of Health  
34 and Human Services, shall award grants to public school units to contract with community  
35 partners to provide or pay for the provision of any of the following crisis services:

36 (1) Crisis respite services for parents or guardians of an individual student to  
37 prevent more intensive or costly levels of care.

38 (2) Training and expanded services for therapeutic foster care families and  
39 licensed child placement agencies that provide services to students who (i)  
40 need support to manage their health, welfare, and safety and (ii) have any of  
41 the following:

42 a. Cognitive or behavioral problems.

43 b. Developmental delays.

44 c. Aggressive behavior.

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

47 a. Parent-child interaction therapy.

48 b. Trauma-focused cognitive behavioral therapy.

49 c. Dialectical behavior therapy.

50 d. Child-parent psychotherapy.

1           (4)    Any other crisis service, including peer-to-peer mentoring, that is likely to  
2           increase school safety. Of the funds allocated to the Superintendent for grants  
3           pursuant to this subsection, the Superintendent shall not use more than fifty  
4           percent (50%) for the services identified in this subdivision.

5           (g)    Grants for Training to Increase School Safety. – From funds made available for grants  
6           for training to increase school safety, the Superintendent of Public Instruction, in consultation  
7           with the Department of Health and Human Services, shall award grants to public school units to  
8           contract with community partners to address school safety by providing training to help students  
9           develop healthy responses to trauma and stress. The training shall be targeted and evidence-based  
10          and shall include any of the following services:

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

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

- 17           a.     Parent-child interaction therapy.
- 18           b.     Trauma-focused cognitive behavioral therapy.
- 19           c.     Behavioral therapy.
- 20           d.     Dialectical behavior therapy.
- 21           e.     Child-parent psychotherapy.

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

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

- 27           a.     Trauma-focused cognitive behavioral therapy.
- 28           b.     Parent and student coping skills.
- 29           c.     Problem solving.
- 30           d.     Safety planning.

31          (5)    Any other training, including the training on the facilitation of peer-to-peer  
32          mentoring, that is likely to increase school safety. Of the funds allocated to  
33          the Superintendent for grants pursuant to this subsection, the Superintendent  
34          shall not use more than fifty percent (50%) for the services identified in this  
35          subdivision.

36          (h)    Grants for School Mental Health Support Personnel. – From funds made available for  
37          grants for school mental health support personnel, the Superintendent of Public Instruction shall  
38          award grants to public school units, as follows:

39          (1)    Grants shall be matched on the basis of two dollars (\$2.00) in State funds for  
40          every one dollar (\$1.00) in non-State funds.

41          (2)    Grants may be used for any of the following purposes:

- 42           a.     To provide all or a portion of the salary and benefits costs needed to  
43           employ additional school mental health support personnel on a  
44           full-time, part-time, or contractual basis.
- 45           b.     To contract for other health support services.
- 46           c.     Training for school mental health support personnel receiving funds  
47           under this subsection.

48          (3)    At least twenty-five percent (25%) of the funds provided pursuant to this  
49          subsection shall be used to provide all or a portion of the salary and benefits  
50          costs needed to employ additional school psychologists on a full-time or  
51          part-time basis.

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

4       (j)     Administrative Costs. – Of the funds made available for the grants provided pursuant  
5 to this section, the Superintendent of Public Instruction may retain a total of up to one hundred  
6 thousand dollars (\$100,000) in each fiscal year for administrative costs associated with the  
7 program.

8       (k)     Report. – No later than April 1, 2021, and each year thereafter in which funds are  
9 made available for the Program, the Superintendent of Public Instruction shall report on the  
10 Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight  
11 Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice  
12 and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal  
13 Research Division. The report shall include the identity of each entity that received a grant  
14 through the Program, the amount of funding provided to each entity that received a grant, the use  
15 of funds by each entity that received a grant, and recommendations for the implementation of  
16 additional effective school safety measures."

17       **SECTION 7.36.(c)** Of the funds appropriated to the Department of Public Instruction  
18 by this section for grants for school safety equipment in the 2019-2021 fiscal biennium, the  
19 Superintendent of Public Instruction shall award grants to local school administrative units,  
20 regional schools, innovative schools, or laboratory schools for (i) the purchase of safety  
21 equipment for government-owned school buildings and (ii) training associated with the use of  
22 safety equipment purchased pursuant to this subsection. Grants awarded pursuant to this  
23 subsection shall comply with subdivisions (2), (3), (4), (9), (10), and (11) of subsection (a) of  
24 this section in the 2019-2020 fiscal year and subsections (b), (c), (d), (i), (j), and (k) of  
25 G.S. 115C-105.60, as enacted by this section, in the 2020-2021 fiscal year.

26       **SECTION 7.36.(d)** Section 7.27 of S.L. 2018-5 is repealed.

27       **SECTION 7.36.(e)** Subsection (a) of this section expires June 30, 2020. Subsection  
28 (b) of this section becomes effective July 1, 2020.

## 30 **EXPAND SCHOOLS THAT LEAD PILOT PROGRAM**

31       **SECTION 7.37.** Section 7.25(a) of S.L. 2018-5 reads as rewritten:

32       **"SECTION 7.25.(a)** Program; Purpose. – Of the funds appropriated to the Department of  
33 Public Instruction by this act for the Schools That Lead Pilot Program (Program), the Department  
34 shall contract with Schools That Lead, Inc., to provide professional development to teachers and  
35 principals in up to ~~60-75~~ schools, beginning with the 2018-2019 school year and ending in the  
36 2020-2021 school year. The selected schools shall be charter schools or schools under the  
37 authority of a local school administrative unit. Professional development services shall be offered  
38 to teachers and principals in grades K-12. The Superintendent of Public Instruction, in  
39 consultation with Schools That Lead, Inc., shall determine which schools are eligible to  
40 participate in the Program. At a minimum, the Program shall offer services to three cohorts of  
41 schools, as follows:

- 42           (1)     High schools working to increase on-time graduation.
- 43           (2)     Middle schools working to prepare students to succeed in high school by  
44                 reducing the likelihood of retention in the ninth grade for multiple school  
45                 years.
- 46           (3)     Elementary schools working to reduce the number of students with early  
47                 warning indicators of course failures, absences, and discipline."

## 49 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE** 50 **GRANT PROGRAM**

1           **SECTION 7.38.(a)** Of the funds appropriated by this section for the At-Risk Student  
2 Services Alternative School Allotment for the 2019-2021 fiscal biennium, the Department of  
3 Public Instruction shall use up to six million dollars (\$6,000,000) for the 2019-2020 fiscal year  
4 and up to six million dollars (\$6,000,000) for the 2020-2021 fiscal year for the Extended Learning  
5 and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the  
6 Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for  
7 each fiscal year to administer the Program.

8           **SECTION 7.38.(b)** The purpose of the Program is to fund high-quality,  
9 independently validated extended learning and integrated student support service programs for  
10 at-risk students that raise standards for student academic outcomes by focusing on the following:

- 11           (1) Use of an evidence-based model with a proven track record of success.
- 12           (2) Inclusion of rigorous, quantitative performance measures to confirm  
13 effectiveness of the program.
- 14           (3) Deployment of multiple tiered supports in schools to address student barriers  
15 to achievement, such as strategies to improve chronic absenteeism, antisocial  
16 behaviors, academic growth, and enhancement of parent and family  
17 engagement.
- 18           (4) Alignment with State performance measures, student academic goals, and the  
19 North Carolina Standard Course of Study.
- 20           (5) Prioritization in programs to integrate clear academic content, in particular,  
21 science, technology, engineering, and mathematics (STEM) learning  
22 opportunities or reading development and proficiency instruction.
- 23           (6) Minimization of student class size when providing instruction or instructional  
24 supports and interventions.
- 25           (7) Expansion of student access to high-quality learning activities and academic  
26 support that strengthen student engagement and leverage community-based  
27 resources, which may include organizations that provide mentoring services  
28 and private-sector employer involvement.
- 29           (8) Utilization of digital content to expand learning time, when appropriate.

30           **SECTION 7.38.(c)** Grants shall be used to award funds for new or existing eligible  
31 programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit  
32 corporations working in collaboration with local school administrative units. Grant participants  
33 are eligible to receive grants for up to two years in an amount of up to five hundred thousand  
34 dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not  
35 performing at grade level as demonstrated by statewide assessments, (ii) students at-risk of  
36 dropout, and (iii) students at-risk of school displacement due to suspension or expulsion as  
37 a result of antisocial behaviors. Priority consideration shall be given to applications demonstrating  
38 models that focus services and programs in schools that are identified as low-performing,  
39 pursuant to G.S. 115C-105.37.

40           A grant participant shall provide certification to the Department of Public Instruction  
41 that the grants received under the program shall be matched on the basis of three dollars (\$3.00)  
42 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include  
43 other State funds. The Department shall also give priority consideration to an applicant that is a  
44 nonprofit corporation working in partnership with a local school administrative unit resulting in  
45 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education  
46 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other  
47 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent  
48 (50%) of the required match.

49           **SECTION 7.38.(d)** A nonprofit corporation may act as its own fiscal agent for the  
50 purposes of this Program. Grant recipients shall report to the Department of Public Instruction  
51 for the year in which grant funds were expended on the progress of the Program, including

1 alignment with State academic standards, data collection for reporting student progress, the  
2 source and amount of matching funds, and other measures, before receiving funding for the next  
3 fiscal year. Grant recipients shall also submit a final report on key performance data, including  
4 statewide test results, attendance rates, graduation rates, and promotion rates, and financial  
5 sustainability of the program.

6 **SECTION 7.38.(e)** The Department of Public Instruction shall provide an interim  
7 report on the Program to the Joint Legislative Education Oversight Committee by September 15,  
8 2020, with a final report on the Program by September 15, 2021. The final report shall include  
9 the final results of the Program and recommendations regarding effective program models,  
10 standards, and performance measures based on student performance, leveraging of  
11 community-based resources to expand student access to learning activities, academic and  
12 behavioral support services, and potential opportunities for the State to invest in proven models  
13 for future grants programs.

## 14 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

### 15 **UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS**

16  
17 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
18 2019-2021 fiscal biennium for student financial aid shall be allocated in accordance with  
19 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
20 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
21 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
22 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
23 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
24 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
25 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
26 of the Escheat Fund income for that fiscal year.

27  
28 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall  
29 conduct periodic evaluations of expenditures of the student financial aid programs administered  
30 by the Authority to determine if allocations are utilized to ensure access to institutions of higher  
31 learning and to meet the goals of the respective programs. The Authority may make  
32 recommendations for redistribution of funds to the President of The University of North Carolina  
33 and the President of the Community College System regarding their respective student financial  
34 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal  
35 year.

### 36 37 **CARRYFORWARD OF ENROLLMENT FUNDS FOR NC PROMISE** 38 **REQUIREMENTS**

39 **SECTION 8.2.(a)** The funds appropriated by S.L. 2018-5 for enrollment adjustments  
40 for The University of North Carolina, including funds for the NC Promise Tuition Plan, to a  
41 reserve account in the Office of State Budget and Management for the 2018-2019 fiscal year  
42 shall not revert at the end of the 2018-2019 fiscal year but shall remain available until the end of  
43 the 2020-2021 fiscal year for the purpose of the "buy down" of any financial obligations resulting  
44 from the established tuition rate under G.S. 116-143.11 incurred by Elizabeth City State  
45 University, the University of North Carolina at Pembroke, and Western Carolina University or  
46 for rapid growth at any of those constituent institutions.

47 **SECTION 8.2.(b)** This section becomes effective June 30, 2019.

### 48 49 **COLLEGE ADVISING CORPS/COLLEGE ADVISERS IN THE PUBLIC SCHOOLS**

50 **SECTION 8.3.(a)** Purpose of the College Advising Corps Program. – From the funds  
51 appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The

1 University of North Carolina for the College Advising Corps program, a grant-in-aid shall be  
2 provided to National College Advising Corps, Inc. (CAC) to support an expansion of the  
3 placement of college advisers in North Carolina public schools through their program over a  
4 three-year period. CAC is a college access nonprofit organization with the mission to increase  
5 the number of underrepresented, low-income, or first-generation postsecondary degree or  
6 certificate students entering and completing their postsecondary education at community colleges  
7 and universities. In furthering this mission, CAC operates an innovative model of partnering with  
8 schools, communities, families, and postsecondary institutions, including providing for a  
9 two-year service opportunity to recent college graduates as near-peer college advisers working  
10 full-time in the public schools, with an emphasis on engaging college advisers who have similar  
11 backgrounds to the students the program seeks to serve. Near-peer college advisers perform  
12 various services for those students that are key components to the proven success of the program,  
13 including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii)  
14 assisting with registering for college entrance exams, (iii) assisting with Free Application for  
15 Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available  
16 scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

17 **SECTION 8.3.(b)** Funds for the Third Year of the Program. – It is the intent of the  
18 General Assembly to appropriate from the General Fund to the Board of Governors of The  
19 University of North Carolina an additional sum of two hundred eighty-three thousand three  
20 hundred thirty-three dollars (\$283,333) in recurring funds for a net appropriation of two million  
21 eight hundred thirty-three thousand three hundred thirty-three dollars (\$2,833,333) in recurring  
22 funds to be provided to CAC for the 2021-2022 fiscal year and subsequent fiscal years for the  
23 purpose of expanding the placement of college advisers to all 100 counties of the State in the  
24 third year of the expansion of the CAC program.

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

29 **SECTION 8.3.(d)** Use of Funds. – CAC shall focus the first two years of the  
30 expansion of its program using the funds provided to it under this section by placing college  
31 advisers in counties designated as Tier 1 and Tier 2. For the third year of the expansion, CAC  
32 shall use the funds provided to it to place college advisers in the remaining counties designated  
33 as Tier 3 in order to achieve placement of college advisers in all 100 counties of the State. In  
34 addition, CAC shall select at least three additional postsecondary institutions to partner with in  
35 order to increase the number of recent graduates working as near-peer college advisers to meet  
36 the needs of the program expansion. Once CAC has reached the goal of placement of college  
37 advisers in 100 counties, the funds provided to it for the program shall be used to continue the  
38 mission of the program to increase access for North Carolina public school students to  
39 postsecondary degree or certificate attainment at community colleges and universities.

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

45  
46 **REPEAL BOG MANDATORY REVIEW OF CERTAIN UNC HUMAN RESOURCES**  
47 **ACTIONS**

48 **SECTION 8.4.** G.S. 116-17.3 is repealed.

49  
50 **UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS**

51 **SECTION 8.5.(a)** G.S. 116-239.5(a) reads as rewritten:

1       "(a) The Board of Governors, upon recommendation by the President, shall designate at  
2 least ~~nine~~-six constituent institutions to submit proposals to establish laboratory schools to serve  
3 public school students in accordance with the provisions of this Article. The Board of Governors  
4 shall select constituent institutions with high-quality educator preparation programs as  
5 demonstrated by the annual performance measures reported by the constituent institutions in  
6 accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory  
7 Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine~~  
8 six of the proposals to establish laboratory schools. The Subcommittee shall oversee the  
9 operations of those laboratory schools to meet the purposes set forth in this Article."

10       **SECTION 8.5.(b)** G.S. 116-239.5 is amended by adding a new subsection to read:

11       "(e) In addition to all other immunities provided to them by applicable State law, the  
12 Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school,  
13 and their members, employees, and agents shall be entitled to the specific immunities provided  
14 for in Chapter 115C of the General Statutes applying to the State Board of Education,  
15 Superintendent of Public Instruction, a local board of education, a local school administrative  
16 unit, and their members and employees. Any such immunity to liability established by this  
17 subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that  
18 would otherwise be actionable. Immunity established by this subsection shall be deemed to be  
19 waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the  
20 General Statutes and to the extent sovereign immunity is waived under the Tort Claims Act, as  
21 set forth in Article 31 of Chapter 143 of the General Statutes."

22       **SECTION 8.5.(c)** G.S. 116-239.7(a1) reads as rewritten:

23       "(a1) Approval of Laboratory Schools. – The Board of Governors, upon the  
24 recommendation of the President, shall designate at least ~~nine~~-six constituent institutions to  
25 establish and operate laboratory schools. The chancellor of each constituent institution shall  
26 adopt and submit to the Subcommittee a proposal to operate a laboratory school in a local school  
27 administrative unit that meets the minimum threshold for the number of low-performing schools  
28 located in the unit under G.S. 116-239.6(4). The proposal shall include the governance structure  
29 of the laboratory school. The Subcommittee shall evaluate the proposals for approval or  
30 disapproval by considering the design components and the strategic focus of the laboratory  
31 school and any other standards developed by the Subcommittee to be applicable to all laboratory  
32 schools. The Subcommittee shall also consider the location of each laboratory school so that, to  
33 the extent possible, there is a geographically diverse distribution of the laboratory schools  
34 throughout the State and a maximum of one laboratory school located in a qualifying local school  
35 administrative unit. From the proposals submitted to the Subcommittee, the Subcommittee shall  
36 approve the establishment of at least ~~nine~~-six laboratory schools."

37       **SECTION 8.5.(d)** G.S. 116-239.7(b) reads as rewritten:

38       "(b) Resolution by the Subcommittee to Approve a Laboratory School. – The  
39 Subcommittee shall adopt a resolution upon the approval of each laboratory school, which shall  
40 include the following:

- 41           (1) Name of the laboratory school.
- 42           (2) The local school administrative unit in which the laboratory school shall be  
43           located.
- 44           (3) A term of operation for the laboratory school of five years from the date of  
45           initial operation. At the end of the initial five years of operation, the  
46           Subcommittee shall renew the term of operation for additional five-year  
47           periods under the resolution if the laboratory school is still located in a local  
48           school administrative unit that has twenty-five percent (25%) or more of the  
49           schools located in the unit identified as low-performing under  
50           G.S. 115C-105.37, or if the Subcommittee renews a waiver of this  
51           requirement under subsection (a2) of this section, ~~the resolution may be~~

1 renewed by the ~~Subcommittee~~ at the end of the term for an additional five  
 2 years. ~~section.~~ If the laboratory school is no longer (i) located in a qualifying  
 3 local school administrative unit or (ii) meeting the purposes of this Article  
 4 under a waiver at the end of five years, the Subcommittee ~~shall~~ may renew the  
 5 term of operation for additional five-year periods under the resolution if the  
 6 Subcommittee finds the school is successfully meeting its mission to improve  
 7 student performance and provide valuable exposure and training for teachers  
 8 and principals in the constituent institution's educator preparation program.  
 9 The Subcommittee may terminate operation of any laboratory school during  
 10 the initial term of operation or during a five-year renewal period if the  
 11 Subcommittee finds it is failing to meet expected progress towards meeting  
 12 the mission of the school consistent with the requirements of this Article. The  
 13 Subcommittee shall notify the Board of Governors of the end of the term of  
 14 operation of a laboratory school and request designation of additional  
 15 constituent institutions with educator preparation programs to establish a  
 16 laboratory school in accordance with the provisions of this Article."

17 **SECTION 8.5.(e)** G.S. 116-239.8(b)(4) reads as rewritten:

18 "(4) Food and transportation services. – The local school administrative unit in  
 19 which the laboratory school is located shall provide ~~food services and~~  
 20 transportation to students ~~attending who reside in the local school~~  
 21 ~~administrative unit and attend the laboratory school,~~ school, including any  
 22 students who are homeless and require assistance pursuant to 42 U.S.C. §  
 23 11301, et seq., the McKinney-Vento Homeless Assistance Act. The  
 24 requirement to provide transportation to students residing in the local school  
 25 administrative unit shall (i) apply regardless of where a laboratory school  
 26 student resides in the unit or how the unit's transportation policies and  
 27 practices are applied to other students and (ii) include providing transportation  
 28 of students and personnel for laboratory school extracurricular activities and  
 29 educational trips in the same manner as other schools in the unit for that school  
 30 year. The local school administrative unit in which the laboratory school is  
 31 located shall ~~administer~~ administer, at its cost, the National School Lunch  
 32 Program for the laboratory school in accordance with G.S. 115C-264. The  
 33 chancellor shall arrange for the provision of these services from the local  
 34 school administrative unit."

35 **SECTION 8.5.(f)** G.S. 116-239.9 reads as rewritten:

36 **"§ 116-239.9. Student admissions and assignment.**

37 (a) A child shall be eligible to attend a laboratory school if the child resides in the local  
 38 school administrative unit in which a laboratory school is located and meets at least one of the  
 39 following criteria:

- 40 (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the  
 41 time of the student's application.
- 42 (2) Did not meet expected growth in the prior school year based on one or more  
 43 indicators listed in subsection (c1) of this section.
- 44 (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this  
 45 subsection.
- 46 (4) Is the child of a laboratory school employee.

47 (b) No local board of education shall require any student enrolled in the local school  
 48 administrative unit to attend a laboratory school.

49 (c) During each period of enrollment, the laboratory school shall enroll an eligible student  
 50 under subsection (a) of this section who submits a timely application, up to the capacity of a  
 51 program, class, grade level, or building, in the order in which applications are received. Once

1 enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory  
2 school may give enrollment priority to the sibling of an enrolled student who attended the  
3 laboratory school in the prior school year.

4 (c1) For the purposes of this Article, any of the following shall serve as indicators that a  
5 student did not meet expected student growth in the prior school year: (i) grades, (ii) observations,  
6 (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including  
7 reading on grade level.

8 (c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory  
9 school has not reached enrollment capacity in a program, class, grade level, or building by March  
10 1, prior to the start of the next school year, the laboratory school may enroll children who reside  
11 in the local school administrative unit in which the laboratory school is located but do not meet  
12 one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up  
13 to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

14 (d) Notwithstanding any law to the contrary, a laboratory school may refuse admission  
15 to any student who has been expelled or suspended from a public school under G.S. 115C-390.5  
16 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

17 (e) Within one year after a laboratory school begins operation, the laboratory school shall  
18 make efforts for the population of the school to reasonably reflect the racial, ethnic, and  
19 socioeconomic composition of the general population residing within the local school  
20 administrative unit in which the school is located."

21 **SECTION 8.5.(g)** Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L.  
22 2017-177, reads as rewritten:

23 "**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, at least ~~nine~~six laboratory schools  
24 shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted  
25 by this section, and in operation by the beginning of the 2019-2020 school year."

26 **SECTION 8.5.(h)** The funds appropriated by this act to the Board of Governors of  
27 The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of  
28 laboratory schools shall be used only for the operating expenses and equipment needs of the  
29 individual laboratory schools and shall not be used to fund or create positions or to hire  
30 consultants for The University of North Carolina System Office.

31 **SECTION 8.5.(i)** Subsection (b) of this section applies to an action or omission of  
32 an action occurring on or after the date this act becomes law. Subsections (e) and (f) of this  
33 section apply beginning with the 2019-2020 school year.

## 35 **EXTEND REPORT DATE FOR UNC BOARD OF GOVERNORS PLANNING TASK** 36 **FORCE**

37 **SECTION 8.6.** Section 36.6 of S.L. 2018-5 reads as rewritten:

38 "**SECTION 36.6.(a)** There is created the UNC Board of Governors Planning Task Force.  
39 The Task Force shall consist of four current Board members appointed by the Board of  
40 Governors, one of whom shall be designated as chair. These appointments shall be made no later  
41 than August 1, 2018.

42 "**SECTION 36.6.(b)** The Task Force shall conduct a systemwide analysis of the capital  
43 needs of the campuses of each constituent institution in relation to the Science Technology  
44 Engineering and Mathematics (STEM) subject area, taking into account the strengths,  
45 weaknesses, opportunities, and needs of each constituent institution, and any regional similarities  
46 and differences. The Task Force shall also consider the impact of any relevant programmatic  
47 planning elements being currently utilized that could be implemented as a best-practice among  
48 other similar programmatic areas to encourage systemwide efficiencies. In particular, the Task  
49 Force shall consider the capital needs relating to the Brody School of Medicine at East Carolina  
50 University, the UNC Applied Physical Sciences and Institute for Convergent Science in Chapel  
51 Hill, and other STEM projects to determine areas where capital funds may be used more

1 efficiently and effectively. The Task Force shall use the information gathered pursuant to this  
2 subsection to compile a UNC System Plan.

3 **"SECTION 36.6.(c)** The three million dollars (\$3,000,000) appropriated to the Board of  
4 Governors of The University of North Carolina in Section 36.2 of this act shall be used by the  
5 Task Force in conducting the analysis described in subsection (b) of this section. On or before  
6 ~~April 1, 2019, February 1, 2020~~, the Task Force shall submit a report containing the UNC System  
7 Plan and any legislative recommendations to the Joint Legislative Capital Improvements  
8 Oversight Committee and the Fiscal Research Division."  
9

#### 10 **INCREASE UNC CARRYFORWARD PERCENTAGE**

11 **SECTION 8.7.(a)** G.S. 116-30.3(a) reads as rewritten:

12 "(a) Of the General Fund current operations appropriations credit balance remaining at the  
13 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the  
14 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward  
15 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may  
16 be used for any of the purposes set out in subsection (f) of this section. However, the amount  
17 carried forward in each budget code under this subsection shall not exceed ~~two and one-half~~  
18 seven and one-half percent (2.5%)-(7.5%) of the General Fund appropriation in that budget code.  
19 The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the  
20 General Fund current operations credit balance remaining in each budget code.

21 The budget codes that may carry forward a General Fund current operations appropriations  
22 credit balance remaining at the end of each fiscal year pursuant to this section are the budget  
23 codes for each of the following:

- 24 (1) Each special responsibility constituent institution.
- 25 (2) The Area Health Education Centers of the University of North Carolina at  
26 Chapel Hill.
- 27 (3) University of North Carolina System Office Budget Code 16010."

28 **SECTION 8.7.(b)** G.S. 116-30.3(f) reads as rewritten:

29 "(f) Funds carried forward pursuant to subsection (a) of this section may be used for  
30 one-time expenditures, including any funds carried forward in an amount that is in excess of two  
31 and one-half percent (2.5%) of the General Fund appropriation in that budget code may be used  
32 for projects that are eligible to receive funds under G.S. 143C-8-13(a), provided, however, that  
33 the expenditures shall not impose additional financial obligations on the State and shall not be  
34 used to support positions."

35 **SECTION 8.7.(c)** Subsection (a) of this section becomes effective June 30, 2019.  
36

#### 37 **NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

38 **SECTION 8.8.(a)** Establishment of the Scholarship Program. – From the funds  
39 appropriated to the Board of Governors of The University of North Carolina for the 2019-2021  
40 fiscal biennium for the North Carolina Patriot Star Family Scholarship Program (Program), the  
41 Board of Governors shall provide those funds as a grant-in-aid to the Patriot Foundation, a  
42 nonprofit corporation, for the purpose of establishing and administering the Program. The  
43 Program shall provide scholarships to eligible children and eligible spouses of certain veterans  
44 and eligible children of certain currently serving members of the Armed Forces to attend eligible  
45 postsecondary institutions in accordance with the requirements of this section.

46 **SECTION 8.8.(b)** Definitions. – For the purposes of this section, the following  
47 definitions apply:

- 48 (1) Armed Forces. – A component of the United States Army, Navy, Marine  
49 Corps, Air Force, and Coast Guard, including their reserve components.
- 50 (2) Eligible child or eligible children. – Any person (i) who is attending or has  
51 been accepted to enroll in an eligible postsecondary institution, (ii) who is a

1 legal resident of North Carolina when scholarship documentation is  
2 completed, provided that if a child is claimed as a dependent by the child's  
3 parent, residency may be established based on a parent meeting  
4 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has  
5 complied with the requirements of the Selective Service System, if applicable,  
6 and (iv) whose parent is a veteran or a currently serving member of the Armed  
7 Forces that meets the following:

8 a. Meets one of the following residency conditions:

- 9 1. Is a resident of North Carolina at the time of scholarship  
10 documentation completion.
- 11 2. Was a resident of North Carolina at the time of entrance into  
12 service in the Armed Forces.
- 13 3. Was permanently stationed in North Carolina at the time of his  
14 or her death.
- 15 4. Is an active duty service member permanently stationed in  
16 North Carolina at the time of documentation completion.

17 b. Meets one of the following service conditions:

- 18 1. Was a member of the Armed Forces who was killed in action  
19 or in the line of duty, or died of wounds or other causes not due  
20 to the service member's willful misconduct during a period of  
21 war or national emergency.
- 22 2. Was a member of the Armed Forces who died of  
23 service-connected injuries, wounds, illness, or other causes  
24 incurred or aggravated while a member of the Armed Forces  
25 during a period of war or national emergency. Standard  
26 documentation of the parent's death, wounds, injury, or illness  
27 must be supplied by a scholarship recipient at the time of  
28 scholarship request.
- 29 3. Is a veteran of the Armed Forces who incurred traumatic  
30 injuries or wounds or sustained a major illness while a member  
31 of the Armed Forces during a period of war or national  
32 emergency and is receiving compensation for a wartime  
33 service-connected disability of at least fifty percent (50%) as  
34 rated by the U.S. Department of Veterans Affairs.
- 35 4. Is a current member of the Armed Forces who incurred  
36 traumatic injuries or wounds or sustained a major illness while  
37 a member of the Armed Forces during a period of war or  
38 national emergency. The parent's traumatic wounds, injury, or  
39 major illness must be documented by the U.S. Department of  
40 Defense.

41 (3) Eligible spouse. – Any person (i) who is attending or has been accepted to  
42 enroll in an eligible postsecondary institution, (ii) who is a legal resident of  
43 North Carolina when scholarship documentation is completed, (iii) has  
44 complied with the requirements of the Selective Service System, if applicable,  
45 and (iv) whose spouse was a member of the Armed Forces who was killed in  
46 action or in the line of duty, or died of wounds or other causes not due to the  
47 service member's willful misconduct during a period of war or national  
48 emergency.

49 (4) Eligible postsecondary institution. – A school that is any of the following:

- 50 a. A constituent institution of The University of North Carolina.

- 1                   b.       A community college under the jurisdiction of the State Board of  
2                               Community Colleges.  
3                   c.       A private educational institution as defined in G.S. 143B-1224.  
4                   d.       An accredited, private vocational institution.  
5       (5)       Veteran. – An individual who has served and is no longer serving in the Armed  
6               Forces of the United States. For the purposes of this section, the veteran must  
7               have separated from the Armed Forces under honorable conditions or whose  
8               death or disability of at least fifty percent (50%) or more was incurred as a  
9               direct result of service in the line of duty.

10               **SECTION 8.8.(c)** Administration; Awards. – Within the funds made available for  
11       the Program, the Patriot Foundation shall administer the North Carolina Patriot Star Family  
12       Scholarship Program and award scholarships to eligible children and eligible spouses in  
13       accordance with this section. In administering the Program, the Patriot Foundation shall be  
14       responsible for program oversight ensuring compliance with the provisions of this section.

15               The Patriot Foundation shall, at a minimum, establish criteria and procedures related  
16       to scholarship documentation completion, the amount of individual scholarships, the permissible  
17       uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for  
18       a revocation of a scholarship, and any other procedures it deems necessary for administration of  
19       the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the  
20       cost of attendance at the eligible postsecondary institution.

21               If an eligible child or eligible spouse receives a scholarship or other grant covering  
22       the cost of attendance at an eligible postsecondary institution for which the scholarship is  
23       awarded, then the amount of a scholarship awarded under this section shall be reduced so that  
24       the sum of all grants and scholarships covering the cost of attendance received by the eligible  
25       child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes  
26       of this subsection, cost of attendance shall be deemed to include monies for tuition, fees, books,  
27       supplies, and equipment required for study at an eligible postsecondary institution, as well as  
28       room and board as long as the scholarship recipient is enrolled as at least a half-time student at  
29       the institution. Off-campus housing costs for room and board are also included to the extent the  
30       eligible postsecondary institution includes it in its cost of attendance.

31               **SECTION 8.8.(d)** Reporting. – The Patriot Foundation shall submit a report by April  
32       1 of each year in which the Patriot Foundation spends State funds made available for the Program  
33       to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the  
34       activities described by this section and the use of the State funds.  
35

## 36 **REPORT TO THE GA ON CHANGES TO UNC ENROLLMENT FUNDING FORMULA**

37               **SECTION 8.9.(a)** Other than enrollment funding requests for the 2019-2020 and  
38       2020-2021 academic years based on actual completed course credit hours, the Board of  
39       Governors of The University of North Carolina (UNC) shall not adopt changes to the UNC  
40       Enrollment Funding Formula or to the allocation of enrollment funds to constituent institutions  
41       to become effective prior to July 1, 2020, without first reporting the proposed changes to the  
42       2019 General Assembly and the Fiscal Research Division of the General Assembly at least 60  
43       days prior to the effective date of any such adopted changes.

44               **SECTION 8.9.(b)** If the Board of Governors adopts changes to the UNC Enrollment  
45       Funding Formula or to the allocation of enrollment funds to constituent institutions for the  
46       2020-2021 academic year, other than enrollment funding requests based on actual completed  
47       course credit hours, the adopted changes shall become effective on July 1, 2020, unless a bill that  
48       specifically disapproves the UNC Enrollment Funding Formula is introduced in either house of  
49       the General Assembly before the thirty-first legislative day of the 2020 Regular Session of the  
50       2019 General Assembly. The UNC Enrollment Funding Formula shall become effective on the  
51       July 1 immediately following the earlier of either the day an unfavorable final action is taken on

1 the bill or the day that session of the General Assembly adjourns without ratifying a bill that  
2 specifically disapproves the UNC Enrollment Funding Formula. If the UNC Enrollment Funding  
3 Formula is specifically disapproved by a bill enacted into law before it becomes effective, the  
4 UNC Enrollment Funding Formula shall not become effective. For the purposes of this section,  
5 a bill specifically disapproves the UNC Enrollment Funding Formula if it contains a provision  
6 that refers to the UNC Enrollment Funding Formula and states that the UNC Enrollment Funding  
7 Formula is disapproved. Notwithstanding any rule of either house of the General Assembly, a  
8 bill may be introduced as described by this section during the first 30 legislative days of the 2020  
9 Regular Session.

## 10 FUNDS FOR UNC-ASHEVILLE WOODS RESIDENCE HALL

11 **SECTION 8.10.(a)** Notwithstanding Section 36.6(c) of S.L. 2018-5, as amended by  
12 Section 8.6 of this act, of the funds appropriated to the Board of Governors of The University of  
13 North Carolina for the UNC Board of Governors Planning Task Force for the 2018-2019 fiscal  
14 year under Section 36.2 of S.L. 2018-5 that are unexpended and unencumbered at the end of the  
15 2018-2019 fiscal year, the sum of up to seven hundred seventy-nine thousand dollars (\$779,000)  
16 shall not revert to the General Fund at the end of the fiscal year, but instead, shall be allocated  
17 by the Board of Governors to the University of North Carolina at Asheville (UNC-Asheville) for  
18 the 2019-2020 fiscal year to cover the expenses incurred by UNC-Asheville related to meeting  
19 the building requirements imposed by the Department of Insurance upon UNC-Asheville to allow  
20 students to occupy the university's newly constructed Woods Residence Hall for the beginning  
21 of the 2018-2019 academic year.

22 **SECTION 8.10.(b)** This section becomes effective June 30, 2019.

## 23 PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

### 24 HIGH ACHIEVING TUITION SCHOLARSHIPS/CC

25 **SECTION 8A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by  
26 adding a new Part to read:

27 "Part 5. High Achieving Tuition Scholarship Program.

#### 28 **§ 116-209.80. High Achieving Tuition Scholarship Program.**

29 (a) Program Purpose. – There is established the High Achieving Tuition Scholarship  
30 Program (Program) to be administered by the Authority. The purposes of the High Achieving  
31 Tuition Scholarship Program include the following:

- 32 (1) Encourage higher-performing students at community colleges.
- 33 (2) Utilize the State's educational resources to the fullest.
- 34 (3) Create more educational and career options for students.
- 35 (4) Realize significant cost-savings to the State.
- 36 (5) Develop a more competitive workforce.

37 (b) Award of Scholarships. – Within the funds made available for the Program, the  
38 Authority shall annually award High Achieving Tuition Scholarships to eligible students in an  
39 amount not to exceed the cost of 16 credit hours of tuition per fall or spring academic semester  
40 for a maximum of four academic semesters at a North Carolina community college. The  
41 Authority shall require eligible students to complete a Free Application for Federal Student Aid  
42 (FAFSA) to apply for a scholarship award and shall reduce the amount of the scholarship award  
43 for any student by the amount of grants or scholarships received by that student from other State  
44 or federal sources. The Authority shall award scholarships to eligible students in the order in  
45 which applications are received.

46 (c) Student Eligibility. – A student shall be considered an eligible student in order to  
47 receive a High Achieving Tuition Scholarship under the Program if the student meets all of the  
48 following requirements:

- 1           (1) In the academic semester prior to enrolling in a community college, the  
2 student graduates with at least a 3.5 unweighted grade point average from  
3 either a (i) public high school located in this State or (ii) a nonpublic high  
4 school or home school, as defined in Article 39 of Chapter 115C of the  
5 General Statutes, located in this State.  
6           (2) The student presents evidence that the student is either a United States citizen  
7 or eligible noncitizen.  
8           (3) The student qualifies as a resident of this State for tuition purposes, as  
9 provided in Article 14 of Chapter 116 of the General Statutes.  
10          (4) The student gains admission as a student at a North Carolina community  
11 college in a curriculum program.  
12          (5) The student complies with Selective Service registration requirements.  
13          (6) The student affirmatively states the student does not have a felony conviction  
14 for a controlled substance offense under Article 5 of Chapter 90 of the General  
15 Statutes.

16          (d) Scholarship Renewal. – A scholarship awarded to an eligible student shall be annually  
17 renewed if the student demonstrates all of the following:

- 18           (1) A cumulative 3.0 grade point average.  
19           (2) Completion of a minimum of 30 semester credit hours by the end of the  
20 academic year.  
21           (3) The student does not have a felony conviction for a controlled substance  
22 offense under Article 5 of Chapter 90 of the General Statutes demonstrated by  
23 the student submitting an affirmative statement of that fact to the Authority.

24          (e) Scholarship Revocation. – A scholarship awarded to an eligible student shall be  
25 revoked at the conclusion of the first semester of an academic year for any of the following  
26 reasons:

- 27           (1) Failure to maintain a course load of at least 12 credit hours.  
28           (2) Default or an unpaid refund on a student financial aid program.

29          (f) Administration; Funds. – The Authority shall adopt rules for administration of the  
30 High Achieving Tuition Scholarship Program in accordance with the requirements of this Part.  
31 The Authority may use up to five percent (5%) of the funds appropriated each fiscal year for the  
32 Program for administrative costs associated with the Program. Any unexpended funds for the  
33 Program at the end of the fiscal year shall not revert to the General Fund, but shall remain  
34 available to award scholarships to eligible students in accordance with this Part.

35 **"§ 116-209.81. Course counseling for scholarship recipients.**

36 Community colleges in which scholarship recipients are enrolled shall ensure those students  
37 are provided counseling and assistance in maintaining the necessary grade point averages and  
38 selecting coursework that reflects their educational and career goals. For students planning to  
39 enter a constituent institution of The University of North Carolina, the State Board of Community  
40 Colleges shall ensure that credits earned by those students participating in the program are  
41 transferable.

42 **"§ 116-209.82. Deferment of enrollment into a constituent institution for scholarship**  
43 **recipients.**

44 The Board of Governors of The University of North Carolina shall adopt a policy to permit  
45 any student admitted to a constituent institution of The University of North Carolina, beginning  
46 with the 2020-2021 academic year, who receives a High Achieving Tuition Scholarship pursuant  
47 to this Part to defer admission to the constituent institution for two years. Deferred admission  
48 shall be contingent upon the student's successful completion of an associate degree and the  
49 student remaining in good standing in the Program while enrolled in the community college.

50 **"§ 116-209.83. Reporting requirements.**

1        The Authority shall report annually on or before September 1, beginning in 2021, to the Joint  
2 Legislative Education Oversight Committee on the implementation of the High Achieving  
3 Tuition Scholarship Program. The report shall include at least the following information:

- 4            (1)    Number of students applying for the scholarship, including information about  
5            student demographics and geographic location.  
6            (2)    Number of students awarded the scholarship, including information about  
7            student demographics and geographic location, and community college  
8            attended.  
9            (3)    Amount of funds expended for scholarships.  
10          (4)    Number of students whose scholarships were revoked and reasons for  
11          revocation.  
12          (5)    Other relevant information as determined by the Authority."

13        **SECTION 8A.1.(b)** For the 2019-2020 school year, the State Board of Education  
14 shall direct local boards of education to survey high school students in their senior year who meet  
15 the eligibility requirements of the High Achieving Tuition Scholarship Program to determine  
16 interest in the program, including numbers of students who intend to apply for the scholarship,  
17 and reasons that eligible students may choose not to apply for the scholarship. The State Board  
18 of Education shall report to the Joint Legislative Education Oversight Committee no later than  
19 December 15, 2019, on the results of this survey.

20        **SECTION 8A.1.(c)** The Board of Governors of The University of North Carolina  
21 and the State Board of Community Colleges shall jointly identify and report to the Joint  
22 Legislative Education Oversight Committee by April 1, 2023, on potential issues related to the  
23 transition of High Achieving Tuition Scholarship recipients from community college to  
24 university enrollment and other recommendations to improve and expand the High Achieving  
25 Tuition Scholarship Program.

26        **SECTION 8A.1.(d)** Subsection (a) of this section applies to the award of  
27 scholarships beginning with the fall semester of the 2020-2021 academic year for students  
28 graduating from high school in the 2019-2020 school year.

## 30 **NC SCHOOL OF SCIENCE AND MATHEMATICS TUITION GRANTS**

31        **SECTION 8A.2.(a)** Article 23 of Chapter 116 of the General Statutes is amended by  
32 adding a new Part to read:

33        "Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.  
34 "§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

35        (a)    Program Established. – There is established the Tuition Grant for Graduates of the  
36 North Carolina School of Science and Mathematics Program (Program). Within the funds made  
37 available for the Program, a State resident who graduates from the North Carolina School of  
38 Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020 school  
39 year, and who enrolls as a full-time student in a constituent institution of The University of North  
40 Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded  
41 for that student's first academic year in accordance with this Part.

42        (b)    Administration of Grants. – The Authority shall administer the tuition grants provided  
43 for in this Part pursuant to guidelines and procedures established by the Authority consistent with  
44 its practices for administering State-funded financial aid. The guidelines and procedures shall  
45 include an application process and schedule, notification and disbursement procedures, standards  
46 for reporting, and standards for return of tuition grants when a student withdraws. The Authority  
47 shall not approve any grant until it receives proper certification from the appropriate constituent  
48 institution that the student applying for the grant is an eligible student. Upon receipt of the  
49 certification, the Authority shall remit, at the times it prescribes, the tuition grant to the  
50 constituent institution on behalf, and to the credit, of the student. In the event a student on whose  
51 behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of

1 the tenth classroom day following the beginning of the school term for which the tuition grant  
2 was paid, the constituent institution shall refund the full amount of the tuition grant to the  
3 Authority.

4 (c) Award of Grants. – Except as provided in subsections (c) and (d) of this section, the  
5 amount of the grant awarded to a student shall be the full tuition cost at the constituent institution  
6 in which the student is enrolled for the student's first academic year. No tuition grant awarded to  
7 a student under this section shall exceed the cost of attendance at the constituent institution for  
8 which the student is enrolled.

9 (d) Reduction of an Award Due to Other Aid. – If a student, who is eligible for a tuition  
10 grant under this section, also receives a scholarship or other grant covering the cost of attendance  
11 at the constituent institution for which the tuition grant is awarded, then the amount of the tuition  
12 grant shall be reduced by an appropriate amount determined by the Authority so that the total  
13 amount of scholarships and grants received by the student does not exceed the cost of attendance  
14 for the institution. The cost of attendance shall be determined by the Authority for each  
15 constituent institution.

16 (e) Pro Rata Amount. – In the event there are not sufficient funds available for the  
17 Program to provide each eligible student with a full tuition grant as provided for by this Part,  
18 each eligible student shall receive a pro rata share of funds available for that academic year.

19 **"§ 116-209.91. North Carolina Tuition Grant Fund Reserve.**

20 The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be  
21 administered by the Authority. All funds appropriated to or otherwise received by the Authority  
22 to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned  
23 on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the  
24 academic year that begins in the fiscal year following the fiscal year in which the appropriation  
25 is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more  
26 than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended  
27 for administrative purposes."

28 **SECTION 8A.2.(b)** This section applies beginning with the award of tuition grants  
29 to the North Carolina School of Science and Mathematics Program graduating class of the  
30 2019-2020 school year for the 2020-2021 academic year.

31  
32 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

33 **SECTION 8A.3.(a)** Scholarship program established. – From the funds appropriated  
34 by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of  
35 North Carolina to be allocated to the State Education Assistance Authority (Authority) for the  
36 Washington Center Internship Scholarship Program, the Authority shall award scholarship grants  
37 to students who are residents of North Carolina and are enrolled in their second year or higher in  
38 a constituent institution of The University of North Carolina to attend a semester or summer term  
39 internship program at the Washington Center for Internships and Academic Seminars  
40 (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship  
41 program pursuant to guidelines and procedures established by the Authority consistent with its  
42 practices for administering State-funded financial aid. The guidelines and procedures shall  
43 include an application process and schedule, notification and disbursement procedures, standards  
44 for reporting, and standards for return of funds when a student withdraws from the program. A  
45 student who meets the eligibility criteria of the Washington Center to attend a semester or  
46 summer term internship program may apply to the Authority for a grant to cover costs related to  
47 the internship program in an amount of up to seven thousand dollars (\$7,000). The Authority  
48 shall award grants to students in the order in which applications are received.

49 **SECTION 8A.3.(b)** Limitations on grant amount. – If a student, who is eligible for  
50 a grant pursuant to this section, also receives a scholarship or other grant covering the cost of  
51 attendance for the program, then the amount of the State grant shall be reduced by an appropriate

1 amount determined by the Authority. The Authority shall reduce the amount of the grant so that  
2 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost  
3 of attendance for the program, including program fees, housing, and incidental costs. The cost of  
4 attendance shall be established by the Authority in accordance with information provided to the  
5 Authority by the Washington Center.

6 **SECTION 8A.3.(c)** Internship activities. – A student participating in the Washington  
7 Center's program shall (i) intern four days a week with a nonprofit corporation, private company,  
8 federal agency, or a member of the United States Congress, (ii) take an academic class taught by  
9 the Washington Center's faculty, (iii) participate in academic seminars, (iv) participate in career  
10 readiness training programs, and (v) be responsible for a final portfolio project outlining work  
11 completed during the program. Students from all academic majors can participate and benefit  
12 from the program.

13 **SECTION 8A.3.(d)** Administrative costs. – The Authority may use up to one percent  
14 (1%) of the funds appropriated each fiscal year for the program for administrative costs.

15 **SECTION 8A.3.(e)** Reporting. – By March 1, 2021, the Authority, in consultation  
16 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,  
17 the chairs of the Senate Appropriations Committee on Education/Higher Education, and the  
18 chairs of the House of Representatives Appropriations Committee on Education on the  
19 implementation of the scholarship program, including the number of participating students and  
20 the amount of awards for each semester or summer term by constituent institution.

21 **SECTION 8A.3.(f)** This section applies beginning with the award of scholarship  
22 grants for the 2020 spring academic semester.  
23

#### 24 **NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF** 25 **VETERANS AND ACTIVE DUTY MILITARY**

26 **SECTION 8A.4.(a)** G.S. 116-281(3) reads as rewritten:

27 "(3) The student must meet at least one of the following:

- 28 a. Qualify as a legal resident of North Carolina and as a resident for  
29 tuition purposes under the criteria set forth in G.S. 116-143.1 and in  
30 accordance with definitions of residency that may from time to time  
31 be adopted by the Board of Governors of The University of North  
32 Carolina.
- 33 b. Be a veteran provided the veteran's abode is in North Carolina and the  
34 veteran provides the eligible private postsecondary institution a letter  
35 of intent to establish residency in North Carolina.
- 36 c. Be an active duty member of the Armed Forces provided the member  
37 of the Armed Forces is abiding in this State incident to active military  
38 duty in this State.
- 39 d. Be the dependent relative of a veteran who is abiding in North Carolina  
40 while sharing an abode with the veteran and the dependent relative  
41 provides the eligible private postsecondary institution a letter of intent  
42 to establish residency in North Carolina.
- 43 e. Be the dependent relative of an active duty member of the Armed  
44 Forces who is abiding in North Carolina incident to active military  
45 duty while sharing an abode with the active duty member."

46 **SECTION 8A.4.(b)** This section applies beginning with the award of scholarships  
47 for the 2020-2021 academic year.  
48

#### 49 **EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS**

50 **SECTION 8A.5.(a)** G.S. 115C-499.2 reads as rewritten:

51 **"§ 115C-499.2. Eligibility requirements for a scholarship.**

1 In order to be eligible to receive a scholarship under this Article, a student seeking a degree,  
2 diploma, or certificate at an eligible postsecondary institution must meet all of the following  
3 requirements:

- 4 (1) Only needy North Carolina students are eligible to receive scholarships. For  
5 purposes of this subsection, "needy North Carolina students" are those eligible  
6 students whose expected family contribution under the federal methodology  
7 does not exceed five-six thousand dollars (~~\$5,000~~)-(~~\$6,000~~).

8 ...."

9 **SECTION 8A.5.(b)** G.S. 115C-499.3(a) reads as rewritten:

10 "(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a  
11 scholarship awarded under this Article to a student at an eligible postsecondary institution shall  
12 be based upon the enrollment status and expected family contribution of the student and shall not  
13 exceed ~~four-five~~ thousand one hundred dollars (~~\$4,000~~)-(~~\$5,100~~) per academic year, including  
14 any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV  
15 programs."

16 **SECTION 8A.5.(c)** This section applies beginning with the award of scholarships  
17 for the 2020-2021 academic year.

## 18 **MODIFY NC TEACHING FELLOWS PROGRAM**

19 **SECTION 8A.6.(a)** G.S. 116-209.62, as amended by subsection (b) of this section,  
20 reads as rewritten:

21 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

22 ...

23 (f) Program Selection Criteria. – The Authority shall administer the Program in  
24 cooperation with ~~five-up to eight~~ institutions of higher education with approved educator  
25 preparation programs selected by the Commission that represent a diverse selection of both  
26 postsecondary constituent institutions of The University of North Carolina and private  
27 postsecondary institutions operating in the State. The Commission shall adopt stringent standards  
28 for selection of the most effective educator preparation programs, including the following:

- 29 (1) Demonstrates high rates of educator effectiveness on value-added models and  
30 teacher evaluations, including using performance-based, subject-specific  
31 assessment and support systems, such as edTPA or other metrics of evaluating  
32 candidate effectiveness that have predictive validity.  
33 (2) Demonstrates measurable impact of prior graduates on student learning,  
34 including impact of graduates teaching in STEM or special education  
35 licensure areas.  
36 (3) Demonstrates high rates of graduates passing exams required for teacher  
37 licensure.  
38 (4) Provides curricular and co-curricular enhancements in leadership, facilitates  
39 learning for diverse learners, and promotes community engagement,  
40 classroom management, and reflection and assessment.  
41 (5) Requires at least a minor concentration of study in the subject area that the  
42 candidate may teach.  
43 (6) Provides early and frequent internship or practical experiences, including the  
44 opportunity for participants to perform practicums in diverse school  
45 environments.  
46 (7) Is approved by the State Board of Education as an educator preparation  
47 program.

48 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected  
49 students to be used at the five-up to eight selected institutions for completion of a program leading  
50 to initial teacher licensure as follows:  
51

1 ...."

2 **SECTION 8A.6.(b)** G.S. 116-209.62(g)(4) reads as rewritten:

3 "(4) Students matriculating at institutions of higher education who are changing to  
4 enrollment in an approved program of study at a selected educator preparation  
5 program. – Forgivable loans of up to four thousand one hundred twenty-five  
6 dollars (\$4,125) per semester for up to four semesters."

7 **SECTION 8A.6.(c)** Subsection (a) of this section applies to the award of forgivable  
8 loans beginning with the 2020-2021 academic year. Subsection (b) of this section applies to the  
9 award of forgivable loans beginning with the 2019-2020 academic year.

10  
11 **USE OF UNEXPENDED OPPORTUNITY SCHOLARSHIP FUNDS/INFORMATION**  
12 **ON NONPUBLIC SCHOOLS**

13 **SECTION 8A.7.(a)** G.S. 115C-562.8 reads as rewritten:

14 "**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

15 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be  
16 administered by the Board of Governors of The University of North Carolina for the purpose of  
17 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.  
18 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the  
19 General Assembly and any interest accrued to it thereon. These funds shall be used to award  
20 scholarship grants to eligible students for the school year that begins in the fiscal year following  
21 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall  
22 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds  
23 appropriated in a particular fiscal year to be used for the award of scholarships in the following  
24 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds  
25 were appropriated shall be carried forward for one fiscal year and may be used for the purposes  
26 set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal  
27 year until the funds from the prior year appropriation to be used to award scholarships are  
28 expended. Funds carried forward pursuant to this section that have not been spent within one  
29 fiscal year shall revert to the General Fund; be used in accordance with subsection (d) of this  
30 section.

31 ...

32 (d) Any unexpended funds at the end of a fiscal year from the funds carried forward for  
33 one fiscal year pursuant to subsection (a) of this section shall be used as follows:

34 (1) Up to two million five hundred thousand dollars (\$2,500,000) shall be  
35 transferred to the Department of Administration, Division of Nonpublic  
36 Education, for data collection from nonpublic schools and to maintain a Web  
37 site to provide information to students and parents to assist them in the  
38 selection of nonpublic schools pursuant to Part 5 of this Article.

39 (2) Up to five hundred thousand dollars (\$500,000) shall be used by the Authority  
40 to contract with a nonprofit corporation representing parents and families, for  
41 marketing, outreach, and scholarship application assistance for parents and  
42 students pursuant to Part 5 of this Article.

43 (3) Any remaining funds shall revert to the General Fund."

44 **SECTION 8A.7.(b)** Article 39 of Chapter 115C of the General Statutes is amended  
45 by adding a new Part to read:

46 "Part 5. Nonpublic School Information for Parents and Students.

47 "**§ 115C-567.5. Nonpublic School Information Dashboard.**

48 (a) Dashboard. – The Department of Administration, Division of Nonpublic Education,  
49 shall provide information on a Web site, under a section entitled "Nonpublic School Information  
50 Dashboard" to students, parents, and the public on certain nonpublic schools located in North  
51 Carolina as provided in this section. The information shall be updated annually.

1       **(b)** Available Data. – The Division of Nonpublic Education shall, as data is made  
2 available, provide information under subsection (a) of this section on nonpublic schools,  
3 including any data made available for students enrolled in those nonpublic schools. For a  
4 nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a  
5 scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division  
6 a brief summary of the school's standard testing protocol, including the specific tests and  
7 assessments used by the school, graduation rates of the students who receive scholarship grants  
8 as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be  
9 posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part  
10 1 or Part 2 of this Article as identified by the Division of Nonpublic Education, including schools  
11 that enroll students receiving scholarship funds under Article 41 of this Chapter and Part 1H of  
12 Article 9 of this Chapter, may voluntarily submit data to also be included in the dashboard for  
13 the students enrolled in the nonpublic school. The State Education Assistance Authority shall  
14 provide information to the Division on the scholarship program it administers pursuant to Part  
15 2A of this Article. The information contained on the dashboard shall not include personally  
16 identifiable student data.

17 **"§ 115C-567.10. Outreach and assistance for parents and students.**

18       **(a)** The State Education Assistance Authority, in its administration of scholarship  
19 programs for eligible students to attend nonpublic schools pursuant to Part 2A of this Article,  
20 Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with a nonprofit  
21 corporation representing parents and families, for marketing, outreach, and scholarship  
22 application assistance for parents and students. The Authority shall issue a request for proposals  
23 in order to enter into a contract with a nonprofit corporation that meets the following  
24 requirements during the term of the contract:

- 25           **(1)** Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
26 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
27 Internal Revenue Code.
- 28           **(2)** Employ sufficient staff who have demonstrated a capacity to market and  
29 implement a scholarship grant program, including by doing the following:
  - 30           **a.** Direct mail marketing.
  - 31           **b.** Radio advertising.
  - 32           **c.** Targeted digital advertising.
  - 33           **d.** One-on-one parent and family engagement.
- 34           **(3)** Comply with the limitations on lobbying set forth in section 501(c)(3) of the  
35 Internal Revenue Code.
- 36           **(4)** Have no State officer or employee serving on the board of the nonprofit.
- 37           **(5)** Conduct at least quarterly meetings of the board of directors of the nonprofit  
38 at the call of its chair.

39       **(b)** The terms of the contract between the Authority and a nonprofit corporation shall  
40 require that the nonprofit maintains the confidentiality of any information provided by the  
41 Authority for parents and students as directed by the Authority and not disseminate information  
42 to third parties without written parental consent. During the term of the contract provided for in  
43 this section, the Authority shall include on scholarship applications a statement for parents to  
44 indicate nonconsent for sharing information with a nonprofit corporation.

45       **(c)** Notwithstanding any other provision of law, during the term of the contract provided  
46 for in this section, the Authority may share the name, address, e-mail, and telephone number of  
47 the parent of any student applicant, unless the parent indicates that the information should not be  
48 shared."

49       **SECTION 8A.7.(c)** G.S. 115C-562.5 reads as rewritten:

50       **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**  
51 **scholarship grants.**

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

- 3 (1) Provide to the Authority documentation for required tuition and fees charged  
4 to the student by the nonpublic school.
- 5 (2) Provide to the Authority a criminal background check conducted for the staff  
6 member with the highest decision-making authority, as defined by the bylaws,  
7 articles of incorporation, or other governing document, to ensure that person  
8 has not been convicted of any crime listed in G.S. 115C-332.
- 9 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees  
10 are paid in whole or in part with a scholarship grant, an annual written  
11 explanation of the student's progress, including the student's scores on  
12 standardized achievement tests.
- 13 (4) Administer, at least once in each school year, a nationally standardized test or  
14 other nationally standardized equivalent measurement selected by the chief  
15 administrative officer of the nonpublic school to all eligible students whose  
16 tuition and fees are paid in whole or in part with a scholarship grant enrolled  
17 in grades three and higher. The nationally standardized test or other equivalent  
18 measurement selected must measure achievement in the areas of English  
19 grammar, reading, spelling, and mathematics. Test performance data shall be  
20 ~~submitted to the Authority by July 15 of each year. Test performance data~~  
21 ~~retained by the nonpublic school for at least a five-year period. The Authority~~  
22 ~~may audit the test data retained by the school to ensure compliance with this~~  
23 ~~subdivision. A brief summary of the nonpublic school's standard testing~~  
24 ~~protocol, including the name of the tests or assessments used by the school,~~  
25 ~~shall be reported to the Authority under this subdivision is not a public record~~  
26 ~~under Chapter 132 of the General Statutes. Division in accordance with~~  
27 ~~G.S. 115C-567.5.~~
- 28 (5) Provide to the ~~Authority~~ Division graduation rates of the students receiving  
29 scholarship grants in a manner consistent with nationally recognized  
30 ~~standards, standards, in accordance with G.S. 115C-567.5.~~
- 31 (6) Contract with a certified public accountant to perform a financial review,  
32 consistent with generally accepted accounting principles, for each school year  
33 in which the school accepts students receiving more than three hundred  
34 thousand dollars (\$300,000) in scholarship grants awarded under this Part.

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

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

45 ...."

46 **SECTION 8A.7.(d)** G.S. 115C-562.7(c) is repealed.

47 **SECTION 8A.7.(e)** Section 8.29(g) of S.L. 2013-360 reads as rewritten:

48 "**SECTION 8.29.(g)** ~~The Authority shall select an independent research organization, as~~  
49 ~~required by G.S. 115C-562.7, as enacted by this section, beginning with the 2017-2018 school~~  
50 ~~year. The first learning gains report required by G.S. 115C-562.7, as enacted by this section, shall~~  
51 ~~not be due until December 1, 2018. The first financial review for a nonpublic school that accepts~~

1 scholarship grant funds, as required by G.S. 115C-562.5(a)(6), as enacted by this section, shall  
2 not be required until the 2015-2016 school year."

3 **SECTION 8A.7(f)** Subsection (a) of this section becomes effective June 30, 2019.  
4 This section applies beginning with the 2019-2020 school year.

5  
6 **EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS/PRIOR YEAR IN A**  
7 **PUBLIC SCHOOL**

8 **SECTION 8A.8(a)** G.S. 115C-562.1(3) reads as rewritten:

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

12 a. Meets one of the following criteria:

- 13 1. Was a full-time student (i) assigned to and attending a public  
14 school pursuant to G.S. 115C-366 or (ii) enrolled in a  
15 Department of Defense Elementary and Secondary School,  
16 established pursuant to 10 U.S.C. § 2164 and located in North  
17 Carolina, during the spring semester prior to the school year  
18 for which the student is applying.
- 19 2. Received a scholarship grant for the school year prior to the  
20 school year for which the student is applying.
- 21 3. Is entering either kindergarten or the first grade.
- 22 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
- 23 5. Is a child whose adoption decree was entered not more than  
24 one year prior to submission of the scholarship grant  
25 application.
- 26 6. Is a child whose parent or legal guardian is on full-time duty  
27 status in the active uniformed service of the United States,  
28 including members of the National Guard and Reserve on  
29 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and  
30 10 U.S.C. § 12401, et seq.
- 31 7. Is a child who meets both of the following:
  - 32 I. Was enrolled in a nonpublic school that meets the  
33 requirements of Part 1 and Part 2 of this Article during  
34 the spring semester prior to the school year for which  
35 the student is applying.
  - 36 II. Was enrolled for the entire school year immediately  
37 prior to the school year in which the student enrolled in  
38 the nonpublic school in one of the following:
    - 39 A. A North Carolina public school.
    - 40 B. A Department of Defense Elementary and  
41 Secondary School, established pursuant to 10  
42 U.S.C. § 2164 and located in North Carolina."

43 **SECTION 8A.8(b)** G.S. 115C-562.7(b)(3) reads as rewritten:

44 "(3) Number of students previously enrolled in local school administrative units or  
45 charter schools in the prior semester or prior school year by the previously  
46 attended local school administrative unit or charter school."

47 **SECTION 8A.8(c)** This section applies beginning with the award of scholarship  
48 grants for the 2020-2021 school year.

49  
50 **COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH**  
51 **DISABILITIES**



1 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to  
2 the following ~~criteria:~~criteria for applications received by March 1 of each year:

- 3 (1) First priority shall be given to eligible students who were awarded scholarship  
4 funds for a PESA during the previous school year ~~if those students have~~  
5 ~~applied by March 1, year.~~  
6 (2) After funds have been awarded to prior recipients as provided in subdivision  
7 (1) of this subsection, any remaining funds shall be used to award scholarship  
8 funds for a PESA for all other eligible students.

9 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for  
10 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each  
11 year for an amount not to exceed ~~nine~~ (i) eight thousand dollars (\$9,000)–(\$8,000) per eligible  
12 student for the ~~fiscal school year in~~ for which the application is ~~received, except~~ received or (ii)  
13 for eligible part-time students, who shall be awarded scholarships each year for an amount not to  
14 exceed ~~students,~~ four thousand ~~five hundred~~ dollars (\$4,500)–(\$4,000) per eligible student for the  
15 fiscal school year in for which the application is received. Any funds remaining on a debit card  
16 or in an electronic account provided under subsection (b2) of this section at the end of a school  
17 year for eligible students who qualify only under this subsection shall be returned to the  
18 Authority.

19 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may  
20 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for  
21 each school year only if the student has been determined to have one or more of the following  
22 disabilities as a primary or secondary disability at the time of application for scholarship funds:

- 23 (1) Autism.  
24 (2) Hearing impairment.  
25 (3) Moderate or severe intellectual or developmental disability.  
26 (4) Multiple, permanent orthopedic impairments.  
27 (5) Visual impairment.

28 For eligible students who qualify for scholarship funds under this subsection, no more than  
29 four thousand five hundred dollars (\$4,500) of funds remaining on a debit card or in an electronic  
30 account at the end of a school year shall be carried forward until expended for each school year  
31 upon renewal of the account under subsection (b2) of this section. In no event shall the total  
32 amount of funds carried forward for an eligible student in a personal education student account  
33 exceed thirty thousand dollars (\$30,000). Any funds remaining on the card or in the electronic  
34 account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

35 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
36 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
37 the scholarship funds ~~deposited in two equal amounts to a PESA in~~ amounts, one-half in each  
38 ~~quarter~~ semester of the ~~fiscal school~~ year. The first deposit of funds to a PESA shall be subject  
39 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then  
40 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the  
41 electronic account at the beginning of the ~~fiscal school~~ year. After the initial disbursement of  
42 funds, each subsequent, ~~quarterly~~ semester disbursement of funds shall be subject to the  
43 submission by the parent of an expense report. The expense report shall be submitted  
44 electronically and shall include documentation that the student received an education, as  
45 described in G.S. 115C-595(a)(1), for no less than ~~35~~ 70 days of the applicable ~~quarter~~ semester.  
46 The debit card or the electronic account shall be renewed upon the receipt of the parental  
47 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent ~~fiscal~~  
48 ~~school~~ years. Any funds remaining on the card or in the electronic account at the end of the ~~fiscal~~  
49 ~~year~~ may be carried forward to the next fiscal year if the card or electronic account is renewed.  
50 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall  
51 be returned to the Authority.

1 (c) ~~Eligibility for the other scholarship programs is provided for as follows:~~Eligibility for  
2 Other Scholarship Programs. –

3 ~~(1) An eligible student under this Article may receive, in addition to a PESA, a~~  
4 ~~scholarship under Part 2A of Article 39 of this Chapter.~~

5 ~~(2) An eligible student under this Article may receive, in addition to a PESA and~~  
6 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~  
7 ~~the special education scholarship program for children with disabilities~~  
8 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~  
9 ~~more of the following disabilities:~~

10 a. ~~Autism.~~

11 b. ~~Developmental disability.~~

12 c. ~~Hearing impairment.~~

13 d. ~~Moderate or severe intellectual disability.~~

14 e. ~~Multiple, permanent orthopedic impairments.~~

15 f. ~~Visual impairment.~~

16 (d) Applications Not Public Records. – Applications for scholarship funds and personally  
17 identifiable information related to eligible students receiving funds shall not be a public record  
18 under Chapter 132 of the General Statutes. For the purposes of this section, personally  
19 identifiable information means any information directly related to a student or members of a  
20 student's household, including the name, birthdate, address, Social Security number, telephone  
21 number, e-mail address, or any other information or identification number that would provide  
22 information about a specific student or members of a specific student's household.

23 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial  
24 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in~~  
25 ~~either of the following ways:~~

26 ~~(1) The by having the child has been assessed by a local education agency and~~  
27 ~~determined the local education agency determining the child to be a child with~~  
28 ~~a disability and with that outcome is verified by the local education agency on~~  
29 ~~a form provided to the Authority.~~

30 ~~(2) The child was initially assessed by a local education agency and determined~~  
31 ~~to be a child with a disability and, following receipt of a scholarship awarded~~  
32 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~  
33 ~~continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing~~  
34 ~~psychologist or psychiatrist. Both the initial verification from the local~~  
35 ~~education agency and the continuing verification by the assessing~~  
36 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

37 **"§ 115C-593. Student continuing eligibility.**

38 After the initial disbursement of funds, the Authority shall ensure that the student's continuing  
39 eligibility is assessed at least every three years by one of the following:

40 (1) The local education agency. – The local education agency shall assess if the  
41 student continues to be a child with a disability and verify the outcome on a  
42 form to be provided to the Authority.

43 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –  
44 The psychologist or psychiatrist shall assess, after review of appropriate  
45 medical and educational records, if the education and related services received  
46 by the student in the nonpublic school setting have improved the child's  
47 educational performance and if the student would continue to benefit from  
48 placement in the nonpublic school setting. The psychologist or psychiatrist  
49 shall verify the outcome of the assessment on a form to be provided to the  
50 Authority.

51 **"§ 115C-594. Verification of eligibility.**

1 (a) Verification of Information. – The Authority may seek verification of information on  
2 any application for the award of scholarship funds for a personal education ~~savings-student~~  
3 ~~account. The Authority shall select and verify six percent (6%) of applications annually,~~  
4 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish  
5 rules for the verification process. If a household fails to cooperate with verification efforts, the  
6 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

7 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award  
8 of scholarship funds for a PESA shall authorize the Authority to access information needed for  
9 verification efforts held by other State agencies, including the Department of Health and Human  
10 Services and the Department of Public Instruction.

11 **"§ 115C-595. Parental agreement; use of funds.**

12 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship  
13 recipient with a written agreement, applicable for each year the eligible student receives  
14 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving  
15 the scholarship funds. The agreement shall be submitted to the Authority electronically. The  
16 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.  
17 A parent or eligible student's failure to comply with this section shall result in a forfeit of  
18 scholarship funds and those funds may be awarded to another eligible student. The parent shall  
19 agree to the following conditions in order to receive scholarship funds under this Article:

- 20 (1) Use at least a portion of the scholarship funds to provide an education to the  
21 eligible student in, at a minimum, the subjects of English language arts,  
22 mathematics, social studies, and science.
- 23 (2) Unless the student is a part-time eligible student, release a local education  
24 agency in which the student is eligible to attend under G.S. 115C-366 of all  
25 obligations to educate the eligible student while the eligible student is  
26 receiving scholarship funds under this Article. A parent of a student, other  
27 than a part-time eligible student, who decides to enroll the student into the  
28 local education agency or other North Carolina public school during the term  
29 of the agreement shall notify the Authority to request a release from the  
30 agreement and shall return any unexpended funds to the Authority.
- 31 (3) Use the scholarship funds deposited into a personal education ~~savings-student~~  
32 ~~account only for the following qualifying education expenses of the eligible~~  
33 ~~student:~~
  - 34 a. Tuition and fees for a nonpublic school that meets the requirements of  
35 Part 1 or Part 2 of Article 39 of this Chapter and is subject to the  
36 requirements of G.S. 115C-562.5. Tuition and fees may only be  
37 disbursed to the nonpublic school as provided in subdivision (1) of  
38 subsection (a1) of this section.
  - 39 b. Textbooks required by a nonpublic school.
  - 40 c. Tutoring and teaching services provided by an individual or facility  
41 accredited by a State, regional, or national accrediting organization.
  - 42 d. Curricula.
  - 43 e. Fees for nationally standardized norm-referenced achievement tests,  
44 advanced placement tests, or nationally recognized college entrance  
45 exams.
  - 46 f. Fees charged to the account holder for the management of the PESA.
  - 47 g. Fees for services provided by a public school, including individual  
48 classes and extracurricular programs.
  - 49 h. Premiums charged to the account holder for any insurance or surety  
50 bonds required by the Authority.

- 1 i. Educational therapies from a licensed or accredited practitioner or  
2 provider.  
3 j. Educational technology defined by the Authority as approved for use  
4 pursuant to ~~Part 1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).  
5 k. Student transportation, pursuant to a contract with an entity that  
6 regularly provides student transportation, to and from (i) a provider of  
7 education or related services or (ii) an education activity.

8 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding  
9 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible  
10 student may pay tuition to certain schools with funds other than funds  
11 available in the personal education student account and then request  
12 reimbursement from the Authority from scholarship funds if the parent  
13 complies with the provisions of subdivision (2) of subsection (a1) of this  
14 section.

- 15 (4) Not use scholarship funds for any of the following purposes:  
16 a. Computer hardware or other technological devices not defined by the  
17 Authority as educational technology approved for use pursuant to ~~Part~~  
18 ~~1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).  
19 b. Consumable educational supplies, including paper, pen, or markers.  
20 c. Tuition and fees at an institution of higher education, as defined in  
21 G.S. 116-143.1, or a private postsecondary institution.  
22 d. Tuition and fees for a nonpublic school that meets the requirements of  
23 Part 3 of Article 39 of this Chapter.

24 (a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds  
25 awarded to eligible students for tuition at a nonpublic school based upon the method selected by  
26 the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement  
27 for tuition option or the reimbursement for tuition option as set forth in this subsection.  
28 Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds  
29 for tuition shall be disbursed as follows:

30 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two  
31 times each school year, scholarship funds from the personal education student  
32 account for eligible students who attend nonpublic schools who meet the  
33 requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this  
34 section to the nonpublic school for endorsement by at least one of the student's  
35 parents or guardians. The parent or guardian shall restrictively endorse the  
36 scholarship funds awarded to the eligible student for deposit into the account  
37 of the nonpublic school to the credit of the eligible student. The parent or  
38 guardian shall not designate any entity or individual associated with the school  
39 as the parent's attorney-in-fact to endorse the scholarship funds. A parent's or  
40 guardian's failure to comply with this subdivision shall result in forfeiture of  
41 the scholarship funds for tuition. Scholarship funds forfeited for failure to  
42 comply with this subdivision shall be returned to the Authority to be awarded  
43 to another student.

44 (2) Reimbursement for tuition. – The parent or guardian of an eligible student  
45 who enrolls in a school that is (i) a North Carolina public school other than  
46 the public school to which that student would have been assigned as provided  
47 in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of  
48 Part 1 or Part 2 of Article 39 of this Chapter and is identified and deemed  
49 eligible by the Division but elects not to be subject to G.S. 115C-562.5, may  
50 pay tuition directly to the school with funds other than scholarship funds and  
51 request reimbursement with funds available in the personal education student

1 account under subdivision (4) of subsection (a) of this section. However, the  
2 Authority shall not reimburse the parent or guardian prior to the midpoint of  
3 each semester. A parent or guardian may only receive reimbursement for  
4 tuition if the parent or guardian provides documentation to the Authority that  
5 the student is enrolled in the school.

6 (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services  
7 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to  
8 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund  
9 is required.

10 (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning  
11 on or after January 1, 2018.

12 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
13 **savings-student account information.**

14 (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to  
15 the Authority a list of all nonpublic schools operating in the State that meet the requirements of  
16 Part 1, 2, or 3 of Article 39 of this Chapter.

17 (b) Information on PESAs to the Division. – The Authority shall provide information  
18 about personal education ~~savings-student~~ accounts to the Division. The Division shall provide  
19 information about PESAs to all qualified nonpublic schools on an annual basis.

20 **"§ 115C-597. Administration.**

21 (a) Rules and Regulations. – The Authority shall establish rules and regulations for the  
22 administration of the program, including the following:

- 23 (1) The administration and awarding of scholarship funds, including a lottery  
24 process for the selection of recipients within the criteria established by  
25 G.S. 115C-592(a), if necessary.
- 26 (2) Requiring a surety bond or insurance to be held by account holders.
- 27 (3) Use of the funds and the reporting of expenditures.
- 28 (4) Monitoring and control of spending scholarship funds deposited in a personal  
29 education savings account.

30 The Authority shall provide recipients of scholarship funds with the annual list of defined  
31 educational technology for which scholarship funds may be used.

32 (b) Contract for Management of PESAs. – The Authority may contract with a private  
33 financial management firm or institution to manage PESAs in accordance with this Article.

34 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit  
35 a random sampling of PESAs as needed to ensure compliance with the requirements of this  
36 Article. The Authority may contract with an independent entity to conduct these audits. The  
37 Authority may remove a parent or eligible student from the program and close a personal  
38 education ~~savings-student~~ account for failure to comply with the terms of the parental agreement,  
39 for failure to comply with applicable laws, or because the student is no longer an eligible student.

40 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship  
41 funds under this Article, the Authority may retain up to ~~two hundred fifty thousand dollars~~  
42 (\$250,000) four percent (4%) of the funds appropriated for the program each fiscal year for  
43 administrative costs associated with the program, including contracting with non-State entities  
44 for administration of certain components of the program.

45 **"§ 115C-598. Reporting requirements.**

46 The Authority shall report annually, no later than October 15, to the Joint Legislative  
47 Education Oversight Committee on the following information from the prior school year:

- 48 (1) Total number, grade level, race, ethnicity, and sex of eligible students  
49 receiving scholarship funds.
- 50 (2) Total amount of scholarship funding awarded.

- 1 (3) Number of students previously enrolled in public schools in the prior semester  
2 by the previously attended local education agency.
- 3 (4) Nonpublic schools in which scholarship recipients are enrolled, including  
4 numbers of scholarship recipients at each nonpublic school.
- 5 (5) The number of substantiated cases of fraud by recipients and the number of  
6 parents or students removed from the program for noncompliance with the  
7 provisions of this Article.

8 **"§ 115C-599. Duties of State agencies.**

9 (a) The State Board, as part of its duty to monitor all local education agencies to  
10 determine compliance with this Article and the Individuals with Disabilities Education  
11 Improvement Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations  
12 adopted under this act, as provided in G.S. 115C-107.4, shall ensure that local education agencies  
13 do the following:

- 14 (1) Conduct evaluations requested by a child's parent or guardian of suspected  
15 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner  
16 as required by IDEA.
- 17 (2) Provide assessments for continuing eligibility to identified children with  
18 disabilities receiving scholarship funds at the request of the parent or guardian  
19 to ensure compliance with G.S. 115C-593.

20 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,  
21 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred  
22 each fiscal year by the Authority to the Department for reevaluations by local school  
23 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual  
24 annual cost requirements."

25 **SECTION 8A.9.(b)** Notwithstanding G.S. 115C-592, as amended by this act, a  
26 student who was awarded scholarship funds for a PESA pursuant to Article 41 of Chapter 115C  
27 of the General Statutes for the 2019-2020 school year or a student who received a scholarship  
28 pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2019-2020 school  
29 year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal  
30 education student account for the 2020-2021 school year if the student applies by March 1, 2020.

31 **SECTION 8A.9.(c)** Part 1H of Article 9 of Chapter 115C of the General Statutes is  
32 repealed.

33 **SECTION 8A.9.(d)** G.S. 115C-555(4) reads as rewritten:

34 "(4) It receives no funding from the State of North Carolina. For the purposes of  
35 this Article, scholarship funds awarded pursuant to Part 2A of this Article,  
36 Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter to  
37 eligible students attending a nonpublic school shall not be considered funding  
38 from the State of North Carolina."

39 **SECTION 8A.9.(e)** G.S. 115C-567.5(b), as enacted by Section 8A.7(b) of this act,  
40 reads as rewritten:

41 "(b) Available Data. – The Division of Nonpublic Education shall, as data is made  
42 available, provide information under subsection (a) of this section on nonpublic schools,  
43 including any data made available for students enrolled in those nonpublic schools. For a  
44 nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a  
45 scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division  
46 a brief summary of the school's standard testing protocol, including the specific tests and  
47 assessments used by the school, graduation rates of the students who receive scholarship grants  
48 as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be  
49 posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part  
50 1 or 2 of this Article as identified by the Division of Nonpublic Education, including schools that  
51 enroll students receiving scholarship funds under Article 41 of this Chapter and Part 1H of Article

1 ~~9 of this Chapter~~, may voluntarily submit data to also be included in the dashboard for the  
2 students enrolled in the nonpublic school. The State Education Assistance Authority shall provide  
3 information to the Division on the scholarship program it administers pursuant to Part 2A of this  
4 Article. The information contained on the dashboard shall not include personally identifiable  
5 student data."

6 **SECTION 8A.9.(f)** G.S. 115C-567.10(a), as enacted by Section 8A.7(b) of this act,  
7 reads as rewritten:

8 "(a) The State Education Assistance Authority, in its administration of scholarship  
9 programs for eligible students to attend nonpublic schools pursuant to Part 2A of this ~~Article,~~  
10 Article and Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with  
11 a nonprofit corporation representing parents and families, for marketing, outreach, and  
12 scholarship application assistance for parents and students. The Authority shall issue a request  
13 for proposals in order to enter into a contract with a nonprofit corporation that meets the following  
14 requirements during the term of the contract:

- 15 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
16 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
17 Internal Revenue Code.
- 18 (2) Employ sufficient staff who have demonstrated a capacity to market and  
19 implement a scholarship grant program, including by doing the following:
  - 20 a. Direct mail marketing.
  - 21 b. Radio advertising.
  - 22 c. Targeted digital advertising.
  - 23 d. One-on-one parent and family engagement.
- 24 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the  
25 Internal Revenue Code.
- 26 (4) Have no State officer or employee serving on the board of the nonprofit.
- 27 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit  
28 at the call of its chair."

29 **SECTION 8A.9.(g)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of  
30 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

31 **SECTION 8A.9.(h)** G.S. 105-153.5(b)(12) reads as rewritten:

32 "(12) The amount deposited during the taxable year to a personal education ~~savings~~  
33 student account under Article 41 of Chapter 115C of the General Statutes."

34 **SECTION 8A.9.(i)** This section does not affect the rights or liabilities of the State,  
35 a taxpayer, or another person arising under a statute amended by this section before the effective  
36 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued  
37 under the amended statute before the effective date of its amendment.

38 **SECTION 8A.9.(j)** Subsection (a) of this section applies beginning with scholarship  
39 funds awarded for the 2020-2021 school year. Subsections (c) through (g) of this section become  
40 effective July 1, 2020. Subsection (h) of this section applies to taxable years beginning on or after  
41 January 1, 2020.

42  
43 **REPEAL THE TRANSFER OF ADMINISTRATION OF THE TRANSFORMING**  
44 **PRINCIPAL PREP PROGRAM TO THE PRINCIPAL FELLOWS COMMISSION**

45 **SECTION 8A.10.(a)** Subsections (a) through (d) of Section 2 of S.L. 2018-145 are  
46 repealed.

47 **SECTION 8A.10.(b)** Subsections (f) and (g) of Section 2 of S.L. 2018-145 are  
48 repealed.

49 **SECTION 8A.10.(c)** Subsection (a) of this section is effective June 30, 2019. The  
50 remainder of this section is effective the date this act becomes law.

**PART IX. HEALTH AND HUMAN SERVICES****PART IX-A. AGING AND ADULT SERVICES****STATE-COUNTY SPECIAL ASSISTANCE RATES**

**SECTION 9A.1.(a)** For each year of the 2019-2021 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident.

**SECTION 9A.1.(b)** For each year of the 2019-2021 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars (\$1,515) per month per resident.

**INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE**

**SECTION 9A.2.** Effective October 1, 2019, the Department of Health and Human Services, Division of Aging and Adult Services, shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars (\$46.00) per month per recipient to seventy dollars (\$70.00) per month per recipient.

**AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS**

**SECTION 9A.3.(a)** Notwithstanding the provisions of G.S. 108A-47.1 or any other provision of law to the contrary, and within existing appropriations for State-County Special Assistance, the Secretary of the Department of Health and Human Services may waive the fifteen percent (15%) cap on the number of Special Assistance in-home payments, as the Secretary deems necessary.

**SECTION 9A.3.(b)** This section expires on June 30, 2021.

**PART IX-B. CENTRAL MANAGEMENT AND SUPPORT****FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)**

**SECTION 9B.1.(a)** Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, the sum of eighteen million five hundred thirteen thousand three hundred seventy-two dollars (\$18,513,372) in nonrecurring funds for the 2019-2020 fiscal year and the sum of twelve million three hundred one thousand seven hundred two dollars (\$12,301,702) in nonrecurring funds for the 2020-2021 fiscal year shall be used for nonrecurring operations and maintenance expenses for the North Carolina Families Accessing Services Through Technology (NC FAST) system and to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) the child welfare case management component, (ii) 24/7 access, and (iii) a document management solution. The Department of Health and Human Services, Division of Central Management and Support, shall report any change in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

**SECTION 9B.1.(b)** Departmental receipts appropriated in this act in the sum of forty-one million three hundred fifty-two thousand eight hundred eighty-three dollars (\$41,352,883) for the 2019-20 fiscal year and in the sum of twenty-four million eight hundred forty-six thousand three hundred seven dollars (\$24,846,307) for the 2020-2021 fiscal year shall be used for the purposes described in subsection (a) of this section.

**COMMUNITY HEALTH GRANT PROGRAM**

1           **SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and  
2 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
3 2019-2021 fiscal biennium for the Community Health Grant Program shall be used to continue  
4 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
5 2017-57.

6           **SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about  
7 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
8 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
9 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
10 served by the applicant or the number of indigent clients served by the applicant; the availability  
11 of, or arrangements for, after hours care; and collaboration between the applicant and a  
12 community hospital or other safety net organizations.

13           **SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the  
14 following:

- 15           (1) Enhance or increase compensation or other benefits of personnel,  
16 administrators, directors, consultants, or any other persons receiving funds for  
17 program administration; provided, however, funds may be used to hire or  
18 retain health care providers. The use of grant funds for this purpose does not  
19 obligate the Department of Health and Human Services to continue to fund  
20 compensation beyond the grant period.
- 21           (2) Supplant existing funds, including federal funds traditionally received by  
22 federally qualified community health centers. However, grant funds may be  
23 used to supplement existing programs that serve the purposes described in  
24 subsection (a) of this section.
- 25           (3) Finance or satisfy any existing debt.

26           **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand  
27 dollars (\$200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for  
28 administrative purposes.

29           **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall  
30 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
31 community health grants that includes at least all of the following information:

- 32           (1) The identity and a brief description of each grantee and each program or  
33 service offered by the grantee.
- 34           (2) The amount of funding awarded to each grantee.
- 35           (3) The number of individuals served by each grantee, and for the individuals  
36 served, the types of services provided to each.
- 37           (4) Any other information requested by the Office of Rural Health as necessary  
38 for evaluating the success of the Community Health Grant Program.

39           **SECTION 9B.2.(f)** By November 1, 2019, the Office of Rural Health shall report to  
40 the Joint Legislative Oversight Committee on Health and Human Services on the implementation  
41 status of the following Community Health Grant Program requirements enacted by Section 11A.8  
42 of S.L. 2017-57:

- 43           (1) Establishment of a Primary Care Advisory Committee, and that Committee's  
44 development of an objective and equitable process for grading applications  
45 for grants funded under the Community Health Grant Program.
- 46           (2) Development of a standardized method for grant recipients to report objective,  
47 measurable quality health outcomes.

48  
49 **ALLOCATION OF FUNDS FOR PHYSICIANS AND DENTISTS UNDER THE RURAL**  
50 **HEALTH LOAN REPAYMENT PROGRAM**

1           **SECTION 9B.3.** Of the funds appropriated to the Department of Health and Human  
2 Services, Division of Central Management and Support, Office of Rural Health, for the loan  
3 repayment program administered pursuant to G.S. 143B-139.4C, the sum of two million one  
4 hundred fifty thousand dollars (\$2,150,000) in nonrecurring funds for the 2019-2020 fiscal year  
5 and the sum of one million one hundred fifty thousand dollars (\$1,150,000) in nonrecurring funds  
6 for the 2020-2021 fiscal year shall be allocated to fund student loan repayments for physicians  
7 and dentists under the program.

8  
9           **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND**  
10           **ACCOUNTABILITY**

11           **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability  
12 within the Department of Health and Human Services is eliminated.

13           **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes  
14 is repealed.

15  
16           **VETERANS HEALTH CARE PILOT PROGRAM**

17           **SECTION 9B.5.(a)** Pilot Program. – Of the funds appropriated in this act to the  
18 Department of Health and Human Services, Division of Central Management and Support, Office  
19 of Rural Health, the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for  
20 the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars (\$350,000) in  
21 nonrecurring funds for the 2020-2021 fiscal year shall be used to support the development and  
22 implementation of a two-year pilot program to provide health care services to veterans. The  
23 Department of Health and Human Services and the Department of Military and Veterans Affairs,  
24 in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall  
25 develop and implement the pilot program in Cumberland County. The pilot program shall consist  
26 of the following initiatives:

- 27           (1) A health care initiative to provide to veterans increased access to health care  
28 resources through the care coordination efforts of community health workers.  
29           (2) A workforce initiative to recruit and train unemployed and underemployed  
30 veterans as community health workers for the health care initiative described  
31 in subdivision (1) of this section.

32           **SECTION 9B.5.(b)** Termination. – The pilot program authorized by this section  
33 shall terminate on June 30, 2021.

34           **SECTION 9B.5.(c)** Evaluation. – By February 1, 2022, the Department of Health  
35 and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on  
36 Health and Human Services a comprehensive evaluation of the pilot program authorized by this  
37 section. The comprehensive evaluation shall include at least all of the following:

- 38           (1) A detailed breakdown of expenditures for the pilot program.  
39           (2) The specific ways in which the health care initiative provided to veterans  
40 increased access to health care resources.  
41           (3) The total number of unemployed and underemployed veterans who were  
42 recruited and trained as community health workers under the pilot program's  
43 workforce initiative.

44  
45           **ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS**

46           **SECTION 9B.6.(a)** Eliminate Report on Expansion of Controlled Substances  
47 Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

48           **SECTION 9B.6.(b)** Eliminate Report on Coordination of Diabetes Programs. –  
49 G.S. 130A-221.1(b) is repealed.

50           **SECTION 9B.6.(c)** Eliminate Report on Department's Coordination of Chronic Care  
51 Initiatives. – G.S. 130A-222.5(3) is repealed.

1           **SECTION 9B.6.(d)** Eliminate Report on Compliance with Federal Maintenance of  
2 Effort Requirements Under TANF. – G.S. 108A-27.12(g) is repealed.

3           **SECTION 9B.6.(e)** Eliminate Report on Use of Lapsed Salary Funds. –  
4 G.S. 120-208.4(b) is repealed.

5  
6 **NORTH CAROLINA RARE DISEASE ADVISORY COUNCIL FUNDS**

7           **SECTION 9B.7.** Of the funds appropriated to the Department of Health and Human  
8 Services, Division of Central Management and Support, the sum of two hundred fifty thousand  
9 dollars (\$250,000) in recurring funds for the 2019-2020 fiscal year and the sum of two hundred  
10 fifty thousand dollars (\$250,000) in recurring funds for the 2020-2021 fiscal year shall be  
11 allocated to the School of Medicine of the University of North Carolina at Chapel Hill to support  
12 the activities of the Advisory Council on Rare Diseases (Council) established pursuant to  
13 G.S. 130A-33.65. These funds shall be used to develop a rare disease network across the State  
14 for the purposes of collecting data regarding regional rare disease prevalence, stimulating rare  
15 disease collaborations, and creating biotechnology economic development opportunities. The  
16 Council shall partner with legislators and other stakeholders in various regions of the State to  
17 increase public awareness and improve diagnosis times for individuals with rare diseases. In  
18 addition, the Council shall develop key strategies on increasing access to information, integrated  
19 and innovative support services, translational research collaborations, educational programs, and  
20 accelerated technology, as well as emphasizing economic development and retention of talented  
21 researchers. In support of these activities, the funds allocated pursuant to this section shall be  
22 used by the Council for the following:

- 23           (1) The sum of thirty thousand dollars (\$30,000) to be used to primarily support  
24 seminars on rare diseases to be held throughout the State.
- 25           (2) The sum of twenty-five thousand dollars (\$25,000) to be used to support travel  
26 and per diem for members of the Council to attend conferences and other  
27 partnership organization activities related to rare diseases.
- 28           (3) The sum of five thousand dollars (\$5,000) to maintain a Web site and social  
29 media presence and to create material on activities of the Council.
- 30           (4) The sum of one hundred sixty thousand dollars (\$160,000) to establish  
31 positions to support the Council, including contracting for temporary  
32 employees to launch larger initiatives of the Council.
- 33           (5) The sum of thirty thousand dollars (\$30,000) for literature, equipment, and  
34 supplies to support the Council's activities.

35  
36 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

37           **SECTION 9B.8.(a)** Of the funds appropriated in this act to the Department of Health  
38 and Human Services, Division of Central Management and Support, for each year of the  
39 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit  
40 organizations:

- 41           (1) The sum of eleven million one hundred fifty-three thousand nine hundred  
42 eleven dollars (\$11,153,911) in recurring funds for each year of the 2019-2021  
43 fiscal biennium.
- 44           (2) The sum of four hundred fifty thousand dollars (\$450,000) in nonrecurring  
45 funds for each year of the 2019-2021 fiscal biennium.
- 46           (3) The sum of four million seven hundred seventy-four thousand five hundred  
47 twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal  
48 biennium appropriated in Section 9K.1(a) of this act in Social Services Block  
49 Grant funds.

- 1 (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each  
2 year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act  
3 in Substance Abuse Prevention and Treatment Block Grant funds.

4 **SECTION 9B.8.(b)** The Department shall continue administering a competitive  
5 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,  
6 includes each of the following:

- 7 (1) A request for application (RFA) process to allow nonprofits to apply for and  
8 receive State funds on a competitive basis. The Department shall require  
9 nonprofits to include in the application a plan to evaluate the effectiveness,  
10 including measurable impact or outcomes, of the activities, services, and  
11 programs for which the funds are being requested.
- 12 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of  
13 the total amount of the grant award.
- 14 (3) A requirement that the Secretary prioritize grant awards to those nonprofits  
15 that are able to leverage non-State funds in addition to the grant award.
- 16 (4) A process that awards grants to nonprofits that have the capacity to provide  
17 services on a statewide basis and that support any of the following State health  
18 and wellness initiatives:
- 19 a. A program targeting advocacy, support, education, or residential  
20 services for persons diagnosed with autism.
  - 21 b. A system of residential supports for those afflicted with substance  
22 abuse addiction.
  - 23 c. A program of advocacy and supports for individuals with intellectual  
24 and developmental disabilities or severe and persistent mental illness,  
25 substance abusers, or the elderly.
  - 26 d. Supports and services to children and adults with developmental  
27 disabilities or mental health diagnoses.
  - 28 e. A food distribution system for needy individuals.
  - 29 f. The provision and coordination of services for the homeless.
  - 30 g. The provision of services for individuals aging out of foster care.
  - 31 h. Programs promoting wellness, physical activity, and health education  
32 programming for North Carolinians.
  - 33 i. The provision of services and screening for blindness.
  - 34 j. A provision for the delivery of after-school services for  
35 apprenticeships or mentoring at-risk youth.
  - 36 k. The provision of direct services for amyotrophic lateral sclerosis  
37 (ALS) and those diagnosed with the disease.
  - 38 l. A comprehensive smoking prevention and cessation program that  
39 screens and treats tobacco use in pregnant women and postpartum  
40 mothers.
  - 41 m. A program providing short-term or long-term residential substance  
42 abuse services. For purposes of this sub-subdivision, "long-term"  
43 means a minimum of 12 months.
  - 44 n. A program that provides year-round sports training and athletic  
45 competition for children and adults with disabilities.

46 It is the intent of the General Assembly that annually the Secretary evaluate  
47 and prioritize the categories of health and wellness initiatives described under  
48 this subdivision to determine the best use of these funds in making grant  
49 awards, exclusive of direct allocations made by the General Assembly.

1 (5) A process that ensures that funds received by the Department to implement  
2 the plan supplement and do not supplant existing funds for health and wellness  
3 programs and initiatives.

4 (6) A process that allows grants to be awarded to nonprofits for up to two years.

5 (7) A requirement that initial disbursement of the grants be awarded no later than  
6 30 days after certification of the State budget for the respective fiscal year.

7 **SECTION 9B.8.(c)** No later than July 1 of each year, as applicable, the Secretary  
8 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
9 recipients for the respective grant period pursuant to the amounts designated under subsection  
10 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary  
11 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services  
12 on the grant awards that includes at least all of the following:

13 (1) The identity and a brief description of each grantee and each program or  
14 initiative offered by the grantee.

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

16 (3) The number of persons served by each grantee, broken down by program or  
17 initiative.

18 **SECTION 9B.8.(d)** No later than December 1 of each fiscal year, each nonprofit  
19 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
20 to the Division of Central Management and Support a written report of all activities funded by  
21 State appropriations. The report shall include the following information about the fiscal year  
22 preceding the year in which the report is due:

23 (1) The entity's mission, purpose, and governance structure.

24 (2) A description of the types of programs, services, and activities funded by State  
25 appropriations.

26 (3) Statistical and demographical information on the number of persons served by  
27 these programs, services, and activities, including the counties in which  
28 services are provided.

29 (4) Outcome measures that demonstrate the impact and effectiveness of the  
30 programs, services, and activities.

31 (5) A detailed program budget and list of expenditures, including all positions  
32 funded, matching expenditures, and funding sources.

33 **SECTION 9B.8.(e)** For the 2019-2021 fiscal biennium only, from the funds  
34 identified in subsection (a) of this section, the Department shall make the following allocations,  
35 provided that each nonprofit organization receiving funds pursuant to this subsection shall be  
36 required to seek future funding through the competitive grants process in accordance with  
37 subsection (b) of this section:

38 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of  
39 the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.

40 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)  
41 for each year of the 2019-2021 fiscal biennium and the sum of one million six  
42 hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1(a) of this  
43 act in Substance Abuse Prevention and Treatment Block Grant funds in each  
44 year of the 2019-2021 fiscal biennium to Triangle Residential Options for  
45 Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals  
46 with substance abuse addiction.

47 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in  
48 each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls  
49 Clubs across the State to implement (i) programs that improve the motivation,  
50 performance, and self-esteem of youth and (ii) other initiatives that would be

1 expected to reduce gang participation, school dropout, and teen pregnancy  
2 rates.

3 (4) The sum of two hundred fifty thousand dollars (\$250,000) to Cross Trail  
4 Outfitters for purposes of promoting wellness and physical activity for youth  
5 seven to 20 years of age.

6 (5) The sum of three million four hundred eighty-six thousand three hundred  
7 twenty-one dollars (\$3,486,321) recurring in each year of the 2019-2021 fiscal  
8 biennium and the sum of two hundred fifty thousand dollars (\$250,000)  
9 nonrecurring in each year of the 2019-2021 fiscal biennium to food banks in  
10 this State for the provision of food distribution to needy individuals, including  
11 Food Bank of the Albemarle, North Carolina Association of Feeding America  
12 Food Banks, MANNA Food Bank, Action Pathways, Food Bank of Central  
13 and Eastern North Carolina, Second Harvest Food Bank of Northwest North  
14 Carolina, and Second Harvest Food Bank of Metrolina.

15 (6) The sum of two hundred thirty-two thousand seven hundred fifty-seven  
16 dollars (\$232,757) in each year of the 2019-2021 fiscal biennium to the North  
17 Carolina Senior Games for purposes of promoting health and education for  
18 North Carolinians 50 years of age and better.

19 (7) The sum of one hundred thousand dollars (\$100,000) in each year of the  
20 2019-2021 fiscal biennium to Special Olympics North Carolina to promote  
21 training and athletic competition for children and adults with intellectual  
22 disabilities.

## 23 24 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

### 25 26 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED** 27 **FACILITIES**

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

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

47 **SECTION 9C.1.(b)** Multiyear Contracts. – The Division of Child Development and  
48 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
49 private child care centers providing NC Pre-K classrooms.

1           **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
 2 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
 3 standards for preschool students as provided in G.S. 115C-521.1.

4           **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection  
 5 (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
 6 prescribed by the Division of Child Development and Early Education regarding programmatic  
 7 standards and classroom requirements.

8           **SECTION 9C.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use  
 9 the standard decision-making process developed by the Division of Child Development and Early  
 10 Education in awarding NC Pre-K classroom slots and student selection.

11           **SECTION 9C.1.(f)** Reporting. – The Division of Child Development and Early  
 12 Education shall submit an annual report no later than March 15 of each year to the Joint  
 13 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
 14 Management, and the Fiscal Research Division. The report shall include the following:

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

23           **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local  
 24 partnerships shall be subject to the financial and compliance audits authorized under  
 25 G.S. 143B-168.14(b).  
 26

27 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

28           **SECTION 9C.2.** Of the funds appropriated in this act to the Department of Health  
 29 and Human Services, Division of Child Development and Early Education, funds shall be  
 30 allocated to raise the base reimbursement rates for child care centers participating in the North  
 31 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal  
 32 year rates for the 2019-2020 fiscal year and by an additional six percent (6%) over the 2019-2020  
 33 rates for the 2020-2021 fiscal year. It is the intent of the General Assembly that funds allocated  
 34 pursuant to this section be used to increase the salaries of teachers working in child care centers  
 35 as a means to address disparities in teacher salaries among teachers working in child care centers  
 36 versus those working in public schools or Head Start centers.  
 37

38 **CHILD CARE SUBSIDY RATES**

39           **SECTION 9C.3.(a)** The maximum gross annual income for initial eligibility,  
 40 adjusted annually, for subsidized child care services shall be determined based on a percentage  
 41 of the federal poverty level as follows:

42 <b>AGE</b>	<b>INCOME PERCENTAGE LEVEL</b>
43           0 – 5	200%
44           6 – 12	133%

45           The eligibility for any child with special needs, including a child who is 13 years of  
 46 age or older, shall be two hundred percent (200%) of the federal poverty level.

47           **SECTION 9C.3.(b)** Fees for families who are required to share in the cost of care  
 48 are established based on nine percent (9%) of gross family income. When care is received at the  
 49 blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment.  
 50 Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

1           **SECTION 9C.3.(c)** Payments for the purchase of child care services for low-income  
2 children shall be in accordance with the following requirements:

- 3           (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106  
4 and licensed child care centers and homes that meet the minimum licensing  
5 standards that are participating in the subsidized child care program shall be  
6 paid the one-star county market rate or the rate they charge privately paying  
7 parents, whichever is lower, unless prohibited by subsection (f) of this section.  
8           (2) Licensed child care centers and homes with two or more stars shall receive the  
9 market rate for that rated license level for that age group or the rate they charge  
10 privately paying parents, whichever is lower, unless prohibited by subsection  
11 (g) of this section.  
12           (3) No payments shall be made for transportation services charged by child care  
13 facilities.  
14           (4) Payments for subsidized child care services for postsecondary education shall  
15 be limited to a maximum of 20 months of enrollment.  
16           (5) The Department of Health and Human Services shall implement necessary  
17 rule changes to restructure services, including, but not limited to, targeting  
18 benefits to employment.

19           **SECTION 9C.3.(d)** Provisions of payment rates for child care providers in counties  
20 that do not have at least 50 children in each age group for center-based and home-based care are  
21 as follows:

- 22           (1) Except as applicable in subdivision (2) of this subsection, payment rates shall  
23 be set at the statewide or regional market rate for licensed child care centers  
24 and homes.  
25           (2) If it can be demonstrated that the application of the statewide or regional  
26 market rate to a county with fewer than 50 children in each age group is lower  
27 than the county market rate and would inhibit the ability of the county to  
28 purchase child care for low-income children, then the county market rate may  
29 be applied.

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

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

44           **SECTION 9C.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
45 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
46 that provides for the purchase of care in child care facilities for minor children of needy families.  
47 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
48 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
49 any additional applicable requirements of federal law or regulations. Child care arrangements  
50 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
51 meet the requirements established by other State law and by the Social Services Commission.

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

4 **SECTION 9C.3.(h)** Payment for subsidized child care services provided with  
5 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
6 and policies issued by the Division of Child Development and Early Education for the subsidized  
7 child care program.

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

- 12 (1) The child for whom a child care subsidy is sought is receiving child protective  
13 services or foster care services.
- 14 (2) The child for whom a child care subsidy is sought is developmentally delayed  
15 or at risk of being developmentally delayed.
- 16 (3) The child for whom a child care subsidy is sought is a citizen of the United  
17 States.

18 **SECTION 9C.3.(j)** The Department of Health and Human Services, Division of  
19 Child Development and Early Education, shall require all county departments of social services  
20 to include on any forms used to determine eligibility for child care subsidy whether the family  
21 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

22 **SECTION 9C.3.(k)** Department of Defense-certified child care facilities licensed  
23 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
24 provides for the purchase of care in child care facilities for minor children in needy families,  
25 provided that funds allocated from the State-subsidized child care program to Department of  
26 Defense-certified child care facilities shall supplement and not supplant funds allocated in  
27 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
28 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
29 child care shall be as set forth in this section.

## 30 31 **CHILD CARE ALLOCATION FORMULA**

32 **SECTION 9C.4.(a)** The Department of Health and Human Services, Division of  
33 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
34 funds to pay the costs of necessary child care for minor children of needy families. The  
35 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
36 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
37 allocation. The Department of Health and Human Services shall use the following method when  
38 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
39 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

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

Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:

- 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 2019-2021 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 9C.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 9C.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) A county's initial allocation shall be 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. With the exception of market rate increases consistent with any increases approved by the General Assembly, a county whose spending coefficient is less than ninety-two percent (92%) in the previous fiscal year shall receive its prior year's expenditure as its allocation and shall not receive an increase in its allocation in the following year. A county whose spending coefficient is at least ninety-two percent (92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.
- (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

1 subdivision, and (iii) the final one-third change in a county's allocation  
2 beginning the following two years thereafter.

#### 3 4 **SMART START INITIATIVES**

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

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

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

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

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

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

43 **SECTION 9C.5.(d) Match Requirements.** – The North Carolina Partnership for  
44 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
45 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021  
46 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local  
47 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
48 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
49 match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.  
50 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
51 the required match for a fiscal year in order to meet the match requirement of the succeeding

1 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
2 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
3 match requirement of this subsection. Volunteer services that qualify as professional services  
4 shall be valued at the fair market value of those services. All other volunteer service hours shall  
5 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
6 Employment Security of the Department of Commerce in the Employment and Wages in North  
7 Carolina Annual Report for the most recent period for which data are available. Expenses,  
8 including both those paid by cash and in-kind contributions, incurred by other participating  
9 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
10 partnerships also may be considered resources available to meet the required private match. In  
11 order to qualify to meet the required private match, the expenses shall:

- 12 (1) Be verifiable from the contractor's records.
- 13 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
14 generally accepted accounting principles for nonprofit organizations.
- 15 (3) Not include expenses funded by State funds.
- 16 (4) Be supplemental to and not supplant preexisting resources for related program  
17 activities.
- 18 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
19 be necessary and reasonable for the proper and efficient accomplishment of  
20 the Program's objectives.
- 21 (6) Be otherwise allowable under federal or State law.
- 22 (7) Be required and described in the contractual agreements approved by the  
23 North Carolina Partnership for Children, Inc., or the local partnership.
- 24 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
25 partnership by the contractor in the same manner as reimbursable expenses.

26 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
27 2019-2021 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
28 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
29 responsible for compiling information on the private cash and in-kind contributions into a report,  
30 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
31 verification by the Department of Revenue. The same match requirements shall apply to any  
32 expansion funds appropriated by the General Assembly.

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

- 36 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
37 by a written policy as developed by the Board of Directors of the North  
38 Carolina Partnership for Children, Inc.
- 39 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
40 thousand dollars (\$15,000), three written quotes.
- 41 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty  
42 thousand dollars (\$40,000), a request for proposal process.
- 43 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
44 proposal process and advertising in a major newspaper.

45 **SECTION 9C.5.(f) Allocations.** – The North Carolina Partnership for Children, Inc.,  
46 shall not reduce the allocation for counties with less than 35,000 in population below the  
47 2012-2013 funding level.

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

50 **SECTION 9C.5.(h) Expenditure Restrictions.** – Except as provided in subsection (i)  
51 of this section, the Department of Health and Human Services and the North Carolina Partnership

1 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
2 Development Initiatives for the 2019-2021 fiscal biennium shall be administered and distributed  
3 in the following manner:

- 4 (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the  
5 purposes of this section, "capital expenditures" means expenditures for capital  
6 improvements as defined in G.S. 143C-1-1(d)(5).
- 7 (2) Expenditures of State funds for advertising and promotional activities are  
8 prohibited for the 2019-2021 fiscal biennium.

9 For the 2019-2021 fiscal biennium, local partnerships shall not spend any State funds  
10 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
11 any private funds the local partnerships receive on those activities.

12 **SECTION 9C.5.(i)** Notwithstanding subsection (h) of this section, the North  
13 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
14 State funds for fund-raising activities. The North Carolina Partnership for Children, Inc., shall  
15 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
16 for fund-raising. The report shall include the following:

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

20 **SECTION 9C.5.(j)** G.S. 143B-168.12(d) reads as rewritten:

21 "(d) The North Carolina Partnership for Children, Inc., shall make a report no later than  
22 December 1 of each year to the General Assembly Joint Legislative Oversight Committee on  
23 Health and Human Services and the Fiscal Research Division of the General Assembly that shall  
24 include the following:

- 25 (1) A description of the program and significant services and initiatives.
- 26 (2) A history of Smart Start funding and the previous fiscal year's expenditures.
- 27 (3) The number of children served by type of service.
- 28 (4) The type and quantity of services provided.
- 29 (5) The results of the previous year's evaluations of the Initiatives or related  
30 programs and services.
- 31 (6) A description of significant policy and program changes.
- 32 (7) Any recommendations for legislative action."

### 33 34 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 35 **LIBRARY**

36 **SECTION 9C.6.(a)** Funds allocated to the North Carolina Partnership for Children,  
37 Inc., from the Department of Health and Human Services, shall be used to increase access to  
38 Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books  
39 on a monthly basis to children registered for the program.

40 **SECTION 9C.6.(b)** The North Carolina Partnership for Children, Inc., may use up  
41 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
42 of the funds for program evaluation. Funds appropriated under this section shall not be subject  
43 to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be  
44 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
45 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
46 Section 9C.5(d) of this act.

### 47 48 **PART IX-D. HEALTH BENEFITS**

### 49 50 **MEDICAID ELIGIBILITY**

SECTION 9D.1. Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

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

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

(1) Families, children under the age of 21, pregnant women, and individuals who are aged, blind, or disabled, who are medically needy, subject to the following annual income levels after meeting the applicable deductible:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$2,904</u>
<u>2</u>	<u>3,804</u>
<u>3</u>	<u>4,404</u>
<u>4</u>	<u>4,800</u>
<u>5</u>	<u>5,196</u>
<u>6</u>	<u>5,604</u>
<u>7</u>	<u>6,000</u>
<u>8</u>	<u>6,300</u>
<u>9</u>	<u>6,504</u>
<u>10</u>	<u>6,900</u>
<u>11</u>	<u>7,200</u>
<u>12</u>	<u>7,596</u>
<u>13</u>	<u>8,004</u>
<u>14</u>	<u>8,400</u>

each additional family member add \$396

(2) Families and children under the age of 21, subject to the following annual income levels:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$5,208</u>
<u>2</u>	<u>6,828</u>
<u>3</u>	<u>8,004</u>
<u>4</u>	<u>8,928</u>
<u>5</u>	<u>9,888</u>
<u>6</u>	<u>10,812</u>
<u>7</u>	<u>11,700</u>
<u>8</u>	<u>12,432</u>
<u>9</u>	<u>13,152</u>
<u>10</u>	<u>14,028</u>

each additional family member add \$936

(3) Children under the age of 6 with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines.

(4) Children aged 6 through 18 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines.

(5) Children under the age of 19 who are receiving foster care or adoption assistance under title IV-E of the Social Security Act, without regard to income.

(6) Children in the legal custody of State-sponsored foster care who are under the age of 21 and ineligible for Title IV-E assistance, without regard to income.

(7) Independent foster care adolescents ages 18, 19, and 20, as defined in 42 U.S.C. § 1396d(w)(1), without regard to income.

- 1           (8) Former foster care children under the age of 26 in accordance with 42 U.S.C.  
2           § 1396a(a)(10)(A)(i)(IX), without regard to income.
- 3           (9) Adoptive children with special or rehabilitative needs, regardless of the  
4           adoptive family's income.
- 5           (10) Pregnant women with incomes equal to or less than one hundred ninety-six  
6           percent (196%) of the federal poverty guidelines. Coverage for pregnant  
7           women eligible under this subdivision include only services related to  
8           pregnancy and to other conditions determined by the Department as  
9           conditions that may complicate pregnancy.
- 10          (11) Men and women of childbearing age with family incomes equal to or less than  
11          one hundred ninety-five percent (195%) of the federal poverty guidelines.  
12          Coverage for the individuals described in this subdivision shall be limited to  
13          coverage for family planning services.
- 14          (12) Women who need treatment for breast or cervical cancer and who are defined  
15          in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).
- 16          (13) Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of  
17          Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations,  
18          with incomes equal to or less than one hundred percent (100%) of the federal  
19          poverty guidelines.
- 20          (14) Beneficiaries receiving supplemental security income under title XVI of the  
21          Social Security Act.
- 22          (15) Workers with disabilities, as provided in G.S. 108A-66.1.
- 23          (16) Qualified working disabled individuals, as provided in G.S. 108A-67.
- 24          (17) Qualified Medicare beneficiaries with incomes equal to or less than one  
25          hundred percent (100%) of the federal poverty guidelines. Coverage for the  
26          individuals described in this subdivision shall be limited to payment of  
27          Medicare premiums and deductibles and co-insurance for Medicare-covered  
28          services.
- 29          (18) Specified low-income Medicare beneficiaries with incomes equal to or less  
30          than one hundred twenty percent (120%) of the federal poverty guidelines.  
31          Coverage for the individuals described in this subdivision shall be limited to  
32          payment of Medicare Part B premiums.
- 33          (19) Qualifying individuals who are Medicare beneficiaries and who have incomes  
34          equal to or less than one hundred thirty-five percent (135%) of the federal  
35          poverty guidelines, may be covered within funds available for the Limited  
36          Medicare-Aid Capped Enrollment program. Coverage for the individuals  
37          described in this subdivision shall be limited to payment of Medicare Part B  
38          premiums.
- 39          (20) Recipients of an optional State supplementation program provided in  
40          accordance with 42 U.S.C. § 1382e.
- 41          (21) Individuals who meet eligibility criteria under a Medicaid waiver approved by  
42          the Centers for Medicare and Medicaid Services and authorized by an act of  
43          the General Assembly, within funds available for the waiver.
- 44          (22) Refugees, in accordance with 8 U.S.C. § 1522.
- 45          (23) Qualified aliens subject to the five-year bar for means tested public assistance  
46          under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services  
47          under 8 U.S.C. § 1611."

## 49 MEDICAID ANNUAL REPORT

50           **SECTION 9D.2.** The Department of Health and Human Services, Division of Health  
51 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and

1 accompanying tables. DHB shall publish the report and tables on its Web site no later than  
2 December 31 following each State fiscal year.

### 4 ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

5 SECTION 9D.3. The Department of Health and Human Services (Department) shall  
6 issue Medicaid identification cards to recipients on an annual basis with updates as needed. The  
7 Department shall adopt rules, or amend any current rules relating to Medicaid identification  
8 cards, to implement this section. No later than July 1, 2020, the Department shall submit a report  
9 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the  
10 adoption or amendment of rules in accordance with this section.

### 12 ADMINISTRATIVE HEARINGS FUNDING

13 SECTION 9D.4. Of the funds appropriated to the Department of Health and Human  
14 Services, Division of Health Benefits, for administrative contracts and interagency transfers, the  
15 Department of Health and Human Services (Department) shall transfer the sum of one million  
16 dollars (\$1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars  
17 (\$1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH).  
18 These funds shall be allocated by the OAH for mediation services provided for Medicaid  
19 applicant and recipient appeals and to contract for other services necessary to conduct the appeals  
20 process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department  
21 for mediation services provided for Medicaid recipient appeals and contracted services necessary  
22 to conduct the appeals process. The MOA will facilitate the Department's ability to draw down  
23 federal Medicaid funds to support this administrative function. Upon receipt of invoices from the  
24 OAH for covered services rendered in accordance with the MOA, the Department shall transfer  
25 the federal share of Medicaid funds drawn down for this purpose.

### 27 ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

28 SECTION 9D.5.(a) Receivables reserved at the end of the 2019-2020 and  
29 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those  
30 fiscal years.

31 SECTION 9D.5.(b) For the 2019-2020 fiscal year, the Department of Health and  
32 Human Services shall deposit from its revenues one hundred sixty-four million seven hundred  
33 thousand dollars (\$164,700,000) with the Department of State Treasurer to be accounted for as  
34 nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services  
35 shall deposit from its revenues one hundred forty-nine million six hundred thousand dollars  
36 (\$149,600,000) with the Department of State Treasurer to be accounted for as nontax revenue.  
37 These deposits shall represent the return of General Fund appropriations, nonfederal revenue,  
38 fund balances, or other resources from State-owned and State-operated hospitals that are used to  
39 provide indigent and nonindigent care services. The return from State-owned and State-operated  
40 hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of  
41 the payments from the Division of Health Benefits for uncompensated care. The treatment of any  
42 revenue derived from federal programs shall be in accordance with the requirements specified in  
43 the Code of Federal Regulations, Title 2, Part 225.

### 45 VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

46 SECTION 9D.6. The Department of Health and Human Services, Division of Health  
47 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
48 services, medical equipment, supplies, and appliances by implementation of volume purchase  
49 plans, single source procurement, or other contracting processes in order to improve cost  
50 containment.

**LME/MCO OUT-OF-NETWORK AGREEMENTS**

**SECTION 9D.7.(a)** The Department of Health and Human Services (Department) shall continue to ensure that local management entities/managed care organizations (LME/MCOs) utilize an out-of-network agreement that contains standardized elements developed in consultation with LME/MCOs. The out-of-network agreement shall be a streamlined agreement between a single provider of behavioral health or intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and comply with all requirements of State and federal laws and regulations. LME/MCOs shall use the out-of-network agreement in lieu of a comprehensive provider contract when all of the following conditions are met:

- (1) The services requested are medically necessary and cannot be provided by an in-network provider.
- (2) The behavioral health or IDD provider's site of service delivery is located outside of the geographical catchment area of the LME/MCO, and the LME/MCO is not accepting applications or the provider does not wish to apply for membership in the LME/MCO closed network.
- (3) The behavioral health or IDD provider is not excluded from participation in the Medicaid program, the NC Health Choice program, or other State or federal health care program.
- (4) The behavioral health or IDD provider is serving no more than two enrollees of the LME/MCO, unless the agreement is for inpatient hospitalization, in which case the LME/MCO may, but shall not be required to, enter into more than five such out-of-network agreements with a single hospital or health system in any 12-month period.

**SECTION 9D.7.(b)** A Medicaid provider providing services pursuant to an out-of-network agreement shall be considered a network provider for purposes of Chapter 108D of the General Statutes only as it relates to enrollee grievances and appeals.

**LME/MCO INTERGOVERNMENTAL TRANSFERS**

**SECTION 9D.8.** The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2019-2020 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	<b>2019-2020</b>	<b>2020-2021</b>
Alliance Behavioral Healthcare	\$2,994,453	\$2,994,453
Cardinal Innovations Healthcare	\$4,032,586	\$4,032,586
Eastpointe	\$1,701,156	\$1,701,156
Partners Behavioral Health Management	\$1,914,860	\$1,914,860
Sandhills Center	\$1,978,939	\$1,978,939
Trillium Health Resources	\$3,119,822	\$3,119,822
Vaya Health	\$2,286,401	\$2,286,401

In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make, taking into consideration the change in catchment area and covered population, provided that the

1 aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal  
2 biennium are achieved.

#### 4 **CO-PAYMENTS FOR MEDICAID SERVICES**

5 **SECTION 9D.9.(a)** Beginning November 1, 2019, the co-payments for Medicaid  
6 services shall be increased to four dollars (\$4.00). This section does not apply to services  
7 provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social  
8 Security Act or to recipients prohibited by federal law from cost-sharing requirements.

9 **SECTION 9D.9.(b)** The Department of Health and Human Services, Division of  
10 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare  
11 and Medicaid Services to implement this section.

#### 13 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

14 **SECTION 9D.10.** The Department of Health and Human Services, Division of  
15 Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of  
16 slots available under the waiver by 150 slots. These additional slots shall be made available on  
17 March 1, 2020.

#### 18 **ADDRESS GROUP HOMES DIRECT SUPPORT PERSONNEL STAFFING CRISIS**

19 **SECTION 9D.11.(a)** ICF/IID Group Homes. – Of the funds appropriated to the  
20 Department of Health and Human Services, Division of Health Benefits (DHB), the sum of five  
21 million six hundred fifty thousand dollars (\$5,650,000) in recurring funds for the 2019-2020  
22 fiscal year and the sum of eleven million three hundred thousand dollars (\$11,300,000) in  
23 recurring funds for the 2020-2021 fiscal year shall be used to adjust the per member per month  
24 (PMPM) capitation amount paid to local management entity/managed care organizations  
25 (LME/MCOs) operating capitated contracts for mental health, intellectual and other development  
26 disabilities, and substance abuse services to include amounts sufficient to increase wages paid to  
27 direct support personnel working in community-based Intermediate Care Facility for Individuals  
28 with Intellectual Disabilities (ICF/IID) group homes for individuals with intellectual and other  
29 developmental disabilities to align the wages paid to these direct support personnel with the  
30 current wages paid to State employees in State-owned developmental centers. Adjustments to the  
31 PMPM capitation amount paid, in accordance with this subsection, shall be implemented no  
32 sooner than January 1, 2020. The following shall apply to PMPM capitation amount adjustments  
33 made under this subsection:

- 34 (1) The adjustments shall be consistent with the North Carolina Medicaid State  
35 Plan requirements to provide for actuarially sound rates sufficient to operate  
36 and provide safe and effective services.
- 37 (2) DHB shall validate the actual amounts necessary to adjust the relevant portion  
38 of the LME/MCO PMPM capitation payment to wages paid to direct support  
39 personnel salaries with current wages paid to State employees in State-owned  
40 developmental centers.
- 41 (3) The adjustments shall be considered directed payments made to LME/MCOs  
42 under 42 C.F.R. § 438.6, in order to assure that the increased amounts are used  
43 for wage increases.
- 44 (4) Providers receiving any increase in funds from LME/MCOs to be used for  
45 wage increases, as required by this subsection, shall attest and provide  
46 verification that those increased funds are being used for the purpose of  
47 increasing wages paid to direct support personnel and employees who support  
48 direct support personnel. LME/MCOs may require verifiable methods of  
49 accounting such as payroll-based journals.
- 50

1 After the implementation of this subsection, DHB shall continue to work with  
2 stakeholders and service providers in order to develop an appropriate methodology, to track  
3 progress towards increasing direct support personnel wages, and to determine if any additional  
4 resources are necessary to achieve alignment of these wages with the current wages paid to State  
5 employees in State-owned developmental centers. Further, DHB shall maximize the ICF/IID  
6 assessment to increase the capitation payment rates for ICF/IIDs. DHB shall use all available  
7 proceeds of the adjusted ICF/IID assessment for the purpose of implementing this subsection.

8 **SECTION 9D.11.(b)** North Carolina Innovations Waiver. – Of the funds  
9 appropriated to the Department of Health and Human Services, Division of Health Benefits  
10 (DHB), the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds shall be  
11 used to conduct an actuarial analysis and a wage and hour study of the North Carolina Innovations  
12 waiver program. This actuarial analysis and study shall aid in determining the appropriate  
13 adjustments to the per-slot service costs that would be necessary to align wages paid to direct  
14 support personnel providing services under the North Carolina Innovations waiver with wages  
15 paid to State employees in State-owned developmental centers. The analysis and study shall be  
16 completed prior to the next local management entity/managed care organization (LME/MCO)  
17 rate negotiation cycle, but no later than January 15, 2020. DHB shall provide a copy of the  
18 analysis and wage and hour study to the Joint Legislative Oversight Committee on Medicaid and  
19 NC Health Choice and the Fiscal Research Division no later than January 15, 2020.

20 Upon completion of the analysis and the wage and hour study, DHB shall draft a plan  
21 that provides for multiyear adjustments, to be phased in over a two- to three-year period, to the  
22 per-slot cap on costs necessary to align wages paid to direct support personnel providing services  
23 under the Innovations waiver with wages paid to State employees working in State-operated  
24 developmental centers. This plan shall require that LME/MCOs and providers receiving an  
25 increase in funds as a result of the adjustments to attest and provide verification that those  
26 increased funds are being used for the purpose of increasing wages paid to direct support  
27 personnel and employees who supervise and support direct support personnel. The plan may  
28 require verifiable methods of accounting such as payroll-based journals.

29 The actuarial analysis conducted and the plan developed under this subsection shall  
30 include all of the following components:

- 31 (1) The average cost per Innovations waiver slot.
- 32 (2) The percent of average Innovations waiver slot costs that are related to labor  
33 costs.
- 34 (3) Current labor costs for direct support personnel providing services through the  
35 Innovations waiver.
- 36 (4) The percent of other indirect and administrative costs related to direct support  
37 personnel providing services through the Innovations waiver.
- 38 (5) Current indirect and administrative costs related to direct support personnel  
39 providing services through the Innovations waiver.
- 40 (6) An accurate number of full-time equivalents (FTEs) for direct support  
41 personnel providing services through the Innovations waiver.
- 42 (7) Current average hourly wage for direct support personnel providing services  
43 through the Innovations waiver.
- 44 (8) The total cost to increase the wages of direct support personnel providing  
45 services through the Innovations waiver to a minimum of fifteen dollars  
46 (\$15.00) per hour, or the current wage paid to State employees working in  
47 State-operated developmental centers.
- 48 (9) Recommended resources necessary to add additional Innovations waiver  
49 slots.
- 50 (10) Recommended resources necessary to increase the wages of direct support  
51 personnel providing services through the Innovations waiver to a minimum of

1 fifteen dollars (\$15.00) per hour, or the current wage paid to State employees  
2 working in State-operated developmental centers.

3 No later than March 1, 2020, DHB shall submit a copy of the plan and any related  
4 recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health  
5 Choice. DHB shall not pursue any State Plan amendments or any changes to the North Carolina  
6 Innovations waiver that would be necessary to increase the wages of direct support personnel  
7 providing services through the Innovations waiver to a minimum of fifteen dollars (\$15.00) per  
8 hour, or the current wage paid to State employees working in State-operated developmental  
9 centers, without further legislation directing the implementation of the wage increase.

10 **SECTION 9D.11.(c) Methodology for Determining Appropriate Wages to be Paid.**

11 – To establish a baseline methodology for determining the appropriate wages to be paid in  
12 accordance with this section, the Department of Health and Human Services, Division of Health  
13 Benefits (DHB), shall use information from the Office of State Human Resources job  
14 classification and wage and hour data for the specific employees working at State-operated  
15 developmental centers who are in comparable job classifications as those direct support  
16 personnel working in community-based Intermediate Care Facility for Individuals with  
17 Intellectual Disabilities (ICF/IID) group homes and those direct support personnel providing  
18 services through the North Carolina Innovations waiver. DHB shall make appropriate  
19 adjustments for health insurance, retirement benefits, and other key factors that drive total labor  
20 costs. DHB shall also take into consideration market-based wage comparisons between direct  
21 support personnel working in community-based ICF/IID group homes and those direct support  
22 personnel providing services through the North Carolina Innovations waiver and State employees  
23 working in the State-operated developmental centers, direct support personnel working in private  
24 work settings, including health care facilities and health services settings, and employees  
25 working in private sector businesses that compete to hire the same employees, such as retail and  
26 fast food. DHB may accept actuarially sound projections of competitive wage and hour data and  
27 other cost data from non-State entities in order to calculate forward-looking wage analysis  
28 formulas and finalize the exact rates needed to meet this urgent need, as required by this section.  
29

30 **DISABLED ADULT CHILD PASSALONG ELIGIBILITY**

31 **SECTION 9D.12.** Effective January 1, 2020, the eligibility requirements for the  
32 Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the  
33 Medicaid program shall consist of only the following four requirements:

- 34 (1) The adult is currently entitled to and receives federal Retirement, Survivors,  
35 and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's  
36 record due to the retirement, death, or disability of a parent.  
37 (2) The adult is blind or has a disability that began before age 22.  
38 (3) The adult would currently be eligible for Supplemental Security Income (SSI)  
39 or State-County Special Assistance if the current RSDI benefit is disregarded.  
40 (4) For eligibility that is based on former receipt of State-County Special  
41 Assistance and not SSI, the adult must currently reside in an adult care home.  
42

43 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM**  
44 **MODIFICATIONS**

45 **SECTION 9D.13.** Except for eligibility categories and income thresholds and except  
46 for statutory changes, the Department of Health and Human Services shall not be required to  
47 maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs  
48 required by this Subpart.  
49

50 **MEDICAID CONTINGENCY RESERVE**

1           **SECTION 9D.14.(a)** Funds in the Medicaid Contingency Reserve established by  
2 Section 12H.38 of S.L. 2014-100 shall be used only for budget shortfalls in the Medicaid  
3 Program. These funds shall be available for expenditure only upon an appropriation by act of the  
4 General Assembly. It is the intent of the General Assembly to appropriate funds from the  
5 Medicaid Contingency Reserve only if:

- 6           (1) The Director of the Budget, after the State Controller has verified that receipts  
7 are being used appropriately, has found that additional funds are needed to  
8 cover a shortfall in the Medicaid budget for the State fiscal year.
- 9           (2) The Director of the Budget has reported immediately to the Fiscal Research  
10 Division on the amount of the shortfall found in accordance with subdivision  
11 (1) of this subsection. This report shall include an analysis of the causes of the  
12 shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii)  
13 unanticipated growth or utilization within particular service areas, (iii) errors  
14 in the data or analysis used to project the Medicaid budget, (iv) the failure of  
15 the program to achieve budgeted savings, (v) other factors and market trends  
16 that have impacted the price of or spending for services, (vi) variations in  
17 receipts from prior years or from assumptions used to prepare the Medicaid  
18 budget for the current fiscal year, or (vii) other factors. The report shall also  
19 include data in an electronic format that is adequate for the Fiscal Research  
20 Division to confirm the amount of the shortfall and its causes.

21           **SECTION 9D.14.(b)** Nothing in this section shall be construed to limit the authority  
22 of the Governor to carry out his duties under the Constitution.

## 23 24 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID** 25 **TRANSFORMATION NEEDS**

26           **SECTION 9D.15.(a)** The Director of the Budget shall include the sum of forty  
27 million one hundred sixty-seven thousand six hundred fifty-five dollars (\$40,167,655) in  
28 recurring funds when developing the base budget, as defined in G.S. 143C-1-1, for the  
29 Department of Health and Human Services, Division of Health Benefits, for each year of the  
30 2021-2023 fiscal biennium.

31           **SECTION 9D.15.(b)** Subject to the fulfillment of conditions specified in subsection  
32 (c) of this section, the sum of fifty-five million eight hundred ninety-eight thousand six hundred  
33 two dollars (\$55,898,602) in nonrecurring funds for the 2019-2020 fiscal year and the sum of  
34 fifty-one million one hundred fifty-one thousand two hundred three dollars (\$51,151,203) in  
35 nonrecurring funds for the 2020-2021 fiscal year from the Medicaid Transformation Fund may  
36 be transferred to the Department of Health and Human Services, Division of Health Benefits  
37 (DHB), for the sole purpose of providing the State share for qualifying needs directly related to  
38 Medicaid Transformation, as required by S.L. 2015-241, as amended. Funds may be transferred  
39 to DHB as qualifying needs arise during the 2019-2021 biennium and need not be transferred in  
40 one lump sum.

41           For the purposes of this section, the term "qualifying need" shall be limited to  
42 information technology, time-limited staffing, and contracts related to the following Medicaid  
43 Transformation needs:

- 44           (1) Enrollment broker services.
- 45           (2) An Electronic Data Interchange and Information Exchange Portal.
- 46           (3) Ombudsman programs.
- 47           (4) Finance and program integrity capabilities.
- 48           (5) Provider credentialing verification.
- 49           (6) Provider data management.
- 50           (7) Other needs identified by DHB as determined in consultation with the Office  
51 of State Budget and Management.

1           **SECTION 9D.15.(c)** A request by the Department of Health and Human Services,  
2 Division of Health Benefits (DHB), for the transfer of funds pursuant to subsection (b) of this  
3 section shall be made to the Office of State Budget and Management (OSBM) and shall include  
4 the amount requested and the specific qualifying need for which the funds are to be used. None  
5 of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM  
6 verifies the following information:

- 7           (1) The amount requested is to be used for a qualifying need in the 2019-2021  
8           biennium.
- 9           (2) The amount requested provides a State share that will not result in total  
10           requirements that exceed two hundred thirty-three million dollars  
11           (\$233,000,000) in the 2019-2020 fiscal year and one hundred ninety-nine  
12           million dollars (\$199,000,000) in the 2020-2021 fiscal year.

13           **SECTION 9D.15.(d)** Any federal funds received in any fiscal year by the  
14 Department of Health and Human Services, Division of Health Benefits (DHB), that represent a  
15 return of State share already expended on a qualifying need related to the funds received by the  
16 DHB under this section shall be deposited into the Medicaid Transformation Fund.  
17

### 18 **TRIBAL OPTION/MEDICAID TRANSFORMATION**

19           **SECTION 9D.16.(a)** The Department of Health and Human Services may contract  
20 with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined  
21 under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care-related  
22 services to Medicaid and NC Health Choice beneficiaries who are members of federally  
23 recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or  
24 health care-related services as agreed upon with the IMCE or IHCP, as approved by the Secretary  
25 of the Department of Health and Human Services and as allowed by the Centers for Medicare  
26 and Medicaid Services (CMS), including, but not limited to, the following services:

- 27           (1) Primary care case management as a primary care case managed system or  
28           entity, as described in 42 C.F.R. § 438.2.
- 29           (2) Utilization management and referrals.
- 30           (3) The management of or provision of home and community-based services  
31           under a 1915(c) waiver.
- 32           (4) The management or provision of specialized services covered by a BH IDD  
33           Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L.  
34           2015-245, as amended by S.L. 2018-48.

35           Coverage provided by the IMCE or IHCP may be more permissive, but no more  
36 restrictive, than Medicaid or an NC Health Choice medical coverage policy adopted or amended  
37 by the Department of Health and Human Services in accordance with G.S. 108A-54.2.

38           **SECTION 9D.16.(b)** Subdivision 5 of Section 4 of S.L. 2015-245, as amended by  
39 Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

- 40           "(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all  
41           Medicaid and NC Health Choice program aid categories except for the  
42           following categories:

43           ...

- 44           e. Members of federally recognized tribes. Members of federally  
45           recognized tribes shall have the option to enroll voluntarily in PHPs.

46           e1. Eligible recipients who are enrolled in a DHHS-contracted Indian  
47           managed care entity, as defined in 42 C.F.R. § 438.14(a). Eligible  
48           recipients who are enrolled in a DHHS-contracted Indian managed  
49           care entity shall have the option to enroll voluntarily in PHPs.

50           ...."

1           **SECTION 9D.16.(c)** The Department of Health and Human Services is authorized  
2 to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or  
3 any amendments thereto, to implement the provisions of this section.  
4

5           **REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID**  
6           **TRANSFORMATION**

7           **SECTION 9D.17.** Section 12H.12(b) of S.L. 2014-100 and Section 12H.23 of S.L.  
8 2015-241, as amended by Section 88 of S.L. 2015-264, are repealed.  
9

10           **REVISED AND NEW HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS,**  
11           **AND DIRECTED PAYMENTS**

12           **SECTION 9D.18.(a)** Effective October 1, 2019, Article 7 of Chapter 108A of the  
13 General Statutes is repealed.

14           **SECTION 9D.18.(b)** Effective October 1, 2019, Chapter 108A of the General  
15 Statutes is amended by adding a new Article to read:

16   "Article 7A.

17   "Hospital Assessment Act.

18   "Part 1. General.

19           **"§ 108A-130. Short title and purpose.**

20           This Article shall be known as the "Hospital Assessment Act." This Article does not authorize  
21 a political subdivision of the State to license a hospital for revenue or impose a tax or assessment  
22 on a hospital.

23           **"§ 108A-131. Definitions.**

24           The following definitions apply in this Article:

25           (1) Base assessment. – The assessment payable under G.S. 108A-142.

26           (2) CMS. – Centers for Medicare and Medicaid Services.

27           (3) Critical access hospital. – Defined in 42 C.F.R. § 400.202.

28           (4) Department. – The Department of Health and Human Services.

29           (5) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.

30           (6) Public hospital. – A hospital that certifies its public expenditures to the  
31 Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which  
32 the assessment applies.

33           (7) Secretary. – The Secretary of Health and Human Services.

34           (8) State annual Medicaid payment. – An amount equal to one hundred ten million  
35 dollars (\$110,000,000) for State fiscal year 2019-2020, increased each year  
36 over the prior year's payment by the percentage specified as the Medicare  
37 Market Basket Index less productivity most recently published in the Federal  
38 Register.

39           (9) Supplemental assessment. – The assessment payable under G.S. 108A-141.

40           (10) Total hospital costs. – The costs as calculated using the most recent available  
41 Hospital Cost Report Information System's cost report data available through  
42 CMS or other comparable data, including both inpatient and outpatient  
43 components, for all hospitals that are not exempt from the applicable  
44 assessment.

45           **"§ 108A-132. Due dates and collections.**

46           (a) Beginning October 1, 2019, assessments under this Article are due quarterly in the  
47 time and manner prescribed by the Secretary and shall be considered delinquent if not paid within  
48 seven calendar days of this due date.

49           (b) With respect to any hospital owing a past due assessment amount under this Article,  
50 the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments

1 otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good  
2 cause shown.

3 (c) In the event the data necessary to calculate an assessment under this Article is not  
4 available to the Secretary in time to impose the quarterly assessments for a payment year, the  
5 Secretary may defer the due date for the assessment to a subsequent quarter.

6 **"§ 108A-133. Assessment appeals.**

7 A hospital may appeal a determination of the assessment amount owed through a  
8 reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation  
9 to pay an assessment amount when due.

10 **"§ 108A-134. Allowable costs; patient billing.**

11 (a) Assessments paid under this Article may be included as allowable costs of a hospital  
12 for purposes of any applicable Medicaid reimbursement formula, except that assessments paid  
13 under this Article shall be excluded from cost settlement.

14 (b) Assessments imposed under this Article may not be added as a surtax or assessment  
15 on a patient's bill.

16 **"§ 108A-135. Rule-making authority.**

17 The Secretary may adopt rules to implement this Article.

18 **"§ 108A-136. Repeal.**

19 If CMS determines that an assessment under this Article is impermissible or revokes approval  
20 of an assessment under this Article, then that assessment shall not be imposed and the  
21 Department's authority to collect the assessment is repealed.

22 "Part 2. Supplemental and Base Assessments.

23 **"§ 108A-140. Applicability.**

24 (a) The assessments imposed under this Part apply to all licensed North Carolina  
25 hospitals, except as provided in this section.

26 (b) The following hospitals are exempt from both the supplemental assessment and the  
27 base assessment:

28 (1) Critical access hospitals.

29 (2) Freestanding psychiatric hospitals.

30 (3) Freestanding rehabilitation hospitals.

31 (4) Long-term care hospitals.

32 (5) State-owned and State-operated hospitals.

33 (6) The primary affiliated teaching hospital for each University of North Carolina  
34 medical school.

35 (c) Public hospitals are exempt from the supplemental assessment.

36 **"§ 108A-141. Supplemental assessment.**

37 (a) The supplemental assessment shall be a percentage, established by the General  
38 Assembly, of total hospital costs.

39 (b) The Department shall propose the rate of the supplemental assessment to be imposed  
40 under this section when the Department prepares its budget request for each upcoming fiscal  
41 year. The Governor shall submit the Department's proposed supplemental assessment rate to the  
42 General Assembly each fiscal year.

43 (c) The Department shall base the proposed supplemental assessment rate on all of the  
44 following factors:

45 (1) The percentage change in aggregate payments to hospitals subject to the  
46 supplemental assessment for Medicaid and NC Health Choice enrollees,  
47 excluding hospital access payments made under 42 C.F.R. § 438.6, as  
48 demonstrated in data from prepaid health plans and the State, as determined  
49 by the Department.

50 (2) Any changes in the federal medical assistance percentage rate applicable to  
51 the Medicaid or NC Health Choice programs for the applicable year.

1 (d) The rate for the supplemental assessment for each taxable year shall be the percentage  
2 rate set by law by the General Assembly.

3 **"§ 108A-142. Base assessment.**

4 (a) The base assessment shall be a percentage, established by the General Assembly, of  
5 total hospital costs.

6 (b) The Department shall propose the rate of the base assessment to be imposed under  
7 this section when the Department prepares its budget request for each upcoming fiscal year. The  
8 Governor shall submit the Department's proposed base assessment rate to the General Assembly  
9 each fiscal year.

10 (c) The Department shall base the proposed base assessment rate on all of the following  
11 factors:

12 (1) The change in the State's annual Medicaid payment for the applicable year.

13 (2) The percentage change in aggregate payments to hospitals subject to the base  
14 assessment for Medicaid and NC Health Choice enrollees, excluding hospital  
15 access payments made under 42 C.F.R § 438.6, as demonstrated in data from  
16 prepaid health plans and the State, as determined by the Department.

17 (3) Any changes in the federal medical assistance percentage rate applicable to  
18 the Medical or NC Health Choice programs for the applicable year.

19 (4) Any changes as determined by the Department in (i) reimbursement under the  
20 Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R  
21 § 438.6 for which the nonfederal share is not funded by General Fund  
22 appropriations, and (iii) reimbursement under the NC Health Choice program.

23 (d) The rate for the base assessment for each taxable year shall be the percentage rate set  
24 by law by the General Assembly.

25 **"§ 108A-143. Payment from other hospitals.**

26 If a hospital that is exempt from both the base and supplemental assessments under this Part  
27 (i) makes an intergovernmental transfer to the Department to be used to draw down matching  
28 federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March  
29 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional  
30 amount shall be a percentage of the amount of funds that (i) would be transferred to the State  
31 through such an intergovernmental transfer and (ii) are to be used to match additional federal  
32 funds that the exempt hospital is able to receive because of the acquired, merged, leased, or  
33 managed hospital. That percentage shall be calculated by dividing the amount of the State's  
34 annual Medicaid payment by the total amount collected under the base assessment under  
35 G.S. 108A-142.

36 **"§ 108A-144. Use of funds.**

37 The proceeds of the assessments imposed under this Part, and all corresponding matching  
38 federal funds, must be used to make the State's annual Medicaid payment to the State, to fund  
39 payments to hospitals made directly by the Department, to fund a portion of capitation payments  
40 to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate  
41 medical education payments."

42 **SECTION 9D.18.(c)** The percentage rate to be used in calculating the supplemental  
43 assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is three percent  
44 (3%) for the taxable year October 1, 2019, through September 30, 2020.

45 **SECTION 9D.18.(d)** The percentage rate to be used in calculating the base  
46 assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is three percent  
47 (3%) for the taxable year October 1, 2019, through September 30, 2020.

48 **SECTION 9D.18.(e)** The Department of Health and Human Services shall revise the  
49 supplemental payment program for eligible medical professional providers described in the  
50 Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section.  
51 This payment program shall be called the Average Commercial Rate Supplemental and Directed

1 Payment Program. Effective October 1, 2019, the following two changes to the program shall be  
2 implemented:

- 3 (1) The program shall no longer utilize a limit on the number of eligible medical  
4 professional providers that may be reimbursed through the program, and  
5 instead shall utilize a limit on the total payments made under the program.
- 6 (2) Payments under the program shall consist of two components: (i)  
7 supplemental payments that increase reimbursement to the average  
8 commercial rate under the State Plan and (ii) directed payments that increase  
9 reimbursement to the average commercial rate under the managed care  
10 system.

11 **SECTION 9D.18.(f)** The limitation on total payments made under the Average  
12 Commercial Rate Supplemental and Directed Payment Program for eligible medical professional  
13 providers shall apply to the combined amount of payments made as supplemental payments under  
14 the State Plan and payments made as directed payments under the managed care system and shall  
15 be based on the amount of supplemental payments made during the 2018-2019 fiscal year as  
16 follows:

- 17 (1) For services provided during the period October 1, 2019, through June 30,  
18 2020, the total annual supplemental and directed payments made under the  
19 Average Commercial Rate Supplemental and Directed Payment Program shall  
20 not exceed seventy-five percent (75%) of the gross supplemental payments  
21 made to eligible medical providers during the 2018-2019 fiscal year.
- 22 (2) For services provided on or after July 1, 2020, the total annual supplemental  
23 and directed payments made under the Average Commercial Rate  
24 Supplemental and Directed Payment Program shall not exceed one hundred  
25 percent (100%) of the gross supplemental payments made to eligible medical  
26 providers during the 2018-2019 fiscal year, increased at the start of each State  
27 fiscal year by an inflation factor determined by the Department of Health and  
28 Human Services, Division of Health Benefits.

29 **SECTION 9D.18.(g)** Consistent with the existing supplemental payment program  
30 for eligible medical professional providers, the Department of Health and Human Services shall  
31 limit the total amount of supplemental and directed payments that may be received by the eligible  
32 providers affiliated with East Carolina University Brody School of Medicine and University of  
33 North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental  
34 payments and directed payments shall not be made for services provided in Wake County.

35 **SECTION 9D.18.(h)** The Department of Health and Human Services is not  
36 authorized to make any modifications to the supplemental payment program for eligible medical  
37 professional providers, except as authorized in subsections (e) through (g) of this section.

38 **SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100  
39 is repealed.

40 **SECTION 9D.18.(j)** The Department of Health and Human Services shall create the  
41 Medicare Rate Supplemental and Directed Payment Program. Payments under the program shall  
42 consist of two components: (i) supplemental payments made to eligible professionals that  
43 increase reimbursement to the Medicare rate under the State Plan and (ii) directed payments made  
44 to eligible professionals that increase reimbursement to the Medicare rate under the managed  
45 care system. No Medicare rate supplemental or directed payment shall be made for any service  
46 for which an average commercial rate supplemental or directed payment is made. Professionals  
47 eligible to receive payments under this program shall include Medicaid-enrolled North Carolina  
48 physicians, advance care practitioners, and other related professionals, who are employed or  
49 contracted by any of the following:

- 50 (1) State-operated schools of medicine.
- 51 (2) The University of North Carolina Health Care System.

- 1 (3) University Health Systems of Eastern Carolina, doing business as Vidant  
2 Health.
- 3 (4) Any entity controlled by or under common control with a hospital that  
4 qualifies to certify expenditures or a public hospital. For the purposes of this  
5 subdivision, common control includes common operational control.
- 6 (5) Any entity controlled by or under common control with a hospital that is not  
7 exempt from the supplemental assessment under G.S. 108A-140. For the  
8 purposes of this subdivision, common control includes common operational  
9 control.
- 10 (6) The faculty practice plan associated with Duke University.

11 The Department shall further condition eligibility for contracted eligible professionals  
12 upon a demonstration that the contracts account for at least eighty percent (80%) of net  
13 professional fees from commercial payers or that the contracts address the overall financial risk  
14 of the professional's practice or group.

15 **SECTION 9D.18.(k)** Article 7A of Chapter 108A of the General Statutes, as enacted  
16 by subsection (b) of this section, is amended by adding a new Part to read:

17 "Part 3. Professional Assessment.

18 **"§ 108A-150. Applicability.**

19 The professional assessment imposed under this Part applies to all licensed North Carolina  
20 hospitals, except for the following hospitals:

- 21 (1) Critical access hospitals.
- 22 (2) Freestanding psychiatric hospitals.
- 23 (3) Freestanding rehabilitation hospitals.
- 24 (4) Hospitals owned by the University Health Systems of Eastern Carolina, doing  
25 business as Vidant Health.
- 26 (5) Hospitals owned by the University of North Carolina Health Care System.
- 27 (6) Long-term care hospitals.
- 28 (7) Public hospitals.
- 29 (8) State-owned and State-operated hospitals.

30 **"§ 108A-151. Professional assessment.**

31 (a) The professional assessment shall be a percentage, established by the General  
32 Assembly, of total hospital costs.

33 (b) The Department shall propose the rate of the professional assessment to be imposed  
34 under this section when the Department prepares its budget request for each upcoming fiscal  
35 year. The Governor shall submit the Department's proposed professional assessment rate to the  
36 General Assembly each fiscal year.

37 (c) The Department shall base the proposed professional assessment rate on all of the  
38 following factors:

- 39 (1) The percentage change in aggregate payments to hospitals subject to the  
40 professional assessment for Medicaid and NC Health Choice enrollees,  
41 excluding hospital access payments made under 42 C.F.R § 438.6, as  
42 demonstrated in data from prepaid health plans and the State, as determined  
43 by the Department.
- 44 (2) Any required increases or decreases in the Medicare rate supplemental or  
45 directed payments.
- 46 (3) Any changes in the federal medical assistance percentage rate applicable to  
47 the Medicaid or NC Health Choice programs for the applicable year.

48 (d) The rate for the professional assessment for each taxable year shall be the percentage  
49 rate set by law by the General Assembly.

50 **"§ 108A-152. Use of funds.**

1       The proceeds of the assessment imposed under this Part, and all corresponding matching  
2 federal funds, must be used to fund a portion of fee-for-service Medicare rate supplemental  
3 payments to professionals made directly by the Department and to fund a portion of capitation  
4 Medicare rate directed payments to prepaid health plans."

5       **SECTION 9D.18.(l)** The percentage rate to be used in calculating the professional  
6 assessment under G.S. 108A-151, as enacted in subsection (k) of this section, is three percent  
7 (3%) for the taxable year October 1, 2019, through September 30, 2020.

8       **SECTION 9D.18.(m)** The Department of Health and Human Services shall submit  
9 a State Plan amendment, or other necessary documents, to the Centers for Medicare and Medicaid  
10 (CMS) to implement the Medicare Rate Supplemental and Directed Payment Program and the  
11 Professional Assessment, required under subsections (j) and (k) of this section. Upon approval  
12 by CMS, the Office of State Budget and Management (OSBM) shall certify whether the  
13 implementation of the Medicare Rate Supplemental and Directed Payment Program and the  
14 Professional Assessment is expected to result in total spending under the 1115 waiver that  
15 exceeds the budget neutrality limit during the demonstration period. The Department shall not  
16 make any Medicare rate supplemental or directed payments or collect any professional  
17 assessments unless and until OSBM certifies that the budget neutrality limit is not expected to be  
18 exceeded.

19       **SECTION 9D.18.(n)** Subsections (k) and (l) of this section are effective upon  
20 certification by the Office of State Budget and Management (OSBM) that the implementation of  
21 the Medicare Rate Supplemental and Directed Payment Program and the Professional  
22 Assessment is not expected to result in total spending under the 1115 waiver that exceeds the  
23 budget neutrality limit during the demonstration period. If OSBM certifies that the budget  
24 neutrality limit is not expected to be exceeded, then the Department of Health and Human  
25 Services shall notify the Revisor of Statutes of the certification and shall post the certification on  
26 its Web site.

27       **SECTION 9D.18.(o)** If at any point during the operation of the 1115 waiver, CMS  
28 determines that the budget neutrality limit in the waiver has been reached, then (i) the Department  
29 of Health and Human Services shall immediately discontinue the Medicare Rate Supplemental  
30 and Directed Payment Program, (ii) Part 3 of Article 7A of Chapter 108A of the General Statutes  
31 is repealed, and (iii) the Department shall notify the Revisor of Statutes of CMS's determination.

32       **SECTION 9D.18.(p)** Except as otherwise provided, this section is effective July 1,  
33 2019.

## 34 **PART IX-E. HEALTH SERVICE REGULATION**

### 35 **FUNDS TO CONTINUE COMMUNITY PARAMEDICINE PILOT PROGRAM**

36  
37       **SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and  
38 Human Services, Division of Health Service Regulation, the sum of three hundred fifty thousand  
39 dollars (\$350,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of three  
40 hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2020-2021 fiscal year  
41 shall be used to continue the community paramedicine pilot program authorized in Section  
42 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94, as follows:

- 44       (1) The sum of two hundred ten thousand dollars (\$210,000) in nonrecurring  
45 funds for each year of the fiscal biennium shall be allocated to the New  
46 Hanover Regional Emergency Medical Services site.
- 47       (2) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each  
48 year of the fiscal biennium shall be allocated to the McDowell County  
49 Emergency Medical Services site.

- 1 (3) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each  
2 year of the fiscal biennium shall be allocated to the Wake County Emergency  
3 Medical Services site.

4 The focus of this community paramedicine pilot program shall continue to be  
5 expansion of the role of paramedics to allow for community-based initiatives that result in  
6 providing care that avoids nonemergency use of emergency rooms and 911 services and  
7 avoidance of unnecessary admissions into health care facilities.

8 **SECTION 9E.1.(b)** The participation requirements, objectives, standards, and  
9 required outcomes for the pilot program shall remain the same as established pursuant to Section  
10 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

11 **SECTION 9E.1.(c)** By November 1, 2021, the Department of Health and Human  
12 Services shall submit an updated report on the community paramedicine pilot program to the  
13 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
14 Division. At a minimum, the updated report shall include all of the following:

- 15 (1) Any updated version of the evaluation plan required by subsection (d) of  
16 Section 12A.12 of S.L. 2015-241.  
17 (2) An estimate of the cost to expand the program incrementally and statewide.  
18 (3) An estimate of any potential savings of State funds associated with expansion  
19 of the program.  
20 (4) If expansion of the program is recommended, a time line for expanding the  
21 program.  
22

### 23 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

24 **SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,  
25 the Department of Health and Human Services, Division of Health Service Regulation, shall not  
26 issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This  
27 prohibition shall not restrict the Department of Health and Human Services from doing any of  
28 the following:

- 29 (1) Issuing a license to a facility that is acquiring an existing special care unit.  
30 (2) Issuing a license for a special care unit in any area of the State upon a  
31 determination by the Secretary of the Department of Health and Human  
32 Services that increased access to this type of care is necessary in that area  
33 during the moratorium imposed by this section.  
34 (3) Processing all completed applications for special care unit licenses received  
35 by the Division of Health Service Regulation along with the applicable license  
36 fee prior to June 1, 2013.  
37 (4) Issuing a license to a facility that was in possession of a certificate of need as  
38 of July 31, 2013, that included authorization to operate special care unit beds.

39 **SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a  
40 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
41 Research Division by March 1, 2021, containing at least the following information:

- 42 (1) The number of licensed special care units in the State.  
43 (2) The capacity of the currently licensed special care units to serve people in  
44 need of their services.  
45 (3) The anticipated growth in the number of people who will need the services of  
46 a licensed special care unit.  
47 (4) The number of applications received from special care units seeking licensure  
48 as permitted by this section and the number of those applications that were not  
49 approved.  
50

**PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES**

**SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

**SECTION 9F.1.(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, the 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 9F.1.(b)** The DMH/DD/SAS shall allocate the recurring reduction for single-stream funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, among the LME/MCOs as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Alliance Behavioral Healthcare	(\$5,298,693)	(\$5,298,693)
Cardinal Innovations Healthcare	(\$9,640,838)	(\$9,640,838)
Eastpointe	(\$2,966,226)	(\$2,966,226)
Partners Behavioral Health Management	(\$3,904,081)	(\$3,904,081)
Sandhills Center	(\$3,509,283)	(\$3,509,283)
Trillium Health Resources	(\$5,759,070)	(\$5,759,070)
Vaya Health	(\$5,362,704)	(\$5,362,704)
Total	(\$36,440,895)	(\$36,440,895)

By March 1, 2020, the Secretary of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a proposal for any adjustments to the specified recurring reductions among the LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting any proposed changes.

**SECTION 9F.1.(c)** If, on or after June 1, 2020, the Office of State Budget and Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2019-2020 fiscal year, then the Department of Health and Human Services, Division of Health Benefits (DHB), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

If, on or after June 1, 2021, the OSBM certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2018-2019, then the DHB may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on the individual LME/MCO's percentage of recurring reductions in single-stream funding for the fiscal year, as required by subsection (b) of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year.

**SECTION 9F.1.(d)** The Department of Health and Human Services shall develop a maintenance of effort (MOE) spending requirement for all mental health and substance abuse

1 services which must be maintained using nonfederal, State appropriations on an annual basis in  
2 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the  
3 MOE spending requirement is met using State appropriations.  
4

#### 5 **FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

6 **SECTION 9F.2.(a)** Use of Funds. – Of the funds appropriated to the Department of  
7 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
8 Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one  
9 thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2019-2020 fiscal  
10 year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars  
11 (\$40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase  
12 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or  
13 through local management entities/managed care organizations (LME/MCOs). The Department  
14 shall continue to implement a two-tiered system of payment for purchasing these local inpatient  
15 psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient  
16 psychiatric beds or bed days for individuals with higher acuity levels, as defined by the  
17 Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for  
18 individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day  
19 among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and  
20 Human Services, existing funds allocated to LME/MCOs for community-based mental health,  
21 developmental disabilities, and substance abuse services may be used to purchase additional local  
22 inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of  
23 local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated  
24 or otherwise available to the Department for the purchase of inpatient psychiatric services  
25 through contracts with local hospitals.

26 **SECTION 9F.2.(b)** Distribution and Management of Beds or Bed Days. – Except as  
27 provided in this subsection, the Department shall work to ensure that any local inpatient  
28 psychiatric beds or bed days purchased in accordance with this section are utilized solely for  
29 individuals who are medically indigent, as defined in this subsection. In addition, the Department  
30 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
31 with this section are distributed across the State in LME/MCO catchment areas and according to  
32 need as determined by the Department. The Department shall ensure that beds or bed days for  
33 individuals with higher acuity levels are distributed across the State in LME/MCO catchment  
34 areas and according to greatest need based on hospital bed utilization data. The Department shall  
35 enter into contracts with LME/MCOs and local hospitals for the management of these beds or  
36 bed days. The Department shall work to ensure that these contracts are awarded equitably around  
37 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric  
38 beds or bed days, including the determination of the specific local hospital or State psychiatric  
39 hospital to which an individual should be admitted pursuant to an involuntary commitment order.

40 The Department may use up to ten percent (10%) of the funds allocated in this section  
41 for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and  
42 nonhospital detoxification services for individuals in need of these services, regardless if the  
43 individuals are medically indigent, defined as uninsured persons who (i) are financially unable  
44 to obtain private insurance coverage as determined by the Department and (ii) are not eligible for  
45 government-funded health coverage such as Medicare or Medicaid.

46 **SECTION 9F.2.(c)** Funds to Be Held in Statewide Reserve. – Funds appropriated to  
47 the Department for the purchase of local inpatient psychiatric beds or bed days shall not be  
48 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
49 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
50 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
51 for payment to the Department within 15 working days after receipt of a clean claim from the

1 hospital and shall pay the hospital within 30 working days after receipt of payment from the  
2 Department.

3 **SECTION 9F.2.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
4 the Department determines that (i) an LME/MCO is not effectively managing the beds or bed  
5 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not  
6 being utilized while demand for services at the State psychiatric hospitals has not decreased, or  
7 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of  
8 this section, the Department may contract with another LME/MCO to manage the beds or bed  
9 days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

10 **SECTION 9F.2.(e)** Reporting by LME/MCOs. – The Department shall establish  
11 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

12 **SECTION 9F.2.(f)** Reporting by Department. – By no later than December 1, 2020,  
13 and by no later than December 1, 2021, the Department shall report to the Joint Legislative  
14 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of  
15 the following:

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

### 34 **TRAUMATIC BRAIN INJURY FUNDING**

35 **SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health  
36 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
37 Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred  
38 seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2019-2020  
39 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars  
40 (\$2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support  
41 TBI services as follows:

- 42 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars  
43 (\$359,218) shall be used to fund contracts with the Brain Injury Association  
44 of North Carolina, Carolinas Rehabilitation, or appropriate service providers  
45 to assist families in accessing the continuum of care and to provide  
46 educational programs on brain injury prevention, intervention, and care.
- 47 (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars  
48 (\$2,013,868) shall be used to (i) support residential programs across the State  
49 that are specifically designed to serve individuals with TBI and (ii) support  
50 requests submitted by individual consumers for assistance with services such  
51

1 as, but not limited to, residential supports, home modifications, transportation,  
2 and other requests deemed necessary by the consumer's local management  
3 entity/managed care organization.  
4

#### 5 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

6 **SECTION 9F.4.** Any funds allocated to the Department of Health and Human  
7 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
8 from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to  
9 Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not  
10 expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property  
11 Fund.  
12

#### 13 **FUNDS FOR NEW BROUGHTON HOSPITAL**

14 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health  
15 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
16 Abuse Services, for the new Broughton Hospital for the 2020-2021 fiscal year, the sum of up to  
17 eight million seven hundred sixty-nine thousand six hundred fifty-five dollars (\$8,769,655) in  
18 recurring funds shall be used only for the following purposes: (i) the creation of no more than 60  
19 full-time equivalent positions assigned to the new Broughton Hospital, (ii) costs directly related  
20 to planning for and transitioning patients from the old Broughton Hospital to the new Broughton  
21 Hospital, and (iii) operational costs for new beds at the new Broughton Hospital.  
22

#### 23 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

24 **SECTION 9F.6.(a)** As used in this section, "group home" means any facility that (i)  
25 is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised  
26 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves  
27 adults whose primary diagnosis is mental illness or a developmental disability but may also have  
28 other diagnoses.

29 **SECTION 9F.6.(b)** Of the funds appropriated to the Department of Health and  
30 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
31 Services, the sum of eight million dollars (\$8,000,000) in nonrecurring funds for the 2019-2020  
32 fiscal year shall be used to provide temporary, short-term financial assistance in the form of a  
33 monthly payment to group homes on behalf of each resident who meets all of the following  
34 criteria:

- 35 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
36 January 1, 2013, but was determined to be ineligible for PCS on or after  
37 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria  
38 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of  
39 S.L. 2012-145 and Section 70 of S.L. 2012-194.
- 40 (2) Has continuously resided in a group home since December 31, 2012.

41 **SECTION 9F.6.(c)** These monthly payments shall be subject to all of the following  
42 requirements and limitations:

- 43 (1) The amount of the monthly payments authorized by this section shall not  
44 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
45 for each resident who meets all criteria specified in subsection (b) of this  
46 section.
- 47 (2) A group home that receives the monthly payments authorized by this section  
48 shall not, under any circumstances, use these payments for any purpose other  
49 than providing, as necessary, supervision and medication management for a  
50 resident who meets all criteria specified in subsection (b) of this section.

- 1 (3) The Department shall make monthly payments authorized by this section to a  
2 group home on behalf of each resident who meets all criteria specified in  
3 subsection (b) of this section only for the period commencing July 1, 2019,  
4 and ending June 30, 2020, or upon depletion of the eight million dollars  
5 (\$8,000,000) in nonrecurring funds appropriated in this act to the Division of  
6 Mental Health, Developmental Disabilities, and Substance Abuse Services,  
7 for supplemental short-term assistance for group homes, for the 2019-2020  
8 fiscal year for the purpose of this section, whichever is earlier.
- 9 (4) The Department shall make monthly payments authorized by this section only  
10 to the extent sufficient funds are available from the eight million dollars  
11 (\$8,000,000) in nonrecurring funds appropriated in this act to the Division of  
12 Mental Health, Developmental Disabilities, and Substance Abuse Services,  
13 for supplemental short-term assistance for group homes, for the 2019-2020  
14 fiscal year for the purpose of this section.
- 15 (5) The Department shall not make monthly payments authorized by this section  
16 to a group home on behalf of a resident during the pendency of an appeal by  
17 or on behalf of the resident under G.S. 108A-70.9A.
- 18 (6) The Department shall terminate all monthly payments pursuant to this section  
19 on June 30, 2020, or upon depletion of the eight million dollars (\$8,000,000)  
20 in nonrecurring funds appropriated in this act to the Division of Mental Health,  
21 Developmental Disabilities, and Substance Abuse Services, for supplemental  
22 short-term assistance for group homes, for the 2019-2020 fiscal year for the  
23 purpose of this section, whichever is earlier.
- 24 (7) Each group home that receives the monthly payments authorized by this  
25 section shall submit to the Department a list of all funding sources for the  
26 operational costs of the group home for the preceding two years, in accordance  
27 with the schedule and format prescribed by the Department.

28 **SECTION 9F.6.(d)** The Department shall use an existing mechanism to administer  
29 these funds in the least restrictive manner that ensures compliance with this section and timely  
30 and accurate payments to group homes. The Department shall not, under any circumstances, use  
31 any portion of the eight million dollars (\$8,000,000) in nonrecurring funds appropriated in this  
32 act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
33 for supplemental short-term assistance for group homes, for the 2019-2020 fiscal year for any  
34 other purpose than the purpose specified in this section.

35 **SECTION 9F.6.(e)** Nothing in this section shall be construed as an obligation by the  
36 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by  
37 any group home, resident of a group home, or other person to receive temporary, short-term  
38 financial assistance under this section.

39 **SECTION 9F.6.(f)** The funds allocated to the Department of Health and Human  
40 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
41 in this section shall not revert at the end of the 2019-2020 fiscal year but shall be available to be  
42 used for the Group Home Stabilization and Transition Initiative established in Section 9F.7 of  
43 this act.

#### 44 **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

45 **SECTION 9F.7.(a)** This section shall be known as the "Group Home Stabilization  
46 and Transition Initiative."

47 **SECTION 9F.7.(b)** Of the funds appropriated to the Department of Health and  
48 Human Services, Division of Mental Health, Developmental Disabilities, and Substances Abuse  
49 Services, the sum of twenty-three million dollars (\$23,000,000) in nonrecurring funds for the  
50 2020-2021 fiscal year for the following purposes only:  
51

- 1 (1) Incentivizing local management entities/managed care organizations  
2 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other  
3 Medicaid-funded services, to support the residential needs of Medicaid  
4 recipients living in licensed, community-based group homes.
- 5 (2) Establishing new rate models and rate methodologies to replace the currently  
6 inadequate and insufficient State-funded rates supporting residents of  
7 licensed, community-based group homes. DHHS shall identify any vacant  
8 beds and eligible individuals to fill those beds under the new rate models and  
9 rate methodologies and assist with the orderly transition of the eligible  
10 individuals into the vacant beds.
- 11 (3) Increasing the existing per member per month payments to LME/MCOs for  
12 the 2020-2021 fiscal year to quickly enable and facilitate the transition to a  
13 more appropriate and sustainable service-funding model for licensed,  
14 community-based group homes by January 1, 2021. Funds expended under  
15 this subdivision shall be allocated in per-person amounts, to be determined by  
16 DHHS, to individuals with intellectual or other developmental disabilities  
17 who received State funding prior to January 1, 2021, and who reside in  
18 licensed, community-based group homes for eligible individuals with  
19 intellectual and other developmental disabilities.
- 20 (4) Continuing the existing rate structure at the per-person amounts for the  
21 2019-2020 fiscal year to offset the loss of bridge funds and maintain the  
22 current financial conditions of licensed, community-based group homes that  
23 serve adults whose primary diagnosis is mental illness or an intellectual or  
24 developmental disability.

25 Residents of group homes who are supported by the North Carolina Innovations  
26 Waiver are not eligible to receive any funding under this subsection.

27 **SECTION 9F.7.(c)** DHHS shall develop a more appropriate and sustainable service  
28 model for residents of licensed, community-based group homes. In developing this service  
29 model, DHHS shall do all of the following:

- 30 (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound,  
31 needs-based rate model and rate methodologies for new "in-lieu-of" services,  
32 or other Medicaid-funded services, that will be specific to the residential  
33 support services needed in group homes serving Medicaid recipients with  
34 intellectual or other developmental disabilities and to residential support  
35 services needed in group homes serving Medicaid recipients with a primary  
36 diagnosis of mental illness. The rate methodologies shall be comparable to, or  
37 a percentage of, existing rates for similar services currently provided through  
38 the North Carolina Innovations Waiver. The new rate structures shall include  
39 wage and hour increases for direct support personnel working in these group  
40 homes.
- 41 (2) In cooperation with stakeholders and LME/MCOs, develop new model  
42 service definitions specific to the residential support services needed by  
43 Medicaid recipients with mental health needs living in licensed,  
44 community-based group homes. The new service definitions shall require the  
45 delivery of new habilitation or rehabilitation support services in the residential  
46 setting.
- 47 (3) Develop a process whereby all, or a portion of, the State funds used to support  
48 Medicaid recipients with mental illness or intellectual or other developmental  
49 disabilities living in licensed, community-based group homes prior to the  
50 implementation of the new rate structure are used for the new "in-lieu-of"  
51 services or other Medicaid services developed pursuant to this subsection. The

1 policy shall ensure an orderly home-by-home transition process. The policy  
2 shall ensure that residents who are found to be ineligible for Medicaid services  
3 or who do not meet medical necessity criteria for the new "in-lieu-of" services,  
4 or other Medicaid-funded services, shall continue to be served using State  
5 funds at a needs-based rate comparable to the North Carolina Innovations  
6 Waiver rate. No resident shall be displaced as a result of being found ineligible  
7 for Medicaid services after the implementation of the new "in-lieu-of"  
8 services or other Medicaid-funded services. DHHS may use a regional  
9 phased-in approach to achieve the goals set forth in this subdivision.

- 10 (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or  
11 other Medicaid-funded services for all eligible residents with mental illness or  
12 intellectual or other developmental disabilities living in licensed,  
13 community-based group homes receiving State funds and (ii) transition  
14 eligible residents to these more sustainable and appropriate Medicaid services.  
15 (5) No later than November 1, 2020, report to the Joint Legislative Oversight  
16 Committee on Health and Human Services and the Joint Legislative Oversight  
17 Committee on Medicaid and NC Health Choice on the service model for  
18 residents of licensed, community-based group homes that has been developed.  
19 The model shall be implemented by January 1, 2021. Once the model is  
20 implemented, the State funds that were used to support residents of licensed,  
21 community-based group homes prior to implementation shall be reinvested in  
22 their entirety in both the new funding model and increased rates to support  
23 and equalize wages of direct support personnel serving the residents. The  
24 reinvested State funds match plus the federal funds portion of the new services  
25 shall be annualized and become a part of the prepaid health plan per member  
26 per month amount.

27 **SECTION 9F.7.(d)** The more appropriate and sustainable service model for  
28 residents of licensed, community-based group homes developed in accordance with subsection  
29 (c) of this section shall be implemented by January 1, 2021. Once the model is implemented, the  
30 State funds that were used to support residents of licensed, community-based group homes prior  
31 to implementation shall be reinvested in their entirety in both the new funding model and  
32 increased rates to support and equalize wages of direct support personnel serving the residents.  
33 The reinvested State funds match plus the federal funds portion of the new services shall be  
34 annualized and become a part of the prepaid health plan per member per month amount.  
35

## 36 **REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND** 37 **SUBSTANCE USE DISORDER TREATMENT SERVICES**

38 **SECTION 9F.8.** The Department of Health and Human Services, Division of Mental  
39 Health, Developmental Disabilities, and Substance Abuse Services, shall report annually,  
40 beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the  
41 use of funds to purchase inpatient alcohol and substance use disorder treatment services required  
42 by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report  
43 shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services  
44 and the Fiscal Research Division with the following information for the prior fiscal year and the  
45 two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- 46 (1) The number of beds in operation.  
47 (2) The number of bed days.  
48 (3) The total amount of receipts, the amount of those receipts that were received  
49 from local management entities/managed care organizations, and the amount  
50 of those receipts that were received from all other sources.

- 1 (4) Cost of operation of the ADATC, with personnel and staffing costs reported  
2 separately from all other costs.  
3 (5) The ADATC's profit or loss.  
4

#### 5 FUNDS FOR OVERDOSE MEDICATIONS

6 **SECTION 9F.9.** Of the funds appropriated in this act to the Department of Health  
7 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
8 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each  
9 fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as  
10 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 11 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
12 the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to  
13 be distributed at no charge to the North Carolina Harm Reduction Coalition  
14 to serve individuals at risk of experiencing an opioid-related drug overdose or  
15 to the friends and family members of an at-risk individual.  
16 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the  
17 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be  
18 distributed at no charge to North Carolina law enforcement agencies.  
19

#### 20 FUNDS FOR VAYA HEALTH TO EXPAND FACILITY-BASED CRISIS SERVICES

21 **SECTION 9F.10.(a)** Funds appropriated in S.L. 2018-5 to the Department of Health  
22 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
23 Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a  
24 facility-based crisis center in Wilkes County, shall not revert, but shall be expended or  
25 encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than  
26 the purpose stated in Section 11F.5 of S.L. 2018-5.

27 **SECTION 9F.10.(b)** This section becomes effective June 30, 2019, and applies to  
28 funds not obligated on that date.  
29

#### 30 FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR 31 INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL 32 DISABILITIES, OR DEVELOPMENTAL DISABILITIES

33 **SECTION 9F.11.** Of the funds appropriated in this act to the Department of Health  
34 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
35 Abuse Services, the sum of one hundred twenty-five thousand dollars (\$125,000) in recurring  
36 funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North  
37 Carolina Association of People Supporting Employment First (NC APSE) to develop and  
38 implement training programs for the Department, including online training modules, on the  
39 provision of evidence-based supported employment services for individuals in targeted  
40 populations, in order to assist these individuals with preparation for, identification of, and  
41 maintenance of integrated, paid, competitive employment. The Department shall make these  
42 training programs available throughout the State to (i) employers that have hired or are willing  
43 to hire individuals in targeted populations, (ii) service providers of local management  
44 entities/managed care organizations, and (iii) any other entity the Department determines will  
45 benefit from receiving this training in order to achieve improved employment outcomes for  
46 individuals in targeted populations. As used in this section, "individuals in targeted populations"  
47 means individuals with serious mental illness who are in or at risk of entry to an adult care home  
48 and individuals with intellectual disabilities, developmental disabilities, or both.  
49

#### 50 YOUTH TOBACCO ENFORCEMENT FUNDING

1           **SECTION 9F.12.** Of the funds appropriated in this act to the Department of Health  
2 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
3 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each  
4 year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement  
5 Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of  
6 statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).  
7

#### 8 **STUDY ESTABLISHMENT OF A REGIONAL BEHAVIORAL HEALTH CENTER**

9           **SECTION 9F.13.(a)** Of the funds appropriated to the Department of Health and  
10 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
11 Services, the sum of one hundred eighty thousand dollars (\$180,000) in nonrecurring funds for  
12 the 2019-2020 fiscal year, shall be used to conduct, through Partners Behavioral Health  
13 Management, a feasibility study for the establishment of a behavioral health crisis center located  
14 in Burke County to serve a broader region, to be determined by the findings of the feasibility  
15 study. The study shall, at a minimum, include all of the following:

- 16           (1) A description of all programs and services to be provided at the facility.
- 17           (2) The facility's service area and the demand for service in that area.
- 18           (3) Current provider capacity to meet the demand for service in that area.
- 19           (4) A recommended location for the facility, including the cost to rent, purchase,  
20 or construct a facility at the recommended location, along with the cost of any  
21 land, buildings, land improvements, or building improvements.
- 22           (5) Start-up costs for the facility and programs offered at the facility, including  
23 any necessary training.
- 24           (6) Annual cost to operate the facility, including staff, training, supplies, food,  
25 housekeeping, security, maintenance, administration, medications, and  
26 information technology.
- 27           (7) Cost to rent or purchase equipment for the facility.
- 28           (8) Anticipated sources of public and private payment for services provided at the  
29 facility, including private insurance, Medicaid, State appropriations, patient  
30 payments, and other payment sources.
- 31           (9) The estimated amount of recurring and nonrecurring State appropriations  
32 necessary to start and sustain the facility.
- 33           (10) Any referral agreements necessary to ensure continuity of patient care.
- 34           (11) An implementation time line.

35           **SECTION 9F.13.(b)** By February 10, 2020, the Department of Health and Human  
36 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
37 and Partners Behavioral Health Management shall jointly submit a written report of the findings  
38 of the feasibility study authorized by subsection (a) of this section to the Joint Legislative  
39 Oversight Committee on Health and Human Services.  
40

#### 41 **ESTABLISH A WORKGROUP TO REDUCE ADMINISTRATIVE DUPLICATION** 42 **FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE** 43 **USE DISORDER PROVIDERS**

44           **SECTION 9F.14.(a)** The Secretary of the Department of Health and Human  
45 Services shall establish a workgroup to examine current administrative requirements for mental  
46 health, intellectual/developmental disability, and substance use disorder providers and how best  
47 to integrate these requirements with similar administrative requirements for physical health  
48 providers in order to avoid duplication and enhance efficiency. The workgroup shall consist of  
49 representatives from the Division of Mental Health, Developmental Disabilities, and Substance  
50 Abuse Services, the Division of Health Benefits, the Division of Health Service Regulation, local  
51 management entity/managed care organizations, providers, and stakeholders. The examination

1 shall include a review of at least all of the following categories of requirements imposed on  
2 mental health, intellectual/developmental disability, and substance use disorder providers and  
3 physical health providers:

- 4 (1) Training.
- 5 (2) Service delivery.
- 6 (3) Documentation.
- 7 (4) Claims processing.
- 8 (5) Reporting.
- 9 (6) Monitoring.
- 10 (7) Oversight.
- 11 (8) Facility licensure.
- 12 (9) Medicaid enrollment.
- 13 (10) Credentialing.
- 14 (11) Accreditation.
- 15 (12) Contracts.
- 16 (13) Investigations.
- 17 (14) Audits.

18 **SECTION 9F.14.(b)** In conducting the examination required under subsection (a)  
19 of this section, the workgroup shall identify the federal or State entity that created each  
20 requirement examined by the workgroup to include State legislation, statutes, contractual  
21 requirements, federal Medicaid and managed care law, and provide a recommendation about  
22 whether that requirement should remain, be eliminated, or be redesigned. The workgroup shall  
23 consider any requirement imposed on mental health, intellectual/developmental disability, and  
24 substance use disorder providers that:

- 25 (1) Is not federally mandated.
- 26 (2) Exceeds what is required for physical health.
- 27 (3) Does not add value to the delivery of behavioral health services.
- 28 (4) Is unable to be incorporated into standard electronic health records or does not  
29 align with meaningful use of electronic health records.

30 **SECTION 9F.14.(c)** By March 31, 2020, the Department of Health and Human  
31 Services shall report the findings and recommendations of the workgroup to the Joint Legislative  
32 Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee  
33 on Medicaid and NC Health Choice, and the Fiscal Research Division.

## 34 **PART IX-G. PUBLIC HEALTH**

### 35 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 36 **IMPROVE MATERNAL AND CHILD HEALTH**

37 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and  
38 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to  
39 award competitive grants to local health departments for the improvement of maternal and child  
40 health shall be used to continue administering a competitive grant process for local health  
41 departments based on maternal and infant health indicators and the county's detailed proposal to  
42 invest in evidence-based programs to achieve the following goals:

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

46 **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall  
47 include at least all of the following components:

- 48 (1) A request for application (RFA) process to allow local health departments to  
49 apply for and receive State funds on a competitive basis. The Department shall  
50  
51

1 require local health departments to include in the application a plan to evaluate  
2 the effectiveness, including measurable impact or outcomes, of the activities,  
3 services, and programs for which the funds are being requested.

4 (2) A requirement that the Secretary prioritize grant awards to those local health  
5 departments that are able to leverage non-State funds in addition to the grant  
6 award.

7 (3) Ensures that funds received by the Department to implement the plan  
8 supplement and do not supplant existing funds for maternal and child health  
9 initiatives.

10 (4) Allows grants to be awarded to local health departments for up to two years.

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

17 (1) The identity and a brief description of each grantee and each program or  
18 initiative offered by the grantee.

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

20 (3) The number of persons served by each grantee, broken down by program or  
21 initiative.

22 **SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health  
23 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
24 the Division of Central Management and Support a written report of all activities funded by State  
25 appropriations. The report shall include the following information about the fiscal year preceding  
26 the year in which the report is due:

27 (1) A description of the types of programs, services, and activities funded by State  
28 appropriations.

29 (2) Statistical and demographical information on the number of persons served by  
30 these programs, services, and activities, including the counties in which  
31 services are provided.

32 (3) Outcome measures that demonstrate the impact and effectiveness of the  
33 programs, services, and activities based on the evaluation protocols developed  
34 by the Division, in collaboration with the University of North Carolina  
35 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
36 2015-241, and reported to the Joint Legislative Oversight Committee on  
37 Health and Human Services on April 1, 2016.

38 (4) A detailed program budget and list of expenditures, including all positions  
39 funded, matching expenditures, and funding sources.

40  
41 **INCREASED FUNDS FOR LOCAL COMMUNICABLE DISEASE SURVEILLANCE,  
42 DETECTION, CONTROL, AND PREVENTION**

43 **SECTION 9G.2.** Of the funds appropriated in this act to the Department of Health  
44 and Human Services, Division of Public Health, the sum of four million dollars (\$4,000,000) in  
45 recurring funds for the 2019-2020 fiscal year and the sum of four million dollars (\$4,000,000) in  
46 recurring funds for the 2020-2021 fiscal year, shall be allocated to local health departments to  
47 expand local infrastructure for activities associated with the surveillance, detection, control, and  
48 prevention of communicable diseases. In distributing these funds to local health departments  
49 pursuant to this section, for each year of the 2019-2021 fiscal biennium, and for each fiscal year  
50 thereafter, the Division of Public Health shall (i) allocate to each local health department twenty  
51 thousand dollars (\$20,000) for each county it serves and (ii) allocate the remaining two million

1 dollars (\$2,000,000) to local health departments based upon the percentage of the State  
2 population served by each of the local health departments. Local health departments shall use all  
3 funds allocated under this section to supplement and not supplant existing funds for the  
4 surveillance, detection, control, and prevention of communicable diseases.

#### 5 6 **LIMITATION ON USE OF STATE FUNDS**

7 **SECTION 9G.3.** The limitation on the use of State funds as stated in Section 12E.13  
8 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and  
9 Human Services for each fiscal year of the 2019-2021 fiscal biennium.

#### 10 11 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 12 **ASSISTANCE PROGRAM**

13 **SECTION 9G.4.** Upon a determination by the Department of Health and Human  
14 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
15 operate the health insurance premium assistance program implemented within the North Carolina  
16 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
17 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
18 Committee on Health and Human Services notifying the Committee of this determination along  
19 with supporting documentation and a proposed course of action with respect to health insurance  
20 premium assistance program participants.

#### 21 22 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

23 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health  
24 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina  
25 Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the  
26 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for  
27 administrative purposes. The balance of these funds shall be used for direct services.

#### 28 29 **CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR** 30 **DURABLE MEDICAL EQUIPMENT AND TRAINING**

31 **SECTION 9G.6.(a)** Funds appropriated to the Department of Health and Human  
32 Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina  
33 Pregnancy Care Fellowship, a nonprofit corporation, shall not revert on June 30, 2019, but shall  
34 remain available until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care  
35 Fellowship shall use these funds to provide grants to clinics that apply to the Carolina Pregnancy  
36 Care Fellowship for durable medical equipment, training, or a combination of both, without any  
37 limitation on how much of the funds carried forward may be expended for durable medical  
38 equipment or training. Carolina Pregnancy Care Fellowship shall not use more than ten percent  
39 (10%) of the funds carried forward from the 2018-2019 fiscal year for administrative purposes.

40 **SECTION 9G.6.(b)** This section becomes effective June 30, 2019.

#### 41 42 **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

43 **SECTION 9G.7.(a)** Of the funds appropriated in this act to the Department of Health  
44 and Human Services, Division of Public Health, the sum of one million two hundred thousand  
45 dollars (\$1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one  
46 million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2020-2021  
47 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and  
48 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in  
49 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
50 only.

1           **SECTION 9G.7.(b)** The Human Coalition shall use funds allocated pursuant to  
2 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
3 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of  
4 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to  
5 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting  
6 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum  
7 of care program shall consist of existing locations of the pilot program authorized by Section  
8 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human  
9 Coalition. All providers rendering services under the statewide program for which they are  
10 compensated with funds allocated pursuant to subsection (a) of this section shall be physically  
11 located in the State of North Carolina. The statewide continuum of care program shall provide  
12 direct services, supports, social services case management, and referrals to biological parents of  
13 unborn children and biological or adoptive parents of children under the age of two, and shall  
14 consist of at least all of the following components:

- 15           (1) Outreach to at-risk populations eligible for the program.
- 16           (2) The use of licensed nurses to perform the following functions:
  - 17           a. Assessment and evaluation of needs related to pregnancy or parenting.
  - 18           b. Provision of medically accurate, pregnancy-related medical  
19 information to program participants.
- 20           (3) The use of licensed social workers, or other individuals of equivalent  
21 experience, to perform the following functions:
  - 22           a. Development of a care plan, resources, and supports for program  
23 participants to address identified needs.
  - 24           b. Referrals to appropriate local resources, including State and federal  
25 benefits programs and local charitable organizations.
  - 26           c. Assistance in applying for State and federal benefits programs.
  - 27           d. Assistance in accomplishing elements of the care plan.

28           **SECTION 9G.7.(c)** In order to be eligible to receive services under the statewide  
29 continuum of care program, an individual shall, at the time of initial contact with the program,  
30 be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological  
31 or adoptive parent of a child under the age of two. Participants of the pilot program authorized  
32 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible  
33 to continue to receive continuum of care program services for a period of six months from the  
34 date of termination of pregnancy.

35           **SECTION 9G.7.(d)** The Human Coalition may use up to ten percent (10%) of the  
36 funds allocated for each year of the 2019-2021 fiscal biennium for administrative purposes.

37           **SECTION 9G.7.(e)** By December 1, 2019, and every six months thereafter, the  
38 Human Coalition shall report to the Department of Health and Human Services on the status and  
39 operation of the continuum of care program authorized by subsection (b) of this section. The  
40 report shall include at least all of the following:

- 41           (1) A detailed breakdown of expenditures for the program.
- 42           (2) The number of individuals served by the program, and for the individuals  
43 served, the types of services provided to each.
- 44           (3) Any other information requested by the Department of Health and Human  
45 Services as necessary for evaluating the success of the program.

46           **SECTION 9G.7.(f)** By April 1, 2020, the Department of Health and Human Services  
47 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
48 Fiscal Research Division on the status and operation of the continuum of care program.

49           **SECTION 9G.7.(g)** Section 11E.13(f) of S.L. 2017-57 is repealed.

50  
51 **FIREARM SAFE STORAGE AWARENESS INITIATIVE**

1           **SECTION 9G.8.(a)** Appropriation. – Of the funds appropriated in this act to the  
2 Department of Health and Human Services, Division of Public Health, the sum of ninety  
3 thousand dollars (\$90,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of  
4 seventy thousand (\$70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to  
5 cover any costs associated with launching the firearm safe storage awareness initiative required  
6 by this section, including the purchase and distribution of gun locks.

7           **SECTION 9G.8.(b)** Firearm Safe Storage Awareness Initiative. – The Department  
8 of Health and Human Services (Department) shall launch a two-year statewide firearm safe  
9 storage awareness initiative to educate the public about the importance of the safe storage of  
10 firearms and to facilitate the distribution of gun locks. The initiative required under this section  
11 shall include the development of (i) the Internet Web site and toolkit required under subsection  
12 (c) of this section and (ii) the outreach process required under subsection (d) of this section.

13           **SECTION 9G.8.(c)** Development of Web Site and Toolkit. – The Department shall  
14 develop an Internet Web site to provide information to the public about (i) the importance of the  
15 safe storage of a firearm, especially with respect to access by children and youth; (ii) methods  
16 for safely storing a firearm; (iii) contact information for obtaining free gun locks, if available;  
17 (iv) information on State laws related to the safe storage of firearms; (v) links to Internet Web  
18 pages for various resources related to firearm safety such as resources addressing domestic  
19 violence, hunter education, and suicide prevention; and (vi) access to a toolkit of information that  
20 local communities may use to launch firearm safe storage initiatives at the local level. The toolkit  
21 shall provide materials and resources that may be tailored to a community's needs and used for  
22 launching local education and awareness campaigns, events, and local groups focused on firearm  
23 safe storage and the distribution of free or discounted gun locks. The Department shall develop  
24 the Internet Web site and toolkit required under this subsection by July 1, 2020.

25           **SECTION 9G.8.(d)** Development of State-Coordinated Outreach. – Upon  
26 development of the Internet Web site and toolkit required under subsection (c) of this section,  
27 the Department shall develop and implement an outreach process for (i) disseminating the  
28 Internet Web site information and toolkit to the public and to local communities and (ii) the  
29 provision of technical assistance to local communities on utilizing the toolkit to launch local  
30 initiatives.

31           **SECTION 9G.8.(e)** Use of Third-Party Entity. – The Department may contract with  
32 a third-party entity with relevant expertise related to public health and injury prevention to launch  
33 the firearm safe storage awareness initiative required by this section.

34           **SECTION 9G.8.(f)** Prohibition on Advocacy. – The firearm safe storage awareness  
35 initiative required by this section, and any State funds used to launch and maintain the initiative,  
36 shall not be used to advocate, promote, or lobby for the creation of new, or the revision of  
37 existing, laws regulating firearms. The firearm safe storage awareness initiative, and any State  
38 funds used to launch or maintain the initiative, shall only be used for the purposes set forth in  
39 this section and only to explain and promote existing laws regulating firearms and best practices  
40 for firearm storage and safety.

41           **SECTION 9G.8.(g)** Report. – By September 1, 2020, the Department of Health and  
42 Human Services shall submit a report to the Joint Legislative Oversight Committee on Health  
43 and Human Services detailing the Department's progress in meeting the requirement set forth in  
44 this section.

45  
46 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

47  
48 **PART IX-I. SOCIAL SERVICES**

49  
50 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**  
51 **STATE-COUNTY SPECIAL ASSISTANCE**

1           **SECTION 9I.1.(a)** The following definitions apply in this section:

2           (1) Facility licensed to accept State-County Special Assistance payments or  
3           facility. – Any residential care facility that is (i) licensed by the Department  
4           of Health and Human Services and (ii) authorized to accept State-County  
5           Special Assistance payments from its residents.

6           (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

7           **SECTION 9I.1.(b)** Nonrecurring funds appropriated in this act to the Department of  
8           Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021  
9           fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall  
10          be used to provide temporary financial assistance in the form of a monthly payment to these  
11          facilities on behalf of each resident who is a recipient of State-County Special Assistance. The  
12          counties shall pay to the State fifty percent (50%) of the cost of providing these monthly  
13          payments to these facilities. The monthly payments provided by DSS to these facilities shall be  
14          subject to all of the following requirements and limitations:

15          (1) The amount of the monthly payments authorized by this section is equal to  
16          thirty-four dollars (\$34.00) per month for each resident of the facility as of the  
17          first day of the month who is a recipient of State-County Special Assistance.

18          (2) A facility that receives the monthly payments authorized by this section shall  
19          not, under any circumstances, use these payments for any purpose other than  
20          to offset the cost of serving residents who are recipients of State-County  
21          Special Assistance.

22          (3) The DSS shall make monthly payments authorized by this section to a facility  
23          on behalf of a resident only for the period commencing July 1, 2019, and  
24          ending June 30, 2021.

25          (4) The DSS shall make monthly payments authorized by this section only to the  
26          extent sufficient State and county funds allocated to the DSS for each year of  
27          the 2019-2021 fiscal biennium are available for this purpose.

28          (5) The DSS shall not make monthly payments authorized by this section to a  
29          facility on behalf of a resident whose eligibility determination for  
30          State-County Special Assistance is pending.

31          (6) The DSS shall terminate all monthly payments pursuant to this section on the  
32          earlier of the following:

33                  a. June 30, 2021.

34                  b. Upon depletion of the State and county funds allocated to the DSS for  
35                  each year of the 2019-2021 fiscal year for this purpose.

36          **SECTION 9I.1.(c)** Notwithstanding any provision of this act or any other provision  
37          of law to the contrary, the DSS shall not be required to provide any temporary financial assistance  
38          to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to  
39          the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

40          **SECTION 9I.1.(d)** If possible, the DSS shall use an existing mechanism to  
41          administer these funds in the least restrictive manner that ensures compliance with this section  
42          and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use  
43          any portion of the State and county funds allocated to the DSS for each year of the 2019-2021  
44          fiscal biennium for the purpose of this section for any other purpose.

45          **SECTION 9I.1.(e)** Of the funds appropriated in this act to the DSS for each year of  
46          the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance  
47          payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in  
48          nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

49          **SECTION 9I.1.(f)** Nothing in this section shall be construed as an obligation by the  
50          General Assembly to appropriate funds for the purpose of this section, or as an entitlement by

1 any facility, resident of a facility, or other person to receive temporary financial assistance under  
2 this section.

3 **SECTION 9I.1.(g)** This section expires on June 30, 2021.  
4

#### 5 **TANF BENEFIT IMPLEMENTATION**

6 **SECTION 9I.2.(a)** Beginning October 1, 2019, the General Assembly approves the  
7 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022,"  
8 prepared by the Department of Health and Human Services and presented to the General  
9 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the  
10 period October 1, 2019, through September 30, 2022. The Department shall submit the State  
11 Plan, as revised in accordance with subsection (b) of this section, to the United States Department  
12 of Health and Human Services.

13 **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North  
14 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by  
15 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

16 **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an  
17 Electing County or to be redesignated as an Electing County and the accompanying county plan  
18 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing  
19 County budget requirements effective July 1, 2019. For programmatic purposes, all counties  
20 referred to in this subsection shall remain under their current county designation through  
21 September 30, 2022.

22 **SECTION 9I.2.(d)** For each year of the 2019-2021 fiscal biennium, Electing  
23 Counties shall be held harmless to their Work First Family Assistance allocations for the  
24 2018-2019 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
25 and Work First Diversion Assistance are sufficient for payments made by the Department on  
26 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

27 **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family  
28 Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021  
29 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
30 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
31 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
32 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
33 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
34 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
35 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
36 Oversight Committee on Health and Human Services and the Fiscal Research Division.  
37

#### 38 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE** 39 **ENHANCEMENTS**

40 **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
41 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
42 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
43 risk of removal from the home and to children and families in cases of abuse where a child is not  
44 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
45 The IFPS shall ensure the application of standardized assessment criteria for determining  
46 imminent risk and clear criteria for determining out-of-home placement.

47 **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that  
48 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
49 provide information and data that allows for the following:

- 50 (1) An established follow-up system with a minimum of six months of follow-up  
51 services.

- 1 (2) Detailed information on the specific interventions applied, including  
2 utilization indicators and performance measurement.
- 3 (3) Cost-benefit data.
- 4 (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
5 by tracking families through the intervention process.
- 6 (5) The number of families remaining intact and the associated interventions  
7 while in IFPS and 12 months thereafter.
- 8 (6) The number and percentage, by race, of children who received IFPS compared  
9 to the ratio of their distribution in the general population involved with Child  
10 Protective Services.

11 **SECTION 9I.3.(c)** The Department shall continue implementing a  
12 performance-based funding protocol and shall only provide funding to those programs and  
13 entities providing the required information specified in subsection (b) of this section. The amount  
14 of funding shall be based on the individual performance of each program.

## 15 **CHILD CARING INSTITUTIONS**

16 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting  
17 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
18 maximum reimbursement for child caring institutions shall not exceed the rate established for the  
19 specific child caring institution by the Department of Health and Human Services, Office of the  
20 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
21 reimbursements.  
22

## 23 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

24 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the  
25 Department of Health and Human Services, Division of Social Services, may continue to provide  
26 for the financial support of children who are deemed to be (i) in a permanent family placement  
27 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
28 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
29 Guardianship Assistance Program (GAP). The Guardianship Assistance Program (GAP) shall  
30 include provisions for extending guardianship services for individuals who have attained the age  
31 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
32 the individual is (i) completing secondary education or a program leading to an equivalent  
33 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
34 participating in a program or activity designed to promote, or remove barriers to, employment,  
35 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
36 employment requirements of this section due to a medical condition or disability. The  
37 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
38 and be set at the same rate as the foster care room and board rates in accordance with rates  
39 established under G.S. 108A-49.1.  
40

## 41 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

42 **SECTION 9I.6.(a)** Funds appropriated from the General Fund to the Department of  
43 Health and Human Services for the child welfare postsecondary support program shall be used  
44 to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C.  
45 § 108711 for the educational needs of foster youth aging out of the foster care system and special  
46 needs children adopted from foster care after age 12. These funds shall be allocated by the State  
47 Education Assistance Authority.  
48

49 **SECTION 9I.6.(b)** Of the funds appropriated from the General Fund to the  
50 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each  
51 year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education

1 Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative  
2 functions necessary to manage and distribute scholarship funds under the child welfare  
3 postsecondary support program.

4 **SECTION 91.6.(c)** Of the funds appropriated from the General Fund to the  
5 Department of Health and Human Services, the sum of three hundred thirty-nine thousand four  
6 hundred ninety-three dollars (\$339,493) for each year of the 2019-2021 fiscal biennium shall be  
7 used to contract with an entity to administer the child welfare postsecondary support program  
8 described under subsection (a) of this section, which administration shall include the performance  
9 of case management services.

10 **SECTION 91.6.(d)** Funds appropriated to the Department of Health and Human  
11 Services for the child welfare postsecondary support program shall be used only for students  
12 attending public institutions of higher education in this State.

### 13 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

14 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support  
15 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social  
16 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it  
17 receives from the federal government to enhance centralized child support services. To  
18 accomplish this requirement, NCCSS shall do the following:

- 19 (1) In consultation with representatives from county child support services  
20 programs, identify how federal incentive funding could improve centralized  
21 services.  
22
- 23 (2) Use federal incentive funds to improve the effectiveness of the State's  
24 centralized child support services by supplementing and not supplanting State  
25 expenditures for those services.
- 26 (3) Continue to develop and implement rules that explain the State process for  
27 calculating and distributing federal incentive funding to county child support  
28 services programs.

29 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall  
30 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
31 receives from the federal government to county child support services programs to improve  
32 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
33 do the following:

- 34 (1) In consultation with representatives from county child support services  
35 programs, examine the current methodology for distributing federal incentive  
36 funding to the county programs and determine whether an alternative formula  
37 would be appropriate. NCCSS shall use its current formula for distributing  
38 federal incentive funding until an alternative formula is adopted.
- 39 (2) Upon adopting an alternative formula, develop a process to phase in the  
40 alternative formula for distributing federal incentive funding over a four-year  
41 period.

42 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –  
43 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
44 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
45 child support services programs to comply with each of the following:

- 46 (1) Submit an annual plan describing how federal incentive funding would  
47 improve program effectiveness and efficiency as a condition of receiving  
48 federal incentive funding.
- 49 (2) Report annually on the following: (i) how federal incentive funding has  
50 improved program effectiveness and efficiency and been reinvested into their

1 programs, (ii) provide documentation that the funds were spent according to  
2 their annual plans, and (iii) explain any deviations from their plans.

3 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
4 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
5 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
6 describe how federal incentive funds enhanced centralized child support services to benefit  
7 county child support services programs and improved the effectiveness and efficiency of county  
8 child support services programs. The report shall further include any changes to the State process  
9 the NCCSS used in calculating and distributing federal incentive funding to county child support  
10 services programs and any recommendations for further changes.

#### 11 12 **FINAL REPORT/CHILD WELFARE SYSTEM CHANGES**

13 **SECTION 91.8.(a)** Federal Improvement Plan Implementation/Report. – The  
14 Department of Health and Human Services, Division of Social Services (Division), shall continue  
15 implementing the requirements of the federal Program Improvement Plan to bring our State into  
16 compliance with national standards for child welfare policy and practices. The Division shall  
17 notify the Joint Legislative Oversight Committee on Health and Human Services (Committee)  
18 and the Fiscal Research Division within 30 days of complete implementation of the Program  
19 Improvement Plan. The Division shall submit a final report to the Committee on the  
20 implementation and outcomes of the Program Improvement Plan no later than 90 days after  
21 implementation is complete.

22 **SECTION 91.8.(b)** Child Welfare/NC FAST/Report. – The Division shall notify the  
23 Joint Legislative Oversight Committee on Health and Human Services (Committee) and the  
24 Fiscal Research Division within 30 days of complete implementation of the child welfare  
25 component of the North Carolina Families Accessing Services Through Technology (NC FAST)  
26 system. The Division shall then submit a final report to the Committee on the implementation  
27 and outcomes of the child welfare component of the NC FAST system no later than 90 days after  
28 implementation is complete.

#### 29 30 **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE** 31 **SENIORS**

32 **SECTION 91.9.(a)** The Department of Health and Human Services, Division of  
33 Social Services (Division), shall continue implementing an evidence-based pilot program to  
34 increase access to public benefits for seniors aged 65 and older who are dually enrolled in  
35 Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce  
36 health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes  
37 of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled  
38 in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have  
39 demonstrated experience in assisting with these types of services and the partnership shall  
40 accomplish each of the following:

- 41 (1) Identify, through data sharing, dual eligible seniors aged 65 and older who  
42 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but  
43 are not currently enrolled.
- 44 (2) Conduct an outreach program toward those seniors for the purpose of  
45 enrolling them into SNAP.
- 46 (3) Provide comprehensive application assistance through outreach specialists to  
47 complete public benefits application processes.
- 48 (4) Evaluate project effectiveness and explore how data can be utilized to achieve  
49 optimal outcomes.
- 50 (5) Make recommendations regarding policy options available to the State to  
51 streamline access to benefits.

1           **SECTION 9I.9.(b)** The Division shall report to the Office of the Governor and the  
2 Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot  
3 program by February 1 following each year the pilot program is in place. The report shall, at a  
4 minimum, include the following:

- 5           (1) The number of seniors age 65 and older who are dual eligibles but are not  
6 enrolled in SNAP.
- 7           (2) The number of those identified that would be included in the sample  
8 population.
- 9           (3) Methods of outreach toward those seniors in the sample population.
- 10          (4) Number of to date enrollments in SNAP as a direct result of outreach during  
11 the pilot program.
- 12          (5) Participation rate to date in SNAP of those seniors in the sample population.
- 13          (6) Any other findings the Division deems relevant.

14           **SECTION 9I.9.(c)** If funding and capacity exist, the Division of Social Services may  
15 expand the pilot program to include other public benefits programs.

## 17 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

18           **SECTION 9I.10.** The Foster Care Transitional Living Initiative Fund shall continue  
19 to fund and support transitional living services that demonstrate positive outcomes for youth,  
20 attract significant private sector funding, and lead to the development of evidence-based  
21 programs to serve the at-risk population described in this section. The Fund shall continue to  
22 support a demonstration project with services provided by Youth Villages to (i) improve  
23 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
24 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
25 juvenile and adult correction services associated with the provision of Transitional Living  
26 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
27 evidence-based transitional living program available to all youth aging out of foster care. In  
28 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
29 support the following strategies:

- 30          (1) Transitional Living Services, which is an outcome-based program that follows  
31 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
32 participants have been tracked since the program's inception. The program has  
33 been evaluated through an independent Randomized Controlled Trial. Results  
34 indicate that the Youth Villages Transitional Living Model had positive  
35 impacts in a variety of areas, including housing stability, earnings, economic  
36 hardship, mental health, and intimate partner violence in comparison to the  
37 control population.
- 38          (2) Public-Private Partnership, which is a commitment by private-sector funding  
39 partners to match at least fifty percent (50%) of the funds appropriated to the  
40 Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal  
41 biennium for the purposes of providing Transitional Living Services through  
42 the Youth Villages Transitional Living Model to youth aging out of foster  
43 care.
- 44          (3) Impact Measurement and Evaluation, which are services funded through  
45 private partners to provide independent measurement and evaluation of the  
46 impact the Youth Villages Transitional Living Model has on the youth served,  
47 the foster care system, and on other programs and services provided by the  
48 State which are utilized by former foster care youth.
- 49          (4) Advancement of Evidence-Based Process, which is the implementation and  
50 ongoing evaluation of the Youth Villages Transitional Living Model for the  
51 purposes of establishing the first evidence-based transitional living program

1 in the nation. To establish the evidence-based program, additional randomized  
2 controlled trials may be conducted to advance the model.  
3

4 **FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF**  
5 **CHEROKEE INDIANS ASSUMPTION OF SERVICES**

6 **SECTION 9I.11.** The Department of Health and Human Services, Division of Social  
7 Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and  
8 Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians  
9 as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of  
10 S.L. 2016-94, when implementation is complete.  
11

12 **CHILD ADVOCACY CENTER FUNDING**

13 **SECTION 9I.12.** Of the funds appropriated in this act to the Department of Health  
14 and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium  
15 for child advocacy centers, allocations shall be made as follows:

- 16 (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center  
17 in good standing with Children's Advocacy Centers of North Carolina, Inc.  
18 (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of  
19 North Carolina, Inc., for its operations.  
20

21 **ENHANCE PERMANENCY INNOVATION INITIATIVE**

22 **SECTION 9I.13.(a)** G.S. 131D-10.9B(a) reads as rewritten:

23 "(a) There is created the Permanency Innovation Initiative Fund that will support a  
24 demonstration project with services provided by Children's Home Society of North Carolina to  
25 (i) improve permanency outcomes for children living in foster care through reunification with  
26 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve  
27 engagement with biological relatives of children in or at risk of entering foster care, and (iii)  
28 reduce costs associated with maintaining children in foster care. In implementing these goals, the  
29 Permanency Innovation Initiative Fund shall support the following strategies:

- 30 ...  
31 (3) Permanency Training Services, which are services delivered by Children's  
32 Home Society of North Carolina to ~~enhance the readiness of support~~ county  
33 departments of social services to implement the permanency strategies under  
34 subdivision (2) of this ~~subsection~~ subsection, advance permanency-focused  
35 services for children in the legal custody of county departments of social  
36 services, and provide training services to support the delivery of the  
37 services and support services to caregivers and family members who are  
38 supporting the permanency goal of children in the legal custody of county  
39 departments of social services."

40 **SECTION 9I.13.(b)** Funds appropriated to the Department of Health and Human  
41 Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the  
42 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available  
43 federal matching funds.  
44

45 **FUNDS FOR STANDARDIZED ASSESSMENT/FOSTER CARE PILOT**

46 **SECTION 9I.14.(a)** Of the funds appropriated to the Department of Health and  
47 Human Services, Division of Social Services, the sum of eighty thousand dollars (\$80,000) for  
48 the 2019-2020 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the  
49 2020-2021 fiscal year shall be used for a pilot project to develop and implement a process for  
50 every child, four years of age and older, entering into foster care to receive a standardized trauma  
51 and evidence-informed screening and assessment to ensure an appropriate diagnosis, which will

1 in turn lead to the proper provision of services for the child. Up to three local management  
 2 entities/managed care organizations (LME/MCOs) shall participate in the pilot project. The  
 3 LME/MCOs shall collaborate with their county departments of social services in up to four  
 4 counties within the LME/MCOs' catchment areas on developing and implementing the  
 5 standardized screening and assessments, with the intent that (i) by January 1, 2020, the  
 6 LME/MCOs and their county departments of social services begin training for implementation  
 7 of the assessments and (ii) by August 1, 2020, the LME/MCOs and county departments of social  
 8 services begin conducting the assessments. The pilot project shall include support for the  
 9 LME/MCOs and county departments of social services for training in trauma-focused care and  
 10 the use of the screening and assessment tool. For providers, the pilot project shall provide  
 11 ongoing oversight, training, certification, and coaching to ensure fidelity to the screening and  
 12 assessment model. For purposes of this section, "trauma" is defined as the result of an event,  
 13 series of events, or set of circumstances that is experienced by an individual as physically or  
 14 emotionally harmful or threatening and that has lasting adverse effects on the individual's  
 15 functioning and physical, social, emotional, or spiritual well-being.

16 **SECTION 91.14.(b)** The Division of Social Services shall submit a report on the  
 17 pilot project described under subsection (a) of this section to the Joint Legislative Oversight  
 18 Committee on Health and Human Services by April 1, 2022, that shall include, for each  
 19 participating county, tracking of case flow, completion and timing of the trauma checklist and  
 20 screening tool, a comprehensive clinical assessment, and diagnostic finding and service  
 21 recommendations from the assessment.

22  
 23 **PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]**

24  
 25 **PART IX-K. DHHS BLOCK GRANTS**

26  
 27 **DHHS BLOCK GRANTS**

28 **SECTION 9K.1.(a)** Except as otherwise provided, appropriations from federal block  
 29 grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the  
 30 following schedule:

31  
 32 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS** **FY 2019-2020** **FY 2020-2021**

33  
 34 **Local Program Expenditures**

35  
 36  
 37 **Division of Social Services**

38			
39	01. Work First Family Assistance	\$37,549,914	\$35,549,914
40			
41	02. Work First County Block Grants	80,093,566	80,093,566
42			
43	03. Work First Electing Counties	2,378,213	2,378,213
44			
45	04. Adoption Services – Special Children		
46	Adoption Fund	2,026,877	2,026,877
47			
48	05. Child Protective Services – Child Welfare		
49	Workers for Local DSS	9,412,391	9,412,391
50			
51	06. Funding for Counties to Assist with County		

1	Implementation of NC FAST, Project 4	8,092	0
2			
3	07. Child Welfare Program Improvement Plan	775,176	775,176
4			
5	08. Child Welfare Collaborative	400,000	400,000
6			
7	09. Child Welfare Initiatives	1,400,000	1,400,000
8			
9	<b>Division of Child Development and Early Education</b>		
10			
11	10. Subsidized Child Care Program	53,203,069	53,013,694
12			
13	11. Swap-Child Care Subsidy	7,000,000	7,000,000
14			
15	12. NC Pre-K Services	64,700,000	66,700,000
16			
17	<b>Division of Public Health</b>		
18			
19	13. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
20			
21	<b>DHHS Administration</b>		
22			
23	14. Division of Social Services	2,482,260	2,482,260
24			
25	15. Office of the Secretary	34,042	34,042
26			
27	16. Eligibility Systems – Operations and		
28	Maintenance	653,815	711,349
29			
30	17. NC FAST Implementation	1,817,362	0
31			
32	18. Division of Social Services – Workforce		
33	Innovation & Opportunity Act (WIOA)	93,216	93,216
34			
35	<b>Transfers to Other Block Grants</b>		
36			
37	<b>Division of Child Development and Early Education</b>		
38			
39	19. Transfer to the Child Care and		
40	Development Fund	21,773,001	21,773,001
41			
42	<b>Division of Social Services</b>		
43			
44	20. Transfer to Social Services Block		
45	Grant for Child Protective Services –		
46	Training	1,300,000	1,300,000
47			
48	21. Transfer to Social Services Block		
49	Grant for Child Protective Services	5,040,000	5,040,000
50			
51	22. Transfer to Social Services Block		

1	Grant for County Departments of		
2	Social Services for Children's Services	13,097,783	13,097,783
3			
4	23. Transfer to Social Services Block		
5	Grant – Foster Care Services	1,385,152	1,385,152
6			
7	24. Transfer to Social Services Block	1,582,000	1,582,000
8	Grant – Child Advocacy Centers		
9			
10	25. Transfer to Social Services Block	737,067	737,067
11	Grant – Child Protective Services,		
12	Child Welfare Training for Counties		
13			
14	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
15	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$312,392,996</b>	<b>\$310,435,701</b>
16			
17	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
18	<b>EMERGENCY CONTINGENCY FUNDS</b>		
19			
20	<b>Local Program Expenditures</b>		
21			
22	<b>Division of Child Development and Early Education</b>		
23			
24	01. Subsidized Child Care	\$33,439,988	\$33,439,988
25			
26	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
27	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
28	<b>CONTINGENCY FUNDS</b>	<b>\$33,439,988</b>	<b>\$33,439,988</b>
29			
30	<b>SOCIAL SERVICES BLOCK GRANT</b>		
31			
32	<b>Local Program Expenditures</b>		
33			
34	<b>Divisions of Social Services and Aging and Adult Services</b>		
35			
36	01. County Departments of Social Services	\$19,905,849	\$19,905,849
37			
38	02. County Departments of Social Services		
39	(Transfer From TANF)	\$13,097,783	\$13,097,783
40			
41	03. EBCI Tribal Public Health and Human Services	244,740	244,740
42			
43	04. Child Protective Services		
44	(Transfer From TANF)	5,040,000	5,040,000
45			
46	05. State In-Home Services Fund	1,943,950	1,943,950
47			
48	06. Adult Protective Services	2,138,404	2,138,404
49			
50	07. State Adult Day Care Fund	1,994,084	1,994,084
51			

1	08. Child Protective Services/CPS		
2	Investigative Services – Child Medical		
3	Evaluation Program	901,868	901,868
4			
5	09. Special Children Adoption Incentive Fund	462,600	462,600
6			
7	10. Child Protective Services – Child		
8	Welfare Training for Counties		
9	(Transfer From TANF)	1,300,000	1,300,000
10			
11	11. Child Protective Services – Child		
12	Welfare Training for Counties		
13	(Transfer From TANF)	737,067	737,067
14			
15	12. Home and Community Care Block		
16	Grant (HCCBG)	2,696,888	2,696,888
17			
18	13. Child Advocacy Centers		
19	(Transfer from TANF)	1,582,000	1,582,000
20			
21	14. Guardianship – Division of Social Services	1,802,671	1,802,671
22			
23	15. Foster Care Services		
24	(Transfer From TANF)	1,385,152	1,385,152
25			
26	<b>Division of Central Management and Support</b>		
27			
28	16. DHHS Competitive Block Grants		
29	for Nonprofits	4,774,525	4,774,525
30			
31	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
32			
33	17. Mental Health Services – Adult and		
34	Child/Developmental Disabilities Program/		
35	Substance Abuse Services – Adult	4,149,595	4,149,595
36			
37	<b>DHHS Program Expenditures</b>		
38			
39	<b>Division of Services for the Blind</b>		
40			
41	18. Independent Living Program	3,603,793	3,603,793
42			
43	<b>Division of Health Service Regulation</b>		
44			
45	19. Adult Care Licensure Program	402,951	402,951
46			
47	20. Mental Health Licensure and		
48	Certification Program	200,880	200,880
49			
50	<b>Division of Aging and Adult Services</b>		
51			

1	21. Guardianship	3,825,443	3,825,443
2			
3	<b>DHHS Administration</b>		
4			
5	22. Division of Aging and Adult Services	679,541	679,541
6			
7	23. Division of Social Services	654,220	654,220
8			
9	24. Office of the Secretary/Controller's Office	132,047	132,047
10			
11	25. Legislative Increases/Fringe Benefits	236,278	236,278
12			
13	26. Division of Child Development and		
14	Early Education	13,878	13,878
15			
16	27. Division of Mental Health, Developmental		
17	Disabilities, and Substance Abuse Services	27,446	27,446
18			
19	28. Division of Health Service Regulation	121,719	121,719
20			
21	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$74,055,372</b>	<b>\$74,055,372</b>
22			
23	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
24			
25	<b>Local Program Expenditures</b>		
26			
27	<b>Division of Social Services</b>		
28			
29	01. Low-Income Energy Assistance		
30	Program (LIEAP)	\$40,298,638	\$40,298,638
31			
32	02. Crisis Intervention Program (CIP)	40,298,638	40,298,638
33			
34	<b>Local Administration</b>		
35			
36	<b>Division of Social Services</b>		
37			
38	03. County DSS Administration	6,618,366	6,618,366
39			
40	<b>DHHS Administration</b>		
41			
42	<b>Division of Central Management and Support</b>		
43			
44	04. Division of Social Services	10,000	10,000
45			
46	05. Office of the Secretary/DIRM	128,954	128,954
47			
48	06. Office of the Secretary/Controller's Office	18,378	18,378
49			
50	07. NC FAST Development	2,287,188	2,287,188
51			

1	08. NC FAST Operations and Maintenance	2,539,033	2,539,033
2			
3	<b>Transfers to Other State Agencies</b>		
4			
5	<b>Department of Environmental Quality</b>		
6			
7	09. Weatherization Program	8,692,641	8,552,641
8			
9	10. Heating Air Repair and Replacement		
10	Program (HARRP)	5,881,761	5,701,761
11			
12	11. Local Residential Energy Efficiency Service		
13	Providers – Weatherization	544,742	514,742
14			
15	12. Local Residential Energy Efficiency Service		
16	Providers – HARRP	327,169	277,169
17			
18	13. DEQ – Weatherization Administration	544,742	514,742
19			
20	14. DEQ – HARRP Administration	277,169	277,169
21			
22	<b>Department of Administration</b>		
23			
24	15. N.C. Commission on Indian Affairs	87,736	87,736
25			
26	<b>TOTAL LOW-INCOME ENERGY</b>		
27	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$108,555,155</b>	<b>\$108,125,155</b>
28			
29	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
30			
31	<b>Local Program Expenditures</b>		
32			
33	<b>Division of Child Development and Early Education</b>		
34			
35	01. Child Care Services	\$235,808,573	\$235,800,688
36			
37	02. Smart Start Subsidy	7,000,000	7,000,000
38			
39	03. Transfer from TANF Block Grant		
40	for Child Care Subsidies	21,773,001	21,773,001
41			
42	04. Quality and Availability Initiatives		
43	(TEACH Program \$3,800,000)	55,217,124	55,217,124
44			
45	<b>DHHS Administration</b>		
46			
47	<b>Division of Child Development and Early Education</b>		
48			
49	05. DCDEE Administrative Expenses	9,710,886	9,710,886
50			
51	<b>Division of Social Services</b>		

1			
2	06. Local Subsidized Child Care		
3	Services Support	18,533,357	18,533,357
4			
5	07. Direct Deposit for Child Care Payments	505,100	505,100
6			
7	<b>Division of Central Management and Support</b>		
8			
9	08. NC FAST Development	464,290	0
10			
11	09. NC FAST Operations and Maintenance	1,104,504	1,201,697
12			
13	10. DHHS Central Administration – DIRM		
14	Technical Services	645,162	645,162
15			
16	11. DHHS Central Administration	400,000	400,000
17			
18	<b>Division of Public Health</b>		
19			
20	12. Child Care Health Consultation Contracts	62,205	62,205
21			
22	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
23	<b>FUND BLOCK GRANT</b>	<b>\$351,224,202</b>	<b>\$350,849,220</b>
24			
25	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
26			
27	<b>Local Program Expenditures</b>		
28			
29	01. Mental Health Services – Child	\$4,779,087	\$4,779,087
30			
31	02. Mental Health Services – Adult/Child	21,872,198	15,765,206
32			
33	03. Mental Health Services – First		
34	Psychotic Symptom Treatment	1,976,970	1,976,970
35			
36	<b>DHHS Administration</b>		
37			
38	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
39			
40	04. Administration	200,000	200,000
41			
42	<b>TOTAL MENTAL HEALTH SERVICES</b>		
43	<b>BLOCK GRANT</b>	<b>\$28,828,255</b>	<b>\$22,721,263</b>
44			
45	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
46			
47	<b>Local Program Expenditures</b>		
48			
49	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
50			
51	01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915

1			
2	02. Substance Abuse Prevention	9,110,422	9,110,422
3			
4	03. Substance Abuse Services – Treatment for		
5	Children/Adults	30,453,564	29,500,823
6			
7	05. Crisis Solutions Initiatives – Collegiate		
8	Wellness/Addiction Recovery	1,085,000	1,085,000
9			
10	06. Crisis Solutions Initiatives – Community		
11	Paramedic Mobile Crisis Management	20,000	20,000
12			
13	<b>DHHS Program Expenditures</b>		
14			
15	<b>Division of Central Management and Support</b>		
16			
17	07. Competitive Grants	1,600,000	1,600,000
18			
19	<b>DHHS Administration</b>		
20			
21	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
22			
23	08. Administration	454,000	454,000
24			
25	09. Controlled Substance Reporting System		
26	Enhancement	427,655	427,655
27			
28	10. Veterans Initiatives	250,000	250,000
29			
30	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
31	<b>AND TREATMENT BLOCK GRANT</b>	<b>\$45,951,556</b>	<b>\$44,998,815</b>
32			
33	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
34			
35	<b>Local Program Expenditures</b>		
36			
37	<b>Division of Public Health</b>		
38			
39	01. Women and Children's Health Services		
40	(Safe Sleep Campaign \$45,000; Sickle Cell		
41	Centers \$100,000; Prevent Blindness \$575,000;		
42	March of Dimes \$350,000; Teen Pregnancy		
43	Prevention Initiatives \$650,000;		
44	17P Project \$52,000; Nurse-Family		
45	Partnership \$950,000; Perinatal & Neonatal		
46	Outreach Coordinator Contracts \$440,000;		
47	Mountain Area Pregnancy Services \$50,000)	\$14,719,224	\$14,719,224
48			
49	02. Oral Health	48,227	48,227
50			
51	03. Evidence-Based Programs in Counties		

1	With Highest Infant Mortality Rates	1,575,000	1,575,000
2			
3	<b>DHHS Program Expenditures</b>		
4			
5	04. Children's Health Services	1,427,323	1,427,323
6			
7	05. Women's Health – Maternal Health	169,864	169,864
8			
9	06. Women and Children's Health – Perinatal		
10	Strategic Plan Support Position	68,245	68,245
11			
12	07. State Center for Health Statistics	158,583	158,583
13			
14	08. Health Promotion – Injury and		
15	Violence Prevention	87,271	87,271
16			
17	<b>DHHS Administration</b>		
18			
19	09. Division of Public Health Administration	552,571	552,571
20			
21	<b>TOTAL MATERNAL AND CHILD</b>		
22	<b>HEALTH BLOCK GRANT</b>	<b>\$18,806,308</b>	<b>\$18,806,308</b>
23			
24	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		
25			
26	<b>Local Program Expenditures</b>		
27			
28	01. Physical Activity and Prevention	\$3,474,191	\$3,474,191
29			
30	02. Injury and Violence Prevention		
31	(Services to Rape Victims – Set-Aside)	160,000	160,000
32			
33	<b>DHHS Program Expenditures</b>		
34			
35	<b>Division of Public Health</b>		
36			
37	03. HIV/STD Prevention and		
38	Community Planning	137,648	137,648
39			
40	04. Oral Health Preventive Services	150,000	150,000
41			
42	05. Laboratory Services – Testing,		
43	Training, and Consultation	21,000	21,000
44			
45	06. Injury and Violence Prevention		
46	(Services to Rape Victims – Set-Aside)	53,206	53,206
47			
48	07. Performance Improvement and		
49	Accountability	592,123	592,123
50			
51	08. State Center for Health Statistics	82,505	82,505

**DHHS Administration**

**Division of Public Health**

09. Division of Public Health	65,000	65,000
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**TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT**

	<b>\$4,735,673</b>	<b>\$4,735,673</b>
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**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$24,170,204	\$20,539,214
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02. Discretionary Funding	921,096	921,096
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03. Office of Economic Opportunity	981,096	981,096
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04. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000
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**TOTAL COMMUNITY SERVICES BLOCK GRANT**

	<b>\$26,132,396</b>	<b>\$22,501,406</b>
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**GENERAL PROVISIONS**

**SECTION 9K.1.(b)** Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

**SECTION 9K.1.(c)** Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants

1 administered by the Department of Health and Human Services from the amounts appropriated  
2 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced  
3 federal funding.

4 Notwithstanding the provisions of this subsection, for fiscal years 2019-2020 and  
5 2020-2021, increases in the federal fund availability for the Temporary Assistance to Needy  
6 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
7 program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall  
8 not be used to supplant State funds.

9 Prior to allocating the change in federal fund availability, the proposed allocation  
10 must be approved by the Office of State Budget and Management. If the Department adjusts the  
11 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
12 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
13 Research Division.

14 **SECTION 9K.1.(d)** Except as otherwise provided, appropriations from federal  
15 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2021, according  
16 to the schedule enacted for State fiscal years 2019-2020 and 2020-2021 or until a new schedule  
17 is enacted by the General Assembly.

18 **SECTION 9K.1.(e)** All changes to the budgeted allocations to the Block Grants or  
19 contingency funds and other grants related to existing Block Grants administered by the  
20 Department of Health and Human Services that are not specifically addressed in this section shall  
21 be approved by the Office of State Budget and Management. The Office of State Budget and  
22 Management shall not approve funding for new programs or activities not appropriated in this  
23 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and  
24 Management shall not approve any reduction of funds designated for subrecipients in subsection  
25 (a) of this section under Item 01 of the Maternal and Child Health Block Grant. The Office of  
26 State Budget and Management shall consult with the Joint Legislative Oversight Committee on  
27 Health and Human Services for review prior to implementing any changes. In consulting, the  
28 report shall include an itemized listing of affected programs, including associated changes in  
29 budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be  
30 reported immediately to the Joint Legislative Oversight Committee on Health and Human  
31 Services and the Fiscal Research Division. This subsection does not apply to Block Grant  
32 changes caused by legislative salary increases and benefit adjustments.

33 **SECTION 9K.1.(f)** Except as otherwise provided, the Department of Health and  
34 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
35 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
36 so long as the total allocation for the line items within those block grants remains the same.  
37

### 38 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

39 **SECTION 9K.1.(g)** The sum of eighty million ninety-three thousand five hundred  
40 sixty-six dollars (\$80,093,566) for each year of the 2019-2021 fiscal biennium appropriated in  
41 this act in TANF funds to the Department of Health and Human Services, Division of Social  
42 Services, shall be used for Work First County Block Grants. The Division shall certify these  
43 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
44 has the authority to realign the authorized budget for these funds among the State-level services  
45 based on current year actual expenditures. The Division shall also have the authority to realign  
46 appropriated funds from Work First Family Assistance for electing counties to the Work First  
47 County Block Grant for electing counties based on current year expenditures so long as the  
48 electing counties meet Maintenance of Effort requirements.

49 **SECTION 9K.1.(h)** The sum of nine million four hundred twelve thousand three  
50 hundred ninety-one dollars (\$9,412,391) appropriated in this act to the Department of Health and  
51 Human Services, Division of Social Services, in TANF funds for each fiscal year of the

1 2019-2021 fiscal biennium for child welfare improvements shall be allocated to the county  
2 departments of social services for hiring or contracting staff to investigate and provide services  
3 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
4 license, and support prospective foster and adoptive families; and to provide interstate and  
5 post-adoption services for eligible families.

6 Counties shall maintain their level of expenditures in local funds for Child Protective  
7 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
8 the total expenditures from State and local funds for fiscal years 2019-2020 and 2020-2021 shall  
9 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

10 **SECTION 9K.1.(i)** The sum of two million twenty-six thousand eight hundred  
11 seventy-seven dollars (\$2,026,877) appropriated in this act in TANF funds to the Department of  
12 Health and Human Services, Special Children Adoption Fund, for each fiscal year of the  
13 2019-2021 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of  
14 Social Services, in consultation with the North Carolina Association of County Directors of  
15 Social Services and representatives of licensed private adoption agencies, shall develop  
16 guidelines for the awarding of funds to licensed public and private adoption agencies upon the  
17 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the  
18 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance  
19 the adoption services program. No local match shall be required as a condition for receipt of these  
20 funds.

21 **SECTION 9K.1.(j)** The sum of one million four hundred thousand dollars  
22 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human  
23 Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall  
24 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
25 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
26 services to families in their homes in the least restrictive setting.

27 **SECTION 9K.1.(k)** Of the three million four hundred fifty thousand dollars  
28 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human  
29 Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for teen  
30 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each  
31 year of the 2019-2021 fiscal biennium shall be used to provide services for foster care youth and  
32 juvenile justice.

### 33 **SOCIAL SERVICES BLOCK GRANT**

34 **SECTION 9K.1.(l)** The sum of nineteen million nine hundred five thousand eight  
35 hundred forty-nine dollars (\$19,905,849) for each year of the 2019-2021 fiscal biennium  
36 appropriated in this act in the Social Services Block Grant to the Department of Health and  
37 Human Services, Division of Social Services, and the sum of thirteen million ninety-seven  
38 thousand seven hundred eighty-three dollars (\$13,097,783) for each year of the 2019-2021 fiscal  
39 biennium transferred from funds appropriated in the TANF Block Grant shall be used for county  
40 block grants. The Division shall certify these funds in the appropriate State-level services based  
41 on prior year actual expenditures. The Division has the authority to realign the authorized budget  
42 for these funds, as well as State Social Services Block Grant funds, among the State-level services  
43 based on current year actual expenditures.

44 Of the funds allocated in this subsection for each year of the 2019-2021 fiscal  
45 biennium for county block grants, three million dollars (\$3,000,000) shall be used to assist  
46 counties in the implementation of Project 4, Child Services, in North Carolina Families  
47 Accessing Services Through Technology (NC FAST). These funds shall be available in each  
48 fiscal year of the fiscal biennium for this purpose.

49 **SECTION 9K.1.(m)** The sum of one million three hundred thousand dollars  
50 (\$1,300,000) appropriated in this act in the Social Services Block Grant to the Department of  
51

1 Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021  
2 fiscal biennium shall be used to support various child welfare training projects as follows:

- 3 (1) Provide a regional training center in southeastern North Carolina.
- 4 (2) Provide training for residential child caring facilities.
- 5 (3) Provide for various other child welfare training initiatives.

6 **SECTION 9K.1.(n)** The Department of Health and Human Services is authorized,  
7 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
8 Block Grant funding allocated for departmental administration between divisions that have  
9 received administrative allocations from the Social Services Block Grant.

10 **SECTION 9K.1.(o)** Social Services Block Grant funds appropriated for the Special  
11 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

12 **SECTION 9K.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
13 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021  
14 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of  
15 Social Services. The Division shall allocate these funds to local departments of social services to  
16 replace the loss of Child Protective Services State funds that are currently used by county  
17 governments to pay for Child Protective Services staff at the local level. These funds shall be  
18 used to maintain the number of Child Protective Services workers throughout the State. These  
19 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and  
20 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

21 **SECTION 9K.1.(q)** The sum of four million seven hundred seventy-four thousand  
22 five hundred twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal biennium  
23 appropriated in this act in the Social Services Block Grant to the Department of Health and  
24 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS  
25 competitive block grants pursuant to Section 9B.8 of this act. These funds are exempt from the  
26 provisions of 10A NCAC 71R .0201(3).

27 **SECTION 9K.1.(r)** The sum of one million five hundred eighty-two thousand  
28 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
29 year of the 2019-2021 fiscal biennium to the Department of Health and Human Services, Division  
30 of Social Services, shall be used to continue support for the Child Advocacy Centers, and the  
31 funds are exempt from the provisions of 10A NCAC 71R .0201(3).

32 **SECTION 9K.1.(s)** The sum of three million eight hundred twenty-five thousand  
33 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2019-2021 fiscal  
34 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
35 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used  
36 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may  
37 expend funds allocated in this section to support existing corporate guardianship contracts during  
38 the 2019-2020 and 2020-2021 fiscal years.

39 **SECTION 9K.1.(t)** Of the funds appropriated in the Social Services Block Grant to  
40 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred  
41 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult  
42 Protective Services workers where these funds can be the most effective. These funds shall be  
43 used to pay for salaries and related expenses and shall not be used to supplant any other source  
44 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local  
45 match of twenty-five percent (25%).

46 **SECTION 9K.1.(u)** The sum of seven hundred thirty-seven thousand sixty-seven  
47 dollars (\$737,067) appropriated in this act in the Social Services Block Grant for each fiscal year  
48 of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human  
49 Services, Division of Social Services. These funds shall be used to assist with training needs for  
50 county child welfare training staff and shall not be used to supplant any other source of funding

1 for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3)  
2 requiring a local match of twenty-five percent (25%).  
3

#### 4 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

5 **SECTION 9K.1.(v)** Additional emergency contingency funds received may be  
6 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
7 consultation with the Joint Legislative Oversight Committee on Health and Human Services.  
8 Additional funds received shall be reported to the Joint Legislative Oversight Committee on  
9 Health and Human Services and the Fiscal Research Division upon notification of the award. The  
10 Department of Health and Human Services shall not allocate funds for any activities, including  
11 increasing administration, other than assistance payments, without prior consultation with the  
12 Joint Legislative Oversight Committee on Health and Human Services.

13 **SECTION 9K.1.(w)** The sum of forty million two hundred ninety-eight thousand  
14 six hundred thirty-eight dollars (\$40,298,638) for each year of the 2019-2021 fiscal biennium  
15 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of  
16 Health and Human Services, Division of Social Services, shall be used for Energy Assistance  
17 Payments for the households of (i) elderly persons age 60 and above with income up to one  
18 hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for  
19 services funded through the Division of Aging and Adult Services.

20 County departments of social services shall submit to the Division of Social Services  
21 an outreach plan for targeting households with 60-year-old household members no later than  
22 August 1 of each year. The outreach plan shall comply with the following:

- 23 (1) Ensure that eligible households are made aware of the available assistance,  
24 with particular attention paid to the elderly population age 60 and above and  
25 disabled persons receiving services through the Division of Aging and Adult  
26 Services.
- 27 (2) Include efforts by the county department of social services to contact other  
28 State and local governmental entities and community-based organizations to  
29 (i) offer the opportunity to provide outreach and (ii) receive applications for  
30 energy assistance.
- 31 (3) Be approved by the local board of social services or human services board  
32 prior to submission.  
33

#### 34 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

35 **SECTION 9K.1.(x)** Payment for subsidized child care services provided with federal  
36 TANF funds shall comply with all regulations and policies issued by the Division of Child  
37 Development and Early Education for the subsidized child care program.

38 **SECTION 9K.1.(y)** If funds appropriated through the Child Care and Development  
39 Fund Block Grant for any program cannot be obligated or spent in that program within the  
40 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
41 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order  
42 to use the federal funds fully.  
43

#### 44 **MENTAL HEALTH SERVICES BLOCK GRANT**

45 **SECTION 9K.1.(z)** The sum of one million nine hundred seventy-six thousand nine  
46 hundred seventy dollars (\$1,976,970) appropriated in this act in the Mental Health Services Block  
47 Grant to the Department of Health and Human Services, Division of Mental Health,  
48 Developmental Disabilities, and Substance Abuse Services, for each year of the 2019-2021 fiscal  
49 biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.  
50

#### 51 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

1           **SECTION 9K.1.(aa)** The sum of two hundred fifty thousand dollars (\$250,000)  
2 appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the  
3 Department of Health and Human Services, Division of Mental Health, Developmental  
4 Disabilities, and Substance Abuse Services, for each fiscal year of the 2019-2021 fiscal biennium  
5 shall be used to support Veterans initiatives.  
6

## 7 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

8           **SECTION 9K.1.(bb)** If federal funds are received under the Maternal and Child  
9 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
10 U.S.C. § 710), for the 2019-2020 fiscal year or the 2020-2021 fiscal year, then those funds shall  
11 be transferred to the State Board of Education to be administered by the Department of Public  
12 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
13 until marriage education program and shall delegate to one or more persons the responsibility of  
14 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public  
15 Instruction shall carefully and strictly follow federal guidelines in implementing and  
16 administering the abstinence education grant funds.

17           **SECTION 9K.1.(cc)** The sum of one million five hundred seventy-five thousand  
18 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the  
19 Department of Health and Human Services, Division of Public Health, for each year of the  
20 2019-2021 fiscal biennium shall be used for evidence-based programs in counties with the  
21 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the  
22 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,  
23 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings  
24 to the House of Representatives Appropriations Committee on Health and Human Services, the  
25 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
26 Division no later than December 31 of each year.

27           **SECTION 9K.1.(dd)** The sum of sixty-eight thousand two hundred forty-five dollars  
28 (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the  
29 Department of Health and Human Services, Division of Public Health, Women and Children's  
30 Health Section, for each fiscal year of the 2019-2021 fiscal biennium shall not be used to supplant  
31 existing State or federal funds. This allocation shall be used for a Public Health Program  
32 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
33 Plan and provide staff support for the stakeholder work group.

34           **SECTION 9K.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated  
35 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
36 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for  
37 community-based sickle cell centers shall not be used to supplant existing State or federal funds.  
38

## 39 **PART X. AGRICULTURE AND CONSUMER SERVICES**

### 40 **DACS REPORT CHANGES**

41           **SECTION 10.1.(a)** G.S. 19A-62(c) reads as rewritten:

42           "(c) Report. – In March of each year, the Department must report to the ~~Joint Legislative~~  
43 ~~Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture  
44 and Natural and Economic Resources and the Fiscal Research Division. The report must contain  
45 information regarding all revenues and expenditures of the Spay/Neuter Account."  
46

47           **SECTION 10.1.(b)** G.S. 19A-69 reads as rewritten:

48           "**§ 19A-69. Report.**

49           The Department shall report annually to the ~~Joint Legislative Commission on Governmental~~  
50 ~~Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic

1 Resources and the Fiscal Research Division no later than March 1. The report shall contain  
2 information regarding all revenues and expenditures of the Animal Shelter Support Fund."

3 **SECTION 10.1.(c)** G.S. 106-744(i) reads as rewritten:

4 "(i) The Advisory Committee shall report no later than October 1 of each year to the ~~Joint~~  
5 ~~Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee~~  
6 ~~on Agriculture and Natural and Economic Resources, the Environmental Review Commission,~~  
7 ~~and the House of Representatives and Senate Appropriations Subcommittees on Natural and~~  
8 ~~Economic Resources~~ the chairs of the Senate Appropriations Committee on Agriculture, Natural,  
9 and Economic Resources, and the chairs of the House of Representatives Appropriations  
10 Committee on Agriculture and Natural and Economic Resources regarding the activities of the  
11 Advisory Committee, the agriculture easements purchased, and agricultural projects funded  
12 during the previous fiscal year."

13 **SECTION 10.1.(d)** G.S. 106-747(f) reads as rewritten:

14 "(f) Reports. – The Committee shall report on its activities conducted to implement this  
15 section, including any findings, recommendations, and legislative proposals, to the North  
16 Carolina Military Affairs ~~Commission and Commission,~~ the Agriculture and Forestry Awareness  
17 Study ~~Commission-Commission,~~ and the Joint Legislative Oversight Committee on Agriculture  
18 and Natural and Economic Resources beginning September 1, 2017, and annually thereafter, until  
19 such time as the Committee completes its work."

20 **SECTION 10.1.(e)** G.S. 106-755.1(14) reads as rewritten:

21 "(14) By September 1 of each year, to report to the ~~House of Representatives~~  
22 ~~Appropriations Subcommittee on Natural and Economic Resources, the~~  
23 ~~Senate Appropriations Committee on Natural and Economic Resources, the~~  
24 ~~Joint Legislative Commission on Governmental Operations, chairs of the~~  
25 ~~Senate Appropriations Committee on Agriculture, Natural, and Economic~~  
26 ~~Resources, the chairs of the House of Representatives Appropriations~~  
27 ~~Committee on Agriculture and Natural and Economic Resources, the Joint~~  
28 ~~Legislative Oversight Committee on Agriculture and Natural and Economic~~  
29 ~~Resources,~~ and the Fiscal Research Division on the activities of the Council,  
30 the status of the wine and grape industry in North Carolina and the United  
31 States, progress on the development and implementation of the State  
32 Viticulture Plan, and any contracts or agreements entered into by the Council  
33 for research, education, or marketing."

34 **SECTION 10.1.(f)** G.S. 106-887(i) reads as rewritten:

35 "(i) The Department shall report no later than October 1 of each year to the ~~Joint~~  
36 ~~Legislative Commission on Governmental Operations, the House and Senate Appropriations~~  
37 ~~Subcommittees on Natural and Economic Resources, Joint Legislative Oversight Committee on~~  
38 ~~Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations~~  
39 ~~Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of~~  
40 ~~Representatives Appropriations Committee on Agriculture and Natural and Economic~~  
41 ~~Resources,~~ the Fiscal Research Division, and the Environmental Review Commission on the  
42 Department's management activities at DuPont State Recreational Forest during the preceding  
43 fiscal year and plans for management of DuPont State Recreational Forest for the upcoming fiscal  
44 year."

45 **SECTION 10.1.(g)** G.S. 106-911 reads as rewritten:

46 "**§ 106-911. Annual report on wildfires.**

47 No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall  
48 submit a written report on wildfires in the State to the chairs of the ~~House Appropriations~~  
49 ~~Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee~~  
50 ~~on Natural and Economic Resources, the Joint Legislative Commission on Governmental~~  
51 ~~Operations, Senate Appropriations Committee on Agriculture, Natural, and Economic~~

1 Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture  
 2 and Natural and Economic Resources, the Joint Legislative Oversight Committee on Agriculture  
 3 and Natural and Economic Resources, and the Fiscal Research Division of the General Assembly.  
 4 The report shall include the following information for all major or project wildfires during the  
 5 prior fiscal year:

6 ...."

7 **SECTION 10.1.(h)** G.S. 106-1029(b)(3) and (5) read as rewritten:

8 "(3) Establish in November prior to those sessions in which the General Assembly  
 9 considers the State budget, the estimated total assessment that will be  
 10 collectible in the next budget period and so inform the ~~General Assembly;~~Joint  
 11 Legislative Oversight Committee on Agriculture and Natural and Economic  
 12 Resources.

13 ...

14 (5) By January 15 of each odd-numbered year, report to the ~~General Assembly~~  
 15 Joint Legislative Oversight Committee on Agriculture and Natural and  
 16 Economic Resources on the number of acres reforested, type of owners  
 17 assisted, geographic distribution of funds, the amount of funds ~~encumbered~~  
 18 encumbered, and other matters. The report shall include the information by  
 19 forestry district and statewide and shall be for the two fiscal years prior to the  
 20 date of the report."

21 **SECTION 10.1.(i)** Section 11.1 of S.L. 2012-142 is codified as G.S. 106-915 and  
 22 reads as rewritten:

23 "**§ 106-915. B.R.I.D.G.E. Youthful Offenders Program; annual report.**

24 (a) The Division of Adult Correction of the Department of Public Safety shall give  
 25 priority to the B.R.I.D.G.E. Youthful Offenders Program operated in cooperation with the North  
 26 Carolina Forest Service when assigning youthful offenders from the Western Youth Institution  
 27 to work programs.

28 (b) The North Carolina Forest Service shall submit an annual report on the B.R.I.D.G.E.  
 29 Youthful Offenders Program no later than October 1 of each year beginning October 1, 2012, to  
 30 the Fiscal Research Division, the ~~Chairs of the House Appropriations Subcommittee on Natural~~  
 31 ~~and Economic Resources and the Senate Appropriations Committee on Natural and Economic~~  
 32 ~~Resources, the Chairs of the House Appropriations Subcommittee on Justice and Public Safety~~  
 33 ~~and the Senate Appropriations Committee on Justice and Public Safety, the Joint Legislative~~  
 34 ~~Commission on Governmental Operations, chairs of the Senate Appropriations Committee on~~  
 35 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives  
 36 Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint  
 37 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
 38 chairs of the Senate Appropriations Committee on Justice and Public Safety, the chairs of the  
 39 House of Representatives Appropriations Committee on Justice and Public Safety, and the Joint  
 40 Legislative Oversight Committee on Justice and Public Safety. The report shall include the  
 41 following information for the prior fiscal year:

42 ...."

43 **SECTION 10.1.(j)** Section 13.7(b) of S.L. 2013-360 is codified as G.S. 106-590 and  
 44 reads as rewritten:

45 "**§ 106-590. Annual report on funds allocated to the North Carolina Agricultural**  
 46 **Foundation, Inc.**

47 ~~North Carolina Agricultural Foundation—FFA Foundation (hereinafter "FFA Foundation")~~  
 48 The North Carolina Agricultural Foundation, Inc., shall do the following if the Department of  
 49 Agriculture and Consumer Services allocates funds to the ~~entity;~~ it for programs of the North  
 50 Carolina Future Farmers of America Association:

- 1 (1) By September 1 of each year, and more frequently as requested, report to the  
2 ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative  
3 Oversight Committee on Agriculture and Natural and Economic Resources  
4 and the Fiscal Research Division on prior State fiscal year program activities,  
5 objectives, and accomplishments and prior State fiscal year itemized  
6 expenditures and fund sources.
- 7 (2) Provide to the Fiscal Research Division a copy of the organization's annual  
8 audited financial statement within 30 days of issuance of the statement."  
9

## 10 **TIMBER SALES/RETENTION OF PROCEEDS**

11 **SECTION 10.2.** The Department of Agriculture and Consumer Services is  
12 authorized to expend up to one hundred fifty thousand dollars (\$150,000) each year for forestry  
13 management from funds received from the sale of timber that are deposited with the State  
14 Treasurer in a capital improvement account pursuant to G.S. 146-30. The Director of the Budget  
15 is authorized to transfer up to one hundred fifty thousand dollars (\$150,000) from the capital  
16 improvement account to the Reserve for Forestry Management in the Department's operating  
17 budget and to prepare succeeding continuation budget documents to include one hundred fifty  
18 thousand dollars (\$150,000) in the Reserve for Forestry Management.  
19

## 20 **HEALTHY FOOD/SMALL RETAILER**

21 **SECTION 10.3.(a)** The funds appropriated by S.L. 2018-5 for the Healthy  
22 Food/Small Retailer program shall be used to continue a program to reimburse small food  
23 retailers for expenditures related to enhancing access to healthy foods in areas that qualify as  
24 food desert zones according to the Economic Research Service of the United States Department  
25 of Agriculture. For the purposes of this section, a small food retailer is defined as a business that  
26 is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of  
27 no more than 3,000 heated square feet that sells a limited selection of foods and other products.  
28 Funds may be used to reimburse small food retailers for the purchase and installation of  
29 refrigeration equipment, display shelving, and other equipment necessary for stocking  
30 nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and  
31 legumes, low-fat dairy products, lean meats, and seafood.

32 **SECTION 10.3.(b)** The Department of Agriculture and Consumer Services may  
33 reimburse up to twenty-five thousand dollars (\$25,000) to each eligible small food retailer. Small  
34 food retailers receiving moneys from the program shall accept or agree to accept Supplemental  
35 Nutrition Assistance Program benefits and shall accept or agree to apply to accept Special  
36 Supplemental Nutrition Program for Women, Infants, and Children benefits. The Department  
37 shall establish guidelines for application and receipt of funding for small food retailers to ensure  
38 that the funds shall be used to enhance and advertise the availability of nutrient-dense foods. The  
39 Department shall assist the small food retailer in identifying suppliers of nutrient-dense foods  
40 and in developing a strategy to encourage the sale of nutrient-dense foods to customers.

41 **SECTION 10.3.(c)** On or before October 1, 2019, and annually thereafter until the  
42 funds are expended, the Department of Agriculture and Consumer Services shall report to the  
43 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and  
44 the Fiscal Research Division on the activities funded by the Healthy Food/Small Retailer  
45 program, including the number of small food retailers receiving reimbursement, how the funds  
46 were used by the small food retailers, and the gross amount of nutrient-dense food, in dollars,  
47 sold to customers by participating small food retailers.

48 **SECTION 10.3.(d)** This section becomes effective June 30, 2019.  
49

## 50 **TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES**

1           **SECTION 10.4.** Notwithstanding G.S. 143-717(i), the Tobacco Trust Fund  
2 Commission may use three hundred seventy-five thousand dollars (\$375,000) for the 2019-2020  
3 fiscal year for administrative and operating expenses of the Commission and its staff.  
4

5 **TOBACCO TRUST FUND GRANT**

6           **SECTION 10.5.** Notwithstanding G.S. 143-720 and G.S. 143-721, of the funds  
7 appropriated to the Tobacco Trust Fund in this act, one million five hundred thousand dollars  
8 (\$1,500,000) in nonrecurring funds for the 2019-2020 fiscal year is allocated to the Town of  
9 Mount Olive to support locally based agriculture educational programs.  
10

11 **EASTERN NORTH CAROLINA FOOD COMMERCIALIZATION CENTER FUNDING**

12           **SECTION 10.6.(a)** Funds appropriated by this act to the Department of Agriculture  
13 and Consumer Services for local food processing initiatives shall be used to provide a grant to  
14 the Eastern North Carolina Food Commercialization Center to provide matching funds for a  
15 federal construction grant and to provide working capital and equipment for the Center.

16           **SECTION 10.6.(b)** The Center shall submit an annual report on the use of the funds  
17 allocated by this section to the Joint Legislative Oversight Committee on Agriculture and Natural  
18 and Economic Resources and the Fiscal Research Division no later than April 1 of each year until  
19 the funds are spent or have reverted.  
20

21 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF**  
22 **STATE-MANAGED PROPERTIES**

23           **SECTION 10.7.(a)** The Department of Agriculture and Consumer Services' Plant  
24 Industry Division shall study and report on wildlife enhancement, invasive species control, and  
25 native habitat restoration on properties managed by the State. The Division shall include the  
26 following in its study and report:

- 27           (1) The amount of funds and other resources dedicated by each State agency land  
28 manager (including the Department of Natural and Cultural Resources, the  
29 Wildlife Resources Commission, the Department of Environmental Quality,  
30 and the Department of Agriculture and Consumer Services) to habitat  
31 management for wildlife enhancement, including, but not limited to, invasive  
32 species removal, prescribed burning, selective thinning, and native plant  
33 restoration.
- 34           (2) The potential need for each State agency land manager for additional funding  
35 or positions necessary to support wildlife enhancement, including invasive  
36 species removal, prescribed burning, selective thinning, and native plant  
37 restoration.
- 38           (3) Identification of existing federal funding sources for wildlife enhancement on  
39 State-managed properties and missed match opportunities with State  
40 resources.

41           **SECTION 10.7.(b)** The Department shall provide its report to the Joint Legislative  
42 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
43 Research Division no later than April 1, 2020.  
44

45 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF**  
46 **ORGANIC FOOD IN THE FARM TO SCHOOL PROGRAM**

47           **SECTION 10.8.(a)** The Department of Agriculture and Consumer Services shall  
48 study and report on the feasibility of including organic food in the NC Farm to School Program.  
49 The Department shall include the following in its study and report:

- 50           (1) The availability and sourcing of organically grown products that could be  
51 included in the Program.

- 1 (2) The potential costs and benefits associated with the inclusion of organically
- 2 grown products.
- 3 (3) Identification of existing grants, donations, or other non-State sources to fund
- 4 the inclusion of organically grown products.

5 **SECTION 10.8.(b)** The Department shall provide its report to the Joint Legislative  
 6 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
 7 Research Division no later than April 1, 2020.

8  
 9 **PART XI. COMMERCE**

10  
 11 **COMMERCE REPORT CHANGE**

12 **SECTION 11.1.** G.S. 143B-434.01(b) reads as rewritten:

13 "(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1  
 14 of each year. The Plan shall cover a period of four years and each annual update shall extend the  
 15 time frame by one year so that a four-year plan is always in effect. The Secretary shall provide  
 16 copies of the Plan and each annual update to the ~~Governor and the Joint Legislative Commission~~  
 17 ~~on Governmental Operations.~~ Governor, the chairs of the Senate Appropriations Committee on  
 18 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives  
 19 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint  
 20 Legislative Economic Development and Global Engagement Oversight Committee. The Plan  
 21 shall encompass all of the components set out in this section."  
 22

23 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

24 **SECTION 11.2.(a)** Of the funds appropriated in this act for federal block grant  
 25 funds, the following allocations are made for the fiscal years ending June 30, 2020, and June 30,  
 26 2021, according to the following schedule:  
 27

28 **COMMUNITY DEVELOPMENT BLOCK GRANT**

29		
30	01. State Administration	\$ 1,610,278
31		
32	02. Neighborhood Revitalization	10,000,000
33		
34	03. Economic Development	11,000,000
35		
36	04. Infrastructure	25,719,918
37		

38 **TOTAL COMMUNITY DEVELOPMENT**

39	<b>BLOCK GRANT – 2018 Program Year</b>	<b>\$ 48,330,196</b>
40	<b>2019 Program Year</b>	<b>\$ 48,330,196</b>
41		

42 **SECTION 11.2.(b)** If federal funds are reduced below the amounts specified in this  
 43 section after the effective date of this act, then every program in each of these federal block grants  
 44 shall be reduced by the same percentage as the reduction in federal funds.

45 **SECTION 11.2.(c)** Any block grant funds appropriated by the Congress of the  
 46 United States in addition to the funds specified in this section shall be expended as follows: each  
 47 program category under the Community Development Block Grant shall be increased by the  
 48 same percentage as the increase in federal funds.

49 **SECTION 11.2.(d)** The Department of Commerce shall consult with the Joint  
 50 Legislative Commission on Governmental Operations prior to reallocating Community

1 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
2 the Director of the Budget finds either of the following conditions exist:

- 3 (1) If a reallocation is required because of an emergency that poses an imminent  
4 threat to public health or public safety, then the Director of the Budget may  
5 authorize the reallocation without consulting the Commission. The  
6 Department of Commerce shall report to the Commission on the reallocation  
7 no later than 30 days after it was authorized and shall identify in the report the  
8 emergency, the type of action taken, and how it was related to the emergency.
- 9 (2) If the State will lose federal block grant funds or receive less federal block  
10 grant funds in the next fiscal year unless a reallocation is made, then the  
11 Department of Commerce shall provide a written report to the Commission  
12 on the proposed reallocation and shall identify the reason that failure to take  
13 action will result in the loss of federal funds. If the Commission does not hear  
14 the issue within 30 days of receipt of the report, the Department may take the  
15 action without consulting the Commission.

16 **SECTION 11.2.(e)** By September 1, 2019, and September 1, 2020, the Department  
17 of Commerce shall report to the chairs of the House of Representatives Appropriations  
18 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate  
19 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint  
20 Legislative Economic Development and Global Engagement Oversight Committee; and the  
21 Fiscal Research Division on the use of Community Development Block Grant Funds  
22 appropriated in the prior fiscal year. The report shall include the following:

- 23 (1) A discussion of each of the categories of funding and how the categories were  
24 selected, including information on how a determination was made that there  
25 was a statewide need in each of the categories.
- 26 (2) Information on the number of applications that were received in each category  
27 and the total dollar amount requested in each category.
- 28 (3) A list of grantees, including the grantee's name, county, category under which  
29 the grant was funded, the amount awarded, and a narrative description of the  
30 project.

31 **SECTION 11.2.(f)** For purposes of this section, eligible activities under the category  
32 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State  
33 Administered Community Development Block Grant definition of the term "infrastructure."  
34 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the  
35 infrastructure category in subsection (a) of this section shall not be reallocated to any other  
36 category.

37 **SECTION 11.2.(g)** Throughout each year, deobligated funds arise in the various  
38 funding categories and program years of the Community Development Block Grant (CDBG)  
39 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)  
40 projects being required to repay funds. Surplus federal administrative funds in the CDBG  
41 program may vary from year to year based upon the amount of State-appropriated funds allocated  
42 and the amount of eligible in-kind funds identified.

43 **SECTION 11.2.(h)** To allow the Department of Commerce and the Department of  
44 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as  
45 they are identified throughout the program year, the following shall apply to the use of  
46 deobligated CDBG funds and surplus federal administrative funds:

- 47 (1) All surplus federal administrative funds shall be divided equally between the  
48 Departments of Commerce and Environmental Quality and shall be used as  
49 provided in subdivisions (2) and (3) of this subsection.

- 1 (2) All deobligated funds allocated to the Department of Commerce and any  
 2 surplus federal administrative funds, as provided for in subdivision (1) of this  
 3 subsection, may be used by the Department for all of the following:  
 4 a. To issue grants in the CDBG economic development or neighborhood  
 5 revitalization program category.  
 6 b. For providing training and guidance to local governments relative to  
 7 the CDBG program, its management, and administrative requirements.  
 8 c. For additional assistance for pilot broadband projects.  
 9 d. For any other purpose consistent with the Department's administration  
 10 of the CDBG program if an equal amount of State matching funds is  
 11 available.
- 12 (3) All deobligated funds allocated to the Department of Environmental Quality  
 13 and any surplus federal administrative funds, as provided for in subdivision  
 14 (1) of this subsection, may be used by the Department for all of the following:  
 15 a. To issue grants in the CDBG infrastructure program category.  
 16 b. For any other purpose consistent with the Department's administration  
 17 of the CDBG program if an equal amount of State matching funds is  
 18 available.

## 20 GOLDEN LEAF REPORT CHANGES

### 21 SECTION 11.3. Section 3 of S.L. 1999-2 reads as rewritten:

22 "Section 3. The Attorney General shall draft articles of incorporation for the nonprofit  
 23 corporation to enable the nonprofit corporation to carry out its mission as set out in the Consent  
 24 Decree. The articles of incorporation shall provide for the following:

- 25 (1) Consultation; reporting. – The nonprofit corporation shall consult with the  
 26 Joint Legislative Commission on Governmental Operations (~~"Commission"~~)  
 27 prior to the corporation's board of directors (i) adopting bylaws and (ii)  
 28 adopting the annual operating budget. The nonprofit corporation shall also  
 29 report on its programs and activities to the ~~Commission~~ Joint Legislative  
 30 Oversight Committee on Agriculture and Natural and Economic Resources  
 31 and the Joint Legislative Economic Development and Global Engagement  
 32 Oversight Committee on or before ~~March 1~~ September 15 of each fiscal year  
 33 and more frequently as requested by ~~the Commission~~ either Committee. The  
 34 report shall include information on the activities and accomplishments during  
 35 the fiscal year, itemized expenditures during the fiscal year, planned activities  
 36 and goals for at least the next 12 months, and itemized anticipated  
 37 expenditures for the next fiscal year. The nonprofit corporation shall also  
 38 ~~annually~~ provide to the ~~Commission~~ Joint Legislative Oversight Committee  
 39 on Agriculture and Natural and Economic Resources and the Joint Legislative  
 40 Economic Development and Global Engagement Oversight Committee an  
 41 itemized report of its administrative expenses and copies of its annual ~~report~~  
 42 audited financial statement and tax return ~~information~~ information within 30  
 43 days of receiving an audit report.
- 44 (2) Public records; open meetings. – The nonprofit corporation is subject to the  
 45 Open Meetings Law as provided in Article 33C of Chapter 143 of the General  
 46 Statutes and the Public Records Act as provided in Chapter 132 of the General  
 47 Statutes. The nonprofit corporation shall publish at least annually a report,  
 48 available to the public and filed with the ~~Joint Legislative Commission on~~  
 49 ~~Governmental Operations~~, Joint Legislative Oversight Committee on  
 50 Agriculture and Natural and Economic Resources and the Joint Legislative  
 51 Economic Development and Global Engagement Oversight Committee, of

1 every expenditure or distribution in furtherance of the public charitable  
2 purposes of the nonprofit corporation.

3 ...."

## 4 5 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

6 **SECTION 11.4.(a)** The entities listed in subsection (b) of this section shall do the  
7 following for each year that State funds are expended:

- 8 (1) By September 1 of each year, and more frequently as requested, report to the  
9 Joint Legislative Oversight Committee on Agriculture and Natural and  
10 Economic Resources; the chairs of the House of Representatives  
11 Appropriations Committee on Agriculture and Natural and Economic  
12 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
13 Natural, and Economic Resources; and the Fiscal Research Division on prior  
14 State fiscal year program activities, objectives, and accomplishments and prior  
15 State fiscal year itemized expenditures and fund sources.
- 16 (2) Provide to the Joint Legislative Oversight Committee on Agriculture and  
17 Natural and Economic Resources; the chairs of the House of Representatives  
18 Appropriations Committee on Agriculture and Natural and Economic  
19 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
20 Natural, and Economic Resources; and the Fiscal Research Division a copy of  
21 the entity's annual audited financial statement within 30 days of issuance of  
22 the statement.

23 **SECTION 11.4.(b)** The following entities shall comply with the requirements of  
24 subsection (a) of this section:

- 25 (1) North Carolina Biotechnology Center.  
26 (2) High Point Market Authority.  
27 (3) RTI International.  
28 (4) Carolina Small Business Development Fund.  
29

## 30 **NC BIOTECHNOLOGY CENTER**

31 **SECTION 11.5.(a)** Of the funds appropriated in this act to the Department of  
32 Commerce, the sum of fourteen million six hundred thousand three hundred thirty-eight dollars  
33 (\$14,600,338) for the 2019-2020 fiscal year and the sum of fourteen million one hundred  
34 thousand three hundred thirty-eight dollars (\$14,100,338) for the 2020-2021 fiscal year shall be  
35 allocated to the North Carolina Biotechnology Center (hereinafter "Center") for the following  
36 purposes:

- 37 (1) Job creation: AgBiotech Initiative, economic and industrial development, and  
38 related activities – three million four hundred twenty-four thousand  
39 seventy-three dollars (\$3,424,073) for the 2019-2020 fiscal year and three  
40 million one hundred seventy-four thousand seventy-three dollars (\$3,174,073)  
41 for the 2020-2021 fiscal year.
- 42 (2) Science and commercialization: science and technology development, Centers  
43 of Innovation, business and technology development, education and training,  
44 and related activities – nine million three hundred thirteen thousand nineteen  
45 dollars (\$9,313,019) for the 2019-2020 fiscal year and nine million sixty-three  
46 thousand nineteen dollars (\$9,063,019) for the 2020-2021 fiscal year.
- 47 (3) Center operations: administration, professional and technical assistance and  
48 oversight, corporate communications, human resource management, financial  
49 and grant administration, legal, and accounting – one million eight hundred  
50 sixty-three thousand two hundred forty-six dollars (\$1,863,246) for each fiscal  
51 year of the 2019-2021 biennium.

1           **SECTION 11.5.(b)** The Center shall prioritize funding and distribution of loans over  
2 existing funding and distribution of grants.

3           **SECTION 11.5.(c)** Up to ten percent (10%) of each of the allocations in subsection  
4 (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if,  
5 in the judgment of Center management, the reallocation will advance the mission of the Center.  
6

## 7 **PART XII. ENVIRONMENTAL QUALITY**

### 8 9 **DEQ REPORT CHANGES**

10           **SECTION 12.1.(a)** G.S. 113A-241 reads as rewritten:

11 "**§ 113A-241. State to ~~Preserve One Million Acres; Annual report,~~preserve one million**  
12 **acres.**

13           (a) The State of North Carolina shall encourage, facilitate, plan, coordinate, and support  
14 appropriate federal, State, local, and private land protection efforts so that an additional one  
15 million acres of farmland, open space, and conservation lands in the State are permanently  
16 protected by December 31, 2009. These lands shall be protected by acquisition in fee simple or  
17 by acquisition of perpetual conservation easements by public conservation organizations or by  
18 private entities that are organized to receive and administer lands for conservation purposes.

19           (b) The Secretary of Environmental Quality shall lead the effort to add one million acres  
20 to the State's protected lands and shall plan and coordinate with other public and private  
21 organizations and entities that are receiving and administering lands for conservation purposes.

22           ~~(c) The Secretary of Environmental Quality shall report to the Governor and the~~  
23 ~~Environmental Review Commission on or before 1 October of each year on the State's progress~~  
24 ~~towards attaining the goal established in this section."~~

25           **SECTION 12.1.(b)** Section 15.6(b) of S.L. 1999-237, as amended by Section 4.21  
26 of S.L. 2017-10, reads as rewritten:

27 "Section 15.6.(b) The Department of Environmental Quality and the Office of State Budget  
28 and Management shall report to the Joint Legislative Oversight Committee on Agriculture and  
29 Natural and Economic Resources the amount and the source of the funds used pursuant to  
30 subsection (a) of this section ~~within 30 days of the expenditure of these funds on or before April~~  
31 ~~15 of each year and shall include this information in the status of solid waste management report~~  
32 ~~required to be submitted pursuant to G.S. 130A-309.06(c)."~~

33           **SECTION 12.1.(c)** G.S. 130A-309.06(c) reads as rewritten:

34           "(c) The Department shall report to the Environmental Review Commission and the Fiscal  
35 Research Division on or before ~~January 15~~ April 15 of each year on the status of solid waste  
36 management efforts in the State. The report shall ~~include~~ include all of the following:

37           ...

38           (17) ~~A report~~ Reports on the Inactive Hazardous Waste Response Act of 1987  
39 pursuant to ~~G.S. 130A-310.10(a)~~ G.S. 130A-310.10.

40           ...

41           (20) A report on the use of funds for Superfund cleanups and inactive hazardous  
42 site cleanups."

43           **SECTION 12.1.(d)** G.S. 130A-294(i) reads as rewritten:

44           "(i) The Department shall include in the status of solid waste management report required  
45 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
46 on the implementation and cost of the hazardous waste management program. The report shall  
47 include an evaluation of how well the State and private parties are managing and cleaning up  
48 hazardous waste. The report shall also include recommendations to the Governor, State agencies,  
49 and the General Assembly on ways to: improve waste management; reduce the amount of waste  
50 generated; maximize resource recovery, reuse, and conservation; and minimize the amount of  
51 hazardous waste which must be disposed of. The report shall include beginning and ending

1 balances in the Hazardous Waste Management Account for the reporting period, total fees  
2 collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures  
3 by activities and categories for the hazardous waste management program, any recommended  
4 adjustments in annual and tonnage fees which may be necessary to assure the continued  
5 availability of funds sufficient to pay the State's share of the cost of the hazardous waste  
6 management program, and any other information requested by the General Assembly. In  
7 recommending adjustments in annual and tonnage fees, the Department may propose fees for  
8 hazardous waste generators, and for hazardous waste treatment facilities that treat waste  
9 generated on site, which are designed to encourage reductions in the volume or quantity and  
10 toxicity of hazardous waste. The report shall also include a description of activities undertaken  
11 to implement the resident inspectors program established under G.S. 130A-295.02. In addition,  
12 the report shall include an annual update on the mercury switch removal program that shall  
13 include, at a minimum, all of the following:

14 ...."

15 **SECTION 12.1.(e)** G.S. 130A-309.64(e) reads as rewritten:

16 "(e) The Department shall include in the report to be delivered to the Environmental  
17 Review Commission ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a  
18 description of the implementation of the North Carolina Scrap Tire Disposal Act under this Part  
19 for the fiscal year ending the preceding June 30. The description of the implementation of the  
20 North Carolina Scrap Tire Disposal Act shall include a list of the recipients of grants under  
21 subsection (a) of this section and the amount of each grant for the previous 12-month period. The  
22 report also shall include the amount of funds used to clean up nuisance sites under subsection (d)  
23 of this section."

24 **SECTION 12.1.(f)** G.S. 130A-309.85 reads as rewritten:

25 **"§ 130A-309.85. Reporting on the management of white goods.**

26 The Department shall include in the report to be delivered to the Environmental Review  
27 Commission ~~on or before 15 January of each year~~ pursuant to G.S. 130A-309.06(c) a description  
28 of the management of white goods in the State for the fiscal year ending the preceding 30 June.  
29 The description of the management of white goods shall include the following information:

30 ...."

31 **SECTION 12.1.(g)** G.S. 130A-309.140(a) reads as rewritten:

32 "(a) The Department shall include in the status of solid waste management report required  
33 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
34 on the recycling of discarded computer equipment and televisions in the State under this Part.  
35 The report must include an evaluation of the recycling rates in the State for discarded computer  
36 equipment and televisions, a discussion of compliance and enforcement related to the  
37 requirements of this Part, and any recommendations for any changes to the system of collection  
38 and recycling of discarded computer equipment, televisions, or other electronic devices."

39 **SECTION 12.1.(h)** G.S. 130A-310.10 reads as rewritten:

40 **"§ 130A-310.10. Annual reports.**

41 (a) The Secretary shall include in the status of solid waste management report required  
42 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
43 on inactive hazardous sites that includes at least the following:

- 44 (1) The Inactive Hazardous Waste Sites Priority List.
- 45 (2) A list of remedial action plans requiring State funding through the Inactive  
46 Hazardous Sites Cleanup Fund.
- 47 (3) A comprehensive budget to implement these remedial action plans and the  
48 adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of  
49 said these plans.
- 50 (4) A prioritized list of sites that are eligible for remedial action under  
51 CERCLA/SARA together with recommended remedial action plans and a

1 comprehensive budget to implement ~~such~~ these plans. The budget for  
 2 implementing a remedial action plan under CERCLA/SARA shall include a  
 3 statement as to any appropriation that may be necessary to pay the State's share  
 4 of ~~such~~ the plan.

5 (5) A list of sites and remedial action plans undergoing voluntary cleanup with  
 6 Departmental approval.

7 (6) A list of sites and remedial action plans that may require State funding, a  
 8 comprehensive budget if implementation of these possible remedial action  
 9 plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup  
 10 Fund to fund the possible costs of ~~said~~ these plans.

11 (7) A list of sites that pose an imminent hazard.

12 (8) A comprehensive budget to develop and implement remedial action plans for  
 13 sites that pose imminent hazards and that may require State funding, and the  
 14 adequacy of the Inactive Hazardous Sites Cleanup Fund.

15 (8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.

16 (9) Any other information requested by the General Assembly or the  
 17 Environmental Review Commission.

18 (a1) On or before ~~October 1~~ April 15 of each year, the Department shall report to each  
 19 member of the General Assembly who has an inactive hazardous substance or waste disposal site  
 20 in the member's district. This report shall include the location of each inactive hazardous  
 21 substance or waste disposal site in the member's district, the type and amount of hazardous  
 22 substances or waste known or believed to be located on each of these sites, the last action taken  
 23 at each of these sites, and the date of that last action. The Department shall include this  
 24 information in the status of solid waste management report required to be submitted pursuant to  
 25 G.S. 130A-309.06(c).

26 (b) Repealed by Session Laws 2001-452, s. 2.3, effective October 28, 2001."

27 **SECTION 12.1.(i)** G.S. 130A-310.40 reads as rewritten:

28 "**§ 130A-310.40. Legislative reports.**

29 The Department shall include in the status of solid waste management report required to be  
 30 submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) an evaluation  
 31 of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and  
 32 commercial properties. This evaluation shall include any recommendations for additional  
 33 incentives or changes, if needed, to improve the effectiveness of this Part in addressing ~~such~~ these  
 34 properties. This evaluation shall also include a report on receipts by and expenditures from the  
 35 Brownfields Property Reuse Act Implementation Account."

36 **SECTION 12.1.(j)** G.S. 143-215.104U(a) reads as rewritten:

37 "(a) The Secretary shall include in the status of solid waste management report required  
 38 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
 39 on at least the following:

40 "...."

41 **SECTION 12.1.(k)** Section 14.22(j) of S.L. 2013-360 reads as rewritten:

42 "**SECTION 14.22.(j)** This section authorizes a Long Term Dredging Memorandum of  
 43 Agreement with the U.S. Army Corps of Engineers which may last beyond the current fiscal  
 44 biennium and which shall provide for all of the following:

45 (1) Prioritization of projects through joint consultation with the State, applicable  
 46 units of local government, and the U.S. Army Corps of Engineers.

47 (2) Compliance with G.S. 143-215.73F. Funds in the Shallow Draft Navigation  
 48 Channel Dredging Fund shall be used in accordance with that section.

49 (3) Annual reporting by the Department on the use of funds provided to the U.S.  
 50 Army Corps of Engineers under the Long Term Dredging Memorandum of  
 51 Agreement. These reports shall be made to the ~~Joint Legislative Commission~~

1 ~~on Governmental Operations, Joint Legislative Oversight Committee on~~  
 2 ~~Agriculture and Natural and Economic Resources,~~ the Fiscal Research  
 3 Division, and the Office of State Budget and Management and shall include  
 4 all of the following:

- 5 a. A list of all projects commenced.
- 6 b. The estimated cost of each project.
- 7 c. The date that work on each project commenced or is expected to  
 8 commence.
- 9 d. The date that work on each project was completed or is expected to be  
 10 completed.
- 11 e. The actual cost of each project."

### 12 **COLLABORATORY/GENX**

13 **SECTION 12.2.** Section 13.1(g) of S.L. 2018-5 reads as rewritten:

14 **"SECTION 13.1.(g)** The North Carolina Policy Collaboratory at the University of North  
 15 Carolina at Chapel Hill (Collaboratory) shall identify faculty expertise, technology, and  
 16 instrumentation, including mass spectrometers, located within institutions of higher education in  
 17 the State, including the Universities of North Carolina at Chapel Hill and Wilmington, North  
 18 Carolina State University, North Carolina A&T State University, Duke University, and other  
 19 public and private institutions, and coordinate these faculty and resources to conduct nontargeted  
 20 analysis for PFAS, including GenX, at all public water supply surface water intakes and one  
 21 public water supply well selected by each municipal water system that operates groundwater  
 22 wells for public drinking water supplies as identified by the Department of Environmental  
 23 Quality, to establish a water quality baseline for all sampling sites. The Collaboratory, in  
 24 consultation with the participating institutions of higher education, shall establish a protocol for  
 25 the baseline testing required by this subsection, as well as a protocol for periodic retesting of the  
 26 municipal intakes and additional public water supply wells. No later than ~~December 1, 2019,~~  
 27 December 1, 2020, Collaboratory shall report the results of such sampling by identifying  
 28 chemical families detected at each intake to the Environmental Review Commission, the Joint  
 29 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
 30 Department of Environmental Quality, the Department of Health and Human Services, and the  
 31 United States Environmental Protection Agency."  
 32

### 33 **SEPTAGE MANAGEMENT PROGRAM PERMITTING TIME LINE AMENDMENTS**

34 **SECTION 12.3.** G.S. 130A-291.1(e2) reads as rewritten:

35 "(e2) A properly completed application for a permit and the annual fee under this section  
 36 are due by ~~1 January~~ November 1 of each year. The Department shall mail a notice of the annual  
 37 fees to each permitted septage management firm and each individual who operates a septage  
 38 treatment or disposal facility prior to ~~1 November~~ October 1 of each calendar year. A late fee in  
 39 the amount equal to fifty percent (50%) of the annual permit fee under this section shall be  
 40 submitted when a properly completed application and annual permit fee are not submitted by ~~1~~  
 41 ~~January~~ January 1 following the ~~1 November~~ October 1 notice. The clear proceeds of civil  
 42 penalties collected pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture  
 43 Fund in accordance with G.S. 115C-457.2."  
 44

### 45 **SHALLOW DRAFT NAVIGATION DREDGING AND AQUATIC WEED FUND** 46 **AMENDMENTS**

47 **SECTION 12.4.** G.S. 143-215.73F(b) reads as rewritten:

48 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:  
 49

- 1 (1) To provide the State's share of the costs associated with any dredging project  
 2 designed to keep shallow draft navigation channels located in State waters or  
 3 waters of the ~~state~~ State located within lakes navigable and safe.
- 4 (2) For aquatic weed control projects in waters of the State under Article 15 of  
 5 Chapter 113A of the General Statutes. Funding for aquatic weed control  
 6 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- 7 ~~(3)(3a) For the compensation of a beach and inlet management project manager with  
 8 the Division of Coastal Management of the Department of Environmental  
 9 Quality for the purpose of overseeing all~~ For administrative support of Fund  
 10 operations.
- 11 (3b) For administrative support of activities related to beach and inlet management  
 12 in the State. Funding for the position is limited to ninety nine thousand dollars  
 13 (\$99,000) in each fiscal year.
- 14 (4) To provide funding for siting and acquisition of dredged disposal easement  
 15 sites associated with the maintenance of the Atlantic Intracoastal Waterway  
 16 between the border with the state of South Carolina and the border with the  
 17 Commonwealth of Virginia, under a Memorandum of Agreement between the  
 18 State and the federal government.
- 19 (5) For assessments and data collection regarding dredge material disposal sites  
 20 located in the State."

#### 21 MOUNT AIRY FUNDING CLARIFICATION

22 **SECTION 12.5.** Subdivision (2) of Section 13.4 of S.L. 2018-5 reads as rewritten:

- 23 "(2) One million dollars (\$1,000,000) to the Town of Mount Airy for ~~a water and  
 24 sewer line extension project.~~ water or sewer projects."

#### 25 WATER AND SEWER INFRASTRUCTURE GRANTS

26 **SECTION 12.6.** Of the funds appropriated by this act to the Division of Water  
 27 Infrastructure of the Department of Environmental Quality for water and sewer infrastructure  
 28 grants, the following sums are allocated to the indicated local governments for the 2019-2020  
 29 fiscal year for various water and sewer infrastructure projects:

- 30 (1) Two hundred thousand dollars (\$200,000) to the Town of Four Oaks.  
 31 (2) Five hundred thousand dollars (\$500,000) to the Town of Maysville.  
 32 (3) Five hundred thousand dollars (\$500,000) to the Town of Midland.  
 33 (4) One hundred thousand dollars (\$100,000) to the Town of Wilson's Mills.  
 34

#### 35 WASTEWATER INFRASTRUCTURE PROJECT

36 **SECTION 12.7.** Notwithstanding G.S. 159G-22(b), fifteen million dollars  
 37 (\$15,000,000) of funds appropriated in this act to the Division of Water Infrastructure for the  
 38 Wastewater Reserve shall be used to provide a loan to the City of King for a wastewater system.  
 39 Notwithstanding G.S. 159G-20(21) and G.S. 159G-40(b)(1), the interest rate for the loan shall  
 40 be zero percent (0%).  
 41

#### 42 INVESTMENT FLEXIBILITY AND RETAINED EARNINGS FOR RIPARIAN 43 BUFFER RESTORATION FUND AND RETAINED EARNINGS FOR ECOSYSTEM 44 RESTORATION FUND

45 **SECTION 12.8.(a)** G.S. 147-69.2(a) reads as rewritten:

46 "(a) This section applies to funds held by the State Treasurer to the credit of each of the  
 47 following:  
 48

- 49 ...  
 50 (17n) The Riparian Buffer Restoration Fund.  
 51

...."

**SECTION 12.8.(b)** G.S. 147-69.2(d) reads as rewritten:

"(d) The State Treasurer may invest funds deposited pursuant to subdivisions (17i), (17j), ~~and (17k)-(17l), (17l), and (17n)~~ of subsection (a) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to defray the costs of administering the funds and expenditures authorized under this section. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts contributed to the respective Funds, figured according to sound accounting principles."

#### **CERTAIN TIMBER SALES/NONREVERT**

**SECTION 12.9.** Section 14.3 of S.L. 2015-241 reads as rewritten:

"**SECTION 14.3.** The Department of ~~Environment and Natural Resources'~~ Environmental Quality's Stewardship Program may retain revenue generated from timber harvesting on the Great Coharie property in the Conservation Grant Endowment Interest Fund ~~(6705)-(Fund Code 64307-6705)~~ for the purpose of restoration and stewardship of that property and these funds are hereby appropriated for that purpose. ~~Any unused portion of this revenue remaining in the Fund on June 30, 2019 shall revert to the General Fund."~~

#### **CONSERVATION GRANT FUND CHANGES**

**SECTION 12.10.(a)** G.S. 113A-235(a) is recodified as G.S. 113A-235(a1), and G.S. 113A-232(c) is recodified as G.S. 113A-235(a).

**SECTION 12.10.(b)** G.S. 113A-232, as amended by subsection (a) of this section, reads as rewritten:

##### **"§ 113A-232. Conservation Grant Fund.**

(a) Fund Created. – The Conservation Grant Fund is created within the Department of Environmental Quality. The Fund shall be administered by the Department. ~~The purpose of the Fund is to stimulate the use of conservation easements, to improve the capacity of private nonprofit land trust organizations to successfully accomplish conservation projects, to better equip real estate related professionals to pursue opportunities for conservation, to increase landowner participation in land and water conservation, and to provide an opportunity to leverage private and other public monies for conservation easements.~~

(a1) Fund Purpose. – The purpose of the Conservation Grant Fund is to stimulate the use of conservation easements, to steward properties held by deed or conservation easement by the State, to improve the capacity of private nonprofit land trust organizations to successfully accomplish conservation projects, to better equip real estate related professionals to pursue opportunities for conservation, to increase landowner participation in land and water conservation, and to provide an opportunity to leverage private and other public funds for conservation easements.

(b) Fund Sources. – The Conservation Grant Fund shall consist of any ~~monies-funds~~ appropriated to it by the General Assembly and any ~~monies-funds~~ received from public or private sources. Unexpended ~~monies-funds~~ in the Fund that were appropriated from the General Fund by the General Assembly shall revert at the end of the fiscal year unless the General Assembly

1 otherwise provides. Unexpended ~~monies~~ funds in the Fund from other sources shall not revert  
2 and shall remain available for expenditure in accordance with this Article.

3 (c1) Grant Eligibility. – ~~State Conservation properties, as described in G.S. 113A-235,~~  
4 State conservation land management agencies, local government conservation land management  
5 agencies, and private nonprofit land trust organizations are eligible to receive grants from the  
6 Conservation Grant Fund. Private nonprofit land trust organizations must be certified under  
7 section Section 501(c)(3) of the Internal Revenue Code to aid in managing the land.

8 (d) Use of Revenue. – Revenue ~~in~~ and investment income generated by the Conservation  
9 Grant Fund may be used only for the following purposes:

10 (1) The ~~administrative~~ costs of the Department in administering the Fund. Fund  
11 and stewardship program operations.

12 (2) ~~Conservation grants~~ Expenses related to grants, contracts, and agreements  
13 made in accordance with this Article. Article, including any of the following:

14 a. Reimbursement for total or partial transaction costs for a donation of  
15 real property or an interest in real property from an individual or  
16 corporation, when the Department determines either of the following:

17 1. The donor has insufficient financial ability to pay all costs or  
18 insufficient taxable income to allow these costs to be included  
19 in the donated value.

20 2. The donor has insufficient tax burdens to allow these costs to  
21 be offset by charitable deductions.

22 b. Management support, including initial baseline inventory and  
23 planning.

24 c. Monitoring compliance of conservation easements, the related use of  
25 riparian buffers, natural areas, and greenways, and the presence of  
26 ecological integrity.

27 d. Education and studies on conservation properties, including  
28 information materials intended for landowners and education for staff  
29 and volunteers.

30 e. Stewardship of conservation properties.

31 f. Transaction costs for recipients, including legal expenses, closing and  
32 title costs, and unusual direct costs, such as overnight travel.

33 g. Administrative costs.

34 h. Award of grants under G.S. 113A-234.

35 i. Legal expenses incurred in protecting and seeking remedies for  
36 damages to Department-held conservation properties.

37 j. Acquisition of conservation properties and easements.

38 (3) To establish an endowment account, the interest from which will be used for  
39 a purpose described in ~~G.S. 113A-233(a)~~ this subsection. The principal of this  
40 account shall not be used for the purchase of real property or an interest in real  
41 property."

42 **SECTION 12.10.(c)** G.S. 113A-233 is repealed.

43 **SECTION 12.10.(d)** G.S. 113A-234 reads as rewritten:

44 **"§ 113A-234. Administration of grants.**

45 (a) Grant Procedures and Criteria. – The Secretary of the Department of Environmental  
46 Quality shall establish the procedures and criteria for awarding grants from the Conservation  
47 Grant Fund. The criteria shall focus grants on those areas, approaches, and techniques that are  
48 likely to provide the optimum positive effect on environmental protection. The Secretary shall  
49 make the final decision on the award of grants and shall announce the award publicly in a timely  
50 manner.

51 ...."

1           **SECTION 12.10.(e)** G.S. 113A-235, as amended by subsection (a) of this section,  
2 reads as rewritten:

3 **"§ 113A-235. Conservation easements-properties eligible for funding.**

4       (a) Property Eligibility. – In order for real property or an interest in real property to be  
5 ~~the subject of eligible for a grant under this Article, Article as a conservation property,~~ the real  
6 property or interest in real property must meet all of the following conditions:

7       ...

8       ~~(a)~~(a1) Acquisition and Protection of Conservation ~~Easements-Properties.~~ – Ecological  
9 systems and appropriate public use of these systems may be protected through conservation  
10 easements, including conservation agreements under Article 4 of Chapter 121 of the General  
11 Statutes, the Conservation and Historic Preservation Agreements Act, and conservation  
12 easements under the Conservation Reserve Enhancement Program. The Department may acquire  
13 conservation properties and easements by purchase, gift, or assignment, in accordance with  
14 G.S. 146-22. The Department of Environmental Quality shall work cooperatively with State and  
15 local agencies and qualified nonprofit organizations to monitor compliance with conservation  
16 easements and conservation agreements and to ensure the continued viability of the protected  
17 ecosystems. Soil and water conservation districts established under Chapter 139 of the General  
18 Statutes may acquire easements under the Conservation Reserve Enhancement Program by  
19 purchase or gift.

20       ...."

21  
22 **DRY CLEANING SOLVENT PROGRAM AMENDMENTS**

23       **SECTION 12.11.(a)** G.S. 143-215.104A reads as rewritten:

24 **"§ 143-215.104A. Title; sunset.**

25       This part is the "Dry-Cleaning Solvent Cleanup Act of 1997" and may be cited by that name.  
26 ~~Except as otherwise provided in this section, this~~ This part expires 1 January 2022-January 1,  
27 2032, except with respect to all of the following:

- 28       (1) G.S. 143-215.104K ~~is not repealed~~ does not expire to the extent that it applies  
29 to liability arising from dry-cleaning solvent contamination described in a  
30 Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent  
31 Remediation Agreement entered into by the Environmental Management  
32 Commission pursuant to G.S. 143-215.104H and G.S. 143-215.104I.
- 33       (2) Any Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent  
34 Remediation Agreement in force as of ~~1 January 2012~~ January 1, 2032, shall  
35 continue to be governed by the provisions of Part 6 of Article 21A of Chapter  
36 143 of the General Statutes as though those provisions had not been repealed.
- 37       (3) G.S. 143-215.104D(b)(2) ~~is not repealed;~~ does not expire; rules adopted by  
38 the Environmental Management Commission pursuant to  
39 G.S. 143-215.104D(b)(2) shall continue in effect; and those rules may be  
40 enforced pursuant to G.S. 143-215.104P, 143-215.104Q, and 143-215.104R,  
41 which shall remain in effect for that purpose."

42       **SECTION 12.11.(b)** G.S. 105-164.44E reads as rewritten:

43 **"§ 105-164.44E. Transfer to the Dry-Cleaning Solvent Cleanup Fund.**

44       (a) Transfer. – At the end of each quarter, the Secretary must transfer to the Dry-Cleaning  
45 Solvent Cleanup Fund established under G.S. 143-215.104C an amount equal to fifteen percent  
46 (15%) of the net State sales and use taxes collected under G.S. 105-164.4(a)(4) during the  
47 previous fiscal year, as determined by the Secretary based on available data.

48       (b) Sunset. – This section is repealed effective ~~July 1, 2020~~ July 1, 2030."

49       **SECTION 12.11.(c)** G.S. 105-187.35 reads as rewritten:

50 **"§ 105-187.35. Sunset.**

51       This Article is repealed effective ~~January 1, 2020~~ January 1, 2030."

1  
2 **PART XIII. LABOR [RESERVED]**

3  
4 **PART XIV. NATURAL AND CULTURAL RESOURCES**

5  
6 **DNCR REPORT CHANGES**

7 **SECTION 14.1.(a)** Part 1 of Article 2 of Chapter 143B of the General Statutes is  
8 amended by adding a new section to read:

9 **"§ 143B-53.10. Annual report on fees.**

10 The Department of Natural and Cultural Resources shall submit a report by October 15 of  
11 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
12 Resources on fees charged in the previous fiscal year at all historic sites, museums, aquariums,  
13 and State parks and at the North Carolina Zoological Park and the U.S.S. North Carolina  
14 Battleship. The report shall include all of the following:

- 15 (1) For each site, the amount and type of fees charged.  
16 (2) For each site, the total amount collected by type of fee and how the funds were  
17 expended.  
18 (3) Visitor information for each site, including a breakdown of fee-paying visitors  
19 and visitors whose fees were waived, such as visitors in school groups.  
20 (4) Any fee changes and a justification for any increases or decreases.  
21 (5) Number of days the site was open to visitors.  
22 (6) Plans, if known, to change fees in the upcoming year."

23 **SECTION 14.1.(b)** G.S. 121-7.3 reads as rewritten:

24 **"§ 121-7.3. Admission and related activity fees and operating hours.**

25 The Department of Natural and Cultural Resources may charge a reasonable admission and  
26 related activity fee to the Roanoke Island Festival Park and any historic site or museum  
27 administered by the Department. Admission and related activity fees collected under this section  
28 are receipts of the Department and shall be deposited in the appropriate special fund. The revenue  
29 collected pursuant to this section shall be used only for the individual site or venue where the  
30 receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of  
31 this section. The Department is exempt from the requirements of Chapter 150B of the General  
32 Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and  
33 admission fees or related activity fees at the Roanoke Island Festival Park, historic sites, and  
34 museums. ~~The Department shall submit a report to the Joint Legislative Oversight Committee on~~  
35 ~~Agriculture and Natural and Economic Resources and the Fiscal Research Division on the~~  
36 ~~amount and purpose of a fee change within 30 days following its effective date."~~

37 **SECTION 14.1.(c)** G.S. 143B-71 reads as rewritten:

38 **"§ 143B-71. Tryon Palace Commission – creation, ~~powers~~ powers, and duties.**

39 There is hereby created the Tryon Palace Commission of the Department of Natural and  
40 Cultural Resources with the power and duty to adopt, ~~amend~~ amend, and rescind rules and  
41 regulations concerning the restoration and maintenance of the Tryon Palace complex, and with  
42 other powers and duties as provided in Article 2 of Chapter 121 of the General ~~Statutes of North~~  
43 ~~Carolina, Statutes~~, including the authority to charge reasonable admission and related activity  
44 fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes  
45 and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission  
46 fees or related activity fees at Tryon Palace Historic Sites and Gardens. ~~The Commission shall~~  
47 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and~~  
48 ~~Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change~~  
49 ~~within 30 days following its effective date."~~

1 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**  
2 **CONFORMING CHANGE AND RULE-MAKING EXEMPTION**

3 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

4 **"§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

5 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department  
6 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules  
7 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out  
8 the provisions and purposes of this ~~Part~~ Part, including the following:

9 (1) The U.S.S. North Carolina Battleship Commission is authorized and  
10 empowered to adopt such rules ~~and regulations~~ not inconsistent with the  
11 management responsibilities of the Secretary of the Department provided by  
12 Chapter 143A of the General Statutes and laws of this State and this Chapter  
13 that may be necessary and desirable for the operation and maintenance of the  
14 U.S.S. North Carolina as a permanent memorial and exhibit commemorating  
15 the heroic participation of the men and women of North Carolina in the  
16 prosecution and victory of the Second World War and for the faithful  
17 performance and fulfillment of its duties and obligations.

18 (2) The U.S.S. North Carolina Battleship Commission shall have the power and  
19 duty to charge reasonable admission and related activity fees for admission to  
20 the ship and to establish standards and adopt rules ~~and regulations~~: (i)  
21 ~~establishing and providing for a proper charge for admission to the ship;~~ and  
22 (ii) ~~for the maintenance and operation of the ship as a permanent memorial~~  
23 ~~and exhibit.~~

24 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the  
25 provisions of this Chapter. The Commission is exempt from the requirements  
26 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
27 amending, or repealing rules for operating hours and admission fees or related  
28 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~  
29 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~  
30 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~  
31 ~~amount and purpose of a fee change within 30 days following its effective~~  
32 ~~date."~~

33 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

34 **"§ 150B-1. Policy and scope.**

35 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the  
36 following:

- 37 ...
- 38 (23) The Department of Natural and Cultural Resources with respect to operating  
39 hours, admission fees ~~fees,~~ or related activity fees at historic sites and  
40 museums pursuant to G.S. 121-7.3.
- 41 (24) Tryon Palace Commission with respect to operating hours, admission fees  
42 fees, or related activity fees pursuant to G.S. 143B-71.
- 43 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees  
44 fees, or related activity fees pursuant to G.S. 143B-73."

45  
46 **SYMPHONY CHALLENGE GRANT**

47 **SECTION 14.3.(a)** Of the funds appropriated in this act to the Department of Natural  
48 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for the  
49 2019-2020 fiscal year and two million dollars (\$2,000,000) in recurring funds for the 2020-2021  
50 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It  
51 is the intent of the General Assembly that the North Carolina Symphony raise at least nine million

1 dollars (\$9,000,000) in non-State funds each year of the 2019-2021 fiscal biennium. The North  
2 Carolina Symphony cannot use funds transferred from the organization's endowment to its  
3 operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this  
4 section.

5 **SECTION 14.3.(b)** For the 2019-2020 fiscal year, the North Carolina Symphony  
6 shall receive the allocation from the Department of Natural and Cultural Resources under this  
7 section as follows:

- 8 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
9 funding, the North Carolina Symphony shall receive the sum of six hundred  
10 thousand dollars (\$600,000).
- 11 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
12 non-State funding for a total amount of six million dollars (\$6,000,000) in  
13 non-State funds, the North Carolina Symphony shall receive the sum of seven  
14 hundred thousand dollars (\$700,000).
- 15 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
16 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
17 non-State funds, the North Carolina Symphony shall receive the final sum of  
18 seven hundred thousand dollars (\$700,000) in the 2019-2020 fiscal year.

19 **SECTION 14.3.(c)** For the 2020-2021 fiscal year, the North Carolina Symphony  
20 shall receive the allocation from the Department of Natural and Cultural Resources under this  
21 section as follows:

- 22 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
23 funding, the North Carolina Symphony shall receive the sum of six hundred  
24 thousand dollars (\$600,000).
- 25 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
26 non-State funding for a total amount of six million dollars (\$6,000,000) in  
27 non-State funds, the North Carolina Symphony shall receive the sum of seven  
28 hundred thousand dollars (\$700,000).
- 29 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
30 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
31 non-State funds, the North Carolina Symphony shall receive the final sum of  
32 seven hundred thousand dollars (\$700,000) in the 2020-2021 fiscal year.

#### 33 **REPORT ON ATTRACTIONS MARKETING**

34 **SECTION 14.4.(a)** The Department of Natural and Cultural Resources shall study  
35 and report on the marketing of the North Carolina Zoological Park, the North Carolina  
36 Aquariums, and the North Carolina State Museum of Natural Sciences (the "State Attractions"),  
37 including marketing conducted on behalf of the State Attractions by affiliated or independent  
38 support or friends organizations. As part of its report, the Department shall assess and provide  
39 the following for the 2018-2019 fiscal year:

- 40 (1) All public and private funds spent on marketing the State Attractions,  
41 including a breakdown of funding source and the particular marketing uses  
42 for the funds from each source.
  - 43 (2) Identification of new or innovative marketing techniques of the State  
44 Attractions that could be utilized, but currently lack funding.
  - 45 (3) The scope and effectiveness of cooperative or collaborative marketing  
46 activities with other State agencies or with the nonprofit corporation with  
47 which the Department of Commerce contracts pursuant to  
48 G.S. 143B-431.01(b).
- 49

- 1 (4) An explanation of measures of effectiveness or reach that are used to evaluate  
2 current marketing programs, as well as effectiveness or reach data generated  
3 by those measures.

4 **SECTION 14.4.(b)** The Department shall provide its report to the Joint Legislative  
5 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
6 Research Division no later than October 15, 2019.

7  
8 **ADD MARKETING AS PERMISSIBLE USE OF NC ZOO FUND**

9 **SECTION 14.5.** G.S. 143B-135.209(a) reads as rewritten:

10 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina  
11 Zoo Fund shall be used for the following types of projects and activities at the North Carolina  
12 Zoological Park and to match private funds raised for these ~~types of projects: projects and~~  
13 activities:

- 14 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
15 construction. Funds used for repair, renovation, and expansion projects may  
16 be transferred to a capital projects fund to account for use of the funds for each  
17 project.  
18 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and  
19 support facilities (including greenhouses and temporary animal holding  
20 areas).  
21 (3) The acquisition, maintenance, or replacement of tram equipment as required  
22 to maintain adequate service to the public.  
23 (4) Marketing of the zoo."

24  
25 **STATUTORY AUTHORITY REGARDING RECREATION**

26 **SECTION 14.6.(a)** Subsections (a) and (d) of G.S. 143-323 are recodified as  
27 subsections (b) and (c) of G.S. 143B-135.60, and entitled "Additional powers and duties of the  
28 Department regarding recreation."

29 **SECTION 14.6.(b)** G.S. 143-320(3) is repealed.

30 **SECTION 14.6.(c)** G.S. 143B-135.60, as enacted by subsection (a) of this section,  
31 reads as rewritten:

32 **"§ 143B-135.60. Additional powers and duties of the Department regarding recreation.**

33 (a) Definition. – As used in this section, "recreation" means those interests that are  
34 diversionary in character and that aid in promoting entertainment, pleasure, relaxation,  
35 instruction, and other physical, mental, and cultural developments and experiences of a leisure  
36 nature, and includes all governmental, private nonprofit, and commercial recreation forms of the  
37 recreation field and includes parks, conservation, recreation travel, the use of natural resources,  
38 wilderness, and high density recreation types and the variety of recreation interests in areas and  
39 programs which are incorporated in this range.

40 (b) Recreation. – The Department of ~~Environmental Quality~~ shall have the following  
41 powers and duties with respect to recreation:

42 ...

43 (c) Federal Assistance. – The Department, with the approval of the Governor, may apply  
44 for and accept grants from the federal government and its agencies and from any foundation,  
45 corporation, association, or individual, and may comply with the terms, conditions, and  
46 limitations of the grant, in order to accomplish any of the purposes of the Department. Grant  
47 funds shall be expended pursuant to the ~~Executive Budget Act, State Budget Act. The Director of~~  
48 the Department's Division of Parks and Recreation has the authority and responsibility to accept  
49 and administer funding through the federal Land and Water Conservation Fund or any successor  
50 fund established for similar purposes. The Secretary may designate additional personnel to assist

1 the Director of the Division of Parks and Recreation in fulfilling the Director's responsibilities  
2 under this subsection."

#### 4 **PARTF PROJECTS**

5 **SECTION 14.7.(a)** One million five hundred thousand dollars (\$1,500,000) of the  
6 funds available to the Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be  
7 used to build a public sculpture park on land located between the Legislative Building and the  
8 Governor's Mansion in downtown Raleigh to commemorate historic and ongoing struggles for  
9 freedom in North Carolina, and especially the enduring roles of African-Americans in the  
10 struggle for freedom in this State. Notwithstanding G.S. 143B-135.56(b)(2), these funds shall not  
11 be expended unless North Carolina Freedom Park raises the sum of one million seven hundred  
12 thousand dollars (\$1,700,000) in non-State funds to match the funds allocated by this section.

13 **SECTION 14.7.(b)** One million dollars (\$1,000,000) of the funds available to the  
14 Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be used for stabilization or  
15 renovation of structures located on the Vade Mecum tract at Hanging Rock State Park as set forth  
16 in the July 2018 Hanging Rock State Park Expansion Master Plan.

#### 18 **CONSERVATION CORPS NAME CHANGE**

19 **SECTION 14.8.** G.S. 143-58.7 reads as rewritten:

20 "**§ 143-58.7. Contracts with ~~Youth~~ Conservation Corps.**

21 State departments, institutions, and agencies may contract with ~~the North Carolina Youth~~  
22 Conservation Corps North Carolina to perform trail construction and maintenance, invasive  
23 species removal, and other conservation projects in State parks, State forests, and other  
24 State-owned facilities where the projects provide direct public benefits to the citizens of the State  
25 and offer youth and young adults of the State a structured program that connects them to natural  
26 resources and teaches job skills, leadership, community service, and personal responsibility.  
27 Contracts under this section are exempt from the competitive bidding procedures described in  
28 this Article and the rules adopted under it."

#### 30 **NATURAL HERITAGE PROGRAM FEES**

31 **SECTION 14.9.** G.S. 143B-135.272(a) reads as rewritten:

32 "(a) The Secretary may establish fees to defray the costs associated with any of the  
33 following:

- 34 (1) Responding to inquiries requiring customized environmental review services  
35 or the costs associated with developing, improving, or maintaining technology  
36 that supports an online interface for external users to access Natural Heritage  
37 Program data. ~~The Secretary may reduce or waive the fee established under~~  
38 ~~this subsection if the Secretary determines that a waiver or reduction of the~~  
39 ~~fee is in the public interest.~~
- 40 (2) Any activity authorized under G.S. 143B-135.234(10), including an inventory  
41 of natural areas conducted under the Natural Heritage Program, conservation  
42 and protection planning, and informational programs for owners of natural  
43 areas, as defined in G.S. 143B-135.254."

#### 45 **NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION**

46 **SECTION 14.10.(a)** G.S. 143B-135.272(b) reads as rewritten:

47 "(b) Fees collected under this section are receipts of the Department of Natural and  
48 Cultural Resources and shall be deposited in the ~~Clean Water Management Trust Fund special~~  
49 fund for the purpose of supporting the operations of the Natural Heritage Program."

50 **SECTION 14.10.(b)** Part 42 of Article 2 of Chapter 143B of the General Statutes is  
51 amended by adding a new section to read:

**"§ 143B-135.273. Administration of the Conservation Tax Credit program.**

All duties and responsibilities related to stewardship and oversight of properties and interests for which tax credits were granted under the Conservation Tax Credit program for tax years beginning before January 1, 2014, and previously given to the Department of Environmental Quality or its predecessors are transferred to the Department of Natural and Cultural Resources. The Department of Natural and Cultural Resources shall exercise the duties and responsibilities transferred by this section through the Natural Heritage Program."

**REPURPOSE CERTAIN PLANNING FUNDS**

**SECTION 14.11.** Funds appropriated to the Division of North Carolina Aquariums in the North Carolina Department of Natural and Cultural Resources by Section 14.19 of S.L. 2017-57, as amended by Section 4.3 of S.L. 2017-197 and Section 4.9 of S.L. 2017-212, and allocated for planning and permitting of a satellite aquarium area shall instead be used for the following purposes:

- (1) Ninety-three thousand seven hundred ninety-four dollars (\$93,794) to address storm damage at the Core Sound Waterfowl Museum and Heritage Center in Harkers Island, North Carolina.
- (2) One hundred sixty thousand dollars (\$160,000) to add the home of civil rights leader Golden Frinks to the Historic Edenton State Historic Site.

**WRC REPORT CHANGE**

**SECTION 14.12.** G.S. 143-250 reads as rewritten:

**"§ 143-250. Wildlife Resources Fund.**

...

All moneys credited to the Wildlife Resources Fund shall be made available to carry out the intent and purposes of this Article in accordance with plans approved by the North Carolina Wildlife Resources Commission, and all ~~such of these funds are hereby~~ appropriated, reserved, set ~~aside~~ aside, and made available until expended, for the enforcement and administration of this Article, ~~Chapter 75A, Article 1, and Chapter 113, Subchapter IV of the General Statutes of North Carolina. Article 1 of Chapter 75A of the General Statutes, and Subchapter IV of Chapter 113 of the General Statutes.~~ No later than October 1 of each year, the Wildlife Resources Commission shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the expenditures from the Wildlife Resources Fund during the fiscal year that ended the previous July 1 of that year and on the planned expenditures for the current fiscal year.

...."

**PART XV. ADMINISTRATIVE OFFICE OF THE COURTS****COLLECTION OF WORTHLESS CHECKS**

**SECTION 15.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2019, for the purchase or repair of office or information technology equipment during the 2019-2020 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2020, for the purchase or repair of office or information technology equipment during the 2020-2021 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

**E-COURTS SYSTEM**

1           **SECTION 15.2.(a)** Notwithstanding G.S. 143C-1-2(b), for the 2019-2020 fiscal  
2 year, the Judicial Department shall transfer any unexpended, unencumbered funds to Budget  
3 Code 22006-2006 to be used to implement an integrated information technology system  
4 (e-Courts) in accordance with G.S. 7A-343.2(b). The cumulative sum transferred shall not  
5 exceed three percent (3%) of the Judicial Department's certified budgets for Budget Code 12000,  
6 Administrative Office of the Courts, and Budget Code 12001, Office of Indigent Defense  
7 Services, for the 2018-2019 fiscal year.

8           **SECTION 15.2.(b)** The Administrative Office of the Courts shall report to the Joint  
9 Legislative Oversight Committee on Justice and Public Safety by October 1 of each fiscal year  
10 of the biennium all of the following information:

- 11           (1) The specific budgetary actions taken that resulted in unexpended or  
12 unencumbered funds that were transferred pursuant to subsection (a) of this  
13 section.
- 14           (2) The specific fund codes impacted by the actions that resulted in unexpended  
15 or unencumbered funds.

### 17 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

18           **SECTION 15.3.(a)** Notwithstanding the minimum staffing number in  
19 G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of  
20 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate  
21 positions allocated to that county. To provide accessibility for law enforcement and citizens, the  
22 clerk of superior court's office shall provide some of the services traditionally provided by the  
23 magistrates' office during some or all of the regular courthouse hours.

24           **SECTION 15.3.(b)** The Administrative Office of the Courts shall report by March  
25 1, 2021, to the chairs of the House of Representatives Appropriations Committee on Justice and  
26 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding  
27 all hires made pursuant to subsection (a) of this section.

### 29 **CONVERT POSITION FROM DRUG TREATMENT COURT TO GUARDIAN AD 30 LITEM**

31           **SECTION 15.4.** As it is the policy of the State that Drug Treatment Courts not be  
32 funded through State appropriations, the Administrative Office of the Courts is directed to  
33 convert position number 65029535, Drug Treatment Court Case Coordinator, to a Guardian ad  
34 Litem supervisor position. This position shall be located in one of the district court districts with  
35 the greatest need for Guardian ad Litem staff.

### 37 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS AND STUDY FEASIBILITY OF 38 OFFICE OF PROSECUTORIAL SERVICES**

39           **SECTION 15.5.(a)** No Transfer of Funds. – For the 2019-2020 fiscal year, no funds  
40 may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent  
41 of the Conference of District Attorneys.

42           **SECTION 15.5.(b)** Study. – The School of Government at the University of North  
43 Carolina at Chapel Hill (School of Government), in consultation with the Conference of District  
44 Attorneys, the Administrative Office of the Courts, the Office of Indigent Defense Services, and  
45 any other stakeholders the School of Government deems relevant, shall study the feasibility and  
46 cost of creating an Office of Prosecutorial Services. The study shall compare North Carolina's  
47 judicial branch structure to that of other states in terms of organizational placement of  
48 prosecutorial services within the context of the unified court system and shall also determine the  
49 necessary resources and costs required to make an Office of Prosecutorial Services viable as an  
50 independent agency. The School of Government shall submit the report required under this

subsection by April 1, 2020, to the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety.

**ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

**SECTION 15.6.(a)** G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	12
4	Carteret, Craven, Pamlico	13
5	Duplin, Jones, Onslow, Sampson	19
6	New Hanover, Pender	<del>19</del> <u>20</u>
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	19
9	Greene, Lenoir, Wayne	14
10	Wake	42
11	Franklin, Granville, Person, Vance, Warren	15
12	Harnett, Lee	<del>11</del> <u>12</u>
13	Johnston	10
14	Cumberland	25
15	Bladen, Brunswick, Columbus	14
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
19	Scotland, Hoke	10
20	Robeson	12
21	Anson, Richmond	6
22	Caswell, Rockingham	8
23	Stokes, Surry	8
24	Guilford	<del>34</del> <u>36</u>
25	Cabarrus	9
26	Mecklenburg	58
27	Rowan	9
28	Montgomery, Stanly	6
29	Moore	5
30	Union	11
31	Forsyth	27
32	Alexander, Iredell	12
33	Davidson, Davie	12
34	Alleghany, Ashe, Wilkes,	9

1		Yadkin	
2	35	Avery, Madison, Mitchell,	8
3		Watauga, Yancey	
4	36	Burke, Caldwell, Catawba	<u>1920</u>
5	37	Randolph	10
6	38	Gaston	<u>1516</u>
7	39	Cleveland,	<u>1213</u>
8		Lincoln	
9	40	Buncombe	14
10	41	McDowell, Rutherford	8
11	42	Henderson, Polk, Transylvania	9
12	43	Cherokee, Clay, Graham,	<u>1213</u>
13		Haywood, Jackson, Macon,	
14		Swain."	

15 **SECTION 15.6.(b)** G.S. 7A-60(a1) as amended by subsection (a) of this section,  
 16 reads as rewritten:

17 "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 18 has the counties and the number of full-time assistant district attorneys set forth in the following  
 19 table:

20			No. of Full-Time
21	Prosecutorial		Asst. District
22	District	Counties	Attorneys
23	1	Camden, Chowan, Currituck,	11
24		Dare, Gates, Pasquotank,	
25		Perquimans	
26	2	Beaufort, Hyde, Martin,	8
27		Tyrrell, Washington	
28	3	Pitt	12
29	4	Carteret, Craven, Pamlico	13
30	5	Duplin, Jones, Onslow,	19
31		Sampson	
32	6	New Hanover, Pender	20
33	7	Bertie, Halifax, Hertford,	11
34		Northampton	
35	8	Edgecombe, Nash, Wilson	19
36	9	Greene, Lenoir, Wayne	14
37	10	Wake	42
38	11	Franklin, Granville, Person	15
39		Vance, Warren	
40	12	Harnett, Lee	<u>1213</u>
41	13	Johnston	<u>1011</u>
42	14	Cumberland	25
43	15	Bladen, Brunswick, Columbus	<u>1415</u>
44	16	Durham	18
45	17	Alamance	12
46	18	Orange, Chatham	10
47	19	Scotland, Hoke	10
48	20	Robeson	12
49	21	Anson, Richmond	6
50	22	Caswell, Rockingham	8
51	23	Stokes, Surry	8

1	24	Guilford	36
2	25	Cabarrus	9
3	26	Mecklenburg	58
4	27	Rowan	9
5	28	Montgomery, Stanly	6
6	29	Moore	5
7	30	Union	11
8	31	Forsyth	27
9	32	Alexander, Iredell	<del>42</del> <u>13</u>
10	33	Davidson, Davie	12
11	34	Alleghany, Ashe, Wilkes,	9
12		Yadkin	
13	35	Avery, Madison, Mitchell,	8
14		Watauga, Yancey	
15	36	Burke, Caldwell, Catawba	20
16	37	Randolph	10
17	38	Gaston	<del>46</del> <u>17</u>
18	39	Cleveland,	13
19		Lincoln	
20	40	Buncombe	14
21	41	McDowell, Rutherford	8
22	42	Henderson, Polk, Transylvania	9
23	43	Cherokee, Clay, Graham,	13
24		Haywood, Jackson, Macon,	
25		Swain."	

26 **SECTION 15.6.(c)** G.S. 7A-60(a1), as amended by subsection (a) and (b) of this  
 27 section, reads as rewritten:

28 "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 29 has the counties and the number of full-time assistant district attorneys set forth in the following  
 30 table:

31			No. of Full-Time
32	Prosecutorial		Asst. District
33	District	Counties	Attorneys
34	...	...	...
35	36	Burke, Caldwell	<u>9</u> <u>10</u>
36	...	...	...."

37 **SECTION 15.6.(d)** Subsection (a) of this section becomes effective July 1, 2019.  
 38 Subsection (b) of this section becomes effective July 1, 2020. Subsection (c) of this section  
 39 becomes effective January 1, 2023.

40  
 41 **PART XVI. INDIGENT DEFENSE SERVICES**

42  
 43 **IDS MATCH FOR GRANTS**

44 **SECTION 16.1.** Notwithstanding G.S. 143C-6-9, during the 2019-2021 fiscal  
 45 biennium, the Office of Indigent Defense Services may use the sum of up to fifty thousand dollars  
 46 (\$50,000) from funds available to provide the State matching funds needed to receive grant funds.  
 47 Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the  
 48 chairs of the House of Representatives Appropriations Committee on Justice and Public Safety  
 49 and the Senate Appropriations Committee on Justice and Public Safety on the grants to be  
 50 matched using these funds.  
 51

**MINIMUM ALLOCATIONS FOR ASSISTANT PUBLIC DEFENDERS/CREATE NEW PUBLIC DEFENDER DISTRICT IN CLEVELAND AND LINCOLN COUNTIES**  
**SECTION 16.2.(a)** G.S. 7A-498.7 reads as rewritten:

**"§ 7A-498.7. Public Defender Offices.**

(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is ~~established~~ established with the minimum number of full-time assistant public defenders set forth in the following table:

Defender District	Counties	<u>No. of Full-Time Asst. Public Defenders</u>
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	<u>15</u>
3A	Pitt	<u>13</u>
3B	Craven, Pamlico, Carteret	<u>7</u>
5	New Hanover	<u>14</u>
10	Wake	<u>31</u>
12	Cumberland	<u>15</u>
14	Durham	<u>22</u>
15B	Orange, Chatham	<u>9</u>
16A	Scotland, Hoke	<u>6</u>
16B	Robeson	<u>9</u>
18	Guilford	<u>28</u>
21	Forsyth	<u>18</u>
26	Mecklenburg	<u>55</u>
27A	Gaston	<u>15</u>
<u>27B</u>	<u>Cleveland, Lincoln</u>	<u>12</u>
28	Buncombe	<u>11</u>
29A	McDowell, Rutherford	<u>9</u>
29B	Henderson, Polk, Transylvania	<u>7</u>

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office.

(b) For each new term, and to fill any vacancy, public defenders shall be appointed from a list of not less than ~~three~~ one and not more than ~~four~~ three names nominated as follows:

- (1) ~~Not less than two and not more than three~~ by written ballot of the attorneys resident in the defender district who are licensed to practice law in North Carolina. licensed to practice law in North Carolina who are voting members of a district bar located in the defender district. The balloting shall be conducted pursuant to rules adopted by the Commission on Indigent Defense Services.
- (2) ~~One name submitted by the Administrative Officer of the Courts after consultation with the Director of the Office of Indigent Defense Services.~~

(b1) The appointment required under subsection (b) of this section shall be made by the senior resident superior court judge of the superior court district or set of districts as defined in G.S. 7A-41.1 that includes the county or counties of the defender district for which the public defender is being appointed. The appointment shall be made within 60 days from the date the nominees are submitted to the senior resident superior court judge.

1       **(b2)** If a vacancy occurs without a list of nominees having been submitted to the senior  
2 resident superior court judge pursuant to subsection (b) of this section, then the senior resident  
3 superior court judge may appoint an assistant public defender currently employed in the office  
4 to serve as acting public defender until the nominating and appointment process provided in  
5 subsection (b) of this section is completed. The acting public defender shall be authorized to  
6 perform the duties of the public defender. The acting public defender shall not be enrolled in the  
7 Judicial Retirement System unless and until appointed as public defender.

8       ...."

9       **SECTION 16.2.(b)** The Office of Indigent Defense Services may use up to the sum  
10 of two million one hundred thirty-nine thousand five hundred twenty-one dollars (\$2,139,521)  
11 in funds appropriated to create new positions for the Public Defender District 27B, as provided  
12 in subsection (a) of this section. These positions shall include the public defender, up to 12  
13 assistant public defenders, and up to six and one-quarter support positions.

## 14 **PAC RATE IMPLEMENTATION REPORT**

15       **SECTION 16.3.** The Office of Indigent Defense Services shall report to the chairs  
16 of the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2019,  
17 regarding the implementation of rate increases to the Private Assigned Counsel Fund.  
18

## 19 **PART XVII. JUSTICE**

### 20 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

21       **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill  
22 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be  
23 construed to require the termination of sworn personnel or to affect North Carolina State Crime  
24 Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of  
25 this section and who continue to meet the sworn status retention standards mandated by the North  
26 Carolina Criminal Justice Education and Standards Commission.  
27  
28

## 29 **PART XVIII. PUBLIC SAFETY**

### 30 **GRANT REPORTING AND MATCHING FUNDS**

31       **SECTION 18.1.(a)** The Department of Public Safety, the Department of Justice, and  
32 the Judicial Department shall each report by May 1 of each year to the chairs of the House of  
33 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
34 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
35 for receipt by those departments. The report shall include information on the amount of grant  
36 funds received or preapproved for receipt by each department, the use of the funds, the State  
37 match expended to receive the funds, and the period to be covered by each grant. If a department  
38 intends to continue the program beyond the end of the grant period, that department shall report  
39 on the proposed method for continuing the funding of the program at the end of the grant period.  
40 Each department shall also report on any information it may have indicating that the State will  
41 be requested to provide future funding for a program presently supported by a local grant.  
42

43       **SECTION 18.1.(b)** Notwithstanding the provisions of G.S. 143C-6-9, the  
44 Department of Public Safety may use up to the sum of one million two hundred thousand dollars  
45 (\$1,200,000) during the 2019-2020 fiscal year and up to the sum of one million two hundred  
46 thousand dollars (\$1,200,000) during the 2020-2021 fiscal year from funds available to the  
47 Department to provide the State match needed in order to receive grant funds. Prior to using  
48 funds for this purpose, the Department shall report to the chairs of the House of Representatives  
49 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
50 Committee on Justice and Public Safety on the grants to be matched using these funds.  
51

**NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

**SECTION 18.2.(a)** Notwithstanding any other provision of law, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2019-2021 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium. This subsection shall not apply to the annual transfer of two hundred thirty-four thousand eight hundred ninety-one dollars (\$234,891) to the Office of the Governor for administrative support.

**SECTION 18.2.(b)** This section becomes effective July 1, 2019. If any transfers that violate this section were made in fiscal year 2018-2019, prior to this section becoming effective, those transfers shall be rescinded within 15 days of this section becoming effective.

**CODIFY LAPSED SALARY REPORT**

**SECTION 18.3.** Part 1 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-605. Lapsed salary reports.**

**(a)** The Department shall report the following information to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- (1)** The amount of lapsed salary generated by fund code for the previous six months.
- (2)** An itemized accounting of the use of lapsed salary funds including:
  - a.** Fund code.
  - b.** Current certified budget.
  - c.** Annual projected expenditure.
  - d.** Annual projected shortfall.
  - e.** Amount of lapsed salary funds transferred to date.

**(b)** The reports shall be submitted by February 1 and August 1 of each year. The August report shall also include an annual accounting of this information for the previous fiscal year."

**CONTINUE PILOT PROJECT TO TREAT OPIATE OVERDOSE**

**SECTION 18.4.(a)** Pilot Project. – The Department of Public Safety, in conjunction with the City of Wilmington, shall continue to develop and implement the pilot project known as "Quick Response Team" (QRT) to address the needs of opiate and heroin overdose victims who are not getting follow-up treatment.

**SECTION 18.4.(b)** Report. – The Department of Public Safety and the City of Wilmington shall report on the results of the pilot project to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2021.

**MAKE BOXING COMMISSION INDEPENDENT FROM THE SECRETARY OF THE DEPARTMENT OF PUBLIC SAFETY**

**SECTION 18.5.(a)** Article 68 of Chapter 143 of the General Statutes reads as rewritten:

"Article 68.

"Regulation of Boxing.

...

**"§ 143-651. Definitions.**

The following definitions apply in this Article:

...

1 (4a) Branch. – The Alcohol Law Enforcement Branch of the State Bureau of  
2 Investigation.

3 (4b) Commission. – The North Carolina Boxing Commission.

4 ...

5 (23b) Sanctioned amateur match. – Any match regulated by an amateur sports  
6 organization that has been recognized and approved by the  
7 ~~Branch-Commission.~~

8 ...

9 **"§ 143-652.1. Regulation of boxing, kickboxing, mixed martial arts, and toughman events.**

10 (a) ~~Regulation. – The Alcohol Law Enforcement Branch of the Department of Public~~  
11 ~~Safety Commission shall regulate live boxing, kickboxing, and mixed martial arts matches,~~  
12 ~~whether professional, amateur, or sanctioned amateur, or toughman events, in which admission~~  
13 ~~is charged for viewing, or the contestants compete for a purse or prize of value greater than~~  
14 ~~twenty-five dollars (\$25.00). The Branch-Commission shall have the exclusive authority to~~  
15 ~~approve and issue rules for the regulation of the conduct, promotion, and performances of live~~  
16 ~~boxing, kickboxing, and mixed martial arts matches and exhibitions, whether professional,~~  
17 ~~amateur, or sanctioned amateur, and toughman events in this State. The rules shall be issued~~  
18 ~~pursuant to the provisions of Chapter 150B of the General Statutes and may include, without~~  
19 ~~limitation, the following subjects:~~

20 ...

21 (b) Enforcement. – The Commission shall enforce this Article through the Branch.

22 **"§ 143-652.2. Boxing Advisory Commission.**

23 (a) ~~Creation. – The Boxing Advisory Commission is created within the Department of~~  
24 ~~Public Safety to advise the Alcohol Law Enforcement Branch of the Department of Public Safety~~  
25 ~~concerning matters regulated by this Article. The Commission shall to regulate matters set forth~~  
26 ~~in this Article. The Commission shall consist of six voting members and two nonvoting advisory~~  
27 ~~members. The Commission shall be administratively located within the Department of Public~~  
28 ~~Safety but shall exercise its powers independently of the Secretary of Public Safety. All the~~  
29 ~~members shall be residents of North Carolina. The members shall be appointed as follows:~~

30 ...

31 (2) One voting member shall be appointed by the General Assembly upon the  
32 recommendation of the President Pro Tempore of the Senate for an initial term  
33 of three years.

34 (3) One voting member shall be appointed by the General Assembly upon the  
35 recommendation of the Speaker of the House of Representatives for an initial  
36 term of three years.

37 ...

38 ~~Notwithstanding the schedule above in subdivisions (1), (5), (7), and (8) of this subsection,~~  
39 ~~if any former member of the North Carolina Boxing Commission is appointed to the initial~~  
40 ~~membership, that person shall serve an initial term of three years. Appointments by the General~~  
41 ~~Assembly pursuant to subdivisions (2) and (3) of this subsection shall be made in accordance~~  
42 ~~with G.S. 120-121. The member appointed pursuant to subdivision (6) of this subsection may~~  
43 ~~serve on the Commission only if an agreement exists and remains in effect between the Tribal~~  
44 ~~Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission~~  
45 ~~to regulate professional boxing matches within the Cherokee Indian Reservation as provided by~~  
46 ~~the Professional Boxing Safety Act of 1996.~~

47 The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this  
48 subsection shall advise the Commission ~~and the Branch~~ on matters concerning the health and  
49 physical condition of boxers and health issues relating to the conduct of exhibitions and boxing  
50 matches. They may prepare and submit to the Commission for its consideration and ~~to the Branch~~

1 for its approval any rules that in their judgment will safeguard the physical welfare of all  
2 participants engaged in boxing.

3 Terms for all members of the Commission except for the initial appointments shall be for  
4 three years.

5 ~~The Secretary of Public Safety Commission shall designate which member of the~~  
6 ~~Commission is elect one of its members~~ to serve as chair. A member of the Commission may be  
7 removed from office ~~by the Secretary of Public Safety~~ for cause. Members of the Commission  
8 are subject to the conflicts of interest requirements of 15 U.S.C. § 6308 (contained in the  
9 Professional Boxing Safety Act of 1996, as amended). Each member, before entering upon the  
10 duties of a member, shall take and subscribe an oath to perform the duties of the office faithfully,  
11 impartially, and justly to the best of the member's ability. A record of these oaths shall be filed  
12 in the Department of Public Safety.

13 (b) Vacancies. – Members shall serve until their successors are appointed and have been  
14 qualified. Any Vacancies for members appointed by the General Assembly shall be filled in  
15 accordance with G.S. 120-122. Except as otherwise provided in this subsection, any vacancy in  
16 the membership of the Commission shall be filled in the same manner as the original  
17 appointment. A vacancy in the membership of the Commission other than by expiration of term  
18 shall be filled for the unexpired term only.

19 ...  
20 (d) ~~Review Authority of the Commission. – The Commission shall review existing rules~~  
21 ~~adopted under this Article and shall from time to time make recommendations to the Branch for~~  
22 ~~changes or addition to such rules. Any proposals for change, amendment, addition, or deletion to~~  
23 ~~those rules shall be submitted by the Branch to the Commission for its comments prior to~~  
24 ~~approval.~~

25 ...  
26 (g) ~~Initial appointments to the Commission under this section shall be for terms~~  
27 ~~commencing July 1, 2007.~~

28 ...

29 **"§ 143-654. Licensing and permitting.**

30 (a) License and Permit Required. – Except for sanctioned amateur matches, it is unlawful  
31 for any person to act in this State as an announcer, contestant, judge, manager, matchmaker,  
32 promoter, referee, timekeeper, or second unless the person is licensed to do so under this Article.  
33 It is unlawful for a promoter to present a match in this State, other than a sanctioned amateur  
34 match, unless the promoter has a permit issued under this Article to do so. The Branch  
35 Commission has the exclusive authority to issue, deny, suspend, or revoke any license or permit  
36 provided for in this Article.

37 (b) License. – All licenses issued under this Article shall be valid only during the calendar  
38 year in which they are issued, except contestant licenses shall be valid for one year from the date  
39 of issuance. A license for an announcer, contestant, judge, matchmaker, referee, timekeeper, or  
40 second shall be issued only to a natural person. A natural person shall not transfer or assign a  
41 license or change it into another name. A license for a manager or promoter may be issued to a  
42 corporation or partnership; provided, however, that all officers or partners shall submit an  
43 application for individual licensure, and only those officers or partners who are licensed shall be  
44 entitled to negotiate or sign contracts. The addition of a new officer or partner during the license  
45 period shall necessitate the filing of an application for individual licensure by the new officer or  
46 partner.

47 An applicant for a license shall file with the Branch Commission the appropriate  
48 nonrefundable fee and any forms, documents, medical examinations, or exhibits the Branch  
49 Commission may require in order to properly administer this Article. The information requested  
50 shall include the date of birth and social security number of each applicant as well as any other  
51 personal data necessary to positively identify the applicant and may include the requirement of

1 verification of any documents the ~~Branch-Commission~~ deems appropriate. A person may not  
 2 participate under a fictitious or assumed name in any match unless the person has first registered  
 3 the name with the ~~Branch-Commission~~.

4 (c) Surety Bond. – An applicant for a promoter's license must submit, in addition to any  
 5 other forms, documents, or exhibits requested by the ~~Branch-Commission~~, a surety bond payable  
 6 to the ~~Branch-Commission~~ for the benefit of any person injured or damaged by (i) the promoter's  
 7 failure to comply with any provision of this Article or any rules adopted by the ~~Branch~~  
 8 ~~Commission~~ or (ii) the promoter's failure to fulfill the obligations of any contract related to the  
 9 holding of a match. The surety bond shall be issued in an amount to be no less than ten thousand  
 10 dollars (\$10,000). The amount of the surety bond shall be negotiable upon the sole discretion of  
 11 the ~~Branch-Commission~~. All surety bonds shall be upon forms approved and supplied by the  
 12 ~~Secretary of Public Safety and supplied by the Branch-Commission~~.

13 (d) Permit. – A permit issued to a promoter under this Article is valid for a single match.  
 14 An applicant for a permit shall file with the ~~Branch-Commission~~ the appropriate nonrefundable  
 15 fee and any forms or documents the ~~Branch-Commission~~ may require.

16 **"§ 143-655. Fees; State Boxing Revenue Account.**

17 (a) License Fees. – The ~~Branch-Commission~~ shall collect the following license fees:

18	Announcer	\$75.00
19	Contestant	\$50.00
20	Judge	\$75.00
21	Manager	\$150.00
22	Matchmaker	\$300.00
23	Promoter	\$450.00
24	Referee	\$75.00
25	Timekeeper	\$75.00
26	Second	\$50.00.

27 The annual license renewal fees shall not exceed the initial license fees.

28 (b) Permit Fees. – The ~~Branch-Commission~~ may establish a fee schedule for permits  
 29 issued under this Article. The fees may vary depending on the seating capacity of the facility to  
 30 be used to present a match. The fee may not exceed the following amounts:

31	Seating Capacity	Fee Amount
32	Less than 2,000	\$150.00
33	2,000 – 5,000	\$300.00
34	Over 5,000	\$450.00.

35 (b1) Admission Fees. – The ~~Branch-Commission~~ shall collect a fee in the amount of two  
 36 dollars (\$2.00) per spectator to attend events regulated in this Article.

37 ...

38 **"§ 143-656. Contracts and financial arrangements.**

39 Any contract between licensees and related to a match or exhibition held or to be held in this  
 40 State must meet the requirements of administrative rules as set forth by the ~~Branch-Commission~~.  
 41 Any contract which does not satisfy the requirements of the administrative rules shall be void  
 42 and unenforceable. All contracts shall be in writing.

43 ...

44 **"§ 143-658. Violations.**

45 (a) Civil Penalties. – The ~~Secretary of Public Safety-Commission~~ may issue an order  
 46 against a licensee or other person who willfully violates any provision of this Article, imposing  
 47 a civil penalty of up to five thousand dollars (\$5,000) for a single violation or of up to twenty-five  
 48 thousand dollars (\$25,000) for multiple violations in a single proceeding or a series of related  
 49 proceedings. No order under this subsection may be entered without giving the licensee or other  
 50 person 15 days' prior notice and an opportunity for a contested case hearing conducted pursuant  
 51 to Article 3 of Chapter 150B of the General Statutes.

1 The clear proceeds of civil penalties imposed pursuant to this subsection shall be remitted to  
2 the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

3 (b) Criminal Penalties. – A willful violation of any provision of this Article shall  
4 constitute a Class 2 misdemeanor. The ~~Secretary of Public Safety Commission~~ may refer any  
5 available evidence concerning violations of this Article to the proper district attorney, who may,  
6 with or without such a reference, institute the appropriate criminal proceedings.

7 (c) Injunction. – Whenever it appears to the ~~Secretary of Public Safety Commission~~ that  
8 a person has engaged or is about to engage in an act or practice constituting a violation of any  
9 provision of this Article or any rule or order hereunder, the ~~Secretary of Public Safety~~  
10 Commission may bring an action in any court of competent jurisdiction to enjoin those acts or  
11 practices and to enforce compliance with this Article or any rule or order issued pursuant to this  
12 Article.

13 ...."

14 **SECTION 18.5.(b)** The terms of initial appointees by the General Assembly under  
15 subdivisions (2) and (3) of subsection (a) of G.S. 143-652.2, as amended by subsection (a) of this  
16 section, shall begin on July 1, 2019, and expire on June 30, 2022.

17 **SECTION 18.5.(c)** Rules adopted by the Alcohol Law Enforcement Branch of the  
18 Department of Public Safety under G.S. 143-652.1 shall remain in effect until amended or  
19 repealed in accordance with G.S. 143-652.1, as amended by subsection (a) of this section.  
20 Policies, procedures, and guidance shall remain in effect until similarly amended or repealed.

21 **SECTION 18.5.(d)** The implementation of this section shall not affect any  
22 investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the  
23 effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143  
24 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions  
25 for offenses or violations committed prior to the effective date of this section are not abated or  
26 affected by this section, and the statutes that would be applicable but for this section shall remain  
27 applicable to those prosecutions.

28 **SECTION 18.5.(e)** This section becomes effective July 1, 2019, and applies to (i)  
29 applications for a license or permit submitted on or after that date, (ii) contracts entered into on  
30 or after that date, and (iii) offenses and violations committed on or after that date.

## 31 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

32 **SECTION 18.6.(a)** Creation of Receipt-Supported Positions Authorized. – The State  
33 Capitol Police may contract with State agencies for the creation of receipt-supported positions to  
34 provide security services to the buildings occupied by those agencies.

35 **SECTION 18.6.(b)** Annual Report Required. – No later than September 1 of each  
36 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
37 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 38 (1) A list of all positions in the State Capitol Police. For each position listed, the  
39 report shall include at least the following information:  
40 a. The position type.  
41 b. The agency to which the position is assigned.  
42 c. The source of funding for the position.  
43 (2) For each receipt-supported position listed, the contract and any other terms of  
44 the contract.  
45

46 **SECTION 18.6.(c)** Additional Reporting Required Upon Creation of  
47 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
48 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
49 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
50 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the

1 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
2 to this section shall include at least all of the following information:

- 3 (1) The position type.
- 4 (2) The agency to which the position is being assigned.
- 5 (3) The position salary.
- 6 (4) The total amount of the contract.
- 7 (5) The terms of the contract.

8 **SECTION 18.6.(d)** Format of Reports. – Reports submitted pursuant to this section  
9 shall be submitted electronically and in accordance with any applicable General Assembly  
10 standards.

## 11 12 **USE OF SEIZED AND FORFEITED PROPERTY**

13 **SECTION 18.7.(a)** Seized and forfeited assets transferred to the Department of  
14 Justice or to the Department of Public Safety during the 2019-2021 fiscal biennium pursuant to  
15 applicable federal law shall be credited to the budget of the recipient department and shall result  
16 in an increase of law enforcement resources for that department. The Department of Public Safety  
17 and the Department of Justice shall each make the following reports to the chairs of the House  
18 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
19 Appropriations Committee on Justice and Public Safety:

- 20 (1) A report upon receipt of any assets.
- 21 (2) A report that shall be made prior to use of the assets on their intended use and  
22 the departmental priorities on which the assets may be expended.
- 23 (3) A report on receipts, expenditures, encumbrances, and availability of these  
24 assets for the previous fiscal year, which shall be made no later than  
25 September 1 of each year.

26 **SECTION 18.7.(b)** The General Assembly finds that the use of seized and forfeited  
27 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
28 of real property, repair of buildings where the repair includes structural change, and construction  
29 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
30 Therefore, the Department of Justice and the Department of Public Safety are prohibited from  
31 using these assets for such purposes without the prior approval of the General Assembly.

32 **SECTION 18.7.(c)** Nothing in this section prohibits State law enforcement agencies  
33 from receiving funds from the United States Department of Justice, the United States Department  
34 of the Treasury, and the United States Department of Health and Human Services.

35 **SECTION 18.7.(d)** The Joint Legislative Oversight Committee on Justice and Public  
36 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized  
37 and forfeited assets. The Committee shall report its findings and recommendations prior to the  
38 convening of the 2020 Regular Session of the 2019 General Assembly.

## 39 40 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

41 **SECTION 18.8.** The Department of Public Safety may continue to contract with The  
42 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds  
43 for minimum security female inmates during the 2019-2021 fiscal biennium. The Center for  
44 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House  
45 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
46 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the  
47 average daily inmate population compared to bed capacity using the same methodology as that  
48 used by the Department of Public Safety.

## 49 50 **INMATE CONSTRUCTION PROGRAM**

1           **SECTION 18.9.** Notwithstanding any other provision of law, but subject to Article  
2 3 of Chapter 148 of the General Statutes, during the 2019-2021 fiscal biennium, the State  
3 Construction Office may utilize inmates in the custody of the Division of Adult Correction of the  
4 Department of Public Safety through the Inmate Construction Program for repair and renovation  
5 projects on State-owned facilities, with priority given to Department of Public Safety  
6 construction projects. State agencies utilizing the Inmate Construction Program shall reimburse  
7 the Division of Adult Correction of the Department of Public Safety for the cost of transportation,  
8 custody, and wages for the inmate crews.

9  
10 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT**

11           **SECTION 18.10.** G.S. 148-32.1(b2) reads as rewritten:

12           "(b2) The Statewide Misdemeanant Confinement Program is established. The Program  
13 shall provide for the housing of misdemeanants from all counties serving sentences imposed for  
14 a period of more than 90 days and for all sentences imposed for impaired driving under  
15 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement  
16 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall  
17 address methods for the placement and transportation of inmates and reimbursement to counties  
18 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants  
19 from that county or from other counties pursuant to the Program may enter into a written  
20 agreement with the Division of Adult Correction and Juvenile Justice to do so.

21           The North Carolina Sheriffs' Association shall:

22           (1) Report no later than the fifteenth day of each month to the Office of State  
23 Budget and Management and the Fiscal Research Division on the Statewide  
24 Misdemeanant Confinement Program. Each monthly report shall include all  
25 of the following:

- 26           a. The daily population delineated by misdemeanant or DWI monthly  
27 housing.  
28           b. The cost of housing prisoners under the Program.  
29           c. The cost of transporting prisoners under the Program.  
30           d. Personnel costs.  
31           e. Inmate medical care costs.  
32           f. The number of counties that volunteer to house inmates under the  
33 Program.  
34           g. The administrative costs paid to the Sheriffs' Association and to the  
35 Department of Public Safety.

36           (2) Report no later than October 1 of each year to the chairs of the House of  
37 Representatives Appropriations Committee on Justice and Public Safety and  
38 the Senate Appropriations Committee on Justice and Public Safety and the  
39 Joint Legislative Oversight Committee on Justice and Public Safety on the  
40 Statewide Misdemeanant Confinement Program. The report shall include the  
41 following with respect to the prior fiscal year:

- 42           a. The cost of housing prisoners by county under the Program.  
43           b. The cost of transporting prisoners by county under the Program.  
44           c. Personnel costs by county.  
45           d. Inmate medical care costs by county.  
46           e. The number of counties that volunteer to house inmates under the  
47 Program.  
48           f. The administrative costs paid to the Sheriffs' Association and to the  
49 Department of Public Safety."  
50

1 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**  
2 **EQUIPMENT PURCHASES SECTIONS**

3 **SECTION 18.11.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected  
4 for the Interstate Compact Fund during the 2019-2021 fiscal biennium may be used by the  
5 Division of Adult Correction of the Department of Public Safety during the 2019-2021 fiscal  
6 biennium to provide training programs and equipment purchases for the Section of Community  
7 Corrections, but only to the extent sufficient funds remain available in the Fund to support the  
8 mission of the Interstate Compact Program.

9 **SECTION 18.11.(b)** No later than October 1 of each fiscal year, the Department of  
10 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public  
11 Safety on the amount of funds used pursuant to this section and for what purposes the funds were  
12 used.

13  
14 **NURSE STAFFING AT STATE PRISONS ANNUAL REPORT**

15 **SECTION 18.12.(a)** The Department of Public Safety shall report the following  
16 information to the Joint Legislative Oversight Committee on Justice and Public Safety beginning  
17 February 1, 2020, and annually thereafter:

- 18 (1) The total number of permanent nursing positions allocated to the Department,  
19 the number of filled positions, the number of positions that have been vacant  
20 for more than six months, and information regarding the location of both filled  
21 and vacant positions.
- 22 (2) The extent to which temporary contract services are being used to staff vacant  
23 nursing positions, the method for funding the contract services, and any cost  
24 differences between the use of permanent employees versus contract  
25 employees.
- 26 (3) A progress report on the implementation of its plan to (i) reduce the use of  
27 contract services to provide nursing in State prisons and (ii) attract and retain  
28 qualified nurses for employment in permanent positions in State prisons.

29 **SECTION 18.12.(b)** Notwithstanding any other provision of law, the Department of  
30 Public Safety may, in its discretion and subject to the approval of the Office of State Budget and  
31 Management, convert funds appropriated for contractual nursing services to permanent nursing  
32 positions when it is determined to promote security, generate cost savings, or improve health care  
33 quality. The Department shall report on any such conversions to the Fiscal Research Division.

34  
35 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

36 **SECTION 18.13.** No later than February 1, 2020, the Department of Public Safety,  
37 Division of Adult Correction, shall report to the Joint Legislative Oversight Committee on Justice  
38 and Public Safety the following information for the last five fiscal years regarding Division  
39 employees working in State prisons:

- 40 (1) The number of Division employees charged with the commission of a criminal  
41 offense committed in a State prison and during the employee's work hours.  
42 The information shall be provided by State facility and shall specify the  
43 offense charged and the outcome of the charge.
- 44 (2) The number of employees disciplined, demoted, or separated from service due  
45 to personal misconduct. To the extent it does not disclose confidential  
46 personnel records, the information shall be organized by type of misconduct,  
47 nature of corrective action taken, and outcome of the corrective action.
- 48 (3) The hiring and screening process, including any required credentials or skills,  
49 criminal background checks, and personality assessments. The information  
50 shall also include the process the Division uses to verify the information  
51 provided by an applicant.

- 1 (4) The methods used to prevent delivery of contraband items to prisoners,  
2 including illegal drugs and mobile phones, and an evaluation or summary of  
3 the effectiveness of the methods.  
4

#### 5 STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

6 **SECTION 18.14.** Of the funds appropriated in this act for the Statewide  
7 Misdemeanant Confinement Program:

- 8 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal  
9 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,  
10 to support the Program and for administrative and operating expenses of the  
11 Association and its staff.  
12 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
13 allocated each fiscal year to the Division of Adult Correction for its  
14 administrative and operating expenses for the Program.  
15

#### 16 PRISON REFORM REPORT

17 **SECTION 18.15.** The Department of Public Safety (Department) shall report  
18 quarterly beginning November 1, 2019, and continuing quarterly until the end of the 2019-2021  
19 fiscal biennium, to the Joint Legislative Oversight Committee on Justice and Public Safety on  
20 the Department's prison reform initiatives, including:

- 21 (1) All modifications to Department rules, policies, and procedures related to  
22 disciplinary actions against correctional officers and other correctional staff.  
23 (2) All modifications to Department rules, policies, and procedures related to  
24 disciplinary actions against inmates.  
25 (3) The amount, content, quality, and frequency of staff training.  
26 (4) Modifications to inmate work assignments, including assessments of the  
27 appropriateness of particular work assignments based on inmate  
28 classification.  
29 (5) Facility infrastructure improvements made to emergency communication,  
30 location tracking capabilities, and installation of additional cameras.  
31 (6) Increased availability of staff personal safety equipment and institutional  
32 safety equipment.  
33 (7) Adequacy of staffing of prison facilities and actions taken to increase staffing  
34 levels.  
35 (8) Actions taken to increase retention efforts of staff.  
36 (9) Changes to the hiring and orientation processes and procedures for  
37 correctional officers.  
38 (10) Methods used to prevent delivery of contraband items to prisoners, including  
39 illegal drugs and mobile phones, and an evaluation or summary of the  
40 effectiveness of the methods.  
41 (11) Modifications to housing capacity to meet prison staffing requirements.  
42

#### 43 PLAN TO ADDRESS STANDARD OPERATING CAPACITY OF THE DIVISION OF 44 ADULT CORRECTION AND JUVENILE JUSTICE

45 **SECTION 18.16.(a)** The Department of Public Safety shall develop a long-term plan  
46 to meet Standard Operating Capacity requirements of the Division of Adult Correction and  
47 Juvenile Justice. The long-term plan shall, at a minimum, include the following:

- 48 (1) An analysis of the required staffing to meet Standard Operating Capacity  
49 requirements.  
50 (2) Recommendations for reopening closed facilities.  
51 (3) Recommendations for constructing new facilities.

1 (4) Recommendations to reduce the prison population.

2 **SECTION 18.16.(b)** The Department of Public Safety shall submit its long-term  
3 plan required under subsection (a) of this section to the Joint Legislative Oversight Committee  
4 on Justice and Public Safety no later than December 1, 2019.

5  
6 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**  
7 **EXPENSES**

8 **SECTION 18.17.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety  
9 may use funds available to the Department for the 2019-2021 fiscal biennium to reimburse  
10 counties for the cost of housing convicted inmates, parolees, and post-release supervisees  
11 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may  
12 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,  
13 2019, the Department shall report quarterly to the chairs of the Joint Legislative Oversight  
14 Committee on Justice and Public Safety and the chairs of the House of Representatives  
15 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
16 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for  
17 prisoners awaiting transfer.

18  
19 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

20 **SECTION 18.18.(a)** Funds appropriated in this act to the Department of Public  
21 Safety for the 2019-2021 fiscal biennium for community program contracts, that are not required  
22 for or used for community program contracts, may be used only for the following:

- 23 (1) Other statewide residential programs that provide Level 2 intermediate  
24 dispositional alternatives for juveniles.  
25 (2) Statewide community programs that provide Level 2 intermediate  
26 dispositional alternatives for juveniles.  
27 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
28 Prevention Councils which provide Level 2 intermediate dispositional  
29 alternatives for juveniles.  
30 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
31 intermediate dispositional alternatives for juveniles listed in  
32 G.S. 7B-2506(13) through (23).

33 **SECTION 18.18.(b)** Funds appropriated by this act to the Department of Public  
34 Safety for the 2019-2021 fiscal biennium for community programs may not be used for staffing,  
35 operations, maintenance, or any other expenses of youth development centers or detention  
36 facilities.

37 **SECTION 18.18.(c)** The Department of Public Safety shall submit an electronic  
38 report by October 1 of each year of the 2019-2021 fiscal biennium on all expenditures made in  
39 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of  
40 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
41 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.  
42 The report shall include all of the following: an itemized list of the contracts that have been  
43 executed, the amount of each contract, the date the contract was executed, the purpose of the  
44 contract, the number of juveniles that will be served and the manner in which they will be served,  
45 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized  
46 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

47  
48 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

49 **SECTION 18.19.** Funds appropriated in this act to the Department of Public Safety  
50 for each fiscal year of the 2019-2021 fiscal biennium may be used as matching funds for the  
51 Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile

1 Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State  
2 Budget and Management and the Governor's Crime Commission shall consult with the  
3 Department of Public Safety regarding the criteria for awarding federal funds. The Office of State  
4 Budget and Management, the Governor's Crime Commission, and the Department of Public  
5 Safety shall report to the chairs of the House of Representatives Appropriations Committee on  
6 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety  
7 and the Joint Legislative Oversight Committee on Justice and Public Safety prior to allocation of  
8 the federal funds. The report shall identify the amount of funds to be received for the 2019-2020  
9 fiscal year, the amount of funds anticipated for the 2020-2021 fiscal year, and the allocation of  
10 funds by program and purpose.

## 11 12 **CREATE HAZARDOUS MATERIALS FACILITY FUND**

13 **SECTION 18.20.(a)** G.S. 166A-29.1 reads as rewritten:

14 "**§ 166A-29.1. Hazardous materials facility ~~fee~~ and Fund.**

15 ...

16 (b1) Hazardous Materials Facility Fund. – The Hazardous Materials Facility Fund is  
17 established as a special fund within the Department. All fees collected under this section shall be  
18 credited to the Fund and shall be used to support the hazardous materials response programs  
19 established pursuant to subsection (f) of this section.

20 ...

21 (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be  
22 used for the following:

- 23 (1) To offset costs associated with the establishment and maintenance of a  
24 hazardous materials database and a hazardous materials response application.
- 25 (2) To offset costs associated with the operations of the regional response  
26 program for hazardous materials emergencies and terrorist incidents.
- 27 (3) To provide grants to counties for hazardous materials emergency response  
28 planning, training, equipment, and related exercises.
- 29 (4) To offset Division costs that directly support hazardous materials emergency  
30 preparedness and response."

31 **SECTION 18.20.(b)** This section becomes effective July 1, 2019, and applies to fees  
32 collected on or after that date.

## 33 34 **RADIOLOGICAL EMERGENCY PLANNING**

35 **SECTION 18.21.(a)** G.S. 166A-29 reads as rewritten:

36 "**§ 166A-29. Emergency planning; charge.**

37 (a) Every person, firm, corporation or municipality who is licensed to construct or who  
38 is operating a fixed nuclear facility for the production of electricity shall pay to the Department  
39 of Public Safety an annual fee of at least thirty thousand dollars (\$30,000) for each fixed nuclear  
40 facility which is located within this State or has a Plume Exposure Pathway Emergency Planning  
41 Zone of which any part is located within this State. This fee is to be applied to the costs of  
42 planning and implementing emergency response activities as are required by the Federal  
43 Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid ~~no~~  
44 ~~later than July 31 of each year.~~ on a schedule set by the Department of Public Safety. This  
45 minimum fee may be increased from time to time as the costs of such planning and  
46 implementation increase. Such increases shall be by agreement between the State and the  
47 licensees or operators of the fixed nuclear facilities.

48 (b) Every person, firm, corporation or municipality who is licensed to construct or who  
49 is operating a fixed nuclear facility for the production of electricity shall pay to the Department  
50 of Public Safety, for the use of the Radiation Protection Section of the Division of ~~Public Health~~  
51 Health Service Regulation of the Department of Health and Human Services, an annual fee of at

1 least thirty-six thousand dollars (\$36,000) for each fixed nuclear facility that is located within  
2 this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is  
3 located within this State. This fee shall be applied only to the costs of planning and implementing  
4 emergency response activities as required by the Federal Emergency Management Agency for  
5 the operation of nuclear facilities. This fee is to be paid ~~no later than July 31 of each year~~ on a  
6 schedule set by the Department of Public Safety.

7 ...."

8 **SECTION 18.21.(b)** This section becomes effective July 1, 2019, and applies to fees  
9 assessed on or after that date.

## 10 **PART XIX. ADMINISTRATION**

### 11 **DOA/MANAGE STATE PORTFOLIO OF REAL PROPERTY & UPDATE** 12 **E-PROCUREMENT SYSTEM**

13 **SECTION 19.1.(a)** Notwithstanding the provisions of G.S. 66-58.12(c), the sum of  
14 one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2019-2020  
15 fiscal year transferred in this act from the E-Commerce Fund in the Department of Administration  
16 Budget Code 24100, Fund Code 2514, to the Department of Administration Budget Code 14100,  
17 Fund Code 1412, shall be used to develop a real estate information system as required by Section  
18 31.2 of S.L. 2018-5.

19 **SECTION 19.1.(b)** The Department of Administration shall not expend any funds  
20 in Budget Code 24100, Fund Code 2514, for updating the E-Procurement System prior to doing  
21 all of the following:

- 22 (1) Creating a detailed plan for updating the E-Procurement System, including:
  - 23 a. The ways in which the System will be improved.
  - 24 b. The itemized costs of the improvements.
  - 25 c. The length of time it will take to make the improvements.
- 26 (2) No later than October 1, 2019, submitting a report on the detailed plan  
27 required by subdivision (1) of this subsection to the Joint Legislative  
28 Oversight Committee on General Government.
- 29 (3) No later than October 1, 2019, submitting a report on the detailed plan  
30 required by subdivision (1) of this subsection to the State Chief Information  
31 Officer for review and approval as provided in G.S. 143B-1322(c)(14).

## 32 **PART XX. ADMINISTRATIVE HEARINGS [RESERVED]**

## 33 **PART XXI. AUDITOR [RESERVED]**

## 34 **PART XXII. BUDGET AND MANAGEMENT**

### 35 **IMPROVE TRANSPARENCY IN INVESTMENT AND RETIREMENT FUND** 36 **EXPENDITURES**

37 **SECTION 22.1.(a)** The Office of State Budget and Management, in consultation  
38 with the Fiscal Research Division, shall study the feasibility of converting the following Funds  
39 within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General  
40 Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services,  
41 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations  
42 Division Fund, and 1510 Financial Operations Division. The Office of State Budget and  
43 Management shall develop a plan and schedule to adjust the Base Budget for the 2021-2023 fiscal  
44 biennium to:  
45  
46  
47  
48  
49  
50

- 1 (1) Show that receipts from the Funds listed in this subsection are used to offset  
2 General Fund appropriations. Any increase in funding from the General Fund  
3 to the Retirement System Division and State Health Plan Division shall be  
4 offset by corresponding adjustments to the agency employer contribution rates  
5 and amounts. Receipts that have been transferred from the Investment  
6 Management Division, the Escheat Fund, and the Local Government  
7 Operations Division Fund shall be deposited as nontax revenue to offset the  
8 increase in appropriations in the amounts certified for the 2019-2020 fiscal  
9 year.
- 10 (2) Reflect interest earnings as nontax revenue.
- 11 (3) Eliminate all transfers from Funds 1130, 1210, 1310, and 1410 used to pay for  
12 administration in Funds 1110, 1150, and 1510.
- 13 (4) Identify any amendments to current law to implement the plan.
- 14 (5) Require the Department of the State Treasurer's expenditures be recorded in  
15 the North Carolina Accounting System in the appropriate budget code, fund  
16 code, and account code and not be charged directly to the Investment Asset  
17 Classes.

18 **SECTION 22.1.(b)** The Office of State Budget and Management shall present its  
19 proposed plan and recommendations to the Joint Legislative Oversight Committee on General  
20 Government at its meeting in January 2020.

21  
22 **PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**  
23 **[RESERVED]**

24  
25 **PART XXIV. CONTROLLER**

26  
27 **OVERPAYMENTS AUDIT**

28 **SECTION 24.1.(a)** During the 2019-2021 fiscal biennium, receipts generated by the  
29 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,  
30 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously  
31 paid excise taxes, and related errors shall be deposited in Special Fund 24172 as required by  
32 G.S. 147-86.22(c).

33 **SECTION 24.1.(b)** During the 2019-2021 fiscal biennium, two hundred fifty  
34 thousand dollars (\$250,000) of the funds in Special Fund 24172 shall be used by the Office of  
35 the State Controller for data processing, debt collection, or e-commerce costs, and are hereby  
36 appropriated for that purpose.

37 **SECTION 24.1.(c)** The State Controller shall report annually to the Joint Legislative  
38 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
39 deposited into Special Fund 24172 and the disbursement of that revenue.

40  
41 **PART XXV. ELECTIONS**

42  
43 **BOARD OF ELECTIONS/REPORT ON POST-ELECTION AUDITS**

44 **SECTION 25.1.** After conducting a post-election audit, the Board of Elections shall  
45 produce a report which summarizes the audit, including the rationale for and the findings of the  
46 audit. The report shall be submitted to the Joint Legislative Oversight Committee on General  
47 Government within 10 business days of the date the audit is completed.

48  
49 **PART XXVI. GENERAL ASSEMBLY [RESERVED]**

50  
51 **PART XXVII. GOVERNOR [RESERVED]**

1  
2 **PART XXVIII. HOUSING FINANCE AGENCY**  
3

4 **STUDY STATE HOME FORECLOSURE PREVENTION PROJECT**

5 **SECTION 28.1.** The Program Evaluation Division shall study the State Home  
6 Foreclosure Prevention Project, established in Article 11 of Chapter 45 of the General Statutes,  
7 to determine the effectiveness of the Project in seeking and implementing solutions to avoid  
8 foreclosures for home loans. The study shall consider, among other things, the following: (i) the  
9 number of homeowners who have avoided foreclosure because of intervention by the Housing  
10 Finance Agency through the Project, (ii) the actions undertaken by the Housing Finance Agency  
11 that were most effective in helping homeowners avoid foreclosure, (iii) changes that can be made  
12 to improve the effectiveness of the Housing Finance Agency in helping homeowners avoid  
13 foreclosure, and (iv) whether the current distribution of funds authorized by G.S. 45-104(d)  
14 should be reallocated to make more funds available to directly assist homeowners trying to avoid  
15 foreclosure. By February 1, 2020, the Program Evaluation Division shall submit the findings of  
16 the study, including any recommendations for legislation, to the Joint Legislative Oversight  
17 Committee on General Government.  
18

19 **PART XXIX. INSURANCE**

20  
21 **INSURANCE REGULATORY FEE**

22 **SECTION 29.1.** The percentage rate to be used in calculating the insurance  
23 regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2020 calendar  
24 year.  
25

26 **PART XXX. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**

27  
28 **PART XXXI. LIEUTENANT GOVERNOR [RESERVED]**

29  
30 **PART XXXII. MILITARY AND VETERANS AFFAIRS**

31  
32 **DMVA/TECHNICAL AMENDMENT TO DELETE OBSOLETE LANGUAGE FROM**  
33 **STATUTE REGULATING SCHOLARSHIPS**

34 **SECTION 32.1.** G.S. 143B-1225 reads as rewritten:

35 **"§ 143B-1225. Scholarship.**

36 (a) A scholarship granted pursuant to this Part shall consist of the following benefits in  
37 either a State or private educational institution:

38 ...

- 39 (4) No educational assistance shall be afforded a child under this Part after the  
40 end of an eight-year period beginning on the date the scholarship is first  
41 awarded. ~~Those persons who have been granted a scholarship under this Part~~  
42 ~~prior to the effective date of this act shall be entitled to the remainder of their~~  
43 ~~period of scholarship eligibility if used prior to August 1, 2010.~~ Whenever a  
44 child is enrolled in an educational institution and the period of entitlement  
45 ends while enrolled in a term, quarter or semester, such period shall be  
46 extended to the end of such term, quarter or semester, but not beyond the  
47 entitlement limitation of four academic years.

48 ...."  
49

50 **AMEND RESIDENCY REQUIREMENT FOR QUALIFIED VETERANS ELIGIBLE TO**  
51 **BE BURIED IN STATE VETERANS CEMETERIES**

1           **SECTION 32.2.** G.S. 65-43 reads as rewritten:

2    "**§ 65-43. Definitions.**

3           For purposes of this Article, the following definitions shall apply, unless the context requires  
4 otherwise:

5           ...

6           (3)    A "qualified veteran" means a veteran who meets the requirements of  
7 sub-subdivisions a. and b. of this subdivision:

8           a.     A veteran who served an honorable military service or who served a  
9 period of honorable nonregular service and is any of the following:

10           1.     A veteran who is entitled to retired pay for nonregular service  
11 under 10 U.S.C. §§ 12731-12741, as amended.

12           2.     A veteran who would have been entitled to retired pay for  
13 nonregular service under 10 U.S.C. §§ 12731-12741, as  
14 amended, but for the fact that the person was under 60 years of  
15 age.

16           3.     A veteran who is eligible for interment in a national cemetery  
17 under 38 U.S.C. § 2402, as amended.

18           b.     Who is a legal resident of North Carolina:

19           1.     At the time of death, or

20           2.     ~~For a period of at least 10 years, or~~

21           3.     At the time he or she entered the Armed Forces of the United  
22 States."

23  
24    **ESTABLISH NORTH CAROLINA VETERANS CEMETERY TRUST FUND**

25           **SECTION 32.3.** Article 8A of Chapter 65 of the General Statutes is amended by  
26 adding a new section to read as follows:

27    "**§ 65-45. North Carolina Veterans Cemeteries Trust Fund.**

28           (a)    Establishment and Source of Funds. – There is established the North Carolina  
29 Veterans Cemeteries Trust Fund, a special fund within the Department of Military and Veterans  
30 Affairs. The Fund shall be maintained as a special fund and shall be administered by the  
31 Department to carry out the provisions of this section. Interest accruing from the monies in the  
32 Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

33           (1)    Ten percent (10%) of the total receipts collected for cemetery burials and  
34 received by the Department each fiscal year. The Department shall transfer  
35 the receipts to the Fund periodically, but no later than the end of each fiscal  
36 year.

37           (2)    All interest and investment earnings received on monies in the Fund.

38           (3)    Any other funds, as directed by the General Assembly.

39           (b)    Use of Fund. – The funds in the Fund shall be allowed to accumulate until they have  
40 generated sufficient interest earnings to maintain the State's veterans' cemeteries once they have  
41 reached full capacity. The interest earnings in the Fund shall be used to maintain existing  
42 veterans' cemeteries once they have reached full capacity, but the principal shall not be spent.  
43 The interest earnings in the Fund shall not be used to open new veterans' cemeteries. The  
44 Veterans Affairs Commission shall have sole authority to approve the use of the Fund for the  
45 purposes authorized in this subsection, and they shall, in exercising that authority, act without  
46 direction from or supervision of the Secretary."

47  
48    **VETERANS AFFAIRS COMMISSION/AWARDING OF SERVICE MEDALS**

49           **SECTION 32.4.** G.S. 143B-1220 reads as rewritten:

50    "**§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

1 There is hereby created the Veterans' Affairs Commission of the Department of Military and  
 2 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and  
 3 duties, as delegated by the Secretary of Military and Veterans Affairs:

- 4 ...
- 5 (3) To promulgate rules and regulations concerning the awarding of scholarships  
 6 for children of North Carolina veterans as provided by this Article. The  
 7 Commission shall make rules and regulations consistent with the provisions  
 8 of this Article. All rules and regulations not inconsistent with the provisions  
 9 of this Chapter heretofore adopted by the State Board of Veterans' Affairs  
 10 shall remain in full force and effect unless and until repealed or superseded by  
 11 action of the Veterans' Affairs Commission. All rules and regulations adopted  
 12 by the Commission shall be enforced by the Department of Military and  
 13 Veterans Affairs; and
- 14 ~~(4) To promulgate rules concerning the awarding of the North Carolina Services~~  
 15 ~~Medal to all veterans who have served in any period of war as defined in 38~~  
 16 ~~U.S.C. § 101. The award shall be self-financing; those who wish to be awarded~~  
 17 ~~the medal shall pay a fee to cover the expenses of producing the medal and~~  
 18 ~~awarding the medal. All rules adopted by the Commission with respect to the~~  
 19 ~~North Carolina Services Medal shall be implemented and enforced by the~~  
 20 ~~Department of Military and Veterans Affairs; and~~
- 21 (5) To advise the Secretary on any matter the Secretary may refer to it."

22  
 23 **PART XXXIII. REVENUE**

24  
 25 **DOR/ELIMINATE VACANT POSITIONS**

26 **SECTION 33.1.** The Department of Revenue shall eliminate a sufficient number of  
 27 permanent or temporary vacant positions funded through the Collections Assistance Fee to  
 28 generate a recurring annual savings of five hundred thousand dollars (\$500,000) for each year of  
 29 the 2019-2021 fiscal biennium. The Department shall report on the eliminated positions to the  
 30 Joint Legislative Oversight Committee on General Government by October 1, 2019.

31  
 32 **PART XXXIV. SECRETARY OF STATE [RESERVED]**

33  
 34 **PART XXXV. TREASURER**

35  
 36 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR**  
 37 **FIREFIGHTERS' DEATH BENEFITS**

38 **SECTION 35.1.** G.S. 143-166.2 reads as rewritten:

39 **"§ 143-166.2. Definitions.**

40 The following definitions apply in this Article:

- 41 ...
- 42 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:
- 43 ...
- 44 e. When the death of a firefighter occurs as a direct and proximate result  
 45 of any of the following cancers that are occupationally related to  
 46 firefighting, that firefighter is presumed to have been killed in the line  
 47 of duty:
- 48 1. Mesothelioma.
  - 49 2. Testicular cancer.
  - 50 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
  - 51 4. Esophageal cancer.

1                                   5.     Oral cavity cancer.

2                                   6.     Pharynx cancer.

3                                   ...."

4  
5 **PART XXXVI. GENERAL GOVERNMENT**

6  
7 **GENERAL GOVERNMENT REPORTING REQUIREMENTS**

8  
9 **DEPARTMENT OF ADMINISTRATION**

10                   **SECTION 36.1.(a)** G.S. 116D-4 reads as rewritten:

11 **"§ 116D-4. Minority and historically underutilized business participation.**

12       (a)     Minority Business Participation. – The goals set by G.S. 143-128 for participation in  
13 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued  
14 under this section. The following State agencies shall monitor compliance with this requirement  
15 and shall report to the General Assembly and the Joint Legislative Oversight Committee on  
16 General Government by January 1 of each year on the participation by minority businesses in  
17 these projects. The State Construction Office, Department of Administration, shall monitor  
18 compliance with this requirement with regard to projects funded by the proceeds of university  
19 improvement general obligation bonds and notes and special obligation bonds and notes; the  
20 Board of Governors of The University of North Carolina shall provide the State Construction  
21 Office any information required by the State Construction Office to monitor compliance. The  
22 Community Colleges System Office shall monitor compliance with regard to projects funded by  
23 the proceeds of community college general obligation bonds and notes.

24       ...."

25                   **SECTION 36.1.(b)** G.S. 143-48 reads as rewritten:

26 **"§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**  
27 **contractors, physically handicapped contractors, and women contractors;**  
28 **purpose; required annual reports.**

29       ...

30       (d)     The Department of Administration shall collect and compile the data described in this  
31 section and report it annually to the General ~~Assembly~~-Assembly and the Joint Legislative  
32 Oversight Committee on General Government.

33       ...."

34                   **SECTION 36.1.(c)** G.S. 143-128.3 reads as rewritten:

35 **"§ 143-128.3. Minority business participation administration.**

36       (a)     All public entities subject to G.S. 143-128.2 shall report to the Department of  
37 Administration, Office of Historically Underutilized Business, the following with respect to each  
38 building project:

39       ...

40       The reports shall be in the format and contain the data prescribed by the Secretary of  
41 Administration. The University of North Carolina and the State Board of Community Colleges  
42 shall report quarterly and all other public entities shall report semiannually. The Secretary of the  
43 Department of Administration shall make reports every six months to the Joint Legislative  
44 Committee on Governmental Operations and the Joint Legislative Oversight Committee on  
45 General Government on information reported pursuant to this subsection.

46       ...

47       (c)     The Secretary shall study and recommend to the General ~~Assembly~~-Assembly, the  
48 Joint Legislative Oversight Committee on General Government, and other State agencies ways  
49 to improve the effectiveness and efficiency of the State capital facilities development, minority  
50 business participation program and good faith efforts in utilizing minority businesses as set forth

1 in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased  
2 utilization of minority businesses.

3 (d) The Secretary shall appoint an advisory board to develop recommendations to  
4 improve the recruitment and utilization of minority businesses. The Secretary, with the input of  
5 its advisory board, shall review the State's programs for promoting the recruitment and utilization  
6 of minority businesses involved in State capital projects and shall recommend to the General  
7 Assembly, the Joint Legislative Oversight Committee on General Government, the State  
8 Construction Office, The University of North Carolina, and the community colleges system  
9 changes in the terms and conditions of State laws, rules, and policies that will enhance  
10 opportunities for utilization of minority businesses on these projects. The Secretary shall provide  
11 guidance to these agencies on identifying types of projects likely to attract increased participation  
12 by minority businesses and breaking down or combining elements of work into economically  
13 feasible units to facilitate minority business participation.

14 ...

15 (g) The Secretary shall report findings and recommendations as required under this  
16 section to the Joint Legislative Committee on Governmental Operations and the Joint Legislative  
17 Oversight Committee on General Government annually on or before ~~June 1, beginning June 1,~~  
18 ~~2002.~~ September 1, beginning September 1, 2019."

19 **SECTION 36.1.(d)** G.S. 143-341 reads as rewritten:

20 "**§ 143-341. Powers and duties of Department.**

21 The Department of Administration has the following powers and duties:

22 ...

23 (8) General Services:

24 ...

25 i. To establish and operate a central motor fleet and such subsidiary  
26 related facilities as the Secretary may deem necessary, and to that end:

27 ...

28 11. To report annually to the General ~~Assembly~~ Assembly and the  
29 Joint Legislative Oversight Committee on General  
30 Government on any rules adopted, amended or repealed under  
31 sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

32 ...

33 (12) Report on Vehicles Managed. – Beginning on September 1, 2019, and  
34 semiannually thereafter, the Department of Administration shall provide a  
35 report to the Joint Legislative Oversight Committee on General Government  
36 and the Joint Legislative Oversight Committee on Justice and Public Safety  
37 on the status of all motor vehicles managed by the Department of  
38 Administration for the Department of Public Safety. The report shall include  
39 all of the following information:

40 a. The number of motor vehicles managed by the Department of  
41 Administration for the Department of Public Safety.

42 b. The condition of each motor vehicle, including the mileage on each  
43 motor vehicle.

44 c. The average amount of time taken to repair or replace a motor vehicle.

45 d. The number and condition of any backup motor vehicles managed by  
46 the Department of Administration and available for use by the  
47 Department of Public Safety, including the location and condition of  
48 each motor vehicle."

49 **SECTION 36.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

50 **SECTION 36.1.(f)** G.S. 143-341.2 reads as rewritten:

1 "§ 143-341.2. Proactive management of State-owned and State-leased real property  
2 portfolio.

3 (a) Duties of the Department of Administration. – The Department of Administration  
4 shall have the following powers and duties:

5 ...

6 (7) Reporting. – The Department of Administration shall make the following  
7 reports:

8 a. No later than December 1, 2018, and every five years thereafter, the  
9 Department shall report the following to the Joint Legislative  
10 Commission on Governmental Operations, ~~to the Joint Legislative~~  
11 Oversight Committee on General Government, the Fiscal Research  
12 Division of the General Assembly, and ~~to the Program Evaluation~~  
13 Division of the General Assembly:

14 1. The plan developed pursuant to subdivision (1) of this  
15 subsection.

16 2. A summary of the performance measurement procedures  
17 developed pursuant to subdivision (2) of this subsection.

18 b. If any State agency fails to submit the information required by  
19 subdivision (b)(1) of this section, the Department shall report the  
20 failure to the chairs of the Joint Legislative Commission on  
21 Governmental ~~Operations~~ Operations, the Joint Legislative Oversight  
22 Committee on General Government, and ~~to the chairs of the Joint~~  
23 Legislative Program Evaluation Oversight Committee within 30 days.

24 c. No later than December 1, 2019, and each year thereafter, the  
25 Department shall report to the Joint Legislative Commission on  
26 Governmental Operations, ~~to the Joint Legislative Oversight~~  
27 Committee on General Government, Fiscal Research Division of the  
28 General Assembly, and ~~to the Program Evaluation~~ Division of the  
29 General Assembly on the State's portfolio of real property. This report  
30 shall include at least the following information:

31 ...."

32 SECTION 36.1.(g) G.S. 143-747 reads as rewritten:

33 "§ 143-747. Council of Internal Auditing.

34 ...

35 (c) The Council shall:

36 ...

37 (12) ~~Issue an annual report including, but not limited to, No later than August 1 of~~  
38 each year, issue a report that shall include, but not be limited to, service efforts  
39 and accomplishments of State agency internal auditors and to propose  
40 proposed legislation for consideration by the Governor and General  
41 Assembly. The annual report shall be prepared by the Office of State  
42 Controller and shall be submitted to the General Assembly and the Joint  
43 Legislative Oversight Committee on General Government."

44 SECTION 36.1.(h) G.S. 143B-394.16(b) reads as rewritten:

45 "(b) Report. – The Commission shall report its findings and recommendations, including  
46 any legislative or administrative proposals, to the General Assembly and the Joint Legislative  
47 Oversight Committee on General Government no later than April 1 each year."

48 SECTION 36.1.(i) G.S. 143B-394.21 is amended by adding a new subsection to  
49 read:

50 "(c) The North Carolina Council for Women shall report on the quarterly distributions of  
51 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs

1 of the General Government Appropriations Committee within five business days of distribution.  
2 The report shall include the date, amount, and recipients of the fund disbursements. The report  
3 shall also include any eligible programs which are ineligible to receive funding during the relative  
4 reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

5 **SECTION 36.1.(j)** G.S. 143B-409 reads as rewritten:

6 "**§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

7 The Commission shall prepare a written annual report giving an account of its proceedings,  
8 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~  
9 ~~the legislature.~~ Governor, General Assembly, and the Joint Legislative Oversight Committee on  
10 General Government. The report will become a matter of public record and will be maintained  
11 in the State Historical Archives. It may also be furnished to such other persons or agencies as the  
12 Commission may deem proper."

13 **SECTION 36.1.(k)** G.S. 143B-410 reads as rewritten:

14 "**§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**  
15 **staff.**

16 Fiscal records shall be kept by the Secretary of Administration. The audit report will become  
17 a part of the annual report and will be submitted in accordance with the regulations governing  
18 preparation and submission of the annual report. The Commission shall submit the annual report  
19 to the Joint Legislative Oversight Committee on General Government."

20 **SECTION 36.1.(l)** G.S. 143B-411.2 reads as rewritten:

21 "**§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**  
22 **purpose or creation; powers and duties.**

23 The purpose of the Council is to study on a continuing basis the relationship between the  
24 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of  
25 concern to the State or the Tribe. It shall be the duty of the Council:

- 26 (1) Identify existing and potential conflicts between the State of North Carolina  
27 and the Eastern Band of Cherokee ~~Indians;~~ Indians.
- 28 (2) Propose State and federal legislation and agreements between the State of  
29 North Carolina and the Cherokee Tribe to resolve existing and potential  
30 ~~conflicts;~~ conflicts.
- 31 (3) To study and make recommendations concerning any issue referred to the  
32 Council by any official of the Eastern Band of the Cherokee, the State of North  
33 Carolina, or the government of Haywood, Jackson, Swain, Graham, or  
34 Cherokee Counties.
- 35 (4) Study other issues of mutual concern to the Eastern Band of the  
36 ~~Cherokee;~~ Cherokee.
- 37 (5) ~~Make a report with recommendations as needed, but not less often than~~  
38 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~  
39 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~  
40 ~~Cherokee."~~

41 **SECTION 36.1.(m)** The North Carolina Farmworker Council, enacted as Part 26 of  
42 Article 9 of Chapter 143B of the General Statutes, is repealed.

## 44 ETHICS COMMISSION

45 **SECTION 36.2.** G.S. 138A-10 reads as rewritten:

46 "**§ 138A-10. Powers and duties.**

- 47 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:  
48 ...
- 49 (11) Report annually to the ~~General Assembly~~ Assembly, the Joint Legislative  
50 Oversight Committee on General Government, and the Governor on the  
51 Commission's activities and generally on the subject of public disclosure,

1 ethics, and conflicts of interest, including recommendations for administrative  
2 and legislative action, as the Commission deems appropriate.

3 ...."  
4

## 5 OFFICE OF STATE HUMAN RESOURCES

6 SECTION 36.3. G.S. 143-583 reads as rewritten:

7 "§ 143-583. Model program; technical assistance; reports.

8 ...

9 (c) The Office of State Human Resources shall report annually to the Joint Legislative  
10 Commission on Governmental Operations and the Joint Legislative Oversight Committee on  
11 General Government on the safety, health, and workers' compensation activities of State  
12 agencies, compliance with this Article, and the fines levied against State agencies pursuant to  
13 Article 16 of Chapter 95 of the General Statutes."  
14

## 15 OFFICE OF STATE AUDITOR

16 SECTION 36.4. G.S. 147-64.11 reads as rewritten:

17 "§ 147-64.11. Review of office.

18 The Auditor may, on his own initiative and as often as he deems necessary, or as requested  
19 by the ~~General Assembly~~ Assembly or the Joint Legislative Oversight Committee on General  
20 Government, cause to be made a quality review audit of the operations of his office. Such a "peer  
21 review" shall be conducted in accordance with standards prescribed by the accounting profession.  
22 Upon the recommendation of the Joint Legislative Commission on Governmental Operations  
23 may contract with an independent public accountant, qualified management consultant, or other  
24 professional person to conduct a financial and compliance, economy and efficiency, and program  
25 result audit of the State Auditor."  
26

## 27 OFFICE OF STATE BUDGET AND MANAGEMENT

28 SECTION 36.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by  
29 adding a new section to read:

30 "§ 143C-6-13. Results first annual report.

31 By October 1 of each year, the Office of State Budget and Management shall submit an  
32 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative  
33 Oversight Committee on General Government, and Joint Legislative Program Evaluation  
34 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in  
35 crafting policy and budget decisions. The reports may include recommendations for legislation."

36 SECTION 36.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

37 SECTION 36.5.(c) G.S. 143C-6-23 reads as rewritten:

38 "§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.

39 ...

40 (h) Report on Grant Recipients That Failed to Comply. ~~Not later than May 1, 2007, and~~  
41 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall report  
42 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~  
43 ~~Division on post online at regular intervals a list of all grantees or subgrantees that failed to~~  
44 comply with this section with respect to grant funds received in the prior fiscal year."

45 SECTION 36.5.(d) G.S. 143-194 is repealed.  
46

## 47 OFFICE OF STATE CONTROLLER

48 SECTION 36.6. G.S. 143B-426.39 reads as rewritten:

49 "§ 143B-426.39. Powers and duties of the State Controller.

50 The State Controller shall:

51 ...

(12a) Prepare and submit to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division at the end of each quarter, a report on the revenue deposited in Special Reserve Account 24172 and the disbursement of that revenue.

...."

**STATE BOARD OF ELECTIONS**

**SECTION 36.7.(a)** G.S. 66-58 reads as rewritten:

**"§ 66-58. Sale of merchandise or services by governmental units.**

...

(c) The provisions of subsection (a) shall not prohibit:

...

(17) The sale by the ~~Bipartisan~~ State Board of Elections and ~~Ethics Enforcement~~ to political committees and candidate committees of computer software designed by or for the ~~Bipartisan~~ State Board of Elections and ~~Ethics Enforcement~~ to provide a uniform system of electronic filing of the campaign finance reports required by ~~Article 23 of Chapter 163A~~ Article 22A of Chapter 163 of the General Statutes and to facilitate the State Board's monitoring of compliance with that Article. ~~This computer software for electronic filing of campaign finance reports shall not exceed a cost of one hundred dollars (\$100.00) to any political committee or candidate committee without the Bipartisan State Board of Elections and Ethics Enforcement first notifying in writing the Joint Legislative Commission on Governmental Operations."~~

**SECTION 36.7.(b)** G.S. 163-165.9 reads as rewritten:

**"§ 163-165.9. Voting systems: powers and duties of county board of elections.**

...

(b) After the acquisition of any voting system, the county board of elections shall comply with any requirements of the State Board of Elections regarding training and support of the voting system by completing all of the following:

...

(2) The county board of elections shall annually maintain software license and maintenance agreements necessary to maintain the warranty of its voting system. A county board of elections may employ qualified personnel to maintain a voting system in lieu of entering into maintenance agreements necessary to maintain the warranty of its voting system. State Board of Elections is not required to provide routine maintenance to any county board of elections that does not maintain the warranty of its voting system. If the State Board of Elections provides any maintenance to a county that has not maintained the warranty of its voting system, the county shall reimburse the State for the cost. The State Board of Elections shall ~~annually~~ annually report by January 15 to the House and Senate Committees on Appropriations, to the Fiscal Research Division, the Joint Legislative Oversight Committee on General Government, and to the Joint Legislative Commission on Governmental Operations on implementation of this subdivision. If requested by the county board of elections, the State Board of Elections may enter into contracts on behalf of that county under this subdivision, but such contracts must also be approved by the county board of elections. Any contract entered into under this subdivision shall be paid from non-State funds. Neither a county nor the State Board of Elections shall enter into any contract with any vendor for software license and maintenance agreements unless the vendor

1 agrees to (i) operate a training program for qualification of county personnel  
2 under this subsection with training offered within the State of North Carolina  
3 and (ii) not dishonor warranties merely because the county is employing  
4 qualified personnel to maintain the voting system as long as the county:  
5 ...."  
6

## 7 HOUSING FINANCE AGENCY

8 SECTION 36.8.(a) G.S. 122A-5.14 reads as rewritten:

### 9 "§ 122A-5.14. Home Protection Program and Fund.

10 ...

11 (d) ~~Annual Report. By April 1 of each year, the Agency shall report to the House~~  
12 ~~Appropriations Subcommittee on General Government and Senate Appropriations~~  
13 ~~Subcommittee on General Government and Information Technology on the effectiveness of the~~  
14 ~~Program in accomplishing its purposes and provide any other information the Agency determines~~  
15 ~~is pertinent or that the General Assembly requests."~~

16 SECTION 36.8.(b) G.S. 122A-5.15 reads as rewritten:

### 17 "§ 122A-5.15. Workforce Housing Loan Program.

18 ...

19 (d) By February 1 of each year, the Agency shall report to the Joint Legislative  
20 Commission on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight  
21 Committee on General Government, and the Fiscal Research Division on the number of loans  
22 made under this section, the amount of each loan, and whether the low-income housing  
23 development is located in a low-, moderate-, or high-income county, as designated by the  
24 Agency."

25 SECTION 36.8.(c) G.S. 122A-16 reads as rewritten:

### 26 "§ 122A-16. Oversight by committees of General Assembly; annual reports.

27 (a) The Finance Committee of the House of Representatives and the Finance Committee  
28 of the Senate shall exercise continuing oversight of the Agency in order to assure that the Agency  
29 is effectively fulfilling its statutory purpose; provided, however, that nothing in this Chapter shall  
30 be construed as required by the Agency to receive legislative approval for the exercise of any of  
31 the powers granted by this Chapter. The Agency shall, promptly following the close of each fiscal  
32 year, submit an annual report of its activities for the preceding year to the Governor, the Office  
33 of State Budget and Management, State Auditor, the aforementioned committees of the General  
34 Assembly and the Local Government Commission. Each such report shall set forth a complete  
35 operating and financial statement of the Agency during such year. The Agency shall cause an  
36 audit of its books and accounts to be made at least once in each year by an independent certified  
37 public accountant and the cost thereof may be paid from any available moneys of the Agency.  
38 The Agency shall on ~~January~~ February 1 and July 1 of each year submit a written report of its  
39 activities to the Joint Legislative Commission on Governmental ~~Operations~~ Operations and the  
40 Joint Legislative Oversight Committee on General Government. The Agency shall also at the end  
41 of each fiscal year submit a written report of its budget expenditures by line item to the Joint  
42 Legislative Commission on Governmental ~~Operations~~ Operations and the Joint Legislative  
43 Oversight Committee on General Government.

44 (b) The Agency shall report to the General Assembly and the Joint Legislative Oversight  
45 Committee on General Government by April 1 of each year concerning the status of the HOME  
46 Program and shall include in the report information on priorities met, types of activities funded,  
47 and types of activities not funded.

48 (c) The Agency shall report to the General Assembly and the Joint Legislative Oversight  
49 Committee on General Government describing the operation of the Emergency Program to  
50 Reduce Home Foreclosures established in S.L. 2008-226 not later than May 1 of each year until  
51 the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund.

1 Information in the report shall be presented in aggregate form and may include the number of  
2 clients helped, the effectiveness of the funds in preventing home foreclosures, recommendations  
3 for further efforts needed to reduce foreclosures, and provide any other aggregated information  
4 the Agency determines is pertinent or that the General Assembly requests."

5 **SECTION 36.8.(d)** Section 298(a) of Chapter 321 of the Session Laws of 1993 reads  
6 as rewritten:

7 "(a) Funds appropriated in this act to the Department of Commerce for the federal HOME  
8 Program shall be transferred to the Housing Finance Agency in the Office of the Governor and  
9 shall be used by the Agency to match federal funds appropriated for the HOME Program. In  
10 allocating State funds appropriated to match federal HOME Program funds, the Agency shall  
11 give priority to HOME Program projects, as follows:

- 12 (1) First priority to projects that are located in counties designated as severely  
13 distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
- 14 (2) Second priority to projects that benefit persons and families whose incomes  
15 are fifty percent (50%) or less of the median family income for the local area,  
16 with adjustments for family size, according to the latest figures available from  
17 the U.S. Department of Housing and Urban Development.

18 ~~The Housing Finance Agency shall report to the General Assembly by April 1 of each year~~  
19 ~~concerning the status of the HOME Program and shall include in the report information on~~  
20 ~~priorities met, types of activities funded, and types of activities not funded."~~

21 **SECTION 36.8.(e)** Section 5 of S.L. 2008-226, as amended by Section 2.17(f) of  
22 S.L. 2012-79, is repealed.

## 23 24 DEPARTMENT OF INSURANCE

25 **SECTION 36.9.(a)** G.S. 58-2-120 reads as rewritten:

26 "**§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

27 The Commissioner shall, from time to time, report to the ~~Governor and the~~ Governor, the  
28 General Assembly ~~Assembly~~, and the Joint Legislative Oversight Committee on General  
29 Government any change or changes that in the Commissioner's opinion should be made in the  
30 laws relating to insurance and other subjects pertaining to the Department."

31 **SECTION 36.9.(b)** G.S. 58-42-45 reads as rewritten:

32 "**§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

33 ...

34 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,  
35 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~  
36 ~~and to the Committee~~, Joint Legislative Commission on Governmental ~~Operations~~ Operations,  
37 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall  
38 provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or  
39 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

40 **SECTION 36.9.(c)** G.S. 58-79-20 reads as rewritten:

41 "**§ 58-79-20. Inspection of premises; dangerous material removed.**

42 The Commissioner of Insurance, or the chief of fire department or chief of police where there  
43 is no chief of fire department, or the city or county building inspector, electrical inspector, heating  
44 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of  
45 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of  
46 such officers find in any building or upon any premises overcrowding in violation of occupancy  
47 limits established pursuant to the North Carolina State Building Code, combustible material or  
48 inflammable conditions dangerous to the safety of such building or premises they shall order the  
49 same to be removed or remedied, and this order shall be forthwith complied with by the owner  
50 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,  
51 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be

1 at once investigated by his direction, and unless by his authority the order of the officer above  
 2 named is revoked it remains in force and must be forthwith complied with by the owner or  
 3 occupant. The Commissioner of Insurance, fire chief, or building inspector, electrical inspector,  
 4 heating inspector, or fire prevention inspector shall make an immediate investigation as to the  
 5 presence of combustible material or the existence of inflammable conditions in any building or  
 6 upon any premises under their jurisdiction upon complaint of any person having an interest in  
 7 such building or premises or property adjacent thereto. The Commissioner may, in person or by  
 8 deputy, visit any municipality or county and make such inspections alone or in company with the  
 9 local officer. The Commissioner shall submit annually, as early as consistent with full and  
 10 accurate preparation, and not later than the first day of June, a detailed report of his official action  
 11 under this Article, and it shall be embodied in his report to the ~~General Assembly~~ General Assembly and  
 12 the Joint Legislative Oversight Committee on General Government."

13 **SECTION 36.9.(d)** G.S. 58-87-1 reads as rewritten:

14 "**§ 58-87-1. Volunteer Fire Department Fund.**

15 ...

16 (c) Report. – The Commissioner must submit a written report to the General Assembly  
 17 and the Joint Legislative Oversight Committee on General Government within 60 days after the  
 18 grants have been made. This report must contain the following:

19 ...."

20 **SECTION 36.9.(e)** G.S. 58-87-5 reads as rewritten:

21 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

22 ...

23 (e) Report. – The Commissioner must submit a written report to the General Assembly  
 24 and the Joint Legislative Oversight Committee on General Government within 60 days after the  
 25 grants have been made. This report must contain the following:

26 ...."

27 **SECTION 36.9.(f)** G.S. 58-92-15(n) reads as rewritten:

28 "(n) The Commissioner shall review the effectiveness of this section and report every three  
 29 years to the General Assembly and the Joint Legislative Oversight Committee on General  
 30 Government the Commissioner's findings, and if appropriate, recommendations for legislation to  
 31 improve the effectiveness of this Article. The report and legislative recommendations shall be  
 32 submitted no later than June 30 following the conclusion of each three-year period."

### 34 INDUSTRIAL COMMISSION

35 **SECTION 36.10.(a)** G.S. 97-78 reads as rewritten:

36 "**§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,**  
 37 **and other staff assistance; annual report.**

38 ...

39 (e) No later than October 1 of each year, the Commission shall publish annually for free  
 40 distribution a report of the administration of this Article, together with such recommendations as  
 41 the Commission deems advisable. No later than October 1 of each year, the Commission shall  
 42 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~  
 43 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~  
 44 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~  
 45 ~~on Agriculture and Natural and Economic Resources.~~ General Government, the Senate  
 46 Appropriations Committee on General Government and Information Technology, and the House  
 47 Appropriations Committee on General Government.

48 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2020, the  
 49 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

50 ...

1 (g) The Commission shall demonstrate its success in implementing its strategic plan  
 2 under subsection (f) of this section by including all of the following in its annual report under  
 3 subsection (e) of this section:

4 ...

5 (2) The total number of requests for, and disputes involving, medical  
 6 compensation under G.S. 97-25 in which final disposition was not made  
 7 within 75 days of the filing of the motion with the Commission, and, for each  
 8 such request or dispute, the date the motion or other initial pleading was filed,  
 9 the date on which final disposition was made and, where reasonably  
 10 ascertainable, the date on which any ordered medical treatment was actually  
 11 provided, made.

12 (3) At a minimum, the number of reports of employee misclassification received,  
 13 the number of cases referred to each State agency, the number and amount of  
 14 back taxes, wages, benefits, penalties, or other monies assessed and, where  
 15 reasonably ascertainable, the amount of back taxes, wages, benefits, penalties,  
 16 or other monies collected."

17 **SECTION 36.10.(b)** G.S. 143-788(b) is repealed.

18  
 19 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

20 **SECTION 36.11.(a)** G.S. 144-9 reads as rewritten:

21 "**§ 144-9. Retirement of a flag of the United States of America or the State of North**  
 22 **Carolina.**

23 ...

24 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or  
 25 otherwise damaged flag of the United States of America or the State of North Carolina from a  
 26 citizen of the State and shall make arrangements for its respectful disposal. The Division shall  
 27 establish a flag retirement program to encourage citizens to send in or drop off such flags at the  
 28 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and  
 29 may establish other locations for flag drop-off as it deems appropriate. The Division shall  
 30 advertise the flag retirement program on its Web site and by printed posters placed at all flag  
 31 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~  
 32 ~~report the number of flags received under the program to the Joint Legislative Committee on~~  
 33 ~~Governmental Operations.~~

34 ...."

35 **SECTION 36.11.(b)** G.S. 143B-1300(a) reads as rewritten:

36 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
 37 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee  
 38 on General Government on the activities of the State Veterans Homes Program. This report shall  
 39 contain an accounting of all monies received and expended, statistics on residents in the homes  
 40 during the year, recommendations to the Secretary, the Governor, and the General Assembly as  
 41 to the program, and such other matters as may be deemed pertinent."

42 **SECTION 36.11.(c)** G.S. 143B-1310 reads as rewritten:

43 "**§ 143B-1310. Commission established; purpose; transaction of business.**

44 ...

45 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
 46 during each quarter and shall provide a report on military affairs to the Secretary of Military and  
 47 Veterans Affairs ~~and to Affairs,~~ the General Assembly Assembly, and the Joint Legislative  
 48 Oversight Committee on General Government at least every six months. Prior to the start of a  
 49 Regular Session of the General Assembly, the Commission shall report to the General Assembly  
 50 and the Joint Legislative Oversight Committee on General Government with recommendations,  
 51 if any, for legislation. Priority actions or issues may be submitted at any time.

1 ...."

2  
3 **DEPARTMENT OF REVENUE**

4 **SECTION 36.12.** G.S. 105-256 reads as rewritten:

5 "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**  
6 **progress.**

7 (a) Publications. – The Secretary shall prepare and publish the following:

8 ...

9 (6) On an annual basis, a report on the quality of services provided to taxpayers  
10 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer  
11 education. The report must be submitted to the Joint Legislative Commission  
12 on ~~Governmental Operations~~Operations and the Joint Legislative Oversight  
13 Committee on General Government.

14 ...

15 (8) By ~~January 1 and July 1~~February 15 and August 15 of each year, a semiannual  
16 report on the Department's activities listed in this subdivision. The report must  
17 be submitted to the Joint Legislative Commission on Governmental  
18 ~~Operations~~Operations, the Joint Legislative Oversight Committee on General  
19 Government, and to the Revenue Laws Study Committee.

20 ...."

21  
22 **SECRETARY OF STATE**

23 **SECTION 36.13.(a)** G.S. 64-1.1 is repealed.

24 **SECTION 36.13.(b)** G.S. 147-54.5 reads as rewritten:

25 "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**  
26 **use of the Fund.**

27 ...

28 (f) Beginning January 1, 1997, the Department of the Secretary of State shall report  
29 annually to the General Assembly's Fiscal Research Division and to the Joint Legislative  
30 Commission on Governmental Operations and the Joint Legislative Oversight Committee on  
31 General Government on the expenditures from the Investor Protection and Education Trust Fund  
32 and on the effectiveness of investor awareness education efforts of the Department of the  
33 Secretary of State."

34  
35 **DEPARTMENT OF STATE TREASURER**

36 **SECTION 36.14.(a)** G.S. 147-69.3 reads as rewritten:

37 "**§ 147-69.3. Administration of State Treasurer's investment programs.**

38 ...

39 (i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment  
40 Officer to the Joint Legislative Commission on Governmental ~~Operations~~Operations and the  
41 Joint Legislative Oversight Committee on General Government by October 1 of each year.

42 ...."

43 **SECTION 36.14.(b)** G.S. 147-68 reads as rewritten:

44 "**§ 147-68. To receive and disburse moneys; to make reports.**

45 ...

46 (d2) ~~After consulting with the Select Committee on Information Technology and the Joint~~  
47 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~  
48 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~  
49 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~  
50 ~~Department's investment banking operations system, retirement payroll systems, and other~~  
51 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~

1 January 1, 2001, and annually thereafter to the following regarding the amount and use of the  
 2 departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs  
 3 of the General Government Appropriations Subcommittees of both the House of Representatives  
 4 and the Senate, and the Joint Legislative Committee on Information Technology.

5 ...."

6 **SECTION 36.14.(c)** G.S. 147-69.2A reads as rewritten:

7 "**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

8 ...

9 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer  
 10 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any  
 11 applicable provisions of the General Statutes protecting confidential information.

12 The State Treasurer and the Governor shall jointly develop and adopt an investment policy  
 13 statement for the Fund.

14 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts  
 15 of interests such that (i) the designees of the State Treasurer and Governor who selected the  
 16 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,  
 17 and (iii) the third-party investment management firm's employees selecting or overseeing Fund  
 18 investments do not provide services for compensation (as an employee, consultant, or otherwise),  
 19 within two years after the end of their service to the Fund, to any entity in which an investment  
 20 from the Fund was made.

21 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~  
 22 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~  
 23 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~  
 24 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~  
 25 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

26 ...."

27 **SECTION 36.14.(d)** G.S. 147-69.12(a) reads as rewritten:

28 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

29 (a) No later than the tenth day of February, May, August, and November of each year,  
 30 the State Treasurer shall report on all investments for which the State Treasurer is in any way  
 31 ~~responsible.~~ responsible, including investments made from The Escheat Fund and return on  
 32 investment as provided in G.S. 147-69.2A. The State Treasurer's quarterly report shall include  
 33 each of the following:

34 ...."

## 36 PART XXXVII. INFORMATION TECHNOLOGY

### 38 CJLEADS REPORT CHANGE

39 **SECTION 37.1.** Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads  
 40 as rewritten:

41 "**SECTION 6A.4.(a)** ~~The Office of the State Controller, in cooperation with the State Chief~~  
 42 ~~Information Officer, Officer~~ shall:

43 ...

44 "**SECTION 6A.4.(b)** ~~The Office of the State Controller~~ State Chief Information Officer shall  
 45 administer CJLEADS with the assistance of a Leadership Council consisting of:

46 ...

47 "**SECTION 6A.4.(e)** Agencies shall use existing resources and shall not charge the ~~Office~~  
 48 ~~of the State Controller~~ Department of Information Technology to provide required support for  
 49 CJLEADS.

50 ...."

**CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS**

**SECTION 37.2.** G.S. 143B-1350(i) reads as rewritten:

"(i) Exceptions. – In addition to permitted waivers of competition, the requirements of competitive bidding shall not apply to information technology contracts and procurements:

- (1) In cases of pressing need or emergency arising from a security incident.
- (2) In the use of master licensing or purchasing agreements governing the Department's acquisition of proprietary intellectual property.
- (3) In the procurement of cybersecurity and infrastructure security products, consistent with Best Value procurement principles as provided in G.S. 143-135.9."

**PART XXXIX. CAPITAL**

**PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

**SECTION 39.1.** The appropriations made by the 2019 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, for acquiring buildings and land for State government purposes and other purposes as set forth in G.S. 143C-4-3.1, and 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.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2019 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2019 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

**CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS APPROPRIATIONS**

**SECTION 39.2.(a)** The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part and for intended project support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Projects</b>	<b>Project Code</b>
Department of Agriculture and Consumer Services	
Eaddy Building—Addition & Renovation	DACs19-1
Tidewater Research Station—Swine Unit Replacements	DACs19-2

1	Mountain Island State Forest—Improvements	DACS19-3
2		
3	Department of Environmental Quality	
4	Water Resources Development Projects	DEQ-WRD19
5	Division of Water Resources—	
6	Reedy Creek Environmental Lab/Equipment Storage & Workshop	DEQ19-1
7		
8	Department of Administration	
9	DHHS/Dix Campus Relocation	DOA19-1
10	State Gov't. Complex Chiller Plant	DOA19-2
11		
12	Department of Information Technology	
13	Eastern Data Center Improvements	DIT19-1
14	Western Data Center Improvements	DIT19-2
15	Rural Broadband/GREAT Program	DIT19-3
16		
17	Department of Natural and Cultural Resources	
18	NC Museum of History Renovation/Addition	DNCR19-1
19	NC Museum of Art—Light Control	DNCR19-2
20	Fort Fisher—New Visitor Center	DNCR19-3
21	NC Zoo—Asia Continent Animal Exhibit	DNCR19-4
22	NC Zoo—Australia Continent Exhibit	DNCR19-5
23	NC Zoo—Parking/Trams	DNCR19-6
24	NC Transportation Museum	DNCR19-7
25	State Parks—Various Projects	DNCR19-8
26		
27	Department of Public Safety	
28	Perquimans YDC—Raise the Age Renovations	DPS19-1
29	Richmond YDC—Raise the Age Renovations	DPS19-2
30	Alcoholism & Chemical Dependency Program—	
31	Black Mountain Modular Classrooms	DPS19-3
32	National Guard—	
33	Federal Match Funding Pool	NG19-1
34	STARBASE	NG19-2
35	Western Region Readiness Center Annex	DPS19-5
36	Samarcand Training Academy—	
37	Live Fire Training Building	DPS19-6
38	Dormitory & Training Building	DPS19-7
39	Adult Correction Entrance Processing Stations	DPS19-8
40	State Highway Patrol—	
41	Renovate Troop B	DPS19-9
42		
43	General Assembly	
44	Committee Renovations/Elevator Repair	NCGA19-1
45		
46	The University of North Carolina	
47	Western Carolina University—	
48	Steam Plant Project	UNC/WCU19-1
49	University of North Carolina at Wilmington—	
50	Dobo Hall Renovation	UNC/WIL19-1
51	Randall Library Renovation and Expansion	UNC/WIL19-2

1	University of North Carolina at Charlotte–	
2	Cameron/Burson Building Renovation	UNC/CLT19-1
3	North Carolina Central University–	
4	Lee Biology, Phase 2	UNC/NCC19-1
5	University of North Carolina at Chapel Hill–Business Building	UNC/CH19-1
6	North Carolina State University–	
7	S.T.E.M. Building	UNC/NCS19-1
8	University of North Carolina at Greensboro–	
9	Jackson Library Renovation & Addition	UNC/GRE19-1
10	Eastern Carolina University–	
11	School of Medicine Building	UNC/ECU19-1
12		
13	Repairs and Renovations	R&R19
14		
15	Civil War Museum	OG19-1
16	Montreat College	OG19-2
17	Guilford Mental Health	OG19-3

18  
 19           **SECTION 39.2.(b)** This subsection authorizes the following capital projects and  
 20 allocates funding in the 2019-2021 fiscal biennium based upon projected cash flow needs for the  
 21 authorized projects. The authorizations provided in this subsection represent the maximum  
 22 amount of funding from the State Capital and Infrastructure Fund that may be expended on each  
 23 project. An additional action by the General Assembly is required to increase the maximum  
 24 authorization for any of the projects listed.

25           In each fiscal year, the Office of State Budget and Management may reallocate  
 26 appropriations from the State Capital and Infrastructure Fund between projects to meet cash flow  
 27 requirements for a project, provided that the following criteria are met:

- 28           (1) If the project for which funds have been appropriated in this Part is for one of  
 29 the constituent institutions of The University of North Carolina, then  
 30 unencumbered funds may be allocated from another project for a constituent  
 31 institution of The University of North Carolina for which funds have been  
 32 appropriated.
- 33           (2) If the project is for which funds have been appropriated in this Part for a State  
 34 agency that is not The University of North Carolina, then unencumbered funds  
 35 may be allocated from another project for a State agency for which funds have  
 36 been appropriated.
- 37           (3) The amount disbursed will not exceed amounts appropriated from the State  
 38 Capital and Infrastructure Fund.
- 39           (4) The amount disbursed on any project cannot exceed the amount authorized  
 40 for that project.
- 41           (5) The amount reallocated cannot be used to expand the scope of the project.

42           There is allocated from the State Capital and Infrastructure Fund for the 2019-2021 fiscal  
 43 biennium the following amounts for capital improvement project codes, as defined in subsection  
 44 (a) of this section:

45

46   **Capital Improvements –**

47 <b>State Capital and</b>	<b>Total</b>		
48 <b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>2019-2020</b>	<b>2020-2021</b>
49			
50   DACs19-1	967,000	967,000	–
51   DACs19-2	1,429,000	1,429,000	–

1	DACS19-3	1,500,000	1,500,000	–
2	DEQ-WRD19	N/A	11,007,000	–
3	DEQ19-1	30,008,000	3,000,800	7,502,000
4	DOA19-1	270,000,000	–	5,000,000
5	DOA19-2	12,523,000	12,523,000	–
6	DIT19-1	5,741,000	5,741,000	–
7	DIT19-2	3,150,000	3,150,000	–
8	DNCR19-1	60,000,000	20,000,000	25,000,000
9	DNCR19-2	1,000,000	1,000,000	–
10	DNCR19-3	8,000,000	8,000,000	–
11	DNCR19-4	20,014,500	–	10,014,500
12	DNCR19-7	4,500,000	250,000	250,000
13	DPS19-1	1,731,000	1,731,000	–
14	DPS19-2	5,825,000	1,000,000	4,825,000
15	DPS19-3	1,013,000	1,013,000	–
16	NG19-1	4,000,000	4,000,000	–
17	NG19-2	500,000	500,000	–
18	DPS19-6	1,499,000	1,499,000	–
19	DPS19-7	11,094,000	1,109,400	2,773,500
20	DPS19-8	3,070,000	3,070,000	–
21	DPS19-9	2,152,000	2,152,000	–
22	NCGA19-1	2,097,635	2,097,635	–
23	UNC/WCU19-1	16,500,000	16,500,000	–
24	UNC/GRE19-1	84,000,000	10,000,000	36,000,000
25	UNC/WIL19-1	10,000,000	10,000,000	–
26	UNC/WIL19-2	56,400,000	5,640,000	14,100,000
27	UNC/CLT19-1	45,000,000	4,500,000	11,250,000
28	UNC/NCC19-1	8,100,000	810,000	2,025,000
29	UNC/CH19-1	75,000,000	10,000,000	7,000,000
30	UNC/NCS19-1	80,000,000	14,000,000	21,000,000
31	UNC/ECU19-1	215,000,000	15,000,000	13,000,000
32	R&R19	N/A	250,000,000	125,000,000

33  
34 **SECTION 39.2.(c)** Notwithstanding G.S. 143C-4-3.1(e), the following allocations  
35 are made from the State Capital and Infrastructure Fund for the following purposes:

- 36 (1) A grant in the amount of twelve million one hundred thousand dollars  
37 (\$12,100,000) for the 2019-2020 fiscal year and a grant in the amount of three  
38 million dollars (\$3,000,000) for the 2020-2021 fiscal year to the North  
39 Carolina Civil War & Reconstruction History Center Foundation, a nonprofit  
40 corporation, for construction of the North Carolina Civil War &  
41 Reconstruction History Center.
- 42 (2) A grant in the amount of ten million dollars (\$10,000,000) for the 2019-2020  
43 fiscal year and a grant in the amount of ten million dollars (\$10,000,000) for  
44 the 2020-2021 fiscal year to Montreat College, a nonprofit corporation, for  
45 cybersecurity programs.
- 46 (3) A grant in the amount of seven million seven hundred thousand dollars  
47 (\$7,700,000) to Guilford County for the construction of a facility-based  
48 mental health crisis center to serve adults in Guilford County.

49 **SECTION 39.2.(d)** Of the funds in the State Capital and Infrastructure Fund for the  
50 2019-2021 fiscal biennium, the following allocations shall be made to the following agencies for  
51 repairs and renovations pursuant to G.S. 143C-8-13:

- 1 (1) One-fourth shall be allocated for repairs and renovations at the constituent
- 2 institutions of The University of North Carolina, as determined by the Board
- 3 of Governors.
- 4 (2) Three-fourths shall be allocated for repairs and renovations for State agencies,
- 5 excluding The University of North Carolina.

6 The Office of State Budget and Management shall consult with or report to the Joint  
 7 Legislative Commission on Governmental Operations, as appropriate, in accordance with  
 8 G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on  
 9 Governmental Operations in accordance with G.S. 143C-8-13(b).

10 **SECTION 39.2.(e)** Notwithstanding G.S. 143C-8-13, of the funds allocated in  
 11 subdivision (2) of subsection (d) of this section for the 2019-2020 fiscal year, the following sums  
 12 shall be allocated for the following projects:

- 13 (1) Five hundred thousand dollars (\$500,000) shall be allocated to the Department
- 14 of Natural and Cultural Resources to be used for State Historic Sites
- 15 maintained by the Department. Funds allocated pursuant to this subdivision
- 16 shall not be used for Tryon Palace, the NC Transportation Museum, or the
- 17 U.S.S. North Carolina Battleship.
- 18 (2) Five hundred thousand dollars (\$500,000) shall be allocated to the Office of
- 19 State Budget and Management to be provided as a direct grant to the North
- 20 Carolina Future Farmers of America Association to be used for expansions
- 21 for the NCFFA Center.
- 22 (3) Three million six hundred forty thousand dollars (\$3,640,000) shall be
- 23 allocated to the Department of Revenue for security improvements at various
- 24 locations throughout the State.

25 **SECTION 39.2.(f)** Funds allocated under this section that may be expended on  
 26 projects where the recipient intends or expects to receive insurance proceeds or State or federal  
 27 aid or assistance shall be used only to the extent that funds received from the settlement of a  
 28 claim for loss or damage covered under the recipient's applicable insurance policy, or other aid  
 29 or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

30 **SECTION 39.2.(g)** For project code UNC/NCS19-1, North Carolina State  
 31 University shall commit to providing funding of at least eighty million dollars (\$80,000,000)  
 32 from non-State sources on or before June 30, 2021, as a match for the intended State allocations  
 33 totaling eighty million dollars (\$80,000,000) for the project.

34 **SECTION 39.2.(h)** For project code UNC/CH19-1, the University of North Carolina  
 35 at Chapel Hill shall commit to providing funding of at least seventy-five million dollars  
 36 (\$75,000,000) from non-State sources on or before June 30, 2022, as a match for the intended  
 37 State allocations totaling seventy-five million dollars (\$75,000,000) for the project.

38  
 39 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

40 **SECTION 39.3.** It is the intent of the General Assembly to fund capital improvement projects  
 41 on a cash flow basis and to plan for future project funding based upon projected availability in  
 42 the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to  
 43 appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the  
 44 projects listed in future years. The following schedule lists capital improvement projects that will  
 45 begin or be completed in fiscal years outside of the 2019-2021 fiscal biennium and estimated  
 46 amounts (in thousands) needed for completion of those projects:

48 Project Code	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
50 DEQ19-1	3,000.8	7,502	12,003.2	7,502	—	—
51 DOA19-1	—	5,000	67,500	81,000	67,500	49,000

1	DNCR19-1	20,000	25,000	15,000	—	—	—
2	DNCR19-4	—	10,014.5	10,000	—	—	—
3	DNCR19-5	—	—	—	10,000	10,000	—
4	DNCR19-6	—	—	1,500	3,400	—	—
5	DNCR19-7	250	250	2,000	2,000	—	—
6	DNCR19-8	—	—	—	—	10,000	—
7	DPS19-2	1,000	4,825	—	—	—	—
8	DPS19-5	—	—	—	—	15,015	—
9	DPS19-7	1,109.4	2,773.5	4,437.6	2,773.5	—	—
10	UNC/GRE19-1	10,000	36,000	25,000	13,000	—	—
11	UNC/WIL19-2	5,640	14,100	22,560	14,100	—	—
12	UNC/CLT19-1	4,500	11,250	18,000	11,250	—	—
13	UNC/NCC19-1	810	2,025	3,240	2,025	—	—
14	UNC/CH19-1	10,000	7,000	18,750	20,000	19,250	—
15	UNC/NCS19-1	14,000	21,000	25,000	20,000	—	—
16	UNC/ECU19-1	15,000	13,000	7,000	30,000	80,000	70,000
17	OG19-1	12,100	3,000	14,400	16,500	—	—
18	OG19-2	10,000	10,000	—	—	—	—

**WATER RESOURCES DEVELOPMENT PROJECTS**

**SECTION 39.4.(a)** The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated thirty-two million three hundred fifty-five thousand dollars (\$32,355,000) in federal funds.

	<b>Name of Project</b>	<b>2019-2020</b>
30	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
31	(2) Carolina Beach CSRМ	—
32	(3) Kure Beach CSRМ	14,000
33	(4) Wrightsville Beach CSRМ	—
34	(5) Ocean Isle CSRМ	—
35	(6) Planning Assistance to Communities	38,000
36	(7) Wilmington Harbor DA Maintenance	6,550,000
37	(8) Morehead City Maintenance	1,500,000
38	(9) Surf City/North Topsail CSRМ (Pre-Constr./Design)	148,000
39	(10) West Onslow CSRМ (Pre-Constr./Design)	148,000
40	(11) NRCS EQIP/Stream Restoration	2,320,000
41	(12) State-Local Projects (WRD Grant Pgm.)	1,500,000
42	(13) Bogue Banks CSRМ	—
43	(14) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)	333,000
44	(15) Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)	619,000
46	(16) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	73,000
47	(17) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
48	(18) B. Everette Jordan Reservoir Water Supply	119,000
49	(19) Swannanoa Flood Mitigation Project	637,000
50	(20) North Topsail Beach Shoreline Protection – Phase 2	500,000
51	<b>TOTALS</b>	<b>\$16,024,000</b>

1  
2           **SECTION 39.4.(b)** It is the intent of the General Assembly that funds carried  
3 forward from previous fiscal years be used to supplement the eleven million seven thousand  
4 dollars (\$11,007,000) allocated for water resources development projects in this section.  
5 Therefore, the following funds carried forward from previous fiscal years shall be used for the  
6 following projects:

8	<b>Name of Project</b>	<b>Amount Carried Forward</b>
10	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
11	(2) Morehead City Maintenance	1,500,000
12	(3) Kure Beach CSRM	315,000
13	(4) Wrightsville Beach CSRM	2,206,000
14	(5) Carolina Beach CSRM	686,000
15	(6) Ocean Isle CSRM	1,040,000
16	(7) Planning Assistance to Communities	38,000
17	(8) Surf City/North Topsail CSRM (Pre-Constr./Design)	255,000
18	(9) West Onslow CSRM (Pre-Constr./Design)	220,000
19	(10) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)	333,000
20	(11) Concord Streams, Sec. 206, CAP, Ecosystem Restoration,	
21	Stricker Branch, Constr. (65/35)	1,023,000
22	(12) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	2,219,000
23	(13) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
24	(14) B. Everette Jordan Reservoir Water Supply	119,000
25	(15) North Topsail Beach Shoreline Protection – Phase 2	1,500,000
26		
27	<b>TOTALS</b>	<b>\$12,979,000</b>

28  
29           **SECTION 39.4.(c)** Where the actual costs are different from the estimated costs  
30 under subsection (a) of this section, the Department may adjust the allocations among projects  
31 as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted  
32 State funds cannot be used during the 2019-2020 fiscal year or if the projects funded under  
33 subsection (a) of this section are accomplished at a lower cost, the Department may use the  
34 resulting fund availability to fund any of the following:

- 35           (1) U.S. Army Corps of Engineers project feasibility studies.
- 36           (2) U.S. Army Corps of Engineers projects whose schedules have advanced and  
37           require State matching funds in the 2019-2020 fiscal year.
- 38           (3) State-local water resources development projects.

39           Funds subject to this subsection that are not expended or encumbered for the purposes  
40 set forth in subdivisions (1) through (3) of this subsection shall revert to the State Capital and  
41 Infrastructure Fund at the end of the 2019-2020 fiscal year.

42           **SECTION 39.4.(d)** The Department shall submit semiannual reports on the use of  
43 these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and  
44 Economic Resources, the Fiscal Research Division, and the Office of State Budget and  
45 Management on or before March 1 and September 1. Each report shall include all of the  
46 following:

- 47           (1) All projects listed in this section.
- 48           (2) The estimated cost of each project.
- 49           (3) The date that work on each project began or is expected to begin.
- 50           (4) The date that work on each project was completed or is expected to be  
51           completed.

(5) The actual cost of the project.  
 The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the State Capital and Infrastructure Fund.

**SECTION 39.4.(e)** Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate.

**NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 39.5.(a)** The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2019-2020	FY 2020-2021
Department of Natural and Cultural Resources		
NC Zoo–Gift Shop Material Warehouse	\$300,000	–
Department of Agriculture and Consumer Services		
State Farmers Market Restaurant	1,250,000	–
Piedmont Triad Farmers Market Restaurant	200,000	–
State Fairgrounds Improvements	1,000,000	–
State Research Stations–Irrigation Improvements	200,000	–
State Research Stations–Pesticide Storage & Mixing	200,000	–
State Research Stations–Poultry Facilities Improvements	1,500,000	–
State Research Stations–Animal Feed & Grain Storage	250,000	–
Department of Military and Veteran Affairs		
Fayetteville Veterans Home Sprinklers	3,553,000	–
Wake County Veterans Home	5,208,500	–
Forsyth County Veterans Home	5,208,500	–
Department of Public Safety		
Stonewall Jackson YDC Classroom & Kennel	677,000	–
Department of Transportation		
Polk County Maintenance Shop	2,484,117	–
Ocracoke Ferry Quarters	1,190,000	–
Currituck Maintenance & Equipment Facilities	1,491,914	–
Northampton County/Jackson Sub.– Shop	–	\$5,239,960
Repairs & Renovations	6,550,000	6,725,000
Wildlife Resources Commission		
Land Acquisition	8,000,000	8,000,000
McKinney Lake Residence	275,000	–
McCoy Road	325,000	–
New Bern Depot Boat Storage	250,000	–
Sandhills Depot Pole Shed	175,000	–
District 7 Storage Building–Wilkesboro	125,000	–
Sykes Depot Greenhouse	–	150,000
New Shooting Ranges	–	1,000,000

1	Marion Aquaculture Building	330,000	–
2	McKinney Hatchery Building	–	650,000
3	Caswell Depot Storage Building	–	400,000
4	Rhems Depot Storage Building	–	200,000
5	Troy Depot Replacement	–	750,000
6	Boating Access Repair & Renovation	900,000	900,000
7			
8	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
9	<b>FUND CAPITAL PROJECTS</b>		
10	<b>AUTHORIZED</b>	<b>\$41,643,031</b>	<b>\$24,014,960</b>
11			

12           **SECTION 39.5.(b)** From funds deposited with the State Treasurer in a capital  
13 improvement account to the credit of the Department of Agriculture and Consumer Services  
14 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2019-2020  
15 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2020-2021 fiscal year  
16 shall be transferred to the Department of Agriculture and Consumer Services to be used,  
17 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article  
18 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as  
19 land appraisals, land surveys, title searches, and environmental studies, and for the management  
20 of the plant conservation program preserves owned by the Department.

#### 21 **NATIONAL GUARD PROJECTS**

22           **SECTION 39.6.(a)** The Office of State Budget and Management may allocate from  
23 the State Capital and Infrastructure Fund to the Department of Public Safety funds needed to  
24 provide a State match for federal funds for projects included in the latest Armory and Facilities  
25 Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities  
26 damaged during Hurricane Florence, and designated by the Adjutant General of the North  
27 Carolina National Guard in an amount not exceeding four million dollars (\$4,000,000) during  
28 the 2019-2020 fiscal year.

29           **SECTION 39.6.(b)** No later than June 1, 2021, and every two years thereafter, the  
30 Department shall report on the use of these funds to the Joint Legislative Commission on  
31 Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office  
32 of State Budget and Management. Each report shall include all of the following:

- 33           (1) The status of all projects undertaken pursuant to this section.
- 34           (2) The estimated total cost of each project.
- 35           (3) The date that work on each project began or is expected to begin.
- 36           (4) The date that work on each project was completed or is expected to be
- 37           (5) The actual cost of each project, including federal matching funds.
- 38           (6) Facilities planned for closure or reversion.
- 39           (7) A list of projects advanced in schedule, those projects delayed in schedule,
- 40           and an estimate of the amount of funds expected to revert to the General Fund.

#### 41 **REPORTING ON CAPITAL PROJECTS**

42           **SECTION 39.7.(a)** Article 8 of Chapter 143C of the General Statutes is amended by  
43 adding the following new section to read:

##### 44 **"§ 143C-8-14. Capital project reporting.**

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

- 46           (1) Capital project. – Any capital improvement, as that term is defined in
- 47           G.S. 143C-1-1, that is not complete by the effective date of this section and
- 48           that is funded in whole or in part with State funds, including receipts,

- 1                    non-General Fund sources, or statutorily or constitutionally authorized  
2                    indebtedness of any kind.
- 3                    (2)    Construction phase. – The status of a particular capital project as described  
4                    using the terms customarily employed in the design and construction  
5                    industries.
- 6                    (3)    New capital project. – A capital project that has been authorized by an act of  
7                    the General Assembly in the most recent Current Operations Appropriations  
8                    Act.
- 9                    (b)    Reporting. – The following reports are required:
- 10                    (1)    By October 1 and April 1 of each year, each State agency shall report on the  
11                    status of agency capital projects to the Joint Legislative Oversight Committee  
12                    on Capital Improvements and the Fiscal Research Division.
- 13                    (2)    Beginning January 1, and quarterly thereafter, each State agency shall report  
14                    on the status of agency capital projects to the Fiscal Research Division of the  
15                    General Assembly and to the Office of State Budget and Management.
- 16                    (c)    Report Contents. – The reports required by subsection (b) of this section shall include  
17                    at least the following information about every agency capital project:
- 18                    (1)    The current construction phase of the project.
- 19                    (2)    The anticipated time line from the current construction phase to project  
20                    completion.
- 21                    (3)    Information about expenditures that have been made in connection with the  
22                    project, regardless of source of the funds expended.
- 23                    (4)    Information about the adequacy of funding to complete the project, including  
24                    estimates of how final expenditures will relate to initial estimates of  
25                    expenditures, and whether or not scope reductions will be necessary in order  
26                    to complete the project within its budget.
- 27                    (5)    For new capital projects only, an estimate of the operating costs for the project  
28                    for the first five fiscal years of its operation.
- 29                    (d)    Additional Requirements. – In addition to the other reports required by this section,  
30                    the following reports are required:
- 31                    (1)    On October 1 and April 1 of each year, the Office of State Construction shall  
32                    report on the status of the Facilities Condition Assessment Program (FCAP)  
33                    to the Joint Legislative Oversight Committee on Capital Improvements and  
34                    the Fiscal Research Division. The report shall include (i) summary  
35                    information about the average length of time that passes between FCAP  
36                    assessments for an average State building, (ii) detailed information about  
37                    when the last FCAP assessment was for each State building complex, and (iii)  
38                    detailed information about the condition and repairs and renovations needs of  
39                    each State building complex.
- 40                    (2)    On January 1, and quarterly thereafter, the State Construction Office shall  
41                    report to the Joint Legislative Oversight Committee on Capital Improvements  
42                    on the status of plan review, approval, and permitting for each State capital  
43                    improvement project and community college capital improvement project  
44                    over which the Office exercises plan review, approval, and permitting  
45                    authority. Each report shall include (i) summary information about the  
46                    workload of the Office during the previous quarter, including information  
47                    about the average length of time spent by the State Construction Office on  
48                    each major function it performs that is related to capital project approval, and  
49                    (ii) detailed information about the amount of time spent engaged in those  
50                    functions for each project that the State Construction Office worked on during  
51                    the previous quarter."

**STATUTORY CHANGES—CAPITAL**

**SECTION 39.8.(a)** G.S. 143C-8-13 is amended by adding the following new subsection to read:

"(d) In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina for the purposes described in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was complied with in any report submitted pursuant to this section."

**SECTION 39.8.(b)** G.S. 116-30.3 reads as rewritten:

**"§ 116-30.3. Reversions.**

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for any of the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed ~~two and one-half~~ seven and one-half percent ~~(2.5%)-(7.5%)~~ of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
- (3) University of North Carolina System Office Budget Code 16010.

...

(f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures, including that funds carried forward in an amount that is in excess of two and one-half percent (2.5%) of the General Fund appropriation in that budget code may be used for projects that are eligible to receive funds ~~from the Repairs and Renovations Reserve under G.S. 143C-4-3(b), G.S. 143C-8-13(a),~~ provided, however, that the expenditures shall not impose additional financial obligations on the State and shall not be used to support positions."

**SECTION 39.8.(c)** G.S. 143C-8-13 reads as rewritten:

**"§ 143C-8-13. Repairs and Renovations.**

(a) Use of Funds. – ~~Funds~~ Except as otherwise provided for in this section, funds for repairs and renovations shall be available for expenditure only upon an act of appropriation by the General Assembly. Funds appropriated for repairs and renovations shall be used only for State facilities and related infrastructure that are supported from the General Fund or the State Capital and Infrastructure Fund and for Department of Information Technology facilities and related infrastructure. Funds appropriated for repairs and renovations projects shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards. Allowable projects include any of the following:

- (1) Roof repairs and replacements.
- (2) Structural repairs.
- (3) Repairs and renovations to meet federal and State standards.
- (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems.

- 1 (5) Improvements to meet the requirements of the Americans with Disabilities
- 2 Act, 42 U.S.C. § 12101, et seq., as amended.
- 3 (6) Improvements to meet fire safety needs.
- 4 (7) Improvements to existing facilities for energy efficiency.
- 5 (8) Improvements to remove asbestos, lead paint, and other contaminants,
- 6 including the removal and replacement of underground storage tanks.
- 7 (9) Improvements and renovations to improve use of existing space.
- 8 (10) Historical restoration.
- 9 (11) Improvements to roads, walks, drives, and utilities infrastructure.
- 10 (12) Drainage and landscape improvements.
- 11 (13) Building demolition.

12 (b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are  
13 allocated to the Board of Governors of The University of North Carolina or to the Office of State  
14 Budget and Management may be allocated or reallocated by those agencies for repairs and  
15 renovations projects so long as all of the following conditions are satisfied:

- 16 (1) Any project that receives an allocation or reallocation satisfies the  
17 requirements of subsection (a) of this section.
- 18 (2) If the allocation or reallocation of funds from one project to another under this  
19 section is two million five hundred thousand dollars (\$2,500,000) or more for  
20 a particular project, the Office of State Budget and Management or the Board  
21 of Governors, as appropriate, consults with the Joint Legislative Commission  
22 on Governmental Operations prior to the expenditure or reallocation.
- 23 (3) If the allocation or reallocation of funds from one project to another under this  
24 section is less than two million five hundred thousand dollars (\$2,500,000) for  
25 a particular project, the allocation or reallocation of funds is reported to the  
26 Joint Legislative Commission on Governmental Operations within 60 days of  
27 the expenditure or reallocation.

28 (c) Notwithstanding any provision of G.S. 143C-8-7 to the contrary, the chancellor of a  
29 constituent institution of The University of North Carolina may pay for projects for repairs and  
30 renovations with funds available to the constituent institution according to the following:

- 31 (1) The project meets all of the following requirements:
  - 32 a. The total project costs do not exceed one million dollars (\$1,000,000).
  - 33 b. The project is one of the types set forth in subdivisions (1) through  
34 (13) of subsection (a) of this section, regardless of whether the relevant  
35 facilities and related infrastructure are supported from the General  
36 Fund or the State Capital and Infrastructure Fund.
- 37 (2) The constituent institution reports on projects undertaken pursuant to this  
38 subsection to the Board of Governors of The University of North Carolina and  
39 the Fiscal Research Division on a quarterly basis. The report shall include all  
40 of the following information for each project:
  - 41 a. The facility at which the project is being undertaken.
  - 42 b. The nature and scope of the project.
  - 43 c. The source of funds for the project.
  - 44 d. The category of projects set forth in subsection (a) of this section that  
45 the project falls within.
- 46 (3) Any funds from a General Fund appropriation that are contractually obligated  
47 for a project pursuant to this subsection shall not revert at the end of the fiscal  
48 year but shall remain available to fund the completion of the project."

49 **SECTION 39.8.(d)** G.S. 143C-8-7 reads as rewritten:

50 **"§ 143C-8-7. When a State agency may begin a capital improvement project.**

1 (a) No State agency may expend funds for the construction or renovation of any capital  
 2 improvement project except as needed to comply with this Article or otherwise authorized by the  
 3 General Assembly. Funds that become available by gifts, excess patient receipts above those  
 4 budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants,  
 5 receipts becoming a part of special funds by act of the General Assembly, or any other funds  
 6 available to a State agency or institution may be utilized for advanced planning through the  
 7 working drawing phase of capital improvement projects, upon approval of the Director of the  
 8 Budget.

9 (b) Notwithstanding any other provision of law to the contrary, the Department of  
 10 Agriculture and Consumer Services is authorized to utilize the types of funds described in  
 11 subsection (a) of this section to build equipment structures that meet the description contained in  
 12 G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the project is not a capital  
 13 improvement within the meaning of G.S. 143C-1-1(d)(5)."

14 **SECTION 39.8.(e)** G.S. 143C-8-12(a) reads as rewritten:

15 "(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board  
 16 of Governors of The University of North Carolina may approve any of the following:

- 17 (1) Expenditures to plan a capital improvement project of The University of North  
 18 Carolina, the planning for which is to be funded entirely with non-General  
 19 Fund money.
- 20 (2) Expenditures for a capital improvement project of The University of North  
 21 Carolina that is to be funded and operated entirely with non-General Fund  
 22 money.
- 23 (3) A change in the scope of any previously approved capital improvement project  
 24 of The University of North Carolina provided that both the project and change  
 25 in scope are funded entirely with non-General Fund money.

26 Nothing in this subsection shall be construed to prohibit expenditures for planning for a  
 27 project that has been authorized by an act of the General Assembly and funded with an allocation  
 28 from the State Capital and Infrastructure Fund."

29 **SECTION 39.8.(f)** G.S. 143C-3-3(b) reads as rewritten:

30 "(b) University of North Carolina System Request. – Notwithstanding the requirement in  
 31 G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent  
 32 institutions of The University of North Carolina, budget requests of the University shall be  
 33 subject to all of the following:

- 34 (1) Repairs and renovations requests, capital fund requests, and information  
 35 technology requests shall comply with subsections (c), (d), and (e) of this  
 36 section.
- 37 (2) The University of North Carolina shall not make a capital funds request  
 38 proposing to construct a new facility, expand the building area (square feet)  
 39 of an existing facility, or rehabilitate an existing facility to accommodate new  
 40 or expanded uses unless the University has completed advanced planning  
 41 through schematic design of the project with funds other than General Fund  
 42 appropriations. For purposes of this subdivision, "funds other than General  
 43 Fund appropriations" includes funds carried forward from one fiscal year to  
 44 another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

45 Nothing in this subsection shall be construed to prohibit expenditures for planning for a  
 46 project that has been authorized by an act of the General Assembly and funded with an allocation  
 47 from the State Capital and Infrastructure Fund.

48 **SECTION 39.8.(g)** G.S. 143C-4-3.1 reads as rewritten:

49 **"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

50 ...

1 (e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
 2 obligations of the State. In addition to meeting the State's debt service obligations, monies in the  
 3 Fund may be used for the following purposes:

- 4 (1) New State and The University of North Carolina capital projects governed  
 5 pursuant to Article 8 of Chapter 143C of the General Statutes.
- 6 (2) Repair and renovation of existing capital assets, as provided in  
 7 G.S. 143C-8-13.
- 8 (3) Broadband infrastructure projects funded through appropriations to the  
 9 Growing Rural Economies with Access to Technology Fund established in  
 10 G.S. 143B-1373(b).

11 (f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be  
 12 available for expenditure only upon an act of appropriation by the General Assembly.

13 (g) Unexpended Funds. – Funds appropriated for a project that are unspent and  
 14 unencumbered upon completion of the project shall revert to the Fund."

15 **SECTION 39.8.(h)** The recurring appropriation to the Growing Rural Economies  
 16 with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on  
 17 June 30, 2029.

18  
 19 **NC BOND STATE CAPITAL ALLOCATIONS**

20 **SECTION 39.9.** If House Bill 241, 2019 Regular Session, becomes law, then Section  
 21 1(e) of that act reads as rewritten:

22 **"SECTION 1.(e)** Use of Education Bond and Note Proceeds. –

23 ...

- 24 (1a) Subject to the provisions of subdivision (2) of this subsection, two hundred  
 25 million dollars (\$200,000,000) of the proceeds of education bonds and notes,  
 26 including premium thereon, if any, shall be used for paying the costs of capital  
 27 outlay projects for constituent institutions and repairs and renovations in the  
 28 following general amounts set forth below:

29  
 30 **The University of North Carolina**

31			
32	<del>Various Statewide</del>	<del>New Construction, Repairs, Renovations</del>	<del>\$200,000,000</del>
33			
34	<u>Elizabeth City State University—New Library Building</u>		<u>\$32,000,000</u>
35	<u>University of North Carolina School of the Arts—Stevens Center Renovation</u>		<u>\$42,200,000</u>
36	<u>Appalachian State University—Wey Hall Renovation</u>		<u>\$25,400,000</u>
37	<u>Fayetteville State University—Rosenthal/Chick Building Renovation</u>		<u>\$13,700,000</u>
38	<u>University of North Carolina at Pembroke—</u>		
39	<u>Givens Performing Arts Center Renovation</u>		<u>\$31,200,000</u>
40	<u>Winston-Salem State University—Hauser Bldg. Renovation/Addition</u>		<u>\$15,100,000</u>
41	<u>Western Carolina University—Moore Building, Phase II Renovation</u>		<u>\$11,900,000</u>
42	<u>North Carolina School of Science and Math—Various Repairs and Renovations</u>		<u>\$10,000,000</u>
43	<u>North Carolina Agricultural and Technical State University—</u>		
44	<u>Carver Hall Renovations</u>		<u>\$18,500,000</u>
45			
46	Total for The University of North Carolina		\$200,000,000
47			

48 ...

- 49 (2) Special allocation provisions. – In determining the use of the proceeds of  
 50 education bonds and notes, including premium thereon, if any, set forth in this  
 51 section, the following special allocation provisions apply:

1                   ...

2                   b.       The capital outlay projects for a constituent institution to be financed

3                   with the proceeds of the bonds issued under this act shall be

4                   determined by the Board of Governors of The University of North

5                   Carolina based upon the criteria set forth in this act, and upon

6                   application by the constituent institution in which the capital outlay

7                   projects for a constituent institution is to be located or that will

8                   otherwise be served by the capital outlay projects for a constituent

9                   institution. With respect to proceeds allocated in subdivision (1a) of

10                  this subsection:

11                  ...

12                  3.       The General Assembly may at this session or at any subsequent

13                  session increase or decrease the allocations of the proceeds for

14                  the bonds and notes, including premium thereon, if any, for

15                  projects set forth in subdivision (1a) of this subsection or

16                  reallocate any amounts among projects not listed in

17                  subdivision (1a) of this subsection but listed in the six-year

18                  capital improvement plan developed pursuant to

19                  G.S. 143C-8-5, so long as the aggregate amount of the

20                  allocations does not exceed two hundred million dollars

21                  (\$200,000,000).

22                  ...."

**GROWING G.R.E.A.T. PROGRAM**

**SECTION 39.10.(a)** G.S. 143B-1373 reads as rewritten:

**"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

(a) As used in this section, the following definitions apply:

27                  ...

28                  (6)       Eligible project. – An eligible project is a discrete and specific project located

29                  in an unserved area of an economically distressed county seeking to provide

30                  broadband service to homes, businesses, and community anchor points not

31                  currently served. Eligible projects do not include middle mile, backhaul, and

32                  other similar projects not directed at broadband service to end users. If a

33                  project area is contiguously located within more than one county, for the

34                  purposes of this section, the project shall be deemed to be located in the county

35                  where the greatest number of unserved households will be served.

36                  ...

37                  (c)       Project areas comprised of census blocks, or portions thereof, within which a

38                  broadband provider is receiving State or federal matching funds to deploy technologically neutral

39                  scalable broadband service within the next 18 months are ineligible for the GREAT program. It

40                  is essential for the Office to know the location of census blocks, or portions thereof, comprising

41                  these areas so it can determine project eligibility. A private provider receiving State or federal

42                  matching funds to deploy broadband service within such an area shall, within 60 days of the

43                  effective date of this section, submit only a listing of the census blocks, or portions thereof,

44                  comprising each of its federally funded project areas meeting this requirement and nothing more

45                  to the Office. In future program years, the cutoff date for submitting this census block data shall

46                  be May 15. This will enable the office to update maps and advise applicants as to the unserved

47                  areas of the State that are eligible for consideration in that program year. The Office shall only

48                  utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof,

49                  as being served. Failure on the part of a provider to submit the listing of census blocks by the

50                  cutoff date shall result in those areas being eligible for inclusion under this program during the

51

1 upcoming program year. The Office shall use the census block data provided only for mapping  
2 of unserved areas. Upon expiration of the 18-month period described in this subsection, a private  
3 provider receiving State or federal matching funds to deploy broadband service shall submit  
4 written documentation that broadband deployment has begun or been completed in the census  
5 blocks, or portions thereof, that have been deemed ineligible by the Office due to the existence  
6 of a federally funded project area. Information provided to the Office pursuant to this subsection  
7 is not a public record, as that term is defined in G.S. 132-1.

8 (d) Applications for grants will be submitted at times designated by the Secretary and  
9 will include, at a minimum, the following information:

10 ...

- 11 (5) An illustration or description of the actual area to be served and the number  
12 of homes, businesses, community anchor points, agricultural operations, or  
13 agricultural processing facilities that will have access to broadband as a result  
14 of the ~~project~~project, including any publicly available addresses for the  
15 foregoing.

16 ...

17 (d1) A provider submitting an application pursuant to this section shall bear the burden of  
18 proof that the proposed area to be served can, in fact, be served using the proposed technology.  
19 The burden of proof may be satisfied by the submission of data, maps, and any other information  
20 satisfactory to the Office, demonstrating that the area and number of households proposed to be  
21 served can be provided the minimum upload and download speeds indicated in the application.

22 (e) Applications shall be made publicly available by posting on the Web site of the  
23 Department of Information Technology for a period of at least 30 days prior to award. During  
24 the 30-day period, any interested party may submit comments to the Secretary concerning any  
25 pending application. A provider of broadband services may submit a protest of any application  
26 on the grounds the proposed project covers an area that is not an eligible area under this section.  
27 Protests shall be submitted in writing, accompanied by all relevant supporting documentation,  
28 and shall be considered by the Office in connection with the review of the application. Upon  
29 submission of evidence satisfactory to the Office that the proposed project area includes  
30 households that have a minimum download and upload speed of 10:1, as measured using a  
31 methodology satisfactory to the Office, the Office may amend an application to reduce the  
32 number of unserved households in the project area to reflect an accurate level of current  
33 broadband service. The Office may amend application scores in accordance with amended  
34 applications. For applications with filed protests, the Secretary shall issue a written decision to  
35 the protesting party at least 15 days prior to the approval of that application. Following a protest  
36 that is granted for a portion of the application, the Office may release to an applicant the locations  
37 or areas declared ineligible. The information released to the applicant is not a public record, as  
38 that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a  
39 protest shall verify that the information in the protest is accurate and that the protest is submitted  
40 in good faith. The Office may disqualify any protest or application that contains inaccurate  
41 information or information not submitted in good faith. The Office shall develop procedures that  
42 address the consideration of protests.

43 In the resolution of a protest the Office may obtain speed tests, satisfactory to the Office,  
44 from the home or business located at the very end of the segments or runs of the proposed service  
45 extension. If the result of the test indicates that the tested home or business at the end of a given  
46 segment or run is currently receiving a minimum download and upload speed of 10:1, then that  
47 home or business, and all of the other homes or businesses along that segment or run of the  
48 proposed service extension, shall be deemed ineligible and removed from consideration and the  
49 application shall be adjusted accordingly. If the result of the speed test indicates that the home or  
50 business is receiving less than a minimum download and upload speed of 10:1, then that home

1 or business, and all other homes or businesses situated along that segment or run of the proposed  
 2 service extension, shall remain eligible.

3 (f) The Office may consult with the Department of Commerce to determine if a  
 4 broadband project proposed under this section will benefit a potential economic development  
 5 project relevant to the proposed area outlined in the broadband project.

6 (g) Applications shall be scored based upon a system that awards a single point for criteria  
 7 considered to be the minimum level for the provision of broadband service with additional points  
 8 awarded to criteria that exceed minimum levels. The Office shall score project applications in  
 9 accordance with the following:

10 ...  
 11 (3) ~~Households~~ Unservd households to be served. – The Office shall give  
 12 additional points to projects that will provide broadband service ~~to~~ based upon  
 13 the percentage of the total unserved households within the eligible  
 14 economically distressed county, as county that the project will serve. The  
 15 number of unserved households shall be determined by using the most recent  
 16 data published by the Federal Communications Commission or any other  
 17 information available to the Office. Points shall be given to projects that will  
 18 serve a percentage of unserved households within the project area as follows:

<b>Households To Be Served</b>	<b>Points Given</b>
<del>Under 150</del> <u>Less than 20%</u>	1
<del>150-249</del> <u>20% to 30%</u>	2
<del>250-300</del> <u>and up</u>	3

23 ...  
 24 (6) Base speed multiplier. – Projects that will provide minimum download and  
 25 minimum upload speeds shall have the aggregate points given under  
 26 subdivisions (1) through (5) of this subsection multiplied by a factor at the  
 27 level indicated in the table below:

<b>Minimum Download:</b>	
<b>Minimum Upload</b>	<b>Score Multiplier</b>
10:1 Mbps.	<del>0.95</del> <u>0.85</u>
25:3 Mbps. <del>or greater</del> <u>&gt; 100:10 Mbps.</u>	1.35
<u>100:10 Mbps. or greater</u>	<u>1.75</u>

33 (h) The Office shall score applications based upon the metrics provided in subsection (g)  
 34 of this section. In awarding grants based upon the scoring metrics, the Office shall also award ~~an~~  
 35 additional point points to proposed projects according to the following:

- 36 (1) One point, where a county has a Community Broadband Planning Playbook  
 37 that meets the guidelines established by the Office.
- 38 (2) Two points, where a proposed project will provide symmetrical minimum  
 39 download and minimum upload speeds that exceed 25:25 Mbps.
- 40 (3) One point, where a proposed project will include digital literacy training.
- 41 (4) One point, where a proposed project will include low-cost service for qualified  
 42 low-income households.
- 43 (5) One point, where a proposed project will include acceptance of Lifeline  
 44 support, as offered by the Federal Communications Commission.

45 (i) Applications receiving the highest score shall receive priority status for the awarding  
 46 of grants pursuant this section. As a means of breaking a tie for applications receiving the same  
 47 score, the Office may first consider highest total households being served and then lowest project  
 48 cost per household for the proposed projects. Applicants awarded grants pursuant to this section  
 49 shall enter into an agreement with the Office. The agreement shall contain all of the elements  
 50 outlined in subsection (d) of this section and any other provisions the Office may require. The  
 51 agreement shall contain a provision governing the time line and minimum requirements and

1 thresholds for disbursement of grant funds measured by the progress of the project. Grant funds  
2 shall be disbursed only upon verification by the Office that the terms of the agreement have been  
3 fulfilled according to the progress milestones contained in the agreement. At project completion,  
4 the grant recipient shall certify and provide to the Office evidence consistent with Federal  
5 Communications Commission attestation that the proposed minimum upstream and minimum  
6 downstream broadband speeds identified in the application guidelines, and for which a base speed  
7 multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available  
8 throughout the project area prior to any end user connections. ~~A single grant award~~ Grant awards  
9 for either a single project or the cumulative total of projects in a given county shall not exceed  
10 two million dollars (\$2,000,000). No more than one grant may be awarded per fiscal year for a  
11 project in any one eligible economically distressed county. (\$2,000,000) in any fiscal year.

12 ...."

13 **SECTION 39.10.(b)** G.S. 143B-1373(a)(5) reads as rewritten:

14 "(5) Eligible economically distressed county. – A county designated as a  
15 development tier one or tier two area, as defined in G.S. 143B-473.08."

16 **SECTION 39.10.(c)** G.S. 143B-1373(i), as amended by subsection (a) of this  
17 section, reads as rewritten:

18 "(i) Applications receiving the highest score shall receive priority status for the awarding  
19 of grants pursuant this section. As a means of breaking a tie for applications receiving the same  
20 score, the Office may consider total households being served and the project cost per household  
21 for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an  
22 agreement with the Office. The agreement shall contain all of the elements outlined in subsection  
23 (d) of this section and any other provisions the Office may require. The agreement shall contain  
24 a provision governing the time line and minimum requirements and thresholds for disbursement  
25 of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon  
26 verification by the Office that the terms of the agreement have been fulfilled according to the  
27 progress milestones contained in the agreement. At project completion, the grant recipient shall  
28 certify and provide to the Office evidence consistent with Federal Communications Commission  
29 attestation that the proposed minimum upstream and minimum downstream broadband speeds  
30 identified in the application guidelines, and for which a base speed multiplier was awarded  
31 pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project  
32 area prior to any end user connections. Grant awards for either a single project or the cumulative  
33 total of projects in a given county shall not exceed two million dollars (\$2,000,000) in any fiscal  
34 year. No more than one-third of the funds appropriated to the fund established in subsection (b)  
35 of this section shall be disbursed for projects located in a development tier two county."

36 **SECTION 39.10.(d)** G.S. 143B-1373(i), as amended by subsections (a) and (c) of  
37 this section, reads as rewritten:

38 "(i) Applications receiving the highest score shall receive priority status for the awarding  
39 of grants pursuant this section. As a means of breaking a tie for applications receiving the same  
40 score, the Office may consider total households being served and the project cost per household  
41 for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an  
42 agreement with the Office. The agreement shall contain all of the elements outlined in subsection  
43 (d) of this section and any other provisions the Office may require. The agreement shall contain  
44 a provision governing the time line and minimum requirements and thresholds for disbursement  
45 of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon  
46 verification by the Office that the terms of the agreement have been fulfilled according to the  
47 progress milestones contained in the agreement. At project completion, the grant recipient shall  
48 certify and provide to the Office evidence consistent with Federal Communications Commission  
49 attestation that the proposed minimum upstream and minimum downstream broadband speeds  
50 identified in the application guidelines, and for which a base speed multiplier was awarded  
51 pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project

1 area prior to any end user connections. Grant awards for either a single project or the cumulative  
2 total of projects in a given county shall not exceed two million dollars (\$2,000,000) in any fiscal  
3 year. No more than ~~one-third~~ one-half of the funds appropriated to the fund established in  
4 subsection (b) of this section shall be disbursed for projects located in a development tier two  
5 county. If the Office has not received enough grant applications for projects located in a  
6 development tier one county to disburse one-half of the funds appropriated to the fund established  
7 in subsection (b) of this section as of March 1 of each year, then the Office may allocate any  
8 unencumbered funds in the fund for projects located in a development tier two county."

9 **SECTION 39.10.(e)** Subsections (b) and (c) of this section become effective July 1,  
10 2020. Subsection (d) of this section becomes effective July 1, 2021.

## 11 **DHHS WORKSPACE EVALUATION**

12 **SECTION 39.11.(a)** Of the funds available to the Department of Health and Human  
13 Services (Department), the Department, in coordination with the Department of Administration,  
14 shall use up to two hundred twenty-five thousand dollars (\$225,000) to complete a workspace  
15 evaluation that does the following:

- 16 (1) Analyzes employee functions to create a workspace design that adequately  
17 and properly fits the business needs of the agency and its divisions.
- 18 (2) Diminishes any underutilized or unnecessary square footage in an effort to  
19 right-size the necessary workspace for the agency and provide for the most  
20 efficient use of available State funds.

21 **SECTION 39.11.(b)** The Department shall submit the results of the evaluation  
22 described in this section to the Joint Legislative Oversight Committee on Capital Improvements  
23 and the Fiscal Research Division on or before April 1, 2020.

24 **SECTION 39.11.(c)** The funds appropriated for the DHHS/Dix Campus Relocation  
25 in this Part may not be used for other planning, conceptual design, design development, or  
26 construction document preparation, including any programming of the workspace for building or  
27 space design development purposes, until the workspace evaluation has been completed and  
28 reported as described in this section and has been formally incorporated into space programming  
29 efforts by the entity engaged by the Department to provide the design services for any new space  
30 to accommodate any portion of the Department's workforce.

## 31 **DHHS PRIVATE DEVELOPMENT CHANGES**

32 **SECTION 39.12.(a)** The Department of Administration may issue a request for  
33 proposal pursuant to G.S. 143-128.1C(b) for a development contract to design and construct the  
34 new Department of Health and Human Services Administrative Complex while undertaking  
35 planning associated with funds appropriated in this act. For the purposes of this complex only,  
36 the Department may accept submissions for review that include less than fifty percent (50%)  
37 financing, but not less than thirty percent (30%) financing, as defined in G.S. 143-128.1C(a)(4).

38 **SECTION 39.12.(b)** G.S. 111-42(c) of the General Statutes reads as rewritten:

39 "(c) "State property or State building" means building and land owned, leased, or  
40 otherwise controlled by the State, exclusive of schools, colleges and universities, the North  
41 Carolina State Fair, farmers markets and agricultural centers, the Legislative Office Building,  
42 ~~and~~ the State Legislative Building-Building, and the new Health and Human Services  
43 Administrative Complex."

## 44 **REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL** 45 **OF DENTISTRY**

46 **SECTION 39.13.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)  
47 of S.L. 2009-209, reads as rewritten:  
48  
49  
50

1 "SECTION 27.8.(a) The State, with the prior approval of the State Treasurer and the Council  
2 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or  
3 incur special indebtedness in order to provide funds to the State to be used, together with other  
4 available funds, to pay the capital facility costs of the projects described in this subsection. In  
5 accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special  
6 indebtedness:

- 7 (1) In the maximum aggregate principal amount of sixty-one million five hundred  
8 ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to  
9 finance the capital facility costs of completing a School of Dentistry ~~building~~  
10 building, life safety improvements to the Brody School of Medicine, and  
11 renovation of space at the ECU Health Science Campus, Brody School of  
12 Medicine, to accommodate the dental school at East Carolina University and  
13 no more than 10 satellite dental clinics across the State. No more than a  
14 maximum aggregate amount of twenty-one million dollars (\$21,000,000) of  
15 special indebtedness may be issued or incurred under this subdivision prior to  
16 July 1, 2009. No more than a maximum aggregate amount of sixty million  
17 dollars (\$60,000,000) of special indebtedness may be issued or incurred under  
18 this subdivision prior to July 1, 2010.

19 ...."

20 SECTION 39.13.(b) Nothing in this section shall be construed to authorize any  
21 entity to issue or incur additional indebtedness.

## 22 MOUNTAIN ISLAND EDUCATIONAL FOREST VISITOR CENTER

23 SECTION 39.14. The North Carolina Forest Service within the Department of  
24 Agriculture and Consumer Services shall rename the Visitor and Interpretive Center at Mountain  
25 Island Educational State Forest "The Laura Shidal Visitor and Interpretive Center at Mountain  
26 Island Educational State Forest."  
27

## 28 PART XL. TRANSPORTATION

### 29 CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

30 SECTION 40.1.(a) Subsections (b) and (c) of Section 34.1 of S.L. 2018-5 are  
31 repealed.

32 SECTION 40.1.(b) The General Assembly authorizes and certifies anticipated  
33 revenues for the Highway Fund as follows:

34 For Fiscal Year 2021-2022	\$ 2,436 million
35 For Fiscal Year 2022-2023	\$ 2,473 million
36 For Fiscal Year 2023-2024	\$ 2,506 million
37 For Fiscal Year 2024-2025	\$ 2,605 million

38 SECTION 40.1.(c) The General Assembly authorizes and certifies anticipated  
39 revenues for the Highway Trust Fund as follows:

40 For Fiscal Year 2021-2022	\$ 1,689 million
41 For Fiscal Year 2022-2023	\$ 1,727 million
42 For Fiscal Year 2023-2024	\$ 1,760 million
43 For Fiscal Year 2024-2025	\$ 1,811 million

44 SECTION 40.1.(d) The Department of Transportation, in collaboration with the  
45 Office of State Budget and Management, shall develop a four-year revenue forecast. The first  
46 fiscal year in the four-year revenue forecast shall be the 2025-2026 fiscal year. The four-year  
47 revenue forecast developed under this subsection shall be used (i) to develop the four-year cash  
48 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation  
49 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation  
50

1 Improvement Program, and (iii) by the Department of the State Treasurer to compute  
 2 transportation debt capacity.

3  
 4 **CONTINGENCY FUNDS**

5 **SECTION 40.2.(a)** Of the funds appropriated in this act to the Department of  
 6 Transportation, twelve million dollars (\$12,000,000) for each fiscal year of the 2019-2021 fiscal  
 7 biennium shall be allocated statewide for rural or small urban highway improvements and related  
 8 transportation enhancements to public roads and public facilities, industrial access roads, railroad  
 9 infrastructure, and spot safety projects, including pedestrian walkways that enhance highway  
 10 safety. Projects funded pursuant to this subsection require prior approval by the Secretary of  
 11 Transportation. Funds allocated under this subsection shall not revert at the end of the applicable  
 12 fiscal year but shall remain available until expended. The use of funds that do not revert under  
 13 this subsection is not restricted to the fiscal year in which the funds were allocated.

14  
 15 **CAPITAL, REPAIRS, AND RENOVATIONS**

16 **SECTION 40.3.** The funds appropriated in this act from the Highway Fund to the  
 17 Department of Transportation for the 2019-2021 fiscal biennium for capital, repairs, and  
 18 renovations are allocated as follows:

<b>Capital – Highway Fund</b>	<b>2019-2020</b>	<b>2020-2021</b>
21 Polk Maintenance Shop Replacement	\$2,484,117	\$0
22 Ocracoke Ferry Quarters	\$1,190,000	\$0
23 Currituck Maintenance & Storage	\$1,491,914	\$0
24 Northampton County Jackson Sub-shop	\$0	\$5,239,960
<b>Repairs and Renovations – Highway Fund</b>		
26 Statewide Roof Repairs/Replacement	\$1,500,000	\$1,500,000
27 Statewide Demolition of Obsolete Buildings	\$500,000	\$500,000
28 Statewide Water and Sewer	\$750,000	\$750,000
29 Statewide Asbestos Abatement	\$500,000	\$500,000
30 Statewide ADA Compliance	\$750,000	\$750,000
31 Statewide Small Office Repair and Renovation	\$1,750,000	\$2,075,000
32 Statewide Security Upfits	\$400,000	\$500,000
33 Replace 20 Rooftop HVAC Units at Century Center	\$150,000	\$150,000
34 Art Museum Basement Concrete Repair	\$250,000	\$0
35		
36 <b>TOTAL CAPITAL, REPAIRS, AND</b>		
37 <b>RENOVATIONS – HIGHWAY FUND</b>	<b>\$11,716,031</b>	<b>\$11,964,960</b>

38  
 39 **ADDITIONAL POWELL BILL FUNDS TO BE USED PRIMARILY FOR**  
 40 **RESURFACING OF STREETS**

41 **SECTION 40.4.** Of the funds appropriated from the Highway Fund in this act to the  
 42 Department of Transportation for State Aid to Municipalities the sum of fourteen million seven  
 43 hundred fifty thousand dollars (\$14,750,000) in recurring funds for fiscal year 2019-2020 and  
 44 the sum of twenty-nine million five hundred thousand dollars (\$29,500,000) in recurring funds  
 45 for fiscal year 2020-2021 shall be used by municipalities as follows: (i) at least eighty percent  
 46 (80%) shall be used on the resurfacing of streets within the corporate limits of the municipality  
 47 and (ii) the remaining funds may be used as authorized under G.S. 136-41.3(a).

48  
 49 **AIRPORT IMPROVEMENT PROGRAM**

50 **SECTION 40.5.(a)** Article 7 of Chapter 63 of the General Statutes is amended by  
 51 adding a new section to read:

1 **"§ 63-74. Airport Improvement Program.**

2 (a) Purpose. – There is established an Airport Improvement Program (AIP) that shall  
3 serve to (i) fund improvements at eligible airports and (ii) pay debt service or related financing  
4 costs and expenses on revenue bonds or notes issued by eligible airports. The Department of  
5 Transportation shall allocate funds appropriated to this program to eligible airports based on the  
6 findings in the biennial economic impact study, as described in this section. The Department  
7 shall adopt rules governing the distribution and use of these funds.

8 (b) Eligible Airport. – Any publicly owned, commercial service airport with more than  
9 10,000 passenger boardings during the two calendar years preceding the fiscal year in which  
10 funds are allocated is eligible to apply for Airport Improvement Program funds.

11 (c) Economic Impact Study and Distribution Formula. – The Department of  
12 Transportation shall conduct a biennial economic impact study that examines the annual  
13 economic impact of each commercial service airport in North Carolina. The Department shall  
14 disburse AIP funds appropriated in a year to each eligible airport in proportion to the total  
15 economic impact of the airport, adjusted as provided in this subsection.

16 (1) For an eligible airport with one of the three largest economic impacts, the  
17 airport's distribution amount shall be reduced by a percentage equal to the  
18 lesser of twenty percent (20%) or five percent (5%) multiplied by each full ten  
19 percent (10%) of economic impact calculated for that airport. The aggregate  
20 amount of the reduction to the eligible airports with the three largest economic  
21 impacts is the amount to be redistributed to the remaining eligible airports as  
22 provided in subdivision (2) of this subsection.

23 (2) For an eligible airport that does not have one of the three largest economic  
24 impacts, the airport's distribution amount shall be increased based upon the  
25 following formula:

26 a. Twenty-five percent (25%) of the redistribution amount shall be  
27 distributed equally.

28 b. Seventy-five percent (75%) of the redistribution amount shall be based  
29 upon the airport's share of passenger boardings compared to the total  
30 number of passenger boardings used for all airports receiving a  
31 distribution pursuant to this subdivision.

32 (d) Permissible Uses, Reporting, and Return of Funds. – The Department of  
33 Transportation shall not allocate funds to an airport under this section until that airport has  
34 provided a report outlining how the airport will use the funds in conformance with the purposes  
35 of the program. No later than 45 days from the date the Department receives the report required  
36 under this subsection, the Department shall make a determination whether the intended use of  
37 the funds matches the purposes of the program and, if so, allocate funds under this section to the  
38 compliant airport. An airport that receives funds under this section shall return the funds to the  
39 Department if the funds are in the possession or control of the airport and not expended or  
40 encumbered by August 31 of the year following the fiscal year in which the Department makes  
41 the allocation. All funds returned to the Department under this section, or retained by the  
42 Department for failure of an eligible airport to submit a report under this subsection, shall be  
43 credited to the fund from which they were appropriated and shall remain unexpended and  
44 unencumbered until appropriated by the General Assembly.

45 (e) Limitation. – Notwithstanding any provision of law to the contrary, the allocation of  
46 funds under this section to eligible airports, the enactment of this section, and the issuance of  
47 bonds or notes by the airports in reliance thereon, shall not in any manner constitute a pledge of  
48 the full faith and credit and taxing power of the State. Additionally, allocations under this section  
49 are subject to the availability of funds appropriated to the Airport Improvement Program. A  
50 security interest shall not be granted in funds allocated under this section."

51 **SECTION 40.5.(b)** Section 34.19(b) of S.L. 2017-57 is repealed.

**COMMISSION ON AEROSPACE AND INTELLIGENT TRANSPORTATION**

**SECTION 40.6.(a)** Findings. – The General Assembly finds that opportunities exist for North Carolina to build on its rich aviation history, strong university research history, established aviation marketplace, as well as its unique geography for testing. North Carolina also boasts a demographic cross section for market testing that is unique and well-suited to examine urban and rural mobility needs. The State also has a strong military and National Guard presence, which could prove productive in expediting unmanned flight. The General Assembly recognizes that there are many unknown factors in this new aerospace and intelligent transportation sector.

**SECTION 40.6.(b)** Commission Established. – There is established the Commission on Aerospace and Intelligent Transportation (Commission) to be located administratively in the Department of Transportation, Division of Aviation. However, the Commission shall exercise all its prescribed powers and duties independently of the Department of Transportation.

**SECTION 40.6.(c)** Commission Membership. – The Commission shall consist of the following members:

- (1) The Lieutenant Governor or the Lieutenant Governor's designee.
- (2) Two members of the House of Representatives appointed by the Speaker of the House of Representatives.
- (3) Two members of the Senate appointed by the President Pro Tempore of the Senate.
- (4) The Secretary of the Department of Commerce or the Secretary's designee.
- (5) The Secretary of the Department of Transportation or the Secretary's designee.

**SECTION 40.6.(d)** Commission Organization. – The Commission shall be organized as follows:

- (1) Chair. – The Lieutenant Governor or the Lieutenant Governor's designee shall serve as Chair of the Commission.
- (2) Staff and consultants. – The Chair of the Commission may, with the approval of the Commission, hire staff and consultants to assist the Commission in performing the Commission's purpose and duties.
- (3) Travel and subsistence. – Members, staff, and consultants of the Commission shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5 and G.S. 138-6 from funds made available to the Commission.
- (4) Meeting space. – With the approval of the Legislative Services Commission, space in the Legislative Building and the Legislative Office Building may be made available to the Commission.
- (5) Frequency of meetings and quorum. – The Commission shall meet upon the call of the Chair and shall have its first meeting no later than September 1, 2019. The Commission shall meet at least quarterly. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

**SECTION 40.6.(e)** Duties. – The duties of the Commission shall include the following:

- (1) Recommend State goals and a framework for achieving the benchmarks prescribed by the study authorized in subsection (f) of this section, and to ensure that by 2021 the appropriate funding and economic development exist in North Carolina to cultivate a culture for aerospace and intelligent transportation.
- (2) The Commission shall review the progress made toward the recommended goals, evaluate the strategies developed and used toward attaining those goals,

1 and may make additional recommendations above and beyond those laid out  
2 in the study.

3 **SECTION 40.6.(f)** Study. – The Commission shall study the following:

- 4 (1) Examine the feasibility and economic impact of creating an eVTOL (Electric  
5 Vertical Takeoff and Landing) and UAS (Unmanned Aircraft Systems)  
6 corridor in the State of North Carolina focused on research, development, and  
7 commercialization and use the emerging technology to serve the citizens of  
8 the State to improve safety, health, and overall well-being.
- 9 (2) Gather information that is available in the eVTOL and UAS fields, including  
10 commercial developments and technology initiatives, to (i) estimate the  
11 market potential, (ii) develop a point of view on opportunities, threats, and  
12 ecosystem requirements, and (iii) create a strategic advisory group to inform  
13 the strategic discussion and direction to assist the State of North Carolina in  
14 its approach to compete and win in the next generation of mobility.
- 15 (3) Conduct expert interviews with sector leaders in aviation,  
16 telecommunications, first responders, education, health, transportation, fuel  
17 technologies, emergency management, military, agriculture, city planning,  
18 state planning, and relevant venture capital entities to inform and define  
19 value-creation opportunities.
- 20 (4) Explore suppliers, demand sources (first responders, education, health care,  
21 other target industries, and individual citizens), regulatory issues, and current  
22 and emerging competitors.
- 23 (5) Consider current trends and forward-looking insights, with a focus on impact  
24 to include the following key areas: legislative or regulatory, suppliers, demand  
25 and users, participants, competitors, supporting technologies (such as fuel,  
26 connectivity, and vehicles), and infrastructure requirements.

27 **SECTION 40.6.(g)** Authorization to Contract Vendor to Perform Study. – The  
28 Commission may contract with any qualified vendor to perform the study authorized in  
29 subsection (f) of this section without complying with the provisions of Article 3, Article 3C, and  
30 Article 3D of Chapter 143 of the General Statutes or any other provision of law to the contrary.

31 **SECTION 40.6.(h)** EVTOL Summit. – Based on the findings from the study  
32 authorized under subsection (f) of this section, the Commission shall by July 31, 2020, organize  
33 and implement an eVTOL Summit in North Carolina. The Summit will coordinate with  
34 stakeholders who have verified Federal Aviation Administration (FAA) proof of concept eVTOL  
35 vehicles that meet the criteria of viable vehicles for North Carolina that are recommended in the  
36 study.

37 **SECTION 40.6.(i)** Report. – By October 1, 2020, the Commission shall report the  
38 findings from the study required under subsection (f) of this section and the eVTOL Summit  
39 authorized under subsection (h) of this section, including any legislative recommendations, to  
40 the chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research  
41 Division.

42 **SECTION 40.6.(j)** Funds. – Of the funds appropriated in this act from the Highway  
43 Fund to the Department of Transportation, the sum of seven hundred fifty thousand dollars  
44 (\$750,000) in nonrecurring funds for fiscal year 2019-2020 may be used for the study authorized  
45 in subsection (f) of this section, and the sum of five hundred thousand dollars (\$500,000) in  
46 nonrecurring funds for fiscal year 2019-2020 may be used by the Commission to implement the  
47 eVTOL Summit and pay for administrative costs, stipends, travel, and public relation costs  
48 associated with the Commission's duties.

49 **SECTION 40.6.(k)** Reversion. – Any unexpended or unencumbered funds in  
50 subsection (j) of this section shall not revert to the Highway Fund on June 30, 2020, but shall

1 remain available to the Commission for the purposes authorized in this section until November  
2 1, 2020.

3 **SECTION 40.6.(l)** Expiration. – This section expires November 1, 2020.  
4

#### 5 **BUDGETING DOT LEGISLATIVE SALARY INCREASES**

6 **SECTION 40.7.(a)** The amount of funds appropriated for legislative salary increases  
7 for employees of the Department of Transportation (Department) shall be budgeted on a recurring  
8 basis in the correct Fund Code that corresponds to the positions in which it supports. Any transfer  
9 and use of the funds for any other purpose shall be done on a nonrecurring basis.

10 **SECTION 40.7.(b)** The Department shall report to the Joint Legislative Oversight  
11 Committee on Transportation the amount allocated to each division or unit no more than 30 days  
12 after an allocation has occurred.  
13

#### 14 **BRIDGE NAMING**

15 **SECTION 40.8.** Notwithstanding any provision of law to the contrary, the  
16 Department of Transportation shall designate the bridge described in the subdivision below as  
17 follows:

- 18 (1) The bridge over Stanley Creek on Black Snake Road between Millman Road  
19 and Chestnut Street Extension located in the Town of Stanley in Gaston  
20 County as the "Lance Corporal Nicholas S. O'Brien, U.S.M.C. Bridge."  
21

#### 22 **CODIFY MOBILITY/MODERNIZATION FUND**

23 **SECTION 40.9.(a)** Chapter 136 of the General Statutes is amended by adding a new  
24 Article to read:

25 "Article 14C.

26 "Mobility/Modernization Fund.

#### 27 **"§ 136-189.20. Spot Mobility Program.**

28 (a) Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,  
29 forty percent (40%) of the funds shall be used for a Spot Mobility Program that shall be managed  
30 by the State Traffic Engineer of the Department of Transportation. The purpose of the Spot  
31 Mobility Program is to provide funding for small projects that will reduce traffic congestion and  
32 vehicular delay times. The Department shall develop a quantitative, evidence-based formula to  
33 use in selecting projects to receive funding from the Spot Mobility Program. At a minimum, the  
34 Department shall consider all of the following in developing the formula required by this section:

- 35 (1) The travel-time savings resulting from the proposed project.  
36 (2) Reductions to motor vehicle queues resulting from the proposed project.  
37 (3) The service life of the proposed project.  
38 (4) The benefit-cost ratio of the proposed project.

39 (b) In selecting projects to receive funding from the Spot Mobility Program, the  
40 Department shall give preference to projects that will improve access from the State highway  
41 system to a school. For purposes of this section, the term "school" means any facility engaged in  
42 the educational instruction of children in any grade or combination of grades from kindergarten  
43 through the twelfth grade at which attendance satisfies the compulsory attendance law and  
44 includes charter schools as authorized under G.S. 115C-218.5.

#### 45 **"§ 136-189.21. Economic development; small construction; industrial access.**

46 Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, twelve  
47 percent (12%) of the funds shall be used for the following purposes:

- 48 (1) To allocate to the Economic Development Fund to be used for prioritized  
49 transportation improvements and infrastructure that expedite commercial  
50 growth as well as either job creation or job retention.

1           (2) For small construction projects recommended by the Chief Engineer in  
2 consultation with the Chief Operating Officer and approved by the Secretary  
3 of Transportation. Funds used in accordance with this subdivision shall be  
4 allocated equally among the 14 Highway Divisions for small construction  
5 projects.

6           (3) To use for the development and expansion of access roads to industrial  
7 facilities.

8 **"§ 136-189.22. High-impact and low-cost construction projects.**

9 Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,  
10 forty-eight percent (48%) of the funds shall be used for construction projects that are high impact  
11 and low cost. The funds shall be allocated equally among the 14 Highway Divisions. Projects  
12 funded under this section include intersection improvement projects, minor widening projects,  
13 and operational improvement projects. The Department shall develop a quantitative,  
14 evidence-based formula to use in selecting projects to receive funding under this section. At a  
15 minimum, the Department shall consider all of the following in developing the formula required  
16 by this section:

17           (1) The average daily traffic volume of a roadway and whether the proposed  
18 project will generate additional traffic.

19           (2) Any restrictions on a roadway.

20           (3) Any safety issues with a roadway.

21           (4) The condition of the lanes, shoulders, and pavement on a roadway.

22           (5) The site distance and radius of any intersection on a roadway.

23 **"§ 136-189.23. Annual report.**

24 The Department shall submit to the Joint Legislative Transportation Oversight Committee  
25 and to Fiscal Research Division an annual report beginning March 1, 2020, detailing: (i) the  
26 formulas developed under this article, (ii) the types of projects funded under this article, and (iii)  
27 the total amount of funding allocated to each project funded under this article."

28           **SECTION 40.9.(b)** Conforming Repeal. – Subsections (a) through (d) of Section  
29 34.7 of S.L. 2017-57 are repealed.

30  
31 **STI/AUTHORIZE DOT TO PROVIDE FINANCIAL SUPPORT FOR BICYCLE AND**  
32 **PEDESTRIAN IMPROVEMENTS**

33           **SECTION 40.10.** G.S. 136-189.11(d)(3)c. reads as rewritten:

34           "c. Bicycle and pedestrian limitation. – The Department ~~shall not be~~ is  
35 authorized to provide financial support for independent bicycle and  
36 pedestrian improvement projects, except for projects as a proportional  
37 match to federal funds administered by the Department for that  
38 purpose. Eligibility is determined by the population listed in the most  
39 recent State Aid to Municipalities report or, if the municipality is not  
40 included in the report, by certified letter:

41           1. Municipalities with a population of 25,000 or less are eligible  
42 for a fifteen percent (15%) State match of total project cost.  
43 The required local match is five percent (5%).

44           2. Municipalities with a population of more than 25,000 but less  
45 than or equal to 50,000 shall be eligible for a ten percent (10%)  
46 State match of total project cost. The required local match is  
47 ten percent (10%).

48           3. Municipalities with a population of greater than 50,000 are  
49 ineligible for State matching funds.

50           This sub-subdivision shall not apply to funds allocated to a  
51           municipality pursuant to G.S. 136-41.1 that are committed by the

1 municipality as matching funds for federal funds administered by the  
 2 Department and used for bicycle and pedestrian improvement projects.  
 3 This limitation shall not apply to funds authorized for projects in the  
 4 State Transportation Improvement Program that are scheduled for  
 5 construction as of October 1, 2013, in State fiscal year 2012-2013,  
 6 2013-2014, or 2014-2015."  
 7

## 8 STI/REVISE LIGHT RAIL LIMITATIONS

9 **SECTION 40.11.(a)** G.S. 136-189.10 reads as rewritten:

### 10 "§ 136-189.10. Definitions.

11 ...

12 (2) Division needs projects. – Includes only the following:

13 ...

14 e. Public transportation service not included in subdivision (3) or (4) of  
 15 this section. This sub-subdivision includes commuter rail, intercity  
 16 rail, and light rail. ~~Nothing in this sub-subdivision shall be construed  
 17 as authorizing total State funding in excess of the maximum  
 18 established in sub-subdivision g. of subdivision (3) of this section for  
 19 commuter rail and light rail projects.~~

20 ...

21 (3) Regional impact projects. – Includes only the following:

22 ...

23 g. Public transportation service that spans two or more counties and that  
 24 serves more than one municipality. Programmed funds pursuant to this  
 25 sub-subdivision shall not exceed ten percent (10%) of any distribution  
 26 region allocation. This sub-subdivision includes commuter rail,  
 27 intercity rail, and light rail. ~~Total State funding for a commuter rail or  
 28 light rail project shall not exceed the lesser of ten percent (10%) of the  
 29 distribution region allocation or ten percent (10%) of the estimated  
 30 total project costs used during the prioritization scoring process. The  
 31 State shall not be responsible or liable for any project costs in excess  
 32 of the maximum established under this sub-subdivision. Any  
 33 agreement entered into by the State to fund a commuter rail or light  
 34 rail project shall include language setting out the limitations set forth  
 35 in this sub-subdivision.~~

36 ...."

37 **SECTION 40.11.(b)** G.S. 136-189.11(d1) is repealed.

## 38 DMV/HEARINGS UNIT ALIGNMENT

39 **SECTION 40.12.(a)** Revised Budget. – The Office of State Budget and  
 40 Management, in consultation with the Division of Motor Vehicles, shall adjust the Hearing Unit's  
 41 certified budget for the 2019-2020 fiscal year to correctly align total requirements and receipts  
 42 to reflect the requirement set forth in Section 34.9 of S.L. 2014-100, as amended by Section  
 43 29.30A of S.L. 2015-241 and Section 34.32 of S.L. 2017-57, that all functions, activities, and  
 44 personnel associated with administering and conducting the hearings be fully receipt-supported  
 45 from the fee proceeds collected by the Hearings Unit.

46 **SECTION 40.12.(b)** Report. – The Division of Motor Vehicles is required to report  
 47 on any organizational changes occurring on or after October 1, 2018, to the Joint Legislative  
 48 Transportation Oversight Committee, the House of Representatives Appropriations Committee  
 49 on Transportation, the Senate Appropriations Committee on the Department of Transportation,  
 50

1 and the Fiscal Research Division. This report shall be submitted by November 1, 2019, and shall  
2 include the following:

- 3 (1) The role and responsibilities of each full-time equivalent (FTE) moved in or  
4 out of Fund Code 1304.
- 5 (2) The budgeted salary and benefits of each FTE moved in or out of Fund Code  
6 1304.
- 7 (3) Justification of movement in or out of Fund Code 1304.
- 8 (4) Funding source before and after move, including Fund Code.
- 9 (5) The certified budget for the 2019-2020 fiscal year with total requirements,  
10 receipts, and FTEs.

## 12 **DMV/ONLINE PERFORMANCE DASHBOARD TO INCLUDE DMV** 13 **REGISTRATIONS OF HYBRID AND ELECTRIC VEHICLES**

14 **SECTION 40.13.(a)** Expand Performance Dashboard. – The Department of  
15 Transportation shall expand its performance dashboard available on the Department's home page  
16 of the Department's Web site to track the following information about the Division of Motor  
17 Vehicles:

- 18 (1) The number of hybrid vehicle registrations issued per month and year-to-date.
- 19 (2) The number of hybrid vehicle registrations renewed per month and  
20 year-to-date.
- 21 (3) The number of plug-in electric vehicle registrations issued per month and  
22 year-to-date.
- 23 (4) The number of plug-in electric vehicle registrations renewed per month and  
24 year-to-date.

25 **SECTION 40.13.(b)** Definitions. – For purposes of this section, (i) a hybrid vehicle  
26 is one that is capable of being propelled, at least in part by electricity, but is also capable of using  
27 motor fuel to propel the vehicle and (ii) a plug-in electric motor vehicle is as defined in  
28 G.S. 20-4.01.

29 **SECTION 40.13.(c)** Implementation Date. – The expansion of the Department's  
30 performance dashboard required under subsection (a) of this section shall be completed by  
31 October 1, 2019.

## 33 **DMV/REDUCE NUMBER OF YEARS FOR A VEHICLE TO QUALIFY FOR AN** 34 **ANTIQUEREGISTRATION PLATE**

35 **SECTION 40.14.** G.S. 20-79.4(b)(94) reads as rewritten:

- 36 "(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least ~~35 years~~  
37 ~~old~~ 25 years old measured from the date of manufacture. The plate for an  
38 historic vehicle shall bear the word "Antique" unless the vehicle is a model  
39 year 1943 or older. The plate for a vehicle that is a model year 1943 or older  
40 shall bear the word "Antique" or the words "Horseless Carriage", at the option  
41 of the vehicle owner."  
42

## 43 **DMV/REGISTRATION FEES FOR ELECTRIC AND HYBRID VEHICLES**

44 **SECTION 40.15.(a)** Effective January 1, 2020, and applicable to initial registrations  
45 and registrations due for renewal on or after that date, G.S. 20-87 reads as rewritten:

### 46 **"§ 20-87. Passenger vehicle registration fees.**

47 These fees shall be paid to the Division annually for the registration and licensing of  
48 passenger vehicles, according to the following classifications and schedules:

49 ...

- 50 (13) Additional fee for certain electric vehicles. – At the time of an initial  
51 registration or registration renewal, the owner of a plug-in electric vehicle that

1 is not a low-speed vehicle and that does not rely on a nonelectric source of  
2 power shall pay a fee in the amount of ~~one hundred thirty dollars (\$130.00)~~  
3 one hundred seventy dollars (\$170.00) in addition to any other required  
4 registration fees.

- 5 (14) Additional fee for plug-in hybrid vehicles. – At the time of an initial  
6 registration or registration renewal, the owner of a plug-in hybrid vehicle shall  
7 pay a fee in the amount of eighty-seven dollars and fifty cents (\$87.50) in  
8 addition to any other required registration fees. For purposes of this  
9 subdivision, the term "plug-in hybrid vehicle" means a vehicle that has a  
10 battery that can propel the vehicle using only an electric motor until the battery  
11 is depleted and that has an onboard gasoline engine that can independently  
12 propel the vehicle, recharge the battery, or both."

13 **SECTION 40.15.(b)** Effective January 1, 2021, and applicable to initial registrations  
14 and registrations due for renewal on or after that date, G.S. 20-87, as rewritten by subsection (a)  
15 of this section, reads as rewritten:

16 **"§ 20-87. Passenger vehicle registration fees.**

17 These fees shall be paid to the Division annually for the registration and licensing of  
18 passenger vehicles, according to the following classifications and schedules:

- 19 ...
- 20 (13) Additional fee for certain electric vehicles. – At the time of an initial  
21 registration or registration renewal, the owner of a plug-in electric vehicle that  
22 is not a low-speed vehicle and that does not rely on a nonelectric source of  
23 power shall pay a fee in the amount of ~~one hundred seventy dollars (\$170.00)~~  
24 two hundred dollars (\$200.00) in addition to any other required registration  
25 fees.
- 26 (14) Additional fee for plug-in hybrid vehicles. – At the time of an initial  
27 registration or registration renewal, the owner of a plug-in hybrid vehicle shall  
28 pay a fee in the amount of ~~eighty seven dollars and fifty cents (\$87.50)~~ one  
29 hundred twelve dollars and fifty cents (\$112.50) in addition to any other  
30 required registration fees. For purposes of this subdivision, the term "plug-in  
31 hybrid vehicle" means a vehicle that has a battery that can propel the vehicle  
32 using only an electric motor until the battery is depleted and that has an  
33 onboard gasoline engine that can independently propel the vehicle, recharge  
34 the battery, or both."

35 **SECTION 40.15.(c)** Effective January 1, 2022, and applicable to initial registrations  
36 and registrations due for renewal on or after that date, G.S. 20-87, as rewritten by subsection (b)  
37 of this section, reads as rewritten:

38 **"§ 20-87. Passenger vehicle registration fees.**

39 These fees shall be paid to the Division annually for the registration and licensing of  
40 passenger vehicles, according to the following classifications and schedules:

- 41 ...
- 42 (14) Additional fee for plug-in hybrid vehicles. – At the time of an initial  
43 registration or registration renewal, the owner of a plug-in hybrid vehicle shall  
44 pay a fee in the amount of ~~one hundred twelve dollars and fifty cents (\$112.50)~~  
45 one hundred thirty-seven dollars and fifty cents (\$137.50) in addition to any  
46 other required registration fees. For purposes of this subdivision, the term  
47 "plug-in hybrid vehicle" means a vehicle that has a battery that can propel the  
48 vehicle using only an electric motor until the battery is depleted and that has  
49 an onboard gasoline engine that can independently propel the vehicle,  
50 recharge the battery, or both."

51 **SECTION 40.15.(d)** G.S. 20-4.02 reads as rewritten:

1 "**§ 20-4.02. Quadrennial adjustment Adjustment of certain fees and rates.**

2 (a) Quadrennial Adjustment for Inflation. – Beginning July 1, 2020, and every four years  
3 thereafter, the Division shall adjust the fees and rates imposed pursuant to the statutes listed in  
4 this subsection for inflation in accordance with the Consumer Price Index computed by the  
5 Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this  
6 subsection shall be rounded to the nearest cent and all other adjustments under this subsection  
7 shall be rounded to the nearest twenty-five cents (25¢):

8 ...

9 (11) G.S. 20-87, except for the additional fee set forth in G.S. 20-87(6) for private  
10 ~~motorcycles~~ motorcycles, G.S. 20-87(13) for electric vehicles, and  
11 G.S. 20-87(14) for plug-in hybrid vehicles.

12 ...

13 (b1) Annual Adjustment of Registration Fees for Electric and Hybrid Vehicles. –  
14 Beginning January 1, 2023, and every year thereafter, the Division shall adjust the registration  
15 fee imposed by G.S. 20-87(13) and G.S. 20-87(14) pursuant to the following formula. The  
16 registration fee shall be the amount for the preceding calendar year, multiplied by a percentage.  
17 The percentage is one hundred percent (100%) plus or minus the sum of the following:

18 (1) The percentage change in population for the applicable calendar year, as  
19 estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

20 (2) The annual percentage change in the Consumer Price Index for All Urban  
21 Consumers, multiplied by twenty-five percent (25%). For purposes of this  
22 subdivision, "Consumer Price Index for All Urban Consumers" means the  
23 United States city average for energy index contained in the detailed report  
24 released in October prior to the applicable calendar year by the Bureau of  
25 Labor Statistics of the United States Department of Labor or data determined  
26 by the Secretary to be equivalent.

27 ...

28 (d) Consultation and Publication. – At least 90 days prior to making an adjustment  
29 pursuant to subsection (a) and subsection (b1) of this section, and notwithstanding any provision  
30 of G.S. 12-3.1 to the contrary, the Division shall (i) consult with the Joint Legislative  
31 Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate  
32 Appropriations Committee on Department of Transportation and the House of Representatives  
33 Appropriations Committee on Transportation, and (iii) publish notice of the fees that will be in  
34 effect in the offices of the Division and on the Division's Web site.

35 ...."

36 **SECTION 40.15.(d1)** Notwithstanding any other provision of law, for the  
37 2019-2021 biennium, fees collected under subdivisions G.S. 20-87(13) and G.S. 20-87(14), as  
38 enacted by this act, are appropriated to the General Maintenance Reserve fund.

39 **SECTION 40.15.(e)** Except as otherwise provided, this section is effective January  
40 1, 2020.

41  
42 **DMV/STUDY REGISTRATION FEES FOR ALTERNATIVE FUEL MOTOR**  
43 **VEHICLES**

44 **SECTION 40.16.(a)** Study Determining Amount. – The Division of Motor Vehicles  
45 (Division) shall study the feasibility of determining the amount of a registration fee owed under  
46 G.S. 20-87 for a motor vehicle using an alternative fuel source based off the actual usage of the  
47 vehicle.

48 **SECTION 40.16.(b)** Study Payment Method. – The Division shall study the  
49 feasibility of allowing the payment of a registration fee imposed under G.S. 20-87 for a motor  
50 vehicle using an alternative fuel source in installments instead of a lump sum.

1           **SECTION 40.16.(c)** Report. – The Division shall report the findings of the study  
2 required under subsection (a) of this section, including any legislative recommendations, to the  
3 Joint Legislative Transportation Oversight Committee by January 31, 2021. The Division shall  
4 report the findings of the study required under subsection (b) of this section, including any  
5 legislative recommendations, to the Joint Legislative Transportation Oversight Committee by  
6 January 15, 2020.

7  
8           **DMV/RFP FOR NEW OFFICE SPACE FOR DMV RALEIGH STATE LICENSE PLATE**  
9           **AGENCY AND REPORTS RELATED TO MOVE FROM NEW BERN AVENUE**  
10           **BUILDING**

11           **SECTION 40.17.(a)** The Department of Administration (Department) is directed to  
12 review the inventory of State-owned office space in the City of Raleigh for purposes of relocating  
13 the Division of Motor Vehicles State License Plate Agency located on New Bern Avenue. If by  
14 November 1, 2019, the Department is unable to locate suitable office space, the Department shall  
15 issue a request for proposal (RFP) within 30 days seeking new office space for lease or purchase  
16 for the State License Plate Agency. The geographic scope of the RFP shall be the City of Raleigh.

17           **SECTION 40.17.(b)** By January 15, 2020, the Department, in consultation with the  
18 Division of Motor Vehicles (Division), shall submit a report to the Joint Legislative  
19 Transportation Oversight Committee, the House of Representatives Appropriations Committee  
20 on Transportation, the Senate Appropriations Committee on the Department of Transportation,  
21 and the Fiscal Research Division containing the following information: (i) results of the review  
22 of State-owned office space in the City of Raleigh suitable for the State License Plate Agency,  
23 (ii) the RFP issued and a summary of all responses to the RFP, and (iii) the estimated cost to  
24 relocate the State License Plate Agency.

25           **SECTION 40.17.(c)** At least 30 days prior to approval by the Council of State of the  
26 lease or purchase of new office space for the State License Plate Agency, the Department of  
27 Administration shall submit a report to the Joint Legislative Transportation Oversight  
28 Committee, the House of Representatives Appropriations Committee on Transportation, the  
29 Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research  
30 Division detailing the agreement.

31           **SECTION 40.17.(d)** By January 15, 2021, the Division shall submit a report to the  
32 Joint Legislative Transportation Oversight Committee, the House of Representatives  
33 Appropriations Committee on Transportation, the Senate Appropriations Committee on the  
34 Department of Transportation, and the Fiscal Research Division containing the following  
35 information: (i) an itemized list of expenses associated with the Division Headquarters relocation,  
36 (ii) an itemized list of expenses associated with State License Plate Agency relocation, and (iii)  
37 lease rates and agreements for both locations.

38           **SECTION 40.17.(e)** The Division of Motor Vehicles shall examine the anticipated  
39 attrition of Division headquarters' employees and determine the cost of recruiting, replacing, and  
40 training new employees. Additionally, the Division shall analyze the total cost to the employees  
41 who remain with the Division and commute to Rocky Mount from the Triangle area. The  
42 Division shall report on any transportation assistance and other compensation considerations for  
43 those Division employees. The Division shall report on the anticipated total cost to the Division  
44 to relocate to Rocky Mount, itemized by: packing and moving, furniture purchases, information  
45 technology set up, security equipment purchases, and other upfitting requirements. The Division  
46 shall report to the Joint Legislative Transportation Oversight Committee, the House of  
47 Representatives Appropriations Committee on Transportation, the Senate Appropriations  
48 Committee on the Department of Transportation, and the Fiscal Research Division by October 1,  
49 2019.

50  
51           **DMV/TOWN OF MARSHALL**



1 Committee on the Department of Transportation, and the Fiscal Research Division. The report  
2 shall include the overhaul policy for locomotives, a locomotives overhaul schedule with budget  
3 requirements, and amount of funds expended and/or committed for overhaul activities.

4 **SECTION 40.21.(c)** On or before March 1, 2020, the Department of Transportation  
5 shall submit an itemized report detailing the use of the funds appropriated for the train station  
6 maintenance needs to the Joint Legislative Transportation Oversight Committee, the House of  
7 Representatives Appropriations Committee on Transportation, the Senate Appropriations  
8 Committee on the Department of Transportation, and the Fiscal Research Division. The report  
9 shall include the eligibility requirements of stations, methodology in allocating funds to stations,  
10 allowed uses of funds, and amount of funds expended and/or committed for projects.

#### 11 12 **FUNDS FOR SELMA UNION STATION DEPOT**

13 **SECTION 40.22.** Of the funds appropriated in this act to the Department of  
14 Transportation for train station maintenance, the sum of two hundred fifty-seven thousand five  
15 hundred dollars (\$257,500) in nonrecurring funds shall be allocated to the Selma Union Station  
16 Depot.

#### 17 18 **FUNDS TO CONDUCT A STUDY OF PORTS AND A SUPPLY CHAIN ANALYSIS FOR** 19 **OFFSHORE WIND ENERGY**

20 **SECTION 40.23.(a)** The Department of Transportation (Department) shall conduct  
21 a study of State ports and other transportation infrastructure to identify existing assets, current  
22 capabilities, and needed investments to assist in providing services for cargo, transportation, and  
23 trade, and to identify potential improvements to enhance the ability of the State to facilitate and  
24 foster the growth of offshore wind supply chain industries in North Carolina. In conducting the  
25 study, the Department shall consult with the North Carolina State Ports Authority and may  
26 engage local government entities and other stakeholders with relevant expertise as the  
27 Department deems appropriate.

28 **SECTION 40.23.(b)** The Department shall conduct an economic development study  
29 to evaluate the State's business advantages, economic climate, workforce readiness, ports and  
30 transportation assets studied in subsection (a) of this section, and any other relevant State assets  
31 to create a roadmap for North Carolina to effectively compete in attracting offshore wind energy  
32 supply chain industries to the State. In conducting this economic development study and in  
33 creating a roadmap, the Department shall consider at least all of the following:

- 34 (1) Identification and characterization of discrete segments within the offshore  
35 wind supply chain, including major manufacturing operations, specialty  
36 component manufacturing, component assembly, and ancillary services for  
37 future offshore wind energy projects along the east coast of the United States.
- 38 (2) Estimated number and type of direct manufacturing jobs.
- 39 (3) Potential ancillary economic benefits.
- 40 (4) Potential industry investment in North Carolina and opportunities for rural  
41 economic development.
- 42 (5) Highest impact investment opportunities to produce the largest net economic  
43 benefit.
- 44 (6) Potential benefits to local tax bases.
- 45 (7) Expected additional contribution to State economic output.
- 46 (8) Any additional information the Department identifies as relevant to the  
47 conduct of its study.

48 **SECTION 40.23.(c)** The Department shall submit the reports and the roadmap  
49 described in this section, and any legislative recommendations, to the Joint Legislative  
50 Transportation Oversight Committee and the Fiscal Research Division on or before March 1,  
51 2020.

1           **SECTION 40.23.(d)** Of the funds appropriated in this act to the Department of  
 2 Transportation for NC Ports Authority, the sum of three hundred thousand dollars (\$300,000) in  
 3 nonrecurring funds shall be allocated to conduct the studies and create a roadmap described in  
 4 this section.

5  
 6 **PART XLI. FINANCE**

7  
 8 **INCREASE STANDARD DEDUCTION**

9           **SECTION 41.1.(a)** G.S. 105-153.5(a)(1) reads as rewritten:

10           "(1) Standard deduction amount. – The standard deduction amount is zero for a  
 11 person who is not eligible for a standard deduction under section 63 of the  
 12 Code. For all other taxpayers, the standard deduction amount is equal to the  
 13 amount listed in the table below based on the taxpayer's filing status:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly/surviving spouse	<del>\$20,000</del> <u>\$20,750</u>
Head of Household	<del>15,000</del> <u>15,563</u>
Single	<del>10,000</del> <u>10,375</u>
Married, filing separately	<del>10,000</del> <u>10,375.</u> "

14  
 15  
 16  
 17  
 18  
 19           **SECTION 41.1.(b)** This section is effective for taxable years beginning on or after  
 20 January 1, 2021.

21  
 22 **INCOME EXCLUSION FOR IRA DISTRIBUTIONS TO CHARITIES BY TAXPAYERS**  
 23 **AGE 70 1/2 OR OLDER**

24           **SECTION 41.2.(a)** G.S. 105-153.5(a)(2)a. reads as rewritten:

25           "a. Charitable Contribution. – The amount allowed as a deduction for  
 26 charitable contributions under section 170 of the Code for that taxable  
 27 year. For taxable years ~~beginning on or after 2014, 2014 through 2018,~~  
 28 a taxpayer who elected to take the income exclusion under section  
 29 408(d)(8) of the Code for a qualified charitable distribution from an  
 30 individual retirement plan by a person who has attained the age of 70  
 31 1/2 may deduct the amount that would have been allowed as a  
 32 charitable deduction under section 170 of the Code had the taxpayer  
 33 not elected to take the income exclusion."

34           **SECTION 41.2.(b)** G.S. 105-153.5(c2)(3) reads as rewritten:

35           "(3) For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ the taxpayer  
 36 must add the amount excluded from the taxpayer's gross income for a qualified  
 37 charitable distribution from an individual retirement plan by a person who has  
 38 attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this  
 39 subdivision is to decouple from the income exclusion available under federal  
 40 tax law."

41           **SECTION 41.2.(c)** This section is effective when it becomes law.

42  
 43 **FRANCHISE TAX CHANGES**

44           **SECTION 41.3.(a)** G.S. 105-120.2(b) reads as rewritten:

45           "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the  
 46 Secretary of Revenue, at the time the return is due, the greater of the following:

47           (1) A franchise or privilege tax at the rate of ~~one dollar and fifty cents (\$1.50) set~~  
 48 in G.S. 105-122(d2) per one thousand dollars (\$1,000) of the amount  
 49 determined under subsection (a) of this ~~section, but in section. In~~ no case shall  
 50 the tax be more than one hundred fifty thousand dollars (\$150,000) nor less  
 51 than two hundred dollars (\$200.00).

- 1 (2) If the tax calculated under this subdivision exceeds the tax calculated under  
2 subdivision (1) of this subsection, then the tax is levied at the rate of ~~one dollar~~  
3 ~~and fifty cents (\$1.50)~~ set in G.S. 105-122(d2) per one thousand dollars  
4 (\$1,000) on the greater of the following: the total actual investment in tangible  
5 property in this State of such corporation as computed under G.S. 105-122(d).  
6 a. ~~Fifty five percent (55%) of the appraised value as determined for ad~~  
7 ~~valorem taxation of all the real and tangible personal property in this~~  
8 ~~State of each such corporation plus the total appraised value of~~  
9 ~~intangible property returned for taxation of intangible personal~~  
10 ~~property as computed under G.S. 105-122(d).~~  
11 b. ~~The total actual investment in tangible property in this State of such~~  
12 ~~corporation as computed under G.S. 105-122(d)."~~

13 **SECTION 41.3.(b)** G.S. 105-122(d)(2) is repealed.

14 **SECTION 41.3.(c)** G.S. 105-122(d) reads as rewritten:

15 "(d2) Tax Rate. – For an electric power company or a company that is a member of a  
16 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)  
17 of the company's tax base as determined under subsection (d) of this section. For purposes of this  
18 subsection, the term "electric power company" has the same meaning as defined in  
19 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more  
20 members that is an electric power company.

21 ~~For a C Corporation, For all other C Corporations, as defined in G.S. 105-130.2, [the] the~~ tax  
22 rate is ~~one dollar and fifty cents (\$1.50)~~ one dollar and thirty cents (\$1.30) per one thousand  
23 dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section.  
24 For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00)  
25 for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under  
26 subsection (d) of this section and ~~one dollar and fifty cents (\$1.50)~~ one dollar and thirty cents  
27 (\$1.30) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars  
28 (\$1,000,000).

29 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

30 **SECTION 41.3.(d)** G.S. 105-122(d2), as amended by subsection (c) of this section,  
31 reads as rewritten:

32 "(d2) Tax Rate. – For an electric power company or a company that is a member of a  
33 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)  
34 of the company's tax base as determined under subsection (d) of this section. For purposes of this  
35 subsection, the term "electric power company" has the same meaning as defined in  
36 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more  
37 members that is an electric power company.

38 For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is ~~one dollar and thirty~~  
39 ~~cents (\$1.30)~~ one dollar (\$1.00) per one thousand dollars (\$1,000) of the corporation's tax base  
40 as determined under subsection (d) of this section. For an S Corporation, as defined in  
41 G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars  
42 (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and  
43 ~~one dollar and thirty cents (\$1.30)~~ one dollar (\$1.00) per one thousand dollars (\$1,000) of its tax  
44 base that exceeds one million dollars (\$1,000,000).

45 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

46 **SECTION 41.3.(e)** G.S. 105-122(d2), as amended by subsections (c) and (d) of this  
47 section, reads as rewritten:

48 "(d2) Tax Rate. – ~~For an electric power company or a company that is a member of a~~  
49 ~~qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)~~  
50 ~~of the company's tax base as determined under subsection (d) of this section. For purposes of this~~  
51 ~~subsection, the term "electric power company" has the same meaning as defined in G.S. 105-~~

130.4(s3) and the term "qualified group" means an affiliated group that has one or more members that is an electric power company.

~~For all other C Corporations,~~ For a C Corporation, as defined in G.S. 105-130.2, the tax rate is one dollar (\$1.00) per one thousand dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar (\$1.00) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000).

In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

**SECTION 41.3.(f)** Subsections (a) through (c) of this section are effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of this section is effective for taxable years beginning on or after January 1, 2027, and applicable to the calculation of franchise tax reported on the 2026 and later corporate income tax returns. Except as otherwise provided, this section is effective when it becomes law.

## USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX APPORTIONMENT

**SECTION 41.4.(a)** G.S. 105-130.4 reads as rewritten:

"§ 105-130.4. Allocation and apportionment of income for corporations.

...

(l) ~~(4)~~ Sales Factor. – The sales factor is a fraction, the numerator of which is the total sales of the corporation in this State during the income year, and the denominator of which is the total sales of the corporation everywhere during the income year. Notwithstanding any other provision under this Part, the receipts from any casual sale of property shall be excluded from both the numerator and the denominator of the sales factor. Where a corporation is not taxable in another state on its apportionable income but is taxable in another state only because of nonapportionable income, all sales shall be treated as having been made in this State.

Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market for a receipt cannot be determined, the state or states of assignment shall be reasonably approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts of a sale are to be assigned through the use of a method of reasonable approximation, the receipts must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided by this section, a taxpayer's market for receipts is in this State as provided below:

(1) In the case of sale, rental, lease, or license of real property, if and to the extent the property is located in this State.

(2) Sales of tangible personal property are in this State if the property is received in this State by the purchaser. In the case of delivery of goods by common carrier or by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed shall be considered as the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person or firm designated by a purchaser from within or without the State shall constitute delivery to the purchaser in this State. In the case of rental, lease, or license of tangible personal property, if and to the extent the property is located in this State.

(3) Other sales are in this State if any of the following occur: In the case of sale of tangible personal property, if and to the extent the property is received in this State by the purchaser. In the case of delivery of goods by common carrier or

1 by other means of transportation, including transportation by the purchaser,  
2 the place at which the goods are ultimately received after all transportation  
3 has been completed is considered the place at which the goods are received  
4 by the purchaser. Direct delivery into this State by the taxpayer to a person or  
5 firm designated by a purchaser from within or without the State constitutes  
6 delivery to the purchaser in this State.

7 ~~a. The receipts are from real or tangible personal property located in this~~  
8 ~~State, and includes receipts from incidental services sold as part of, or~~  
9 ~~in connection with, the sale of tangible personal property in this State.~~

10 ~~b. The receipts are from intangible property and are received from~~  
11 ~~sources within this State.~~

12 ~~e. The receipts are from services and the income producing activities are~~  
13 ~~in this State. For the purposes of this subdivision, an~~  
14 ~~"income producing activity" means an activity directly performed by~~  
15 ~~the taxpayer or its agents for the ultimate purpose of generating the~~  
16 ~~sale of the service. Receipts from income producing activities~~  
17 ~~performed within and without this State are attributed to this State in~~  
18 ~~proportion to the income producing activities performed in this State~~  
19 ~~to total income producing activities performed everywhere that~~  
20 ~~generate the sale of service.~~

21 (4) In the case of sale of a service, if and to the extent the service is delivered to  
22 a location in this State.

23 (5) In the case of intangible property that is rented, leased, or licensed, if and to  
24 the extent the property is used in this State. Intangible property utilized in  
25 marketing a good or service to a consumer is "used in this State" if that good  
26 or service is purchased by a consumer who is in this State.

27 (6) In the case of intangible property that is sold, if and to the extent the property  
28 is used in this State. A contract right, government license, or similar intangible  
29 property that authorized the holder to conduct a business activity in a specific  
30 geographic area is "used in this State" if the geographic area includes all or  
31 part of this State. Receipts from a sale of intangible property that is contingent  
32 on the productivity, use, or disposition of the intangible property shall be  
33 treated as receipts from the rental, lease, or licensing of the intangible property  
34 as provided under subdivision (5) of this subsection. All other receipts from a  
35 sale of intangible property shall be excluded from the numerator and  
36 denominator of the sales factor.

37 (1) Wholesale Content Distributors. – A whole content distributor's market for receipts  
38 is in this State as provided in G.S. 105-130.4A. In no event may the amount of income  
39 apportioned to this State be less than the amount determined under this subsection. The amount  
40 determined under this subsection is the total domestic gross receipts of the wholesale content  
41 distributor from advertising and licensing activities multiplied by two percent (2%). For purposes  
42 of this section, the term "wholesale content distributor" has the same meaning as defined in  
43 G.S. 105-130.4A.

44 (2) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4B.  
45 For purposes of this section, the term "bank" has the same meaning as defined in  
46 G.S. 105-130.4B.

47 ...

48 (s3) Electric Power Company. – All apportionable income of an electric power company  
49 shall be apportioned by a fraction, the numerator of which is the average value of the real and  
50 tangible personal property owned or rented and used in this State by the electric power company  
51 during the income year and the denominator of which is the average value of all the real and

1 tangible personal property owned or rented and used by the electric power company during the  
 2 income year. For purposes of this subsection, the term "electric power company" is a company,  
 3 including any of its wholly owned noncorporate limited liability companies, primarily engaged  
 4 in the business of supplying electricity for light, heat, current, or power to persons in this State  
 5 and that is subject to control of one or more of the following entities: the North Carolina Utilities  
 6 Commission or the Federal Energy Regulatory Commission.

7 For purposes of this subsection, the average value of real and tangible personal property  
 8 owned or rented by an electric power company is determined as follows:

- 9 (1) The average value of property shall be determined by averaging the values at  
 10 the beginning and end of the income year, but in all cases the Secretary may  
 11 require the averaging of monthly or other periodic values during the income  
 12 year if reasonably required to reflect properly the average value of the  
 13 corporation's property.
- 14 (2) An electric power company that ceases its operations in this State before the  
 15 end of its income year because of its intention to dissolve or to relinquish its  
 16 certificate of authority, or because of a merger, conversion, or consolidation,  
 17 or for any other reason whatsoever shall use the real estate and tangible  
 18 personal property values as of the first day of the income year and the last day  
 19 of its operations in this State in determining the average value of property, but  
 20 the Secretary may require averaging of monthly or other periodic values  
 21 during the income year if reasonably required to reflect properly the average  
 22 value of the electric power company's property.
- 23 (3) Property owned by an electric power company is valued at its original cost.
- 24 (4) Property rented by an electric power company is valued at eight times the net  
 25 annual rental rate.
- 26 (5) Net annual rental rate is the annual rental rate paid by an electric power  
 27 company less any annual rental rate received by the electric power company  
 28 from sub-rentals except that sub-rentals shall not be deducted when they  
 29 constitute apportionable income.
- 30 (6) Any property under construction and any property the income from which  
 31 constitutes nonapportionable income shall be excluded from the computation  
 32 of the average value of an electric power company's real and tangible personal  
 33 property.

34 ...."

35 **SECTION 41.4.(b)** Part 1 of Article 4 of Chapter 105 of the General Statutes is  
 36 amended by adding a new section to read:

37 **"§ 105-130.4A. Market-based sourcing for wholesale content distributors.**

38 (a) **Definitions.** – The definitions in G.S. 105-130.4 and the following definitions apply  
 39 **to this section:**

- 40 (1) **Customer.** – A person who has a direct contractual relationship with a  
 41 wholesale content distributor from whom the wholesale content distributor  
 42 derives gross receipts, including a business customer such as an advertiser or  
 43 licensee and an individual customer that directly subscribes with the  
 44 wholesale content distributor for access to film programming.
- 45 (2) **Gross receipts.** – The same meaning as the term "sales" in G.S. 105-130.4.
- 46 (3) **Wholesale content distributor.** – A broadcast television network, a cable  
 47 program network, or any television distribution company owned by, affiliated  
 48 with, or under common ownership with any such network. The term does not  
 49 mean or include a multi-channel video programming distributor or a  
 50 distributor of subscription-based Internet programming services.

1       (b) Market for Receipts. – The receipts factor of a wholesale content distributor is a  
2 fraction, the numerator of which is the sum of the wholesale content distributor's gross receipts  
3 from transactions and activity in the regular course of its trade or business from sources within  
4 the State and the denominator of which is the sum of the wholesale content distributor's gross  
5 receipts from transactions and activity in the regular course of its trade or business everywhere.  
6 A wholesale content distributor's receipts from transactions and activities in the regular course  
7 of its business, including, but not limited to, advertising, licensing, and distribution activities, but  
8 excluding receipts from the sale of real property or tangible personal property, are in this State if  
9 derived from a business customer whose commercial domicile is in this State. Receipts derived  
10 from an individual customer are in this State if the billing address of the individual customer as  
11 listed in the broadcaster's books and records is in this State."

12       **SECTION 41.4.(c)** Part 1 of Article 4 of Chapter 105 of the General Statutes is  
13 amended by adding a new section to read:

14 **"§ 105-130.4B. Market-based sourcing for banks.**

15       (a) Definitions. – The definitions in G.S. 105-130.4 apply to this section and the  
16 following definitions apply to this section:

- 17       (1) Bank. – Defined in G.S. 105-130.7B.
- 18       (2) Billing address. – The location indicated in the books and records of the  
19 taxpayer on the first day of the taxable year, or on the date in the taxable year  
20 when the customer relationship began, as the address where any notice,  
21 statement, or billing relating to the customer's account is mailed.
- 22       (3) Borrower, cardholder, or payor located in this State. – A borrower, credit  
23 cardholder, or payor whose billing address is in this State.
- 24       (4) Card issuer's reimbursement fee. – The fee a taxpayer receives from a  
25 merchant's bank because one of the persons to whom the taxpayer has issued  
26 a credit, debit, or similar type of card has charged merchandise or services to  
27 the card.
- 28       (5) Credit card. – A card, or other means of providing information, that entitles  
29 the holder to charge the cost of purchases, or a cash advance against a line of  
30 credit.
- 31       (6) Debit card. – A card, or other means of providing information, that enables  
32 the holder to charge the cost of purchases, or a cash withdrawal, against the  
33 holder's bank account or a remaining balance on the card.
- 34       (7) Loan. – Any extension of credit resulting from direct negotiations between the  
35 taxpayer and its customer, and/or the purchase, in whole or in part, of such an  
36 extension of credit from another. The term includes participations,  
37 syndications, and leases treated as loans for federal income tax purposes.
- 38       (8) Loan secured by real property. – A loan or other obligation of which fifty  
39 percent (50%) or more of the aggregate value of the collateral used to secure  
40 the loan or other obligation, when valued at fair market value as of the time  
41 the original loan or obligation was incurred, was real property.
- 42       (9) Merchant discount. – The fee, or negotiated discount, charged to a merchant  
43 by the taxpayer for the privilege of participating in a program whereby a  
44 credit, debit, or similar type of card is accepted in payment for merchandise  
45 or services sold to the cardholder, net of any cardholder chargeback and  
46 unreduced by any interchange transaction or issuer reimbursement fee paid to  
47 another for charges or purchased made by its cardholder.
- 48       (10) Participation. – An extension of credit in which an undivided ownership  
49 interest is held on a prorated basis in a single loan or pool of loans and related  
50 collateral. In a loan participation, the credit originator initially makes the loan

1 and then subsequently resells all or a portion of it to other lenders. The  
2 participation may or may not be known to the borrower.

3 (11) Payor. – The person who is legally responsible for making payment to the  
4 taxpayer.

5 (12) Real property owned. – Real property (i) on which the taxpayer may claim  
6 depreciation for federal income tax purposes or (ii) to which the taxpayer  
7 holds legal title and on which no other person may claim depreciation for  
8 federal income tax purposes or could claim depreciation if subject to federal  
9 income tax. Real property does not include coin, currency, or property  
10 acquired in lieu of or pursuant to a foreclosure.

11 (13) Syndication. – An extension of credit in which two or more persons fund and  
12 each person is at risk only up to a specified percentage of the total extension  
13 of credit or up to a specified dollar amount.

14 (14) Tangible personal property owned. – Tangible personal property (i) on which  
15 the taxpayer may claim depreciation for federal income tax purposes or (ii) to  
16 which the taxpayer holds legal title and on which no other person may claim  
17 depreciation for federal income tax purposes could claim depreciation if  
18 subject to federal income tax. Tangible personal property does not include  
19 coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

20 (15) Transportation property. – Vehicles and vessels capable of moving under their  
21 own power as well as any equipment or containers attached to such property.  
22 Examples of transportation property include aircraft, trains, water vessels,  
23 motor vehicles, rolling stock, barges, and trailers.

24 (b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is  
25 the total receipts of the taxpayer in this State during the income year, and the denominator of  
26 which is the total receipts of the taxpayer everywhere during the income year. The method of  
27 calculating receipts for purposes of the denominator is the same as the method used in  
28 determining receipts for purposes of the numerator. The receipts factor includes only those  
29 receipts described herein that are apportionable income for the taxable year. Notwithstanding any  
30 other provision under this Part, the receipts from the following are excluded from both the  
31 numerator and the denominator of the receipts factor:

32 (1) Receipts from a casual sale of property.

33 (2) Receipts exempt from taxation.

34 (3) The portion of receipts realized from the sale or maturity of securities or other  
35 obligations that represents a return of principal.

36 (4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a)  
37 and (3b) and dividends excluded for federal tax purposes.

38 (5) The portion of receipts from financial swaps and other similar financial  
39 derivatives that represent the notional principal amount that generates the cash  
40 flow traded in the swap agreement.

41 (c) Receipts from the Sale, Lease, or Rental of Real Property. – The numerator of the  
42 receipts factor includes receipts from the sale, lease, or rental of real property owned by the  
43 taxpayer if the property is located within this State or receipts from the sublease of real property  
44 if the property is located within this State.

45 (d) Receipts from the Sale, Lease, or Rental of Tangible Personal Property. – The method  
46 for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

47 (1) Tangible personal property. – Except as provided in subdivision (2) of this  
48 subsection, the numerator of the receipts factor includes receipts from the sale,  
49 lease, or rental of tangible personal property owned by the taxpayer if the  
50 property is located within this State when it is first placed in service by the  
51 lessee.

1           (2)   Transportation property. – Receipts from the lease or rental of transportation  
2           property owned by the taxpayer are included in the numerator of the receipts  
3           factor to the extent that the property is used in this State. The extent an aircraft  
4           will be deemed to be used in this State and the amount of receipts that is to be  
5           included in the numerator of this State's receipts factor is determined by  
6           multiplying all the receipts from the lease or rental of the aircraft by a fraction,  
7           the numerator of which is the number of landings of the aircraft in this State  
8           and the denominator of which is the total number of landings of the aircraft.  
9           If the extent of the use of any transportation property within this State cannot  
10          be determined, then the property will be deemed to be used wholly in the state  
11          in which the property has its principal base of operations. A motor vehicle will  
12          be deemed to be used wholly in the state in which it is registered.

13          (e)   Interest, Fees, and Penalties from Loans Secured by Real Property. – The numerator  
14          of the receipts factor includes interest, fees, and penalties from loans secured by real property if  
15          the property is located within this State. If the property is located both within this State and one  
16          or more other states, the receipts described in this subsection are included in the numerator of the  
17          receipts factor if more than fifty percent (50%) of the fair market value of the real property is  
18          located within this State. If more than fifty percent (50%) of the fair market value of the real  
19          property is not located within any one state, then the receipts described in this subsection are  
20          included in the numerator of the receipts factor if the borrower is located in this State. The  
21          determination of whether the real property securing a loan is located within this State is made as  
22          of the time the original agreement was made and any and all subsequent substitutions of collateral  
23          are disregarded.

24          (f)   Interest, Fees, and Penalties from Loans Not Secured by Real Property. – The  
25          numerator of the receipts factor includes interest, fees, and penalties from loans not secured by  
26          real property if the borrower is located in this State.

27          (g)   Net Gains from the Sale of Loans. – The numerator of the receipts factor includes net  
28          gains from the sale of loans. Net gains from the sale of loans include income recorded under the  
29          coupon stripping rules of Section 1286 of the Code. The amount of net gains from the sale of  
30          loans that is included in the numerator is determined as follows:

31               (1)   Secured by real property. – The amount of net gains, but not less than zero,  
32               from the sale of loans secured by real property is determined by multiplying  
33               the net gains by a fraction, the numerator of which is the amount included in  
34               the numerator of the receipts factor pursuant to subsection (e) of this section,  
35               and the denominator of which is the total amount of interest, fees, and  
36               penalties from loans secured by real property.

37               (2)   Not secured by real property. – The amount of net gains, but not less than zero,  
38               from the sale of loans not secured by real property is determined by  
39               multiplying the net gains by a fraction, the numerator of which is the amount  
40               included in the numerator of the receipts factor pursuant to subsection (f) of  
41               this section, and the denominator of which is the total amount of interest, fees,  
42               and penalties from loans not secured by real property.

43          (h)   Receipts from Interest, Fees, and Penalties from Cardholders. – The numerator of the  
44          receipts factor includes interest, fees, and penalties charged to credit, debit, or similar  
45          cardholders, including annual fees and overdraft fees, if the cardholder is located in this State.

46          (i)   Receipts from ATM Fees. – The numerator of the receipts factor includes receipts  
47          from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this  
48          State. The receipts factor includes all ATM fees that are not forwarded directly to another bank.  
49          Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to  
50          subsection (l) of this section.

1       (j) Net Gains from the Sale of Credit Card Receivables. – The numerator of the receipts  
2 factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied  
3 by a fraction, the numerator of which is the amount included in the numerator of the receipts  
4 factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's  
5 total amount of interest, fees, and penalties charged to cardholders.

6       (k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the  
7 following:

8           (1) Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement  
9 fees if the payor is located in this State.

10          (2) Receipts from merchant's discount. – Receipts from a merchant discount if the  
11 payor is located in this State.

12          (3) Loan servicing fees. – Receipts from loan servicing fees if the payor is located  
13 in this State.

14          (4) Receipts from services. – Receipts from services not otherwise apportioned  
15 under this section if the payor is located in this State.

16          (5) Receipts from investment assets and activity and trading assets and activity. –  
17 Receipts from one or more of the following:

18           a. Interest and dividends from investment assets and activities and  
19 trading assets and activities if the payor is located in this State.

20           b. Net gains and other income, but not less than zero, from investment  
21 assets and activities and trading assets and activities multiplied by a  
22 fraction, the numerator of which is the amount included in the  
23 numerator of the receipts factor pursuant to sub-subdivision a. of this  
24 subdivision, and the denominator of which is the taxpayer's total  
25 amount of interest and dividends from investment assets and activities  
26 and trading assets and activities.

27       (l) All Other Receipts. – All other receipts not specifically enumerated in this section are  
28 included in the numerator of the receipts factor if the payor is located in this State."

29       **SECTION 41.4.(d)** The Utilities Commission shall adjust the rates for public  
30 utilities, excluding water public utilities with less than two hundred thousand dollars (\$200,000)  
31 in annual operating revenues, for the tax changes in subsection (a) of this section. Each utility  
32 shall calculate the cumulative net effect of the tax changes and file the calculations with proposed  
33 rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of  
34 the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected  
35 in the utility's books and records required by the tax changes shall be deferred and reflected in  
36 customer rates in either the utility's next rate case or earlier if deemed appropriate by the  
37 Commission.

38       **SECTION 41.4.(e)** Under Section 38.4 of S.L. 2016-94, the Department of Revenue  
39 adopted and submitted to the Rules Review Commission rules regarding the implementation and  
40 administration of market-based sourcing principles based on legislation proposed in that section.  
41 The Department adopted the rules on January 4, 2017, and submitted the rules to the Rules  
42 Review Commission on January 18, 2017. The Rules Review Commission approved and  
43 delivered the rules to the Codifier of Rules on February 16, 2017. Pursuant to Section 38.4(b) of  
44 S.L. 2016-94, the Codifier of Rules did not enter the rules into the Administrative Code. The  
45 Department of Revenue shall revise the rules in a manner consistent with this section.

46       **SECTION 41.4.(f)** G.S. 105-130.4(s3), as enacted by subsection (a) of this section,  
47 is repealed.

48       **SECTION 41.4.(g)** G.S. 105-122(c1)(1) reads as rewritten:

49       "(1) Statutory. – A corporation that is subject to income tax under Article 4 of this  
50 Chapter must apportion its capital stock, surplus, and undivided profits by  
51 using the fraction it applies in apportioning its income under that Article. A

corporation that is not subject to income tax under Article 4 of this Chapter must apportion its capital stock, surplus, and undivided profits by using the fraction it would be required to apply in apportioning its income if it were subject to that Article. The apportionment fraction for a wholesale content distributor, as that term is defined in G.S. 105-130.4A, shall not be less than two percent (2%). The apportionment method set out in this subdivision is considered the statutory method of apportionment and is presumed to be the best method of determining the amount of a corporation's capital stock, surplus, and undivided profits attributable to the corporation's business in this State."

**SECTION 41.4.(h)** Subsections (a) through (c) and subsection (g) of this section are effective for taxable years beginning on or after January 1, 2020. Subsection (f) of this section is effective for taxable years beginning on or after January 1, 2026. The remainder of this section is effective when it becomes law.

**MARKETPLACE FACILITATORS TO COLLECT SALES TAX**

**SECTION 41.5.(a)** G.S. 105-164.3 reads as rewritten:

**"§ 105-164.3. Definitions.**

The following definitions apply in this Article:

- ...
- (20a) Marketplace. – A physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items, the delivery of or first use of which is sourced to this State.
- (20b) Marketplace facilitated sale. – The sale of an item by a marketplace facilitator on behalf of a marketplace seller that occurs through a marketplace.
- (20c) Marketplace facilitator. – A person that, directly or indirectly and whether through one or more affiliates, does both of the following:
  - a. Lists or otherwise makes available for sale a marketplace seller's items through a marketplace owned or operated by the marketplace facilitator.
  - b. Does one or more of the following:
    - 1. Collects the sales price or purchase price of a marketplace seller's items or otherwise processes payment.
    - 2. Makes payment processing services available to purchasers for the sale of a marketplace seller's items.
    - 3. Transmits the offer or acceptance for the sale of the items.
- (20d) Marketplace seller. – A person that sells or offers to sell items through a marketplace regardless of any of the following:
  - a. Whether the person has a physical presence in this State.
  - b. Whether the person is registered as a retailer in this State.
  - c. Whether the person would have been required to collect and remit sales and use tax had the sales not been made through a marketplace.
  - d. Whether the person would not have been required to collect and remit sales and use tax had the sales not been made through a marketplace.

...."

**SECTION 41.5.(b)** G.S. 105-164.8(b) reads as rewritten:

"(b) **Remote Sales.** – A retailer who makes a remote sale is engaged in business in this State and is subject to the tax levied under this Article if at least one of the following conditions is met:

...

(3) The retailer solicits or transacts business in this State by employees, independent contractors, agents, or other representatives, whether the remote sales ~~thus~~ subject to taxation by this State result from or are related in any other way to the solicitation or transaction of business. A retailer is presumed to be soliciting or transacting business by an independent contractor, agent, or other representative if the retailer enters into an agreement with a resident of this State under which the ~~resident, person,~~ for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site or otherwise, to the retailer. This presumption applies only if the cumulative gross receipts from sales by the retailer to purchasers in this State who are referred to the retailer by all ~~residents~~ persons with this type of agreement with the retailer is in excess of ten thousand dollars (\$10,000) during the preceding four quarterly periods. This presumption may be rebutted by proof that the ~~resident person~~ with whom the retailer has an agreement did not engage in any solicitation in the State on behalf of the seller that would satisfy the nexus requirement of the United States Constitution during the four quarterly periods in question.

...  
 (9) ~~The retailer, with respect to retailer makes remote sales into North Carolina sourced to this State, including sales as a marketplace seller, for the previous or the current calendar year, had one or more year that meet either of the following:~~

- a. Gross sales in excess of one hundred thousand dollars (\$100,000).
- b. Two hundred or more separate transactions.

(10) The retailer is a marketplace facilitator that makes sales, including all marketplace facilitated sales for all marketplace sellers, sourced to this State for the previous or the current calendar year that meet either of the following:

- a. Gross sales in excess of one hundred thousand dollars (\$100,000).
- b. Two hundred or more separate transactions."

**SECTION 41.5.(c)** Part 2 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-164.4J. Marketplace facilitated sales.**

(a) Scope. – This section applies to a marketplace facilitator that makes sales, including all marketplace facilitated sales for all marketplace sellers, sourced to this State for the previous or the current calendar year that meet either of the following:

- (1) Gross sales in excess of one hundred thousand dollars (\$100,000).
- (2) Two hundred or more separate transactions.

(b) Payment of Tax. – A marketplace facilitator that meets the threshold in subsection (a) of this section is considered the retailer of each marketplace facilitated sale it makes and is liable for collecting and remitting the sales and use tax on all such sales. A marketplace facilitator is required to comply with the same requirements and procedures as all other retailers registered or who are required to be registered to collect and remit sales and use tax in this State. A marketplace seller shall treat a sale made through a marketplace facilitator that is subject to the provisions of this section as a wholesale sale. A marketplace facilitator is required to collect and remit sales tax as required by this section regardless of whether a marketplace seller for whom it makes a marketplace facilitated sale meets any of the following conditions:

- (1) Has a physical presence in this State.
- (2) Is required to be registered to collect and remit sales and use tax in this State.
- (3) Would have been required to collect and remit sales and use tax in this State had the sale not been made through a marketplace.

(4) Would not have been required to collect and remit sales and use tax in this State had the sale not been made through a marketplace.

(c) Report. – A marketplace facilitator must report to each marketplace seller for whom it makes marketplace facilitated sales the gross sales sourced to this State and the number of separate transactions sourced to this State made on behalf of the marketplace seller. The report shall be made no later than 10 days after the end of each calendar month.

(d) Refund of Tax. – If a purchaser receives a refund on any portion of the sales price from a marketplace facilitator who collected and remitted the tax on the retail sale, the provisions of G.S. 105-164.11A(a) apply.

(e) Class Actions. – No class action may be brought against a marketplace facilitator in any court of this State on behalf of customers arising from or in any way related to an overpayment of sales or use tax collected on facilitated sales by a marketplace facilitator, regardless of whether that claim is characterized as a tax refund claim. Nothing in this subsection affects a customer's right to seek a refund as provided under G.S. 105-164.11.

(f) Agreements. – Nothing in this section shall be construed to interfere with the ability of a marketplace facilitator and a marketplace seller to enter into an agreement with each other regarding the fulfillment of the requirements of this Article except that an agreement may not require a marketplace seller to collect and remit sales and use tax on marketplace facilitated sales.

(g) Use Tax Obligation. – Nothing in this section affects the obligation of any purchaser to remit use tax for any taxable transaction for which a marketplace facilitator does not collect and remit sales or use tax.

(h) Limitation. – This section does not apply to an accommodation facilitator, an admission facilitator, or a service contract facilitator whose collection and remittance requirements are set out in G.S. 105-164.4F, 105-164.4G, and 105-164.4I, respectively."

**SECTION 41.5.(d)** G.S. 105-237.1(a) reads as rewritten:

"(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

...

(8) A marketplace facilitator can show to the satisfaction of the Secretary that the failure to collect the correct amount of tax was due to incorrect information given to the marketplace facilitator by a marketplace seller."

**SECTION 41.5.(e)** G.S. 105-164.3 reads as rewritten:

**"§ 105-164.3. Definitions.**

The following definitions apply in this Article:

(1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a similar lodging facility for occupancy by an individual.

(1a) Accommodation facilitator. – A person that contracts, either directly or indirectly, with a provider of an accommodation to do, either directly or indirectly, one or more of the activities listed in this subdivision. The term includes a real estate broker as defined in G.S. 93A-2. The activities are:

a. Market the accommodation and accept payment or collect credit card or other payment information for the rental of the accommodation.

b. List the accommodation for rental on a forum, platform, or other application for a fee or other consideration.

...."

**SECTION 41.5.(f)** G.S. 105-164.4F reads as rewritten:

**"§ 105-164.4F. Accommodation rentals.**

(a) Definition.—The following definitions apply in this section:

(1) Accommodation.—A hotel room, a motel room, a residence, a cottage, or a similar lodging facility for occupancy by an individual.

1 (2) ~~Facilitator.~~— A person who is not a rental agent and who contracts with a  
2 provider of an accommodation to market the accommodation and to accept  
3 payment from the consumer for the accommodation.

4 (3) ~~Rental agent.~~— The term includes a real estate broker, as defined in G.S.  
5 93A-2.

6 (b) Tax. – The gross receipts derived from the rental of an accommodation are taxed at  
7 the general rate set in G.S. 105-164.4. Gross receipts derived from the rental of an  
8 accommodation include the sales price of the rental of the accommodation. The sales price of the  
9 rental of an accommodation is determined as if the rental were a rental of tangible personal  
10 property. The sales price of the rental of an accommodation ~~marketed~~ made by a ~~an~~  
11 accommodation facilitator includes charges designated as ~~facilitation fees~~ fees, service fees,  
12 listing fees, and any other charges necessary to complete the rental.

13 (b1) Retailer. – For purposes of the tax imposed by this section, the retailer is the  
14 applicable person listed below. The liability of an accommodation facilitator for the tax imposed  
15 by this section relieves the provider of the accommodation from liability. The retailer is:

16 (1) The provider of the accommodation, if the provider of the accommodation  
17 does any of the following with respect to the rental of the accommodation:

18 a. Collects payment for the accommodation at the time of the reservation.

19 b. Collects payment for the accommodation at the time the consumer  
20 occupies or has the right to occupy the accommodation.

21 c. Contracts with an accommodation facilitator that makes the  
22 reservation and collects credit card or other payment information at  
23 the time of the reservation, but does not collect payment for the  
24 accommodation at the time of the reservation.

25 (2) The accommodation facilitator, if the accommodation facilitator collects  
26 payment or a deposit for the accommodation at the time of the reservation.

27 (c) Accommodation Facilitator Transactions. – For a transaction in which the rental of  
28 an accommodation is made by an accommodation facilitator, but the provider of the  
29 accommodation is considered the retailer, the following provisions apply:

30 (1) ~~A~~ The accommodation facilitator must report to the retailer with whom it has  
31 ~~a contract~~ the sales price a consumer pays to the facilitator for an ~~the~~  
32 accommodation rental ~~marketed~~ made by the accommodation facilitator.

33 (2) A retailer must notify a ~~an~~ accommodation facilitator when an  
34 accommodation rental ~~marketed~~ made by the accommodation facilitator is  
35 completed, and the accommodation facilitator must send the retailer the  
36 portion of the sales price the accommodation facilitator owes the retailer and  
37 the tax due on the sales price no later than 10 days after the end of each  
38 calendar month.

39 (3) An accommodation facilitator that does not send the retailer the tax due on the  
40 sales price is liable for the amount of tax the accommodation facilitator fails  
41 to send. ~~A~~ An accommodation facilitator is not liable for tax sent to a retailer  
42 but not remitted by the retailer to the Secretary. Tax payments received by a  
43 retailer from a ~~an~~ accommodation facilitator are held in trust by the retailer  
44 for remittance to the Secretary.

45 (4) A retailer that receives a tax payment from a ~~an~~ accommodation facilitator  
46 must remit the amount received to the Secretary. A retailer is not liable for tax  
47 due but not received from a ~~an~~ accommodation facilitator.

48 (5) The requirements imposed by this section on a retailer and a ~~an~~ accommodation  
49 facilitator are considered terms of the contract between the  
50 retailer and the accommodation facilitator.

1       (c1) Accommodation Facilitator Report. – An accommodation facilitator must file with  
 2 the Secretary an annual report by March 31 of each year for the prior calendar year for  
 3 accommodation rentals for which it is not considered the retailer under subsection (b1) of this  
 4 section. The annual report must be provided in electronic format and include the property owner's  
 5 name, property owner's mailing address, physical location of the accommodation, rental activity  
 6 detail, available gross receipts information for rentals, and any other information deemed  
 7 necessary by the Secretary.

8       (d) ~~Rental Agent.~~ – A person who, by written contract, agrees to be the rental agent for  
 9 ~~the provider of an accommodation is considered a retailer under this Article and is liable for the~~  
 10 ~~tax imposed by this section. The liability of a rental agent for the tax imposed by this section~~  
 11 ~~relieves the provider of the accommodation from liability.~~

12       (e) Exemptions. – The tax imposed by this section does not apply to the following:

- 13       (1) ~~A private residence, cottage, or similar accommodation that is rented for fewer~~  
 14 ~~than 15 days in a calendar year other than a private residence, cottage, or~~  
 15 ~~similar accommodation listed with a real estate broker or agent, unless the~~  
 16 ~~accommodation is rented by an accommodation facilitator that is considered~~  
 17 ~~the retailer under subsection (b1) of this section.~~
- 18       (2) An accommodation supplied to the same person for a period of 90 or more  
 19 continuous days.
- 20       (3) An accommodation arranged or provided to a person by a school, camp, or  
 21 similar entity where a tuition or fee is charged to the person for enrollment in  
 22 the school, camp, or similar entity."

23       **SECTION 41.5.(g)** G.S. 105-164.3 reads as rewritten:

24       "**§ 105-164.3. Definitions.**

25       The following definitions apply in this Article:

26       ...

27       (1b) Admission charge. – Gross receipts derived for the right to attend an  
 28 entertainment activity. The term includes a charge for a single ticket, a  
 29 multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee  
 30 that provides for admission; a cover charge; a surcharge; a convenience fee, a  
 31 processing fee, a facility charge, a facilitation fee, or similar charge; or any  
 32 other charges included in gross receipts derived from admission.

33       (1c) Admission facilitator. – A person who accepts payment of an admission  
 34 charge to an entertainment activity and who is not the operator of the venue  
 35 where the entertainment activity occurs.

36       ...

37       (1f) Amenity. – A feature that increases the value or attractiveness of an  
 38 entertainment activity that allows a person access to items that are not subject  
 39 to tax under this Article and that are not available with the purchase of  
 40 admission to the same event without the feature. The term includes parking  
 41 privileges, special entrances, access to areas other than general admission,  
 42 mascot visits, and merchandise discounts. The term does not include any  
 43 charge for food, prepared food, and alcoholic beverages subject to tax under  
 44 this Article.

45       ...

46       (9a) Entertainment activity. – An activity listed in this subdivision:

47       a. A live performance or other live event of any kind, the purpose of  
 48 which is for entertainment.

49       b. A movie, motion picture, or film.

50       c. A museum, a cultural site, a garden, an exhibit, a show, or a similar  
 51 attraction.

d. A guided tour at any of the activities listed in sub-subdivision c. of this subdivision.

...."

**SECTION 41.5.(h)** G.S. 105-164.4G reads as rewritten:

**"§ 105-164.4G. Entertainment activity.**

(a) **Definition.**—The following definitions apply in this section:

(1) ~~Admission charge.~~—~~Gross receipts derived for the right to attend an entertainment activity. The term includes a charge for a single ticket, a multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee that provides for admission; a cover charge; a surcharge; a convenience fee, a processing fee, a facility charge, a facilitation fee, or similar charge; or any other charges included in gross receipts derived from admission.~~

(2) ~~Amenity.~~—~~A feature that increases the value or attractiveness of an entertainment activity that allows a person access to items that are not subject to tax under this Article and that are not available with the purchase of admission to the same event without the feature. The term includes parking privileges, special entrances, access to areas other than general admission, mascot visits, and merchandise discounts. The term does not include any charge for food, prepared food, and alcoholic beverages subject to tax under this Article.~~

(3) ~~Entertainment activity.~~—~~An activity listed in this subdivision:~~

a. ~~A live performance or other live event of any kind, the purpose of which is for entertainment.~~

b. ~~A movie, motion picture, or film.~~

e. ~~A museum, a cultural site, a garden, an exhibit, a show, or a similar attraction.~~

d. ~~A guided tour at any of the activities listed in sub-subdivision c. of this subdivision.~~

(4) ~~Facilitator.~~—~~A person who accepts payment of an admission charge to an entertainment activity and who is not the operator of the venue where the entertainment activity occurs.~~

(b) **Tax.** – The gross receipts derived from an admission charge to an entertainment activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the retailer is the applicable person listed below:

(1) The operator of the venue where the entertainment activity occurs, unless the retailer and the admission facilitator have a contract between them allowing for dual remittance, as provided in subsection (d) of this section.

(2) The person that provides the entertainment and that receives admission charges directly from a purchaser.

(3) A person other than a person listed in subdivision (1) or (2) of this subsection that receives gross receipts derived from an admission charge sold at retail.

(c) Admission Facilitator. – ~~A~~ An admission facilitator must report to the retailer with whom it has a contract the admission charge a consumer pays to the admission facilitator for an entertainment activity. The admission facilitator must send the retailer the portion of the gross receipts the admission facilitator owes the retailer and the tax due on the gross receipts derived from an admission charge no later than 10 days after the end of each calendar month. ~~A~~ An admission facilitator that does not send the retailer the tax due on the gross receipts derived from an admission charge is liable for the amount of tax the admission facilitator fails to send to the retailer. ~~A~~ An admission facilitator is not liable for tax sent to a retailer but not remitted by the retailer to the Secretary. Tax payments received by a retailer from a an admission facilitator are

1 held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment  
2 from ~~a~~an admission facilitator must remit the amount received to the Secretary. A retailer is not  
3 liable for tax due but not received from ~~a~~an admission facilitator. The requirements imposed by  
4 this subsection on a retailer and ~~a~~an admission facilitator are considered terms of the contract  
5 between the retailer and the admission facilitator.

6 (d) Dual Remittance. – The tax due on the gross receipts derived from an admission  
7 charge may be partially reported and remitted to the operator of the venue for remittance to the  
8 Department and partially reported and remitted by the admission facilitator directly to the  
9 Department. The portion of the tax not reported and remitted to the operator of the venue must  
10 be reported and remitted directly by the admission facilitator to the Department. ~~A~~An admission  
11 facilitator that elects to remit tax under the dual remittance option is required to obtain a  
12 certificate of registration in accordance with G.S. 105-164.29. ~~A~~An admission facilitator is  
13 subject to the provisions of Article 9 of this Chapter.

14 ...."

15 **SECTION 41.5.(i)** G.S. 105-164.3 reads as rewritten:

16 "**§ 105-164.3. Definitions.**

17 The following definitions apply in this Article:

18 ...

19 (38c) Service contract facilitator. – A person who contracts with the obligor of a  
20 service contract to market the service contract and accepts payment from the  
21 purchaser for the service contract.

22 ...."

23 **SECTION 41.5.(j)** G.S. 105-164.4I reads as rewritten:

24 "**§ 105-164.4I. Service contracts.**

25 (a) Tax. – The sales price of or the gross receipts derived from a service contract or the  
26 renewal of a service contract sold at retail is subject to the general rate of tax set in G.S. 105-164.4  
27 and is sourced in accordance with the sourcing principles in G.S. 105-164.4B. The retailer of a  
28 service contract is required to collect the tax due at the time of the retail sale of the contract and  
29 is liable for payment of the tax. The tax is due and payable in accordance with G.S. 105-164.16.

30 The retailer of a service contract is the applicable person listed below:

- 31 (1) When a service contract is sold at retail to a purchaser by the obligor under  
32 the contract, the obligor is the retailer.
- 33 (2) When a service contract is sold at retail to a purchaser by a service contract  
34 facilitator on behalf of the obligor under the contract, the service contract  
35 facilitator is the retailer unless the provisions of subdivision (3) of this  
36 subsection apply.
- 37 (3) When a service contract is sold at retail to a purchaser by a service contract  
38 facilitator on behalf of the obligor under the contract and there is an agreement  
39 between the service contract facilitator and the obligor that states the obligor  
40 will be liable for the payment of the tax, the obligor is the retailer. The service  
41 contract facilitator must send the retailer the tax due on the sales price of or  
42 gross receipts derived from the service contract no later than 10 days after the  
43 end of each calendar month. A service contract facilitator that does not send  
44 the retailer the tax due on the sales price or gross receipts is liable for the  
45 amount of tax the service contract facilitator fails to send. A service contract  
46 facilitator is not liable for tax sent to a retailer but not remitted by the retailer  
47 to the Secretary. Tax payments received by a retailer from a service contract  
48 facilitator are held in trust by the retailer for remittance to the Secretary. A  
49 retailer that receives a tax payment from a service contract facilitator must  
50 remit the amount received to the Secretary. A retailer is not liable for tax due  
51 but not received from a service contract facilitator. The requirements imposed

1 by this subdivision on a retailer and a service contract facilitator are  
 2 considered terms of the agreement between the retailer and the service  
 3 contract facilitator.

4 ...

5 (e) ~~Definition. — For purposes of this section, the term "facilitator" means a person who~~  
 6 ~~contracts with the obligor of the service contract to market the service contract and accepts~~  
 7 ~~payment from the purchaser for the service contract."~~

8 **SECTION 41.5.(k)** G.S. 105-164.22 reads as rewritten:

9 **"§ 105-164.22. Record-keeping Record keeping requirements, inspection authority, and**  
 10 **effect of failure to keep records.**

11 (a) Record Keeping Generally. — Retailers, wholesale merchants, facilitators, real  
 12 property contractors, and consumers must keep records that establish their tax liability under this  
 13 Article. The Secretary or a person designated by the Secretary may inspect these records at any  
 14 reasonable time during the day.

15 (b) Retailers. — A retailer's records must include records of the retailer's gross income,  
 16 gross sales, net taxable sales, ~~and all items purchased for resale.~~ resale, and any reports or records  
 17 related to transactions with a facilitator with whom it has a contract as provided in this Article.  
 18 Failure of a retailer to keep records that establish ~~that~~ a sale is exempt under this Article subjects  
 19 the retailer to liability for tax on the sale.

20 (c) Wholesale Merchants. — A wholesale merchant's records must include a bill of sale  
 21 for each customer that contains the name and address of the purchaser, the date of the purchase,  
 22 the item purchased, and the sales price at which the wholesale merchant sold of the item. A  
 23 wholesale merchant must also keep records that establish a sale is exempt from tax and any  
 24 reports or records related to transactions with a facilitator with whom it has a contract as provided  
 25 in this Article. Failure of a wholesale merchant to keep ~~these records for the sale of an item that~~  
 26 establish a sale is exempt from tax under this Article subjects the wholesale merchant to liability  
 27 for tax at the rate that applies to the retail sale of the item.

28 (d) Facilitators. — A facilitator's records must include records of the facilitator's gross  
 29 income, gross sales, net taxable sales, all items purchased for resale, any reports or records related  
 30 to transactions with a retailer with whom it has a contract as provided in this Article, and any  
 31 other records that establish its tax liability. Failure of a facilitator to keep records that establish a  
 32 sale is exempt from tax under this Article subjects the facilitator to liability for tax on the sale.

33 (e) Real Property Contractors. — A real property contractor's records must include  
 34 substantiation that a transaction is a real property contract or a mixed transaction contract  
 35 pursuant to G.S. 105-164.4H(a1). Failure of a real property contractor to keep records that  
 36 establish a real property contract under this Article subjects the real property contractor to  
 37 liability for tax on the sale.

38 (f) Consumers. — A consumer's records must include an invoice or other statement of the  
 39 purchase price of an item the consumer purchased from inside or outside the ~~State.~~ State and any  
 40 sales and use tax paid thereon. Failure of the consumer to keep these records subjects the  
 41 consumer to liability for tax on the purchase price of the item, as determined by the Secretary."

42 **SECTION 41.5.(l)** G.S. 105-164.3 reads as rewritten:

43 **"§ 105-164.3. Definitions.**

44 The following definitions apply in this Article:

45 ...

46 ~~(1)~~(1d) Advertising and promotional direct mail. — Printed material that meets the  
 47 definition of "direct mail" and the primary purpose of which is to attract public  
 48 attention to ~~a product, an item,~~ person, business, or organization, or to attempt  
 49 to sell, popularize, or secure financial support for ~~a product, an item,~~ person,  
 50 business, or organization. ~~As used in this subdivision, "product" means~~  
 51 ~~tangible personal property, digital property, or a service.~~

- 1           (1e) Affiliate. – Defined in G.S. 105-130.2.  
 2           ...
- 3           ~~(1a)~~(1g) Analytical services. – Testing laboratories that are included in national  
 4           industry 541380 of NAICS or medical laboratories that are included in  
 5           national industry 621511 of NAICS.
- 6           ~~(1b)~~(1h) Ancillary service. – A service associated with or incidental to the  
 7           provision of a telecommunications service. The term includes detailed  
 8           communications billing, directory assistance, vertical service, and voice mail  
 9           service. A vertical service is a service, such as call forwarding, caller ID,  
 10          three-way calling, and conference bridging, that allows a customer to identify  
 11          a caller or manage multiple calls and call connections.
- 12          ~~(1f)~~(1i) Audio work. – A series of musical, spoken, or other sounds, including a  
 13          ringtone.
- 14          ~~(1g)~~(1j) Audiovisual work. – A series of related images and any sounds  
 15          accompanying the images that impart an impression of motion when shown  
 16          in succession.
- 17          ~~(1h)~~(1k) Aviation gasoline. – Defined in G.S. 105-449.60.
- 18          ~~(1i)~~(1l) Bundled transaction. – A retail sale of two or more distinct and identifiable  
 19          ~~products, items,~~ at least one of which is taxable and one of which is ~~exempt,~~  
 20          ~~nontaxable,~~ for one nonitemized price. The term does not apply to real  
 21          property ~~and or~~ services to real property. ~~Products-Items~~ are not sold for one  
 22          nonitemized price if an invoice or another sales document made available to  
 23          the purchaser separately identifies the price of each ~~product-item.~~ A bundled  
 24          transaction does not include the retail sale of any of the following:  
 25          a.       ~~A product-An item~~ and any packaging ~~item~~ that accompanies the  
 26          ~~product-item~~ and is exempt under G.S. 105-164.13(23).  
 27          b.       A sale of two or more ~~products-items~~ whose combined price varies, or  
 28          is negotiable, depending on the ~~products-items~~ the purchaser selects.  
 29          c.       A sale of ~~a product-an item~~ accompanied by a transfer of another  
 30          ~~product-item~~ with no additional consideration.  
 31          d.       ~~A product-An item~~ and the delivery or installation of the ~~product-item.~~  
 32          e.       ~~A product-An item~~ and any service necessary to complete the sale.
- 33          ~~(1k)~~(1m) Business. – An activity a person engages in or causes another to engage in  
 34          with the object of gain, profit, benefit, or advantage, either direct or indirect.  
 35          The term does not include an occasional and isolated sale or transaction by a  
 36          person who does not claim to be engaged in business.
- 37          ~~(1m)~~(1n) Cable service. – The one-way transmission to subscribers of video  
 38          programming or other programming service and any subscriber interaction  
 39          required to select or use the service.  
 40          ...
- 41          (2c) Capital improvement. – One or more of the following:  
 42          ...  
 43          k.       An addition or alteration to real property that is permanently affixed  
 44          or installed to real property and is not an activity listed in subdivision  
 45          ~~(33l)-(33m)~~ of this section as repair, maintenance, and installation  
 46          services.  
 47          ...
- 48          (9) Engaged in business. – Any of the following:  
 49          a.       Maintaining, occupying, or using permanently or temporarily, directly  
 50          or indirectly, or through a subsidiary or agent, by whatever name  
 51          called, any office, place of distribution, sales or sample room,

warehouse or storage place, or other place of business for ~~selling or delivering tangible personal property, digital property, or a service for storage, use, or consumption~~ in this State, or permanently or temporarily, directly or through a subsidiary, having any representative, agent, sales representative, marketplace facilitator subject to the requirements of G.S. 105-164.4J, or solicitor operating or transacting business by mobile phone application or other applications in this State ~~in the selling or delivering State~~. The fact that any corporate retailer, agent, or subsidiary engaged in business in this State may not be legally domesticated or qualified to do business in this State is immaterial.

...

e. Making marketplace facilitated sales subject to the requirements of G.S. 105-164.4J.

...

(9e) Facilitator. – An accommodation facilitator, an admission facilitator, or a service contract facilitator.

...

~~(20b)~~(20e) Mixed transaction contract. – A contract that includes both a real property contract for a capital improvement and repair, maintenance, and installation services for real property that are not related to the capital improvement.

...

(33j) Remote sale. – A sale of ~~tangible personal property or digital property~~ an item ordered by mail, by telephone, via the Internet, mobile phone application, or by another similar method, to a purchaser who is in this State at the time the order is remitted, from method by a retailer who receives the order in another state and delivers the property item or makes it accessible to a person in this State or causes it the item to be delivered or made accessible to a person in this State. State or performs a service sourced to this State. It is presumed that a resident of this State who remits makes an order was in this State at the time the order was remitted.

...

~~(33d)~~(33m) Repair, maintenance, and installation services. – The term includes the activities listed in this subdivision and applies to tangible personal property, motor ~~vehicle, vehicles, certain~~ digital property, and real property. The term does not include ~~services~~ a service used to fulfill a real property contract taxed in accordance with ~~G.S. 105-164.4H~~:G.S. 105-164.4H. The included activities are:

...

(35) Retailer. – Any of the following persons:  
 a. A person engaged in business of making sales at retail, offering to make sales at retail, or soliciting sales at retail of ~~tangible personal property, digital property for storage, use, or consumption in this State, or services items~~ sourced to this State. When the Secretary finds it necessary for the efficient administration of this Article to regard any sales representatives, solicitors, representatives, consignees, peddlers, or truckers as agents of the dealers, distributors, consignors, supervisors, employers, or persons under whom they operate or from whom they obtain the items sold by them regardless of whether they are making sales on their own behalf or on behalf of these dealers, distributors, consignors, supervisors, employers, or persons, the

1 Secretary may so regard them and may regard the dealers, distributors,  
2 consignors, supervisors, employers, or persons as "retailers" for the  
3 purpose of this Article.

- 4 b. A person, other than a real property contractor, engaged in business of  
5 delivering, erecting, installing, or applying tangible personal property  
6 or digital property for use in this State.  
7 c. A person engaged in business of making a remote sale, if one of the  
8 conditions listed in G.S. 105-164.8(b) is met.  
9 d. ~~A person, other than a facilitator,~~ person required to collect the State  
10 tax levied under this Article or the local taxes levied under Subchapter  
11 VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.  
12 e. A marketplace facilitator that is subject to the requirements of  
13 G.S. 105-164.4J or a facilitator that is required to collect and remit the  
14 tax under this Article.

15 ...."

16 **SECTION 41.5.(m)** There is no obligation to collect the sales and use tax required  
17 by this section retroactively.

18 **SECTION 41.5.(n)** If any provision of this section, or the application of any  
19 provision to a person or circumstance, is held to be unconstitutional, then the remainder of this  
20 section and the application of the provisions to any person or circumstance shall not be affected  
21 thereby.

22 **SECTION 41.5.(o)** The Revisor of Statutes is authorized to renumber the  
23 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and  
24 in a manner that reduces the current use of alphanumeric designations, to make conforming  
25 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

26 **SECTION 41.5.(p)** This section becomes effective September 1, 2019, and applies  
27 to sales occurring on or after that date.

## 29 DEDUCTION FOR AMOUNTS RECEIVED AS ECONOMIC INCENTIVES

30 **SECTION 41.6.(a)** G.S. 105-130.5(b) reads as rewritten:

31 "(b) The following deductions from federal taxable income shall be made in determining  
32 State net income:

33 ...

34 (31) To the extent included in federal taxable income, the amount received by a  
35 taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G  
36 or Part 2H of Article 10 of Chapter 143B of the General Statutes."

37 **SECTION 41.6.(b)** G.S. 105-153.5(b) reads as rewritten:

38 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
39 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
40 the taxpayer's adjusted gross income:

41 ...

42 (14) The amount received by a taxpayer as an economic incentive pursuant to  
43 G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of  
44 the General Statutes."

45 **SECTION 41.6.(c)** This section is effective for taxable years beginning on or after  
46 January 1, 2019, and applies to amounts received by a taxpayer pursuant to an economic incentive  
47 agreement entered into on or after that date.

## 49 EXTEND HISTORIC REHABILITATION TAX CREDIT

50 **SECTION 41.7.(a)** G.S. 105-129.110 reads as rewritten:

51 "§ 105-129.110. Sunset.

1 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses  
2 incurred on or after ~~January 1, 2020.~~ January 1, 2024. For qualified rehabilitation expenditures  
3 and rehabilitation expenses incurred prior to ~~January 1, 2020.~~ January 1, 2024. this Article expires  
4 for property not placed in service by ~~January 1, 2028.~~ January 1, 2032."

5 **SECTION 41.7.(b)** This section is effective when it becomes law.  
6

#### 7 **EXTEND SALES TAX EXEMPTION FOR QUALIFYING AIRLINES**

8 **SECTION 41.8.(a)** G.S. 105-164.13(11b) reads as rewritten:

9 "(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a  
10 commercial aircraft. For purposes of this subdivision, the term "commercial  
11 aircraft" has the same meaning as defined in subdivision (45a) of this section.  
12 This exemption also applies to aviation gasoline and jet fuel purchased for use  
13 in a commercial aircraft in interstate or foreign commerce by a person whose  
14 primary business is scheduled passenger air transportation. This subdivision  
15 expires ~~January 1, 2020.~~ January 1, 2024."

16 **SECTION 41.8.(b)** This section is effective when it becomes law.  
17

#### 18 **EXTEND SALES TAX EXEMPTIONS FOR PROFESSIONAL MOTORSPORTS** 19 **TEAMS**

20 **SECTION 41.9.(a)** G.S. 105-164.13(65) and (65a) read as rewritten:

21 "(65) This subdivision expires ~~January 1, 2020.~~ January 1, 2024. Sales of the  
22 following to a professional motorsports racing team or a related member of a  
23 team for use in competition in a sanctioned race series:

- 24 a. The sale, lease, or rental of an engine.
- 25 b. The sales price of or gross receipts derived from a service contract on,  
26 or repair, maintenance, and installation services for, a transmission, an  
27 engine, rear-end gears, and any other item that is purchased, leased, or  
28 rented and that is exempt from tax under this subdivision or that is  
29 allowed a sales tax refund under G.S. 105-164.14A(a)(5).
- 30 c. The gross receipts derived from an agreement to provide an engine to  
31 a professional motorsports racing team or related member of a team  
32 for use in competition in a sanctioned race series, where such  
33 agreement does not meet the definition of a "service contract" as  
34 defined in G.S. 105-164.3 but may meet the definition of the term  
35 "lease or rental" as defined in G.S. 105-164.3.

36 (65a) An engine or a part to build or rebuild an engine for the purpose of providing  
37 an engine under an agreement to a professional motorsports racing team or a  
38 related member of a team for use in competition in a sanctioned race series.  
39 This subdivision expires ~~January 1, 2020.~~ January 1, 2024."

40 **SECTION 41.9.(b)** G.S. 105-164.14A(a)(4) and (a)(5) read as rewritten:

41 "(4) Motorsports team or sanctioning body. – A professional motorsports racing  
42 team, a motorsports sanctioning body, or a related member of such a team or  
43 body is allowed a refund of the sales and use tax paid by it in this State on  
44 aviation gasoline or jet fuel that is used to travel to or from a motorsports event  
45 in this State, to travel to a motorsports event in another state from a location  
46 in this State, or to travel to this State from a motorsports event in another state.  
47 For purposes of this subdivision, a "motorsports event" includes a motorsports  
48 race, a motorsports sponsor event, and motorsports testing. This subdivision  
49 is repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024.

50 (5) Professional motorsports team. – A professional motorsports racing team or a  
51 related member of a team is allowed a refund of fifty percent (50%) of the

1 sales and use tax paid by it in this State on tangible personal property, other  
2 than tires or accessories, that comprises any part of a professional motorsports  
3 vehicle. For purposes of this subdivision, "motorsports accessories" includes  
4 instrumentation, telemetry, consumables, and paint. This subdivision is  
5 repealed for purchases made on or after ~~January 1, 2020~~ January 1, 2024."

6 **SECTION 41.9.(c)** This section is effective when it becomes law.  
7

## 8 **FACILITATE RESPONSE TO DISASTERS**

9 **SECTION 41.10.(a)** Part 8 of Article 1 of Chapter 166A of the General Statutes is  
10 amended by adding a new section to read:

### 11 **"§ 166A-19.70A. Tax and business relief for critical infrastructure businesses and** 12 **employees during a disaster response period.**

13 (a) Purpose. – The State finds that it is appropriate to exempt from certain State laws  
14 businesses and employees who come from out-of-state to provide temporary resources and  
15 personnel to assist in disaster-related work related to critical infrastructure in response to a  
16 disaster declaration.

17 (b) Definitions. – In addition to the definitions in G.S. 166A-19.3, the following  
18 definitions apply in this section:

19 (1) Critical infrastructure. – Property and equipment owned or used by a critical  
20 infrastructure company for utility or communications transmission services to  
21 the public in the State. Examples of critical infrastructure include  
22 communications networks, electric generation, transmission and distribution  
23 systems, natural gas transmission and distribution systems, water pipelines,  
24 and related support facilities. Related support facilities may include buildings,  
25 offices, lines, poles, pipes, structures, and equipment.

26 (2) Critical infrastructure company. – One of the following:

27 a. A registered public communications provider.

28 b. A registered public utility.

29 (3) Disaster-related work. – Repairing, renovating, installing, building, or  
30 performing services on critical infrastructure that has been damaged,  
31 impaired, or destroyed as a result of a disaster or emergency in an area covered  
32 by the disaster declaration.

33 (4) Disaster response period. – A period that begins 10 days prior to the first day  
34 of a disaster declaration and extends for 60 days following the expiration of  
35 the disaster declaration.

36 (5) Out-of-state business. – A person that, except with regard to the performance  
37 of disaster-related work, meets all of the conditions of this subdivision. The  
38 term may include an affiliate or subsidiary of a critical infrastructure  
39 company. The conditions are as follows:

40 a. Has no physical presence in the State.

41 b. Does not conduct business operations in this State.

42 c. Is not registered with any State agency to conduct business in the State.

43 d. Has not been required to file any tax returns with the State for three  
44 years prior to the disaster response period, other than those arising  
45 from the performance of disaster-related work during a tax year prior  
46 to the enactment of this section.

47 (6) Out-of-state employee. – A nonresident who is an employee of an out-of-state  
48 business entitled to relief under subsection (c) of this section or a nonresident  
49 employee of a critical infrastructure company temporarily in the State to  
50 perform disaster-related work during the disaster response period. The term  
51 does not include a nonresident who otherwise works in this State.

1           (7) Registered public communications provider. – A person registered to conduct  
2 business in this State prior to the disaster declaration that provides the  
3 transmission to the public of one or more of the following:

- 4           a. Broadband.  
5           b. Mobile telecommunications.  
6           c. Telecommunications.  
7           d. Wireless Internet access.

8           (8) Registered public utility. – A person registered to conduct business in this  
9 State prior to the disaster declaration that is subject to control of one or more  
10 of the following entities:

- 11           a. North Carolina Utilities Commission.  
12           b. Federal Communications Commission.  
13           c. Federal Energy Regulatory Commission.

14           (c) State Relief for Out-of-State Business. – An out-of-state business performing  
15 disaster-related work in this State during a disaster response period at the request of a critical  
16 infrastructure company is not considered to be conducting business in this State, and as such is  
17 exempt from the following statutory requirements:

- 18           (1) Franchise tax, as provided under G.S. 105-125.  
19           (2) Income tax, as provided under G.S. 105-130.11.  
20           (3) S Corporation income tax, as provided under G.S. 105-131.7.  
21           (4) Information returns, as provided under G.S. 105-154(b).  
22           (5) Unemployment tax, as provided under G.S. 96-9.2.  
23           (6) Workers' compensation, as provided under G.S. 97-13.  
24           (7) Registration with the Secretary of State to transact business in this State, as  
25 provided under G.S. 55-1-51.

26           (d) State Relief for Out-of-State Employee. – An out-of-state employee is not required to  
27 pay State income tax, or file an income tax return, on earnings received for disaster-related work  
28 performed during a disaster response period, as provided in G.S. 105-153.4(f) and  
29 G.S. 105-153.8(a)(2). The employer of an out-of-state employee is not required to withhold  
30 income tax from the wages of the employee, as provided in G.S. 105-163.2(f).

31           (e) Notification. – A critical infrastructure company that requests an out-of-state business  
32 to perform disaster-related work in this State during the disaster response period must notify the  
33 State Emergency Response Team within 30 business days of the out-of-state business' entry into  
34 the State of the business' presence in the State. The notification must include the contact  
35 information of the critical infrastructure company that requested the presence of the out-of-state  
36 business as well as the following information about the out-of-state business: name, state of  
37 domicile, principal business address, federal tax identification number, date of entry, and any  
38 other information required by the State Emergency Response Team. The State Emergency  
39 Response Team must disseminate the information to the appropriate State agencies. Failure of  
40 the critical infrastructure company to provide this information in a timely manner does not  
41 invalidate the relief provided by this section so long as the company provides it to the appropriate  
42 State agency upon request.

43           (f) Limitation. – The exemptions from the State laws provided by this section cease to  
44 apply when the disaster response period expires. An out-of-state business or out-of-state  
45 employee that remains in the State after the disaster response period expires must abide by all  
46 State and local registration, license, and filing requirements that apply to any other out-of-state  
47 business and out-of-state employee doing business in this State."

48           **SECTION 41.10.(b)** Article 1 of Chapter 55 of the General Statutes is amended by  
49 adding a new section to read:

50 **"§ 55-1-51. Exemption for disaster relief.**

1       (a) Critical Infrastructure. – In accordance with the policy established in  
2 G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during  
3 a disaster response period at the request of a critical infrastructure company is not required to  
4 obtain a certificate of authority from the Secretary of State as otherwise required under  
5 G.S. 55-15-01.

6       (b) Motor Fuel. – A person issued a temporary license by the Department of Revenue  
7 under G.S. 105-449.69A to import, export, distribute, or transport motor fuel in this State in  
8 response to a disaster declaration is not required to obtain a certificate of authority from the  
9 Secretary of State to transact business in this State for the duration of the temporary license."

10       **SECTION 41.10.(c)** G.S. 96-9.2(a) reads as rewritten:

11       (a) Required Contribution. – An employer is required to make a contribution in each  
12 calendar year to the Unemployment Insurance Fund in an amount equal to the applicable  
13 percentage of the taxable wages the employer pays its employees during the year for services  
14 performed in this State. An employer may not deduct the contributions due in whole or in part  
15 from the remuneration of the individuals employed. Taxable wages are determined in accordance  
16 with G.S. 96-9.3. The applicable percentage for an employer is considered the employer's  
17 contribution rate and determined in accordance with this section.

18       In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business  
19 performing disaster-related work in this State during a disaster response period at the request of  
20 a critical infrastructure company is exempt from the provisions of this Chapter. The definitions,  
21 provisions, and limitations in G.S. 166A-19.70A apply in this section."

22       **SECTION 41.10.(d)** G.S. 97-13 reads as rewritten:

23       **"§ 97-13. Exceptions from provisions of Article.**

24       ...

25       (e) Disaster Relief. – In accordance with the policy established in G.S. 166A-19.70A, an  
26 out-of-state business performing disaster-related work in this State during a disaster response  
27 period at the request of a critical infrastructure company is exempt from the provisions of this  
28 Chapter. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this  
29 subsection."

30       **SECTION 41.10.(e)** G.S. 105-125(a) reads as rewritten:

31       (a) Exemptions. – The following corporations are exempt from the taxes levied by this  
32 Article. Upon request of the Secretary, an exempt corporation must establish its claim for  
33 exemption in writing:

34       ...

35       (10) In accordance with the policy established in G.S. 166A-19.70A, an  
36 out-of-state business performing disaster-related work in this State during a  
37 disaster response period at the request of a critical infrastructure company is  
38 exempt from the provisions of this Article. The definitions, provisions, and  
39 limitations in G.S. 166A-19.70A apply in this subdivision."

40       **SECTION 41.10.(f)** G.S. 105-130.11(a) reads as rewritten:

41       (a) Exempt Organizations. – Except as provided in subsections (b) and (c), the following  
42 organizations and any organization that is exempt from federal income tax under the Code are  
43 exempt from the tax imposed under this Part.

44       ...

45       (12) In accordance with the policy established in G.S. 166A-19.70A, an  
46 out-of-state business performing disaster-related work in this State during a  
47 disaster response period at the request of a critical infrastructure company is  
48 exempt from the provisions of this Part. The definitions, provisions, and  
49 limitations in G.S. 166A-19.70A apply in this subdivision."

50       **SECTION 41.10.(g)** G.S. 105-131.7(a) reads as rewritten:

1       "(a) An S Corporation incorporated or doing business in the State shall file with the  
2 Department an annual return, on a form prescribed by the Secretary, on or before the due date  
3 prescribed for the filing of C Corporation returns in G.S. 105-130.17. The return shall show the  
4 name, address, and social security or federal identification number of each shareholder, income  
5 attributable to the State and the income not attributable to the State with respect to each  
6 shareholder as defined in G.S. 105-131(b)(4) and (5), and such other information as the Secretary  
7 may require.

8       In accordance with the policy established in G.S. 166A-19.70A, an S Corporation that is an  
9 out-of-state business performing disaster-related work in this State during a disaster response  
10 period at the request of a critical infrastructure company is not required to file an annual return  
11 for income derived for the work performed during this period. The definitions, provisions, and  
12 limitations in G.S. 166A-19.70A apply to this subsection."

13       **SECTION 41.10.(h)** G.S. 105-153.4 reads as rewritten:

14       "**§ 105-153.4. North Carolina taxable income defined.**

15       ...

16       (f) Disaster Relief Tax Exclusion. – In accordance with the policy established in  
17 G.S. 166A-19.70A, an out-of-state business and an out-of-state employee performing  
18 disaster-related work in this State during a disaster response period at the request of a critical  
19 infrastructure company is not considered to be conducting business in this State for the work  
20 performed during this period. The definitions, provisions, and limitations in G.S. 166A-19.70A  
21 apply to this subsection. Accordingly, North Carolina taxable income, for purposes of this Part,  
22 does not include the following:

23           (1) Nonresident employee. – The earnings paid to an out-of-state employee.

24           (2) S Corporation shareholders. – A shareholder's pro rata share of S Corporation  
25 income if the income is attributable to work performed by the S Corporation  
26 as an out-of-state business performing disaster-related work in this State  
27 during a disaster response period at the request of a critical infrastructure  
28 company.

29           (3) Partners and members of unincorporated business. – The amount of a partner's  
30 or member's distributive share of the total net income of the business of a  
31 partnership or another unincorporated business if the income is attributable to  
32 work performed by an out-of-state business performing disaster-related work  
33 in this State during a disaster response period at the request of a critical  
34 infrastructure company."

35       **SECTION 41.10.(i)** G.S. 105-153.8(a)(2) reads as rewritten:

36       "**§ 105-153.8. Income tax returns.**

37       (a) Who Must File. – The following individuals must file with the Secretary an income  
38 tax return under affirmation:

39       ...

40           (2) ~~Every nonresident individual who meets all of the following requirements:~~(i)  
41 has gross income under the Code that exceeds the applicable standard  
42 deduction amount provided in G.S. 105-153.5(a)(1) and (ii) receives

43           ~~a. Receives~~ during the taxable year gross income that is derived from  
44 North Carolina sources and is attributable to the ownership of any  
45 interest in real or tangible personal property in this State, is derived  
46 from a business, trade, profession, or occupation carried on in this  
47 State, or is derived from gambling activities in this State. This  
48 subdivision does not apply to a nonresident individual who is not  
49 subject to withholding under G.S. 105-163.2(f).

50           ~~b. Has gross income under the Code that exceeds the applicable standard~~  
51 ~~deduction amount provided in G.S. 105-153.5(a)(1).~~

1 ...."

2 **SECTION 41.10.(j)** G.S. 105-154(c) reads as rewritten:

3 "(c) Information Returns of Partnerships. – A partnership doing business in this State and  
4 required to file a return under the Code shall file an information return with the Secretary. A  
5 partnership that the Secretary believes to be doing business in this State and to be required to file  
6 a return under the Code shall file an information return when requested to do so by the Secretary.  
7 The information return shall contain all information required by the Secretary. It shall state  
8 specifically the items of the partnership's gross income, the deductions allowed under the Code,  
9 each partner's distributive share of the partnership's income, and the adjustments required by this  
10 Part. A partner's distributive share of partnership net income includes any guaranteed payments  
11 made to the partner. The information return shall also include the name and address of each  
12 person who would be entitled to share in the partnership's net income, if distributable, and the  
13 amount each person's distributive share would be. The information return shall be signed by one  
14 of the partners under affirmation in the form required by the Secretary.

15 A partnership that files an information return under this subsection shall furnish to each  
16 person who would be entitled to share in the partnership's net income, if distributable, any  
17 information necessary for that person to properly file a State income tax return. The information  
18 shall be in the form prescribed by the Secretary and must be furnished on or before the due date  
19 of the information return.

20 In accordance with the policy established in G.S. 166A-19.70A, a partnership that is an  
21 out-of-state business performing disaster-related work in this State during a disaster response  
22 period at the request of a critical infrastructure company is not required to file an information  
23 return for income derived for the work performed during this period. The definitions, provisions,  
24 and limitations in G.S. 166A-19.70A apply to this subsection."

25 **SECTION 41.10.(k)** G.S. 105-163.2 reads as rewritten:

26 "**§ 105-163.2. Employers must withhold taxes.**

27 (a) Withholding Required. – An Except as provided in subsection (f) of this section, an  
28 employer shall deduct and withhold from the wages of each employee the State income taxes  
29 payable by the employee on the wages. For each payroll period, the employer shall withhold  
30 from the employee's wages an amount that would approximate the employee's income tax  
31 liability under Article 4 of this Chapter if the employer withheld the same amount from the  
32 employee's wages for each similar payroll period in a calendar year. In calculating an employee's  
33 anticipated income tax liability, the employer shall allow for the additions that employee is  
34 required to make under Article 4 of this Chapter and the deductions, and credits to which the  
35 employee is entitled under Article 4 of this Chapter. The amount of State income taxes withheld  
36 by an employer is held in trust for the Secretary.

37 ...

38 (f) Nonresident Disaster Relief Employees. – In accordance with the policy established  
39 in G.S. 166A-19.70A, an employer is not required to withhold from the wages of its out-of-state  
40 employees the State income taxes that may otherwise apply for disaster-related work performed  
41 in this State during a disaster response period. The definitions, provisions, and limitations in  
42 G.S. 166A-19.70A apply in this subsection."

43 **SECTION 41.10.(l)** G.S. 105-130.5(a) reads as rewritten:

44 "(a) The following additions to federal taxable income shall be made in determining State  
45 net income:

46 ...

47 (30) Payments made to a related party that are not subject to tax under this Chapter  
48 in accordance with the policy established in G.S. 166A-19.70A, to the extent  
49 the payments are deducted in determining federal taxable income. For  
50 purposes of this subdivision, the term "related entity" has the same meaning  
51 as in G.S. 105-130.7A(b)(4)."

1           **SECTION 41.10.(m)** Part 2 of Article 36C of Chapter 105 of the General Statutes is  
2 amended by adding a new section to read:

3 **"§ 105-449.69A. Temporary license during disaster response period.**

4           (a) Temporary License. – The Secretary may grant a temporary license to an applicant to  
5 import, export, distribute, or transport motor fuel in this State in response to a disaster declaration.  
6 The term "disaster declaration" has the same meaning as defined in G.S. 166A-19.3. The  
7 temporary license expires upon the expiration of the disaster declaration. A temporary license  
8 issued under this section may not be renewed or a new temporary license granted if the licensee  
9 failed to file the required returns or make payments of the required taxes.

10           (b) Requirements. – To obtain a temporary license, a person must file an application with  
11 the Secretary on a form prescribed by the Secretary within seven calendar days from the date of  
12 the disaster declaration. An application must include all of the following information:

13                   (1) The legal name of the business and the trade name, if applicable, under which  
14 the person will transact business within the State.

15                   (2) The federal identification number of the business or, if such number is  
16 unavailable, the Social Security number of the owner.

17                   (3) The location, with a street number address, of the principal office or place of  
18 business and the location where records will be made available for inspection.

19                   (4) Any other information required by the Secretary.

20           (c) Exceptions. – The Secretary may issue a temporary license under this section as an  
21 importer, exporter, distributor, or transporter without requiring the applicant to file with the  
22 Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and  
23 without requiring the applicant to be authorized to transact business in this State with the  
24 Secretary of State."

25           **SECTION 41.10.(n)** This section is effective when it becomes law and applies to  
26 taxable years beginning on or after January 1, 2019.

27  
28 **REPEAL DRY CLEANING SOLVENT PROGRAM AMENDMENTS**

29           **SECTION 41.11.** Section 12.11 of this act, amending the Dry Cleaning Solvent  
30 Program, is repealed.

31  
32 **REPEAL TRANSPORTATION NETWORK COMPANY PRIVILEGE TAX**

33           **SECTION 41.12.** Section 40.20 of this act, enacting Article 5J of Chapter 105 of the  
34 General Statutes and appropriating the corresponding tax revenue generated by that Article, are  
35 repealed.

36  
37 **REPEAL DMV/REGISTRATION FEES FOR ELECTRIC AND HYBRID VEHICLES**

38           **SECTION 41.13.** Section 40.15 of this act, modifying the fees for electric and hybrid  
39 vehicles and appropriating the corresponding fee revenue generated by those modifications, is  
40 repealed.

41  
42 **PART XLII. MISCELLANEOUS**

43  
44 **STATE BUDGET ACT APPLIES**

45           **SECTION 42.1.** 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 **COMMITTEE REPORT**

50           **SECTION 42.2.(a)** N.C. House of Representatives Appropriations Committee  
51 Report on the Current Operations Appropriations Act for House Bill 966, dated April 30, 2019,

1 which was distributed in the House of Representatives and used to explain this act, shall indicate  
2 action by the General Assembly on this act and shall, therefore, be used to construe this act, as  
3 provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for  
4 these purposes shall be considered a part of this act and, as such, shall be printed as a part of the  
5 Session Laws.

6 **SECTION 42.2.(b)** The budget enacted by the General Assembly is for the  
7 maintenance of the various departments, institutions, and other spending agencies of the State  
8 for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
9 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

10 The Director of the Budget submitted a recommended base budget to the General  
11 Assembly in the Governor's Recommended Budget for the 2019-2021 fiscal biennium, dated  
12 March 2019, and in the Budget Support Document for the various departments, institutions, and  
13 other spending agencies of the State. The adjustments to the recommended base budget made by  
14 the General Assembly are set out in the Committee Report.

15 **SECTION 42.2.(c)** The budget enacted by the General Assembly shall also be  
16 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
17 appropriate legislation. In the event that there is a conflict between the line-item budget certified  
18 by the Director of the Budget and the budget enacted by the General Assembly, the budget  
19 enacted by the General Assembly shall prevail.

20 **SECTION 42.2.(d)** Notwithstanding subsection (a) of this section, the following  
21 portions of the Committee Report are for reference, and do not expand, limit, or define the text  
22 of the Committee Report:

- 23 (1) Summary pages setting forth the enacted budget, the legislative changes, the  
24 revised budget, and the related FTE information for a particular budget code  
25 and containing no other substantive information.
- 26 (2) Summary pages setting forth the enacted budget, the legislative changes, the  
27 revised budget, and the related FTE information for multiple fund codes  
28 within a single budget code and containing no other substantive information.

### 30 **REPORT BY FISCAL RESEARCH DIVISION**

31 **SECTION 42.3.** The Fiscal Research Division shall issue a report on budget actions  
32 taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a  
33 revision of the Committee Report described in Section # of this act pursuant to G.S. 143C-5-5.  
34 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
35 this section to the Director of the Budget. The report shall be published on the General  
36 Assembly's Internet Web site for public access.

### 38 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

39 **SECTION 42.4.** Except where expressly repealed or amended by this act, the  
40 provisions of enactments affecting the State budget during the 2019 Regular Session of the  
41 General Assembly shall remain in effect.

### 43 **MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM**

44 **SECTION 42.5.** Except for statutory changes or other provisions that clearly indicate  
45 an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this  
46 act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal  
47 biennium.

### 49 **EFFECT OF HEADINGS**

1           **SECTION 42.6.** The headings to the Parts, subparts, and sections of this act are a  
2 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
3 the text of this act, except for effective dates referring to a Part or subpart.  
4

5 **SEVERABILITY CLAUSE**

6           **SECTION 42.7.** If any section or provision of this act is declared unconstitutional  
7 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
8 the part so declared to be unconstitutional or invalid.  
9

10 **EFFECTIVE DATE**

11           **SECTION 42.8.** Except as otherwise provided, this act becomes effective July 1,  
12 2019.