

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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**HOUSE BILL 966**  
**Committee Substitute Favorable 4/30/19**  
**Committee Substitute #2 Favorable 5/1/19**  
**Fourth Edition Engrossed 5/3/19**  
**Senate Appropriations/Base Budget Committee Substitute Adopted with unengrossed**  
**amendments 5/29/19**  
**Senate Finance Committee Favorable with unengrossed amendments 5/29/19**  
**Senate Pensions and Retirement and Aging Committee Substitute Adopted 5/29/19**  
**Sixth Edition Engrossed 5/31/19**

Short Title: 2019 Appropriations Act.

(Public)

Sponsors:

Referred to:

April 26, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS  
3 OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.  
4 The General Assembly of North Carolina enacts:

5  
6 **PART I. TITLE AND INTRODUCTION**

7  
8 **TITLE OF ACT**

9 **SECTION 1.1.** This act shall be known as the "Current Operations Appropriations  
10 Act of 2019."

11  
12 **INTRODUCTION**

13 **SECTION 1.2.** The appropriations made in this act are for maximum amounts  
14 necessary to provide the services and accomplish the purposes described in the budget in  
15 accordance with the State Budget Act. Savings shall be effected where the total amounts  
16 appropriated are not required to perform these services and accomplish these purposes, and the  
17 savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise  
18 provided by law.

19  
20 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

21  
22 **GENERAL FUND APPROPRIATIONS**

23 **SECTION 2.1.(a)** Appropriations from the General Fund for the budgets of the State  
24 departments, institutions, and agencies, and for other purposes as enumerated, are made for each  
25 year of the 2019-2021 fiscal biennium, according to the following schedule:

26  
27 **Current Operations - General Fund**

**FY 2019-2020**

**FY 2020-2021**

28  
29 **EDUCATION**



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1	Community College System		
2	Requirements	1,602,466,872	1,635,776,331
3	Less: Receipts	380,322,392	380,322,392
4	<b>Net Appropriation</b>	<b>1,222,144,480</b>	<b>1,255,453,939</b>
5			
6	Public Instruction		
7	Requirements	12,137,943,583	12,390,799,838
8	Less: Receipts	2,254,566,432	2,214,566,432
9	<b>Net Appropriation</b>	<b>9,883,377,151</b>	<b>10,176,233,406</b>
10			
11	University of North Carolina		
12	NC A&T University		
13	Requirements	188,610,832	188,610,832
14	Less: Receipts	86,868,977	86,868,977
15	<b>Net Appropriation</b>	<b>101,741,855</b>	<b>101,741,855</b>
16			
17	NC School of Science and Mathematics		
18	Requirements	24,434,049	24,434,049
19	Less: Receipts	1,796,561	1,796,561
20	<b>Net Appropriation</b>	<b>22,637,488</b>	<b>22,637,488</b>
21			
22	NC State University-Academic Affairs		
23	Requirements	844,164,661	844,164,661
24	Less: Receipts	426,127,793	426,240,769
25	<b>Net Appropriation</b>	<b>418,036,868</b>	<b>417,923,892</b>
26			
27	NC State University-Agric. Research		
28	Requirements	72,742,781	72,742,781
29	Less: Receipts	17,721,640	17,721,640
30	<b>Net Appropriation</b>	<b>55,021,141</b>	<b>55,021,141</b>
31			
32	NC State University-Coop. Extension		
33	Requirements	57,529,168	55,529,168
34	Less: Receipts	14,833,163	14,833,163
35	<b>Net Appropriation</b>	<b>42,696,005</b>	<b>40,696,005</b>
36			
37	North Carolina Central University		
38	Requirements	136,655,404	136,655,404
39	Less: Receipts	51,822,380	51,822,380
40	<b>Net Appropriation</b>	<b>84,833,024</b>	<b>84,833,024</b>
41			
42	UNC at Asheville		
43	Requirements	61,661,158	61,661,158
44	Less: Receipts	21,876,242	21,876,242
45	<b>Net Appropriation</b>	<b>39,784,916</b>	<b>39,784,916</b>
46			
47	UNC at Chapel Hill-Academic Affairs		
48	Requirements	649,856,478	648,856,478
49	Less: Receipts	385,518,727	385,896,951
50	<b>Net Appropriation</b>	<b>264,337,751</b>	<b>262,959,527</b>
51			

1	UNC at Chapel Hill-Area Health Education		
2	Requirements	55,664,072	54,664,072
3	Less: Receipts	0	0
4	<b>Net Appropriation</b>	<b>55,664,072</b>	<b>54,664,072</b>
5			
6	UNC at Chapel Hill-Health Affairs		
7	Requirements	327,723,444	327,723,444
8	Less: Receipts	122,612,306	122,612,306
9	<b>Net Appropriation</b>	<b>205,111,138</b>	<b>205,111,138</b>
10			
11	UNC at Charlotte		
12	Requirements	420,146,272	420,146,272
13	Less: Receipts	164,780,562	164,780,562
14	<b>Net Appropriation</b>	<b>255,365,710</b>	<b>255,365,710</b>
15			
16	UNC at Greensboro		
17	Requirements	287,718,420	287,718,420
18	Less: Receipts	109,591,257	109,591,257
19	<b>Net Appropriation</b>	<b>178,127,163</b>	<b>178,127,163</b>
20			
21	UNC at Pembroke		
22	Requirements	90,161,357	90,165,578
23	Less: Receipts	13,264,333	13,264,333
24	<b>Net Appropriation</b>	<b>76,897,024</b>	<b>76,901,245</b>
25			
26	UNC at Wilmington		
27	Requirements	244,118,982	244,118,982
28	Less: Receipts	98,550,341	98,550,341
29	<b>Net Appropriation</b>	<b>145,568,641</b>	<b>145,568,641</b>
30			
31	UNC Board of Governors		
32	Requirements	42,592,385	42,592,385
33	Less: Receipts	46,899	46,899
34	<b>Net Appropriation</b>	<b>42,545,486</b>	<b>42,545,486</b>
35			
36	UNC BOG - Institutional Programs		
37	Requirements	94,053,382	149,019,223
38	Less: Receipts	0	0
39	<b>Net Appropriation</b>	<b>94,053,382</b>	<b>149,019,223</b>
40			
41	UNC BOG - Related Educational Programs		
42	Requirements	164,000,476	164,000,476
43	Less: Receipts	54,031,975	54,031,975
44	<b>Net Appropriation</b>	<b>109,968,501</b>	<b>109,968,501</b>
45			
46	UNC General Administration		
47	Requirements	181,849,756	191,849,756
48	Less: Receipts	0	0
49	<b>Net Appropriation</b>	<b>181,849,756</b>	<b>191,849,756</b>
50			
51	UNC School of the Arts		

1	Requirements	49,623,526	49,623,526
2	Less: Receipts	16,359,089	16,359,089
3	<b>Net Appropriation</b>	<b>33,264,437</b>	<b>33,264,437</b>
4			
5	Western Carolina University		
6	Requirements	159,162,027	159,195,028
7	Less: Receipts	27,714,804	27,714,804
8	<b>Net Appropriation</b>	<b>131,447,223</b>	<b>131,480,224</b>
9			
10	Winston-Salem State University		
11	Requirements	86,145,805	86,145,805
12	Less: Receipts	22,495,553	22,495,553
13	<b>Net Appropriation</b>	<b>63,650,252</b>	<b>63,650,252</b>
14			
15	East Carolina Univ-Academic Affairs		
16	Requirements	414,348,327	414,348,327
17	Less: Receipts	182,150,292	182,150,292
18	<b>Net Appropriation</b>	<b>232,198,035</b>	<b>232,198,035</b>
19			
20	East Carolina Univ-Health Affairs		
21	Requirements	90,335,813	90,335,813
22	Less: Receipts	12,400,019	12,400,019
23	<b>Net Appropriation</b>	<b>77,935,794</b>	<b>77,935,794</b>
24			
25	Elizabeth City State University		
26	Requirements	38,867,498	38,867,498
27	Less: Receipts	3,564,271	3,564,271
28	<b>Net Appropriation</b>	<b>35,303,227</b>	<b>35,303,227</b>
29			
30	Appalachian State University		
31	Requirements	261,386,484	261,386,484
32	Less: Receipts	113,450,398	113,450,398
33	<b>Net Appropriation</b>	<b>147,936,086</b>	<b>147,936,086</b>
34			
35	Fayetteville State University		
36	Requirements	75,646,019	75,646,019
37	Less: Receipts	21,734,797	21,734,797
38	<b>Net Appropriation</b>	<b>53,911,222</b>	<b>53,911,222</b>
39			
40	<b>HEALTH AND HUMAN SERVICES</b>		
41	Aging and Adult Services		
42	Requirements	116,497,018	116,602,228
43	Less: Receipts	70,395,164	70,395,164
44	<b>Net Appropriation</b>	<b>46,101,854</b>	<b>46,207,064</b>
45			
46	Central Management and Support		
47	Requirements	258,086,082	260,404,439
48	Less: Receipts	112,492,902	120,352,537
49	<b>Net Appropriation</b>	<b>145,593,180</b>	<b>140,051,902</b>
50			
51	Child Development and Early Education		

1	Requirements	801,029,004	810,462,606
2	Less: Receipts	569,112,706	578,312,706
3	<b>Net Appropriation</b>	<b>231,916,298</b>	<b>232,149,900</b>
4			
5	Health Benefits (Medicaid and Health Choice)		
6	Requirements	15,434,769,550	15,743,601,302
7	Less: Receipts	11,480,449,406	11,605,758,016
8	<b>Net Appropriation</b>	<b>3,954,320,144</b>	<b>4,137,843,286</b>
9			
10	Health Service Regulation		
11	Requirements	72,309,389	73,116,435
12	Less: Receipts	52,638,449	52,638,449
13	<b>Net Appropriation</b>	<b>19,670,940</b>	<b>20,477,986</b>
14			
15	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
16	Requirements	1,537,576,589	1,551,164,686
17	Less: Receipts	791,586,420	790,850,419
18	<b>Net Appropriation</b>	<b>745,990,169</b>	<b>760,314,267</b>
19			
20	Public Health		
21	Requirements	898,883,585	900,382,784
22	Less: Receipts	740,994,169	740,408,972
23	<b>Net Appropriation</b>	<b>157,889,416</b>	<b>159,973,812</b>
24			
25	Services for the Blind/Deaf/Hard of Hearing		
26	Requirements	47,208,292	47,367,026
27	Less: Receipts	38,354,656	38,371,368
28	<b>Net Appropriation</b>	<b>8,853,636</b>	<b>8,995,658</b>
29			
30	Social Services		
31	Requirements	1,910,727,808	1,932,784,120
32	Less: Receipts	1,709,865,429	1,723,385,023
33	<b>Net Appropriation</b>	<b>200,862,379</b>	<b>209,399,097</b>
34			
35	Vocational Rehabilitation Services		
36	Requirements	152,599,503	152,131,519
37	Less: Receipts	111,563,062	111,587,923
38	<b>Net Appropriation</b>	<b>41,036,441</b>	<b>40,543,596</b>
39			
40	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
41	Agriculture and Consumer Services		
42	Requirements	194,640,115	197,399,976
43	Less: Receipts	64,386,336	59,386,336
44	<b>Net Appropriation</b>	<b>130,253,779</b>	<b>138,013,640</b>
45			
46	Commerce		
47	Requirements	306,387,510	315,452,204
48	Less: Receipts	140,279,386	138,779,386
49	<b>Net Appropriation</b>	<b>166,108,124</b>	<b>176,672,818</b>
50			
51	Environmental Quality		

1	Requirements	211,073,549	210,373,796
2	Less: Receipts	118,282,705	116,782,705
3	<b>Net Appropriation</b>	<b>92,790,844</b>	<b>93,591,091</b>
4			
5	Labor		
6	Requirements	37,551,825	38,219,819
7	Less: Receipts	18,818,153	18,818,153
8	<b>Net Appropriation</b>	<b>18,733,672</b>	<b>19,401,666</b>
9			
10	Natural and Cultural Resources		
11	Requirements	232,671,998	232,687,359
12	Less: Receipts	46,487,651	42,487,651
13	<b>Net Appropriation</b>	<b>186,184,347</b>	<b>190,199,708</b>
14			
15	Wildlife Resources Commission		
16	Requirements	75,910,803	76,299,303
17	Less: Receipts	64,486,379	64,486,379
18	<b>Net Appropriation</b>	<b>11,424,424</b>	<b>11,812,924</b>
19			
20	<b>JUSTICE AND PUBLIC SAFETY</b>		
21	Administrative Office of the Courts		
22	Requirements	577,994,327	598,904,413
23	Less: Receipts	1,136,462	1,136,462
24	<b>Net Appropriation</b>	<b>576,857,865</b>	<b>597,767,951</b>
25			
26	Indigent Defense Services		
27	Requirements	137,709,856	142,907,885
28	Less: Receipts	11,182,323	12,182,323
29	<b>Net Appropriation</b>	<b>126,527,533</b>	<b>130,725,562</b>
30			
31	Justice		
32	Requirements	93,774,088	93,045,369
33	Less: Receipts	40,484,546	40,487,512
34	<b>Net Appropriation</b>	<b>53,289,542</b>	<b>52,557,857</b>
35			
36	Public Safety		
37	Requirements	2,462,499,917	2,528,047,235
38	Less: Receipts	259,709,909	259,634,879
39	<b>Net Appropriation</b>	<b>2,202,790,008</b>	<b>2,268,412,356</b>
40			
41	<b>GENERAL GOVERNMENT</b>		
42	Administration		
43	Requirements	76,925,083	76,809,223
44	Less: Receipts	12,425,930	10,925,930
45	<b>Net Appropriation</b>	<b>64,499,153</b>	<b>65,883,293</b>
46			
47	Administrative Hearings		
48	Requirements	8,078,859	8,285,544
49	Less: Receipts	1,684,910	1,684,910
50	<b>Net Appropriation</b>	<b>6,393,949</b>	<b>6,600,634</b>
51			

1	Auditor		
2	Requirements	20,604,606	21,105,924
3	Less: Receipts	6,199,884	6,199,884
4	<b>Net Appropriation</b>	<b>14,404,722</b>	<b>14,906,040</b>
5			
6	Budget and Management		
7	Requirements	8,484,483	8,669,046
8	Less: Receipts	0	0
9	<b>Net Appropriation</b>	<b>8,484,483</b>	<b>8,669,046</b>
10			
11	Budget and Management - Special Approp.		
12	Requirements	4,875,000	4,500,000
13	Less: Receipts	0	0
14	<b>Net Appropriation</b>	<b>4,875,000</b>	<b>4,500,000</b>
15			
16	Controller		
17	Requirements	25,686,414	26,177,966
18	Less: Receipts	846,028	846,028
19	<b>Net Appropriation</b>	<b>24,840,386</b>	<b>25,331,938</b>
20			
21	Elections		
22	Requirements	7,160,622	7,471,395
23	Less: Receipts	102,000	102,000
24	<b>Net Appropriation</b>	<b>7,058,622</b>	<b>7,369,395</b>
25			
26	General Assembly		
27	Requirements	73,928,608	75,172,681
28	Less: Receipts	2,011,000	861,000
29	<b>Net Appropriation</b>	<b>71,917,608</b>	<b>74,311,681</b>
30			
31	Governor		
32	Requirements	6,136,037	6,302,711
33	Less: Receipts	898,760	898,760
34	<b>Net Appropriation</b>	<b>5,237,277</b>	<b>5,403,951</b>
35			
36	Housing Finance Agency		
37	Requirements	20,660,000	20,660,000
38	Less: Receipts	0	0
39	<b>Net Appropriation</b>	<b>20,660,000</b>	<b>20,660,000</b>
40			
41	Insurance		
42	Requirements	51,460,928	51,905,082
43	Less: Receipts	9,317,431	8,367,431
44	<b>Net Appropriation</b>	<b>42,143,497</b>	<b>43,537,651</b>
45			
46	Insurance - Industrial Commission		
47	Requirements	22,527,124	22,705,950
48	Less: Receipts	13,053,262	13,053,262
49	<b>Net Appropriation</b>	<b>9,473,862</b>	<b>9,652,688</b>
50			
51	Lieutenant Governor		

1	Requirements	901,710	932,112
2	Less: Receipts	0	0
3	<b>Net Appropriation</b>	<b>901,710</b>	<b>932,112</b>
4			
5	Military and Veterans Affairs		
6	Requirements	64,841,061	63,045,054
7	Less: Receipts	53,160,945	53,160,945
8	<b>Net Appropriation</b>	<b>11,680,116</b>	<b>9,884,109</b>
9			
10	Revenue		
11	Requirements	166,047,274	150,523,007
12	Less: Receipts	76,336,207	58,768,852
13	<b>Net Appropriation</b>	<b>89,711,067</b>	<b>91,754,155</b>
14			
15	Secretary of State		
16	Requirements	14,580,614	14,987,297
17	Less: Receipts	341,456	291,456
18	<b>Net Appropriation</b>	<b>14,239,158</b>	<b>14,695,841</b>
19			
20	Treasurer		
21	Requirements	61,882,719	61,930,932
22	Less: Receipts	57,057,054	57,058,446
23	<b>Net Appropriation</b>	<b>4,825,665</b>	<b>4,872,486</b>
24			
25	Treasurer - Additional Retirement Systems		
26	Requirements	31,905,423	32,255,423
27	Less: Receipts	0	0
28	<b>Net Appropriation</b>	<b>31,905,423</b>	<b>32,255,423</b>
29			
30	<b>INFORMATION TECHNOLOGY</b>		
31	Department of Information Technology		
32	Requirements	78,195,394	85,159,550
33	Less: Receipts	15,395,579	15,395,579
34	<b>Net Appropriation</b>	<b>62,799,815</b>	<b>69,763,971</b>
35			
36	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
37	General Debt Service		
38	Requirements	733,241,991	751,029,593
39	Less: Receipts	733,241,991	751,029,593
40	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
41			
42	Federal Debt Service		
43	Requirements	1,616,380	1,616,380
44	Less: Receipts	1,616,380	1,616,380
45	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
46			
47	Statewide Enterprise Resource Planning		
48	Requirements	47,758,778	25,000,000
49	Less: Receipts	22,758,778	0
50	<b>Net Appropriation</b>	<b>25,000,000</b>	<b>25,000,000</b>
51			

1	Statewide Reserves		
2	Requirements	12,421,748	75,000,000
3	Less: Receipts	0	0
4	<b>Net Appropriation</b>	<b>12,421,748</b>	<b>75,000,000</b>
5			
6	OSHR Minimum of Market Adjustment		
7	Requirements	424,316	424,316
8	Less: Receipts	0	0
9	<b>Net Appropriation</b>	<b>424,316</b>	<b>424,316</b>
10			
11	<b>Total Requirements</b>	<b>45,959,855,011</b>	<b>46,819,801,498</b>
12	<b>Less: Total Receipts</b>	<b>22,053,355,011</b>	<b>22,131,195,222</b>
13	<b>Total Net Appropriation</b>	<b>23,906,500,000</b>	<b>24,688,606,276</b>
14			

15           **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in  
16 Section 42.2 of this act, the requirements set forth in this section represent the total amount of  
17 funds, including agency receipts, appropriated to an agency, department, or institution.

#### 18 **GENERAL FUND AVAILABILITY**

19           **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,  
20 nontax revenue, and other adjustments used in developing the budget for each year of the  
21 2019-2021 fiscal biennium is as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>	
23			
24	Unappropriated Balance	645,592,678	742,926,797
25	Anticipated Reversions	275,000,000	200,000,000
26	Projected Over Collections	643,300,000	-
27	Highway Fund Recovery Act (S605)	(120,000,000)	-
28	<b>Total, Prior Year-End Fund Balance</b>	<b>1,443,892,678</b>	<b>942,926,797</b>
29			
30	Statutory Earmark, State Capital and Infrastructure Fund	(360,973,170)	(235,731,699)
31	<b>Beginning Unreserved Fund Balance</b>	<b>1,082,919,509</b>	<b>707,195,097</b>
32			
33	<b>Tax Revenues</b>		
34	Personal Income	12,974,900,000	13,596,800,000
35	Sales and Use	8,086,300,000	8,464,000,000
36	Corporate Income	753,500,000	792,400,000
37	Franchise	738,700,000	757,200,000
38	Insurance	566,400,000	581,700,000
39	Alcoholic Beverage	408,700,000	422,900,000
40	Tobacco Products	258,000,000	257,400,000
41	Other Tax Revenues	132,600,000	136,300,000
42	<b>Subtotal, Tax Revenues</b>	<b>23,919,100,000</b>	<b>25,008,700,000</b>
43	<b>Non-tax Revenues</b>		
44	Judicial Fees	230,500,000	227,700,000
45	Investment Income	182,200,000	193,300,000
46	Disproportionate Share	165,300,000	130,000,000
47	Master Settlement Agreement	136,200,000	131,800,000
48	Insurance	84,100,000	85,400,000
49	Other Non-tax Revenues	202,900,000	203,900,000
50	<b>Subtotal, Non-tax Revenues</b>	<b>1,001,200,000</b>	<b>972,100,000</b>
51			

1	<b>Total, Net Revenues</b>	<b>24,920,300,000</b>	<b>25,980,800,000</b>
2			
3	<b>Adjustments to Tax Revenues: 2019 Session</b>		
4	Corporate Income and Franchise Tax Changes	(107,600,000)	(255,200,000)
5	Personal Income Tax Changes	(1,000,000)	(53,000,000)
6	Sales and Use Tax Changes	94,600,000	132,200,000
7	Historic Rehabilitation Tax Credit Extension	-	(4,500,000)
8	Gross Premiums Tax/Prepaid Health Plans	12,000,000	187,000,000
9	Dry Cleaning Solvent Tax Extension	-	(8,000,000)
10	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(2,000,000)</b>	<b>(1,500,000)</b>
11			
12	<b>Statutory Reservations of Tax Revenues</b>		
13	Savings Reserve	(46,965,000)	(163,515,000)
14	State Capital and Infrastructure Fund	(956,684,000)	(1,000,288,000)
15	<b>Subtotal, Statutory Reservations Tax Revenue</b>	<b>(1,003,649,000)</b>	<b>(1,163,803,000)</b>
16			
17	<b>Other Adjustments to Availability</b>		
18	Additional Transfer to the Savings Reserve	(350,000,000)	(550,000,000)
19	Additional Transfer to the State Capital and Infrastructure Fund	-	(30,037,523)
20	Judicial Fee Increases	724,418	1,448,835
21	Adjustment to Transfer from Department of Insurance	1,171,309	2,562,440
22	Adjustment to Transfer from State Treasurer	(39,439)	7,382
23	<b>Subtotal, Other Adjustments</b>	<b>(348,143,712)</b>	<b>(576,018,866)</b>
24			
25	<b>Total, Adjustments and Reservations</b>	<b>(1,353,792,712)</b>	<b>(1,741,321,866)</b>
26			
27	<b>Revised Total Net General Fund Availability</b>	<b>24,649,426,797</b>	<b>24,946,673,231</b>
28			
29	Less General Fund Net Appropriations	(23,906,500,000)	(24,688,606,276)
30			
31	<b>Unappropriated Balance Remaining</b>	<b>742,926,797</b>	<b>258,066,955</b>
32			

33 **SECTION 2.2.(b)** Funds that are in the Repairs and Renovations Reserve established  
34 pursuant to G.S. 143C-4-3 as of June 30, 2019, shall be transferred on July 1, 2019, to the State  
35 Capital and Infrastructure Fund established under G.S. 143C-4-3.1. Funds transferred pursuant  
36 to this subsection shall be used in accordance with the requirements of G.S. 143C-4-3.1.

37 **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-3.1, the  
38 State Controller shall transfer to the State Capital and Infrastructure Fund established under  
39 G.S. 143C-4-3.1 the sum of thirty million thirty-seven thousand five hundred twenty-three  
40 dollars (\$30,037,523) in the 2020-2021 fiscal year.

41 **SECTION 2.2.(d)** In addition to the amount required under G.S. 143C-4-2, the State  
42 Controller shall transfer to the Savings Reserve the sum of three hundred fifty million dollars  
43 (\$350,000,000) in the 2019-2020 fiscal year and the sum of five hundred fifty million dollars  
44 (\$550,000,000) in the 2020-2021 fiscal year. This transfer is not an "appropriation made by law,"  
45 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

46 **SECTION 2.2.(e)** The State Controller shall transfer the sum of two hundred ten  
47 million dollars (\$210,000,000) for the 2019-2020 fiscal year and the sum of twenty-two million  
48 three hundred forty-four thousand thirty-seven dollars (\$22,344,037) for the 2020-2021 fiscal  
49 year from funds available in the Medicaid Transformation Reserve in the General Fund to the  
50 Medicaid Transformation Fund established under Section 12H.29 of S.L. 2015-241.

1           **SECTION 2.2.(f)** Funds reserved in the Medicaid Contingency Reserve established  
 2 in Section 12H.38 of S.L. 2014-100 do not constitute an "appropriation made by law," as that  
 3 phrase is used in Section 7(1) of Article V of the North Carolina Constitution.  
 4

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

6  
 7 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

8           **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance  
 9 and operation of the Department of Transportation and for other purposes as enumerated are  
 10 made for the fiscal biennium ending June 30, 2021, according to the following schedule:  
 11

12 <b>Current Operations – Highway Fund</b>	13 <b>FY 2019-2020</b>	14 <b>FY 2020-2021</b>
15 Department of Transportation		
16     Administration	\$89,090,615	\$89,105,965
17 Division of Highways		
18     Administration	40,700,089	40,700,089
19     Construction	46,643,869	37,600,000
20     Maintenance	1,458,546,213	1,561,019,617
21     Governor's Highway Safety Program	267,914	267,914
22     OSHA Program	358,030	358,030
23		
24 State Aid to Municipalities	147,500,000	147,500,000
25		
26 Intermodal Divisions		
27     Ferry	50,379,026	50,879,026
28     Public Transportation, Bicycle, and Pedestrian	86,598,071	86,598,071
29     Aviation	142,846,918	140,946,918
30     Rail	47,222,269	47,697,269
31 Division of Motor Vehicles	141,571,442	143,047,427
32 Reserves, Transfers, and Other	44,174,322	51,672,174
33		
34 Capital Improvements	8,201,222	7,707,500
35		
36 <b>Total Highway Fund Appropriations</b>	<b>\$2,304,100,000</b>	<b>\$2,405,100,000</b>
37		

38 **HIGHWAY FUND AVAILABILITY**

39           **SECTION 3.2.** The Highway Fund availability used in developing the 2019-2021  
 40 fiscal biennial budget is shown below:  
 41

42 <b>Highway Fund Availability</b>	43 <b>FY 2019-2020</b>	44 <b>FY 2020-2021</b>
45 Motor Fuels Tax	\$1,520,100,000	\$1,569,500,000
46 Highway Short-Term Lease	10,000,000	10,000,000
47 Licenses and Fees	772,200,000	828,000,000
48 Investment Income	1,000,000	1,000,000
49 NCCR Dividend Payment	3,550,000	3,650,000
50 Aviation Fuel Tax Adjustment	0	(5,400,000)
51 Electric & Hybrid Increase Fee	800,000	2,000,000
Repeal Dividend Payment	(3,550,000)	(3,650,000)

1	<b>Total Highway Fund Availability</b>	<b>\$2,304,100,000</b>	<b>\$2,405,100,000</b>
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2

3

**HIGHWAY TRUST FUND APPROPRIATIONS**

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

8

9	<b>Current Operations – Highway Trust Fund</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
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10

11	Program Administration	\$35,626,560	\$35,626,560
----	------------------------	--------------	--------------

12

12	Bonds	88,334,015	56,824,500
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13

13	Turnpike Authority	49,000,000	49,000,000
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14

14	State Ports Authority	45,000,000	45,000,000
----	-----------------------	------------	------------

15

15	FHWA State Match	4,640,000	4,640,000
----	------------------	-----------	-----------

16

16	Strategic Prioritization Funding Plan for		
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17

17	Transportation Investments	1,376,699,425	1,465,308,940
----	----------------------------	---------------	---------------

18

18	Transfer to Visitor Center	400,000	400,000
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19

20	<b>Total Highway Trust Fund Appropriations</b>	<b>\$1,599,700,000</b>	<b>\$1,656,800,000</b>
----	--	------------------------	------------------------

21

**HIGHWAY TRUST FUND AVAILABILITY**

22           **SECTION 3.4.** The Highway Trust Fund availability used in developing the  
23 2019-2021 fiscal biennial budget is shown below:

25	<b>Highway Trust Fund Availability</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
----	--	---------------------	---------------------

26

27	Highway Use Tax	\$833,900,000	\$855,500,000
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28

28	Motor Fuels Tax	618,500,000	636,400,000
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29

29	Fees	145,300,000	162,900,000
----	------	-------------	-------------

30

30	Investment Income	2,000,000	2,000,000
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31

32	<b>Total Highway Trust Fund Availability</b>	<b>\$1,599,700,000</b>	<b>\$1,656,800,000</b>
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33

**PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

34

**OTHER APPROPRIATIONS**

35

36           **SECTION 4.1.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated  
37 for each year of the 2019-2021 fiscal biennium, as follows:

38

39           (1) All budget codes listed in the Governor's Recommended Base Budget for the  
40 2019-2021 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are  
41 appropriated up to the amounts specified, as adjusted by the General  
42 Assembly in this act and as delineated in the Committee Report described in  
43 Section 42.2 of this act, or in another act of the General Assembly.

44

44           (2) Agency receipts up to the amounts needed to implement the legislatively  
45 mandated salary increases and employee benefit increases provided in this act  
46 for each year of the 2019-2021 fiscal biennium.

47

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

1           **SECTION 4.1.(c)** Funds may be expended only for the specified programs,  
 2 purposes, objects, and line items or as otherwise authorized by the General Assembly.  
 3

4           **OTHER RECEIPTS FROM PENDING AWARD GRANTS**

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

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

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

20           **SECTION 4.2.(c)** Notwithstanding the provisions of this section, no State agency  
 21 may accept a grant not anticipated in this act if acceptance of the grant would obligate the State  
 22 to make future expenditures relating to the program receiving the grant or would otherwise result  
 23 in a financial obligation as a consequence of accepting the grant funds.  
 24

25           **EDUCATION LOTTERY FUNDS**

26           **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the  
 27 2019-2021 fiscal biennium are as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
	<b>\$722,200,000</b>	<b>\$736,100,000</b>

38           **SECTION 4.3.(b)** G.S. 18C-162(a) reads as rewritten:

39           "**§ 18C-162. Allocation of revenues.**

40           (a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in  
 41 order to increase and maximize the available revenues for education purposes, and to the extent  
 42 practicable, shall adhere to the following guidelines:

- 43           ...
- 44           (3) No more than eight percent (8%) of the total annual revenues, as described in  
 45 this Chapter, shall be allocated for payment of expenses of the Lottery.  
 46 Advertising expenses shall not exceed one and one-half percent (~~1%~~)(~~1.5%~~)  
 47 of the total annual revenues.

48           ...."

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

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

**INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

**SECTION 4.4.** Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment, the sum of eleven million one hundred thousand dollars (\$11,100,000) in the 2019-2020 fiscal year and the sum of ten million dollars (\$10,000,000) in the 2020-2021 fiscal year.

**CIVIL PENALTY AND FORFEITURE FUND**

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

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	27,393,768	27,393,768
State Public School Fund	162,941,640	162,941,640
Classroom Supplies	15,000,000	15,000,000
School Safety	25,000,000	0
LEA Transportation	15,000,000	0
<b>Total Appropriation</b>	<b>\$263,335,408</b>	<b>\$223,335,408</b>

**2019 DISASTER RECOVERY**

**SECTION 4.6.(a)** Transfer from Hurricane Florence Disaster Recovery Reserve. – Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of twenty-eight million two hundred sixty-eight thousand dollars (\$28,268,000) in nonrecurring funds for the 2019-2020 fiscal year from the Hurricane Florence Disaster Recovery Reserve in the General Fund to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134, and these funds are appropriated within the Fund and shall be allocated as provided in the Committee Report described in Section 42.2 of this act.

**SECTION 4.6.(b)** Reversion of Composting Reimbursement Funds. – Notwithstanding any other provision of law, the sum of seventeen million dollars (\$17,000,000) received by the Department of Agriculture and Consumer Services as reimbursement for composting programs necessitated by damage to livestock caused by Hurricane Florence shall revert to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 and is appropriated within the Fund for the 2019-2020 fiscal year and shall be allocated as provided in the Committee Report described in Section 42.2 of this act.

**SECTION 4.6.(c)** Reallocation of Funds; Community College Enrollment Declines. – Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section 6.1 of that act to the contrary, of the funds allocated to the North Carolina Community College System Office for repair and renovation of local community college facilities damaged by Hurricane Florence, the sum of one million five hundred thousand dollars (\$1,500,000) is reallocated to offset the receipts shortfall at affected community colleges due to enrollment declines caused by Hurricane Florence.

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

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

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

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

20 **SECTION 4.6.(f1)** No Match; Dredging Pelletier Creek. – Funds allocated as  
21 provided in the Committee Report described in Section 42.2 of this act for a directed grant to the  
22 Town of Morehead City for the renovation and dredging of Pelletier Creek shall not be subject  
23 to the requirements of G.S. 143-215.73F(c).

24 **SECTION 4.6.(f2)** Report. – The North Carolina Policy Collaboratory shall report  
25 the flooding and resiliency implementation plan required by the Committee Report described in  
26 Section 42.2 of this act to the Joint Legislative Emergency Management Oversight Committee  
27 no later than December 1, 2020.

28 **SECTION 4.6.(g)** Applicability. – Unless otherwise provided in this section or the  
29 Committee Report described in Section 42.2 of this act, this section applies to the North Carolina  
30 counties designated under a major disaster declaration by the President of the United States under  
31 the Stafford Act (P.L. 93-288) as a result of Hurricane Florence. Section 3.1 of S.L. 2018-134,  
32 as amended, applies to this section and is incorporated by reference, except Section 3.1(b) shall  
33 not apply to any directed grants or funds provided to a State agency for future disaster studies as  
34 allocated by the Committee Report described in Section 42.2 of this act. Sections 4.2, 4.3, 5.21,  
35 5.22, 5.23, and 5.24 of S.L. 2018-136 apply to this section and are incorporated by reference.

## 36 37 **PART V. GENERAL PROVISIONS**

### 38 39 **ESTABLISHING OR INCREASING FEES**

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

43 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
44 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
45 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
46 150B of the General Statutes.

### 47 48 **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

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

51 **"§ 147-76.1. Require deposit into the State treasury of funds received by the State.**

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

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

8       (c) Terms Binding. – Except as otherwise provided by subsection (b) of this section, the  
9 terms of an instrument evidencing a cash gift or donation are a binding obligation of the State.  
10 Nothing in this section shall be construed to supersede, or authorize a deviation from the terms  
11 of an instrument evidencing a gift or donation setting forth the purpose for which the funds may  
12 be used."

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

14 **"§ 147-83. Receipts from federal government ~~and gifts not affected.~~**

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

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

## 27 **DIRECTED GRANTS TO NON-STATE ENTITIES**

28       **SECTION 5.3.(a)** Definitions. – For purposes of this act and the Committee Report  
29 described in Section 42.2 of this act, the following definitions apply:

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

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

- 35       (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
36 G.S. 143C-6-23.  
37       (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
38 made in a single annual payment in the discretion of the Director of the  
39 Budget. Directed grants of more than one hundred thousand dollars  
40 (\$100,000) shall be made in quarterly or monthly payments in the discretion  
41 of the Director of the Budget. A State agency administering a directed grant  
42 shall begin disbursement of funds to a non-State entity that meets all  
43 applicable requirements as soon as practicable, but no later than 100 days after  
44 the date this act becomes law.  
45       (3) Beginning on the first day of a quarter following the deadline provided in  
46 subdivision (2) of this subsection and quarterly thereafter, State agencies  
47 administering directed grants shall report to the Fiscal Research Division on  
48 the status of funds disbursed for each directed grant until all funds are fully  
49 disbursed.  
50

- 1 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
2 nonrecurring funds appropriated in this act as directed grants shall not revert  
3 until June 30, 2021.

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

5  
6 **DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT**

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

8 "(c) Department Staffs. – The head of each principal State department may establish  
9 necessary subordinate positions within ~~his~~the department, make appointments to those positions,  
10 and remove persons appointed to those positions, all within the limitations of appropriations and  
11 subject to the State Budget Act and the North Carolina Human Resources Act. All employees  
12 within a principal State department shall be under the supervision, direction, and control of the  
13 head of that department. The head of each principal State department may establish or abolish  
14 positions, transfer officers and employees between positions, and change the duties, titles, and  
15 compensation of existing offices and positions as ~~he~~the head of the department deems necessary  
16 for the efficient functioning of the department, subject to the State Budget Act and the North  
17 Carolina Human Resources Act and the limitations of available appropriations. For the purposes  
18 of the foregoing provisions, a member of a board, commission, council, committee, or other  
19 citizen group shall not be considered an "employee within a principal department. Nothing in this  
20 subsection shall be construed as authorizing the transfer of officers and employees between  
21 departments without express authorization of the General Assembly."

22  
23 **STATE BUDGET ACT AMENDMENTS**

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

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

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

33 Governmental Funds.

- 34 (1) Capital Projects Funds. – Accounts for financial resources to be used for the  
35 acquisition or construction of major capital facilities other than those financed  
36 by proprietary funds or ~~in trust funds for individuals, private organizations, or~~  
37 ~~other governments.~~fiduciary funds. Capital outlays financed from general  
38 obligation bond proceeds should be accounted for through a capital projects  
39 fund.
- 40 (2) Debt Service Funds. – Accounts for the accumulation of resources for, and the  
41 payment of, general long-term debt principal and interest.
- 42 (3) General Fund. – Accounts for all financial resources except those required to  
43 be reported in another fund.
- 44 (4) Special Revenue Funds. – Accounts for the proceeds of specific revenue  
45 sources, other than ~~trusts for individuals, private organizations, or other~~  
46 ~~governments~~debt service or for major capital projects, that are legally  
47 restricted to expenditure for specified purposes.
- 48 (5) Permanent Funds. – Accounts for resources that are legally restricted to the  
49 extent that only earnings, and not principal, may be used for purposes that  
50 support the reporting government's programs.

51 Proprietary Funds.

- 1 (6) Enterprise Funds. – Accounts for any activity for which a fee is charged to  
 2 external users for goods or services. Activities are required to be reported as  
 3 enterprise funds if any one of the following criteria is met. Each of these  
 4 criteria should be applied in the context of the activity's principal revenue  
 5 sources.
- 6 a. The activity is financed with debt that is secured solely by a pledge of  
 7 the net revenues from fees and charges of the activity.
- 8 b. Laws or regulations require that the activity's costs of providing  
 9 services, including capital costs, be recovered with fees and charges  
 10 rather than with taxes or similar revenues.
- 11 c. The pricing policies of the activity establish fees and charges designed  
 12 to recover its costs, including capital costs.
- 13 (7) Internal Service Funds. – Accounts for any activity that provides goods or  
 14 services to other funds, departments, or agencies of the primary government  
 15 and its component units, or to other governments, on a cost-reimbursement  
 16 basis. Internal service funds should be used only if the reporting government  
 17 is the predominant participant in the activity. Otherwise, the activity should  
 18 be reported as an enterprise fund.

19 ~~Agency and Trust Fiduciary Funds.~~

- 20 (8) ~~Agency Custodial Funds. – Accounts for resources held by the reporting~~  
 21 ~~government in a purely custodial capacity. Agency funds typically involve~~  
 22 ~~only the receipt, temporary investment, and remittance of fiduciary resources~~  
 23 ~~to individuals, private organizations, or other governments capacity.~~  
 24 Custodial funds are fiduciary activities that are not required to be reported in  
 25 investment trust funds, pensions, and other employee benefit trust funds and  
 26 private purpose trust funds as described in this section.
- 27 (9) Investment Trust Funds. – Accounts for the external portion of investment  
 28 pools reported by the sponsoring government.
- 29 (10) Pension and Other Employee Benefit Trust Funds. – Accounts for resources  
 30 that are required to be held in trust for ~~the members and beneficiaries of~~  
 31 ~~defined benefit pension plans, defined contribution plans, other~~  
 32 ~~postemployment benefit plans, or other employee benefit plans.~~ pension plans,  
 33 other postemployment benefit plans, and other employee benefit plans that  
 34 meet certain Governmental Accounting Standards Board (GASB) criteria.
- 35 (11) Private-Purpose Trust Funds. – Accounts for all other trust arrangements  
 36 ~~under which principal and income benefit individuals, private organizations,~~  
 37 ~~or other governments.~~ that are not required to be reported in investment trust  
 38 funds and pension and other employee benefit trust funds."

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

40 **"§ 143C-3-5. Budget recommendations and budget message.**

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

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

- 46 (1) A Recommended State Budget setting forth goals for improving the State with  
 47 recommended expenditure requirements, funding sources, and performance  
 48 information for each State government program and for each proposed capital  
 49 improvement. The Recommended State Budget may be presented in a format  
 50 chosen by the Director, except that the Recommended State Budget shall  
 51 clearly distinguish program base budget requirements, program reductions,

- 1 program eliminations, program expansions, and new programs, and shall  
2 explain all proposed capital improvements in the context of the Six-Year  
3 Capital Improvements Plan and as required by G.S. 143C-8-6.
- 4 (1a) The Governor's Recommended State Budget shall include a base budget,  
5 which shall be presented ~~in the budget support document~~ pursuant to  
6 subdivision (2) of this subsection.
- 7 (2) A ~~Budget Support Document~~ Recommended Base Budget showing, for each  
8 budget code and purpose or program in State government, accounting detail  
9 corresponding to the Recommended State Budget.
- 10 a. The ~~Budget Support Document~~ Recommended Base Budget shall  
11 employ the North Carolina Accounting System Uniform Chart of  
12 Accounts adopted by the State Controller to show both uses and  
13 sources of funds and shall display in separate parallel columns all of  
14 the following: (i) actual expenditures and receipts for the most recent  
15 fiscal year for which actual information is available, (ii) the certified  
16 budget for the preceding fiscal year, (iii) the currently authorized  
17 budget for the preceding fiscal year, (iv) program base budget  
18 requirements for each fiscal year of the biennium, (v) proposed  
19 expenditures and receipts for each fiscal year of the biennium, and (vi)  
20 proposed increases and decreases.
- 21 b. The ~~Budget Support Document~~ Recommended Base Budget shall  
22 include detailed information on recommended expenditures for capital  
23 improvements as required by G.S. 143C-8-6.
- 24 c. The ~~Budget Support Document~~ Recommended Base Budget shall  
25 include accurate projections of receipts, expenditures, and fund  
26 balances. Estimated receipts, including tuition collected by university  
27 or community college institutions, shall be adjusted to reflect actual  
28 collections from the previous fiscal year, unless the Director  
29 recommends a change that will result in collections in the budget year  
30 that differ from prior year actuals, or the Director otherwise determines  
31 there is a more reasonable basis upon which to accurately project  
32 receipts. Revenue and expenditure detail provided in the Budget  
33 Support Document shall be no less detailed than the two-digit level in  
34 the North Carolina Accounting System Uniform Chart of Accounts as  
35 prescribed by the State Controller.
- 36 d. The ~~Budget Support Document~~ Recommended Base Budget shall  
37 clearly identify all proposed expenditures supported by existing or  
38 proposed appropriations, including statutory appropriations.
- 39 (3) A recommended Current Operations Appropriations Act that makes  
40 appropriations for each fiscal year of the upcoming biennium for the operating  
41 and capital expenses of all State agencies as contained in the Recommended  
42 State Budget.
- 43 (4) The biennial State Information Technology Plan as outlined in Part 2 of  
44 Article 15 of Chapter 143B of the General Statutes to be consistent in  
45 facilitating the goals outlined in the Recommended State Budget.
- 46 (5) A list of budget adjustments made during the prior fiscal year pursuant to  
47 G.S. 143C-6-4 that are included in the proposed base budget for the upcoming  
48 fiscal year.
- 49 (6) The Governor's Recommended State Budget shall include a transfer to the  
50 Savings Reserve of fifteen percent (15%) of the estimated growth in State tax  
51 revenues that are deposited in the General Fund for each fiscal year of the

1 upcoming biennium. This subdivision applies only if, and to the extent that,  
2 the balance of the Savings Reserve remains below the recommended Savings  
3 Reserve balance developed pursuant to G.S. 143C-4-2(f).

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

8 (c) Even-Numbered Years. – In even-numbered years, the Governor may recommend  
9 changes in the enacted budget for the second year of the biennium. These recommendations shall  
10 be presented as amendments to the enacted budget and shall be incorporated in a recommended  
11 Current Operations Appropriations Act. Any recommended changes shall clearly distinguish  
12 program reductions, program eliminations, program expansions, and new programs, and shall  
13 explain all proposed capital improvements in the context of the Six-Year Capital Improvements  
14 Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting  
15 documentation and accounting detail, consistent with that required by G.S. 143C-3-5(b),  
16 corresponding to the recommended amendments to the enacted budget.

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

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

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

- 32 (1) Explains the goals embodied in the recommended budget.
- 33 (2) Explains important features of the activities anticipated in the budget.
- 34 (3) Explains the assumptions underlying the statement of revenue availability.
- 35 (4) Sets forth the reasons for changes from the previous biennium or fiscal year,  
36 as appropriate, in terms of programs, program goals, appropriation levels, and  
37 revenue yields.
- 38 (5) Identifies anticipated sources of funding for major spending initiatives.
- 39 (6) Prepares a fiscal analysis that addresses the State's budget outlook for the  
40 upcoming five-year period. This fiscal analysis shall include detailed  
41 estimates for five years for any proposals to create new or significantly expand  
42 programs and for proposals to create new or change existing law.

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

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

47 **"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**  
48 **State Budget.**

49 (a) Budget Director's Recommendations. – The Director of the Budget shall recommend  
50 expenditures for repairs and renovations of existing facilities, and real property acquisition, new

1 construction, or rehabilitation of existing facilities in the Recommended State Budget in  
2 accordance with G.S. 143C-3-5.

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

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

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

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

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

31 (1) An estimate of maintenance and operating costs, including personnel, for the  
32 project, covering the first five years of operation. If no increase in these  
33 expenditures is anticipated because the recommended project would replace  
34 an existing facility, then the level of expenditures for the previous five years  
35 of operation shall be included instead.

36 (2) A recommended funding source for the operating costs identified pursuant to  
37 subdivision (1) of this subsection."  
38

### 39 CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

40 **SECTION 5.8.** No more than one hundred twenty thousand dollars (\$120,000) in  
41 State funds, including any interest earnings accruing from those funds, may be used for the annual  
42 salary of any individual employee of a nonprofit organization.  
43

### 44 WEB SITE POSTING OF REPORTS

45 **SECTION 5.9.(a)** G.S. 120-29.5 reads as rewritten:

46 "**§ 120-29.5. State agency reports to the General Assembly.**

47 (a) Submission. – Whenever a report is directed by law or resolution to be made to the  
48 General Assembly, the State agency preparing the report shall deliver one copy of the report to  
49 each of the following officers: the Speaker of the House of Representatives, the President Pro  
50 Tempore of the Senate, the House Principal Clerk, and the Senate Principal Clerk; and two copies  
51 of the report to the Legislative Library. The State agency is encouraged to inform members of

1 the General Assembly that an electronic copy is available. This section does not affect any  
2 responsibilities for depositing documents with the State Library or the State Publications  
3 Clearinghouse under Chapter 125 of the General Statutes.

4 (b) Publication. – A State agency submitting a report pursuant to subsection (a) of this  
5 section or a report directed by law or resolution to be made to a committee or subcommittee of  
6 the General Assembly shall publish the report on a public Internet Web site maintained by the  
7 State agency."

8 **SECTION 5.9.(b)** This section becomes effective January 1, 2020, and applies to  
9 reports submitted on or after that date.

## 10 11 **PROJECT RESERVE ALLOCATIONS**

12 **SECTION 5.10.(a)** From the funds appropriated in this act to the Project Reserve in  
13 the General Fund, the Office of State Budget and Management shall make the following  
14 allocations in nonrecurring funds for the 2019-2020 fiscal year:

- 15 (1) The sum of two million five hundred thousand dollars (\$2,500,000) to the  
16 Department of Commerce to provide matching grants to nonprofits to fund the  
17 planning and construction of affordable housing projects in this State. The  
18 Department of Commerce shall require each nonprofit receiving a grant to  
19 provide one dollar (\$1.00) in non-State funds for every one dollar (\$1.00) of  
20 grant funds received and shall develop guidelines and procedures for the  
21 administration and distribution of the grants to nonprofits. Upon submission  
22 of documentation satisfactory to the Department that the nonprofit grantee has  
23 obtained sufficient matching funds in accordance with this section, the  
24 Department shall disburse grant funds to the nonprofit grantee in an amount  
25 equal to the amount of non-State matching funds obtained. Documentation of  
26 sufficient matching funds and disbursement of grant proceeds may be  
27 permitted on a monthly basis until the total amount awarded to the nonprofit  
28 grantee has been disbursed. On or before May 1, 2020, the Department of  
29 Commerce shall submit a report to the Joint Legislative Oversight Committee  
30 on Agriculture and Natural and Economic Resources and the Fiscal Research  
31 Division on the affordable housing grant program described in this section.  
32 The report shall include information detailing the number of grants issued, the  
33 grant recipients, the specific areas of the State where grant funds have been  
34 allocated, and the number of affordable housing units developed as a result of  
35 the grant program. Any unmatched funds pursuant to this subdivision shall  
36 revert to the General Fund on June 30, 2021.
- 37 (2) The sum of one million dollars (\$1,000,000) to Hoke County for the  
38 construction of a courthouse annex.
- 39 (3) The sum of one hundred thousand dollars (\$100,000) to the Town of  
40 Huntersville to study and abate the cause of frequent cases of ocular  
41 melanoma in the area.
- 42 (4) The sum of one million seven hundred forty thousand dollars (\$1,740,000) to  
43 the Department of Health and Human Services to provide grants to local  
44 communities selected by the Department to use to inform and develop a  
45 community resilience task force and plan of action based on a community  
46 trauma needs assessment and community engagement.
- 47 (5) The sum of three million dollars (\$3,000,000) to North Carolina Central  
48 University to fund laboratory equipment and instruments.

49 **SECTION 5.10.(b)** Notwithstanding any provision of this act or the Committee  
50 Report described in Section 42.2 of this act to the contrary, the total amount of funds in the  
51 Project Reserve in the Statewide Reserves in the General Fund shall be reduced by the sum of

1 eight million three hundred forty thousand dollars (\$8,340,000) in nonrecurring funds for the  
2 2019-2020 fiscal year.

## 3 4 **PART VI. COMMUNITY COLLEGE SYSTEM**

### 5 6 **CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE**

7 **SECTION 6.1.** G.S. 115D-3 reads as rewritten:

8 "**§ 115D-3. Community Colleges System Office; staff; reorganization authority.**

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

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

19 The President shall be assisted by such professional staff members as may be deemed  
20 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on  
21 nomination of the President. The compensation of the staff members elected by the Board shall  
22 be fixed by the State Board of Community Colleges, upon recommendation of the President of  
23 the Community College System, from funds provided in the Current Operations Appropriations  
24 Act. These staff members shall include such officers as may be deemed desirable by the President  
25 and State Board. Provision shall be made for persons of high competence and strong professional  
26 experience in such areas as academic affairs, public service programs, business and financial  
27 affairs, institutional studies and long-range planning, student affairs, research, legal affairs,  
28 health affairs and institutional development, and for State and federal programs administered by  
29 the State Board. In addition, the President shall be assisted by such other employees as may be  
30 needed to carry out the provisions of this Chapter, who shall be subject to the provisions of  
31 Chapter 126 of the General Statutes. The staff complement shall be established by the State Board  
32 on recommendation of the President to insure that there are persons on the staff who have the  
33 professional competence and experience to carry out the duties assigned and to insure that there  
34 are persons on the staff who are familiar with the problems and capabilities of all of the principal  
35 types of institutions represented in the system. The State Board of Community Colleges shall  
36 have all other powers, duties, and responsibilities delegated to the State Board of Education  
37 affecting the Community Colleges System Office not otherwise stated in this Chapter.

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

### 45 46 **NC CAREER COACHES/LOCAL MATCHING FUNDS**

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

48 "(c) Application for NC Career Coach Program Funding. – The board of trustees of a  
49 community college and a local board of education of a local school administrative unit within the  
50 service area of the community college jointly may apply for available funds for NC Career Coach

1 Program funding from the State Board of Community Colleges. The State Board of Community  
2 Colleges shall establish a process for award of funds as follows:

- 3 (1) Advisory committee. – Establishment of an advisory committee, which shall  
4 include representatives from the NC Community College System, the  
5 Department of Public Instruction, the Department of Commerce, and at least  
6 three representatives of the business community, to review applications and  
7 make recommendations for funding awards to the State Board.
- 8 (2) Application submission requirements. – The State Board of Community  
9 Colleges shall require at least the following:
- 10 a. Evidence of a signed memorandum of understanding that meets, at a  
11 minimum, the requirements of this section.
- 12 b. Evidence that the funding request will be matched ~~dollar for dollar~~  
13 ~~with local funds-funds in accordance with the following:~~
- 14 1. Matching funds may come from public or private sources.
- 15 2. The match amount shall be determined based on the location  
16 of a community college's main campus as follows:
- 17 I. If located in a tier-one county as defined in  
18 G.S. 143B-437.08, no local match shall be required.
- 19 II. If located in a tier-two county as defined in  
20 G.S. 143B-437.08, one dollar (\$1.00) of local funds for  
21 every two dollars (\$2.00) in State funds shall be  
22 required.
- 23 III. If located in a tier-three county as defined in  
24 G.S. 143B-437.08, one dollar (\$1.00) of local funds for  
25 every one dollar (\$1.00) in State funds shall be  
26 required.
- 27 (3) Awards criteria. – The State Board of Community Colleges shall develop  
28 criteria for consideration in determining the award of funds that shall include  
29 the following:
- 30 a. Consideration of the workforce needs of business and industry in the  
31 region.
- 32 b. Targeting of resources to enhance ongoing economic activity within  
33 the community college service area and surrounding counties.
- 34 c. Geographic diversity of awards."  
35

### 36 ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS

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

38 "**SECTION 8.3.(b)** Courses in federal prisons ~~or local jails~~ shall not earn regular budget  
39 full-time equivalents, but may be offered on a self-supporting basis."

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

41 "**§ 115D-5. Administration of institutions by State Board of Community Colleges;**  
42 **personnel exempt from North Carolina Human Resources Act; extension**  
43 **courses; tuition waiver; in-plant training; contracting, etc., for establishment**  
44 **and operation of extension units of the community college system; use of existing**  
45 **public school facilities.**

46 ...

47 (c) No course of instruction shall be offered by any community college at State expense  
48 or partial State expense to any captive or co-opted group of students, as defined by the State  
49 Board of Community Colleges, without prior approval of the State Board of Community  
50 Colleges. All course offerings approved for State prison inmates or prisoners in local jails must  
51 be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of

1 Community Colleges shall be presumed to constitute approval of both the course and the group  
 2 served by that institution. The State Board of Community Colleges may delegate to the President  
 3 the power to make an initial approval, with final approval to be made by the State Board of  
 4 Community Colleges. A course taught without such approval will not yield any full-time  
 5 equivalent students, as defined by the State Board of Community Colleges.

6 (c1) Community colleges shall report full-time equivalent (FTE) student hours for  
 7 correction education programs on the basis of ~~contact hours rather than~~ student membership  
 8 hours. No community college shall operate a multi-entry/multi-exit class or program in a prison  
 9 facility, except for a literacy class or program.

10 The State Board shall work with the Division of Adult Correction and Juvenile Justice of the  
 11 Department of Public Safety on offering classes and programs that match the average length of  
 12 stay of an inmate in a prison facility.

13 ...."

14 **SECTION 6.4.(c)** Beginning with the 2019-2020 academic year, community college  
 15 courses offered in local jails shall earn regular budget full-time equivalents.

## 17 **WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS**

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

### 19 **"§ 115B-1. Definitions.**

20 The following definitions apply in this Chapter:

21 (1) Correctional officer. – An employee of an employer who is certified as a State  
 22 correctional officer under the provisions of Article 1 of Chapter 17C of the  
 23 General Statutes.

24 ~~(1)~~(1a) Employer. – The State of North Carolina and its departments, agencies, and  
 25 institutions; or a county, city, town, or other political subdivision of the State.

26 ...

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

34 ...

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

43 ...."

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

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

48 ...

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

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

13 ...."

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

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

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

## 24 **AUTHORIZE COMMUNITY COLLEGE USE OF INSURANCE IN LIEU OF A BOND**

25 **SECTION 6.7.** G.S. 115D-58.10 reads as rewritten:

### 26 **"§ 115D-58.10. Surety ~~bonds~~, bonds and related insurance.**

27 The State Board of Community Colleges shall determine what State employees and  
 28 employees of institutions shall give bonds or be insured for the protection of State funds and  
 29 property and the State Board is authorized to place the ~~bonds~~ bonds, determine adequate  
 30 insurance coverage, and pay the premiums thereon from State funds.

31 The board of trustees of each institution shall require all institutional employees authorized  
 32 to draw or approve checks or vouchers drawn on local funds, and all persons authorized or  
 33 permitted to receive institutional funds from whatever source, and all persons responsible for or  
 34 authorized to handle institutional property, to be bonded by a surety company authorized to do  
 35 business with the State in such amount as the board of trustees deems sufficient for the protection  
 36 of such property and funds. In lieu of a bond, the board of trustees may obtain and maintain  
 37 adequate insurance coverage sufficient for the protection of institutional funds and property. The  
 38 tax-levying authority of each institution shall provide the funds necessary for the payment of the  
 39 premiums of ~~such bonds~~ the bonds or for insurance coverage."

## 40 **WORKFORCE DEVELOPMENT FOCUSED IT AND ERP FUNDS**

41 **SECTION 6.8.** Notwithstanding any provision of this act or the Committee Report  
 42 described in Section 42.2 of this act to the contrary, the funds reduced by this act for the  
 43 2019-2021 fiscal biennium for the Department of Public Instruction to reflect the support for the  
 44 current schedule of school bus replacements shall be further reduced by two hundred thousand  
 45 dollars (\$200,000) in nonrecurring funds for each fiscal year of the 2019-2021 fiscal biennium  
 46 and, instead, the funds appropriated by this act for the 2019-2021 fiscal biennium to the  
 47 Community College System Office for the system-wide Enterprise Resource Planning (ERP)  
 48 solutions shall be increased by two hundred thousand dollars (\$200,000) in nonrecurring funds  
 49 for each fiscal year of the 2019-2021 fiscal biennium.  
 50  
 51

**PART VII. PUBLIC INSTRUCTION****FUNDS FOR CHILDREN WITH DISABILITIES**

**SECTION 7.1.** The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand four hundred fifty-five dollars and ninety-nine cents (\$4,455.99) per child for fiscal years 2019-2020 and 2020-2021. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its 2019-2020 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

**FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

**SECTION 7.2.** The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred forty dollars and ninety-seven cents (\$1,340.97) per child for fiscal years 2019-2020 and 2020-2021. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2019-2020 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

**SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

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

**SECTION 7.3.(b)** Definitions. – As used in this section, the following definitions apply:

- (1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.
- (2) Anticipated total county revenue availability. – The sum of the following:
  - a. Anticipated county property tax revenue availability.
  - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
  - c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (3) Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.

- 1 (4) Anticipated State average revenue availability per student. – The sum of all  
2 anticipated total county revenue availability divided by the average daily  
3 membership for the State.
- 4 (5) Average daily membership. – Average daily membership as defined in the  
5 North Carolina Public Schools Allotment Policy Manual adopted by the State  
6 Board of Education. If a county contains only part of a local school  
7 administrative unit, the average daily membership of that county includes all  
8 students who reside within the county and attend that local school  
9 administrative unit.
- 10 (6) County-adjusted property tax base. – Computed as follows:  
11 a. Subtract the present-use value of agricultural land, horticultural land,  
12 and forestland in the county, as defined in G.S. 105-277.2, from the  
13 total assessed real property valuation of the county.  
14 b. Adjust the resulting amount by multiplying by a weighted average of  
15 the three most recent annual sales assessment ratio studies.  
16 c. Add to the resulting amount the following:  
17 1. Present-use value of agricultural land, horticultural land, and  
18 forestland, as defined in G.S. 105-277.2.  
19 2. Value of property of public service companies, determined in  
20 accordance with Article 23 of Chapter 105 of the General  
21 Statutes.  
22 3. Personal property value for the county.
- 23 (7) County-adjusted property tax base per square mile. – The county-adjusted  
24 property tax base divided by the number of square miles of land area in the  
25 county.
- 26 (8) County wealth as a percentage of State average wealth. – Computed as  
27 follows:  
28 a. Compute the percentage that the county per capita income is of the  
29 State per capita income and weight the resulting percentage by a factor  
30 of five-tenths.  
31 b. Compute the percentage that the anticipated total county revenue  
32 availability per student is of the anticipated State average revenue  
33 availability per student and weight the resulting percentage by a factor  
34 of four-tenths.  
35 c. Compute the percentage that the county-adjusted property tax base per  
36 square mile is of the State-adjusted property tax base per square mile  
37 and weight the resulting percentage by a factor of one-tenth.  
38 d. Add the three weighted percentages to derive the county wealth as a  
39 percentage of the State average wealth.
- 40 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted  
41 average of the three most recent annual sales assessment ratio studies.
- 42 (10) Effective State average tax rate. – The average of effective county tax rates  
43 for all counties.
- 44 (11) Local current expense funds. – The most recent county current expense  
45 appropriations to public schools, as reported by local boards of education in  
46 the audit report filed with the Secretary of the Local Government Commission  
47 pursuant to G.S. 115C-447.
- 48 (12) Per capita income. – The average for the most recent three years for which  
49 data are available of the per capita income according to the most recent report  
50 of the United States Department of Commerce, Bureau of Economic Analysis,

1 including any reported modifications for prior years as outlined in the most  
2 recent report.

3 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by  
4 the Department of Revenue under G.S. 105-289(h).

5 (14) State average adjusted property tax base per square mile. – The sum of the  
6 county-adjusted property tax bases for all counties divided by the number of  
7 square miles of land area in the State.

8 (15) State average current expense appropriations per student. – The most recent  
9 State total of county current expense appropriations to public schools, as  
10 reported by local boards of education in the audit report filed with the  
11 Secretary of the Local Government Commission pursuant to G.S. 115C-447.

12 (16) Supplant. – To decrease local per student current expense appropriations from  
13 one fiscal year to the next fiscal year.

14 (17) Weighted average of the three most recent annual sales assessment ratio  
15 studies. – The weighted average of the three most recent annual sales  
16 assessment ratio studies in the most recent years for which county current  
17 expense appropriations and adjusted property tax valuations are available. If  
18 real property in a county has been revalued one year prior to the most recent  
19 sales assessment ratio study, a weighted average of the two most recent sales  
20 assessment ratios shall be used. If property has been revalued the year of the  
21 most recent sales assessment ratio study, the sales assessment ratio for the year  
22 of revaluation shall be used.

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

27 **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this  
28 section, the amount received per average daily membership for a county shall be the difference  
29 between the State average current expense appropriations per student and the current expense  
30 appropriations per student that the county could provide given the county's wealth and an average  
31 effort to fund public schools. To derive the current expense appropriations per student that the  
32 county could be able to provide given the county's wealth and an average effort to fund public  
33 schools, multiply the county's wealth as a percentage of State average wealth by the State average  
34 current expense appropriations per student. The funds for the local school administrative units  
35 located in whole or in part in the county shall be allocated to each local school administrative  
36 unit located in whole or in part in the county based on the average daily membership of the  
37 county's students in the school units. If the funds appropriated for supplemental funding are not  
38 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata  
39 share of the funds appropriated for supplemental funding.

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

46 **SECTION 7.3.(f)** Minimum Effort Required. – A county shall receive full funding  
47 under this section if the county (i) maintains an effective county tax rate that is at least one  
48 hundred percent (100%) of the effective State average tax rate in the most recent year for which  
49 data are available or (ii) maintains a county appropriation per student to the school local current  
50 expense fund of at least one hundred percent (100%) of the current expense appropriations per  
51 student to the school local current expense fund that the county could provide given the county's

1 wealth and an average effort to fund public schools. A county that maintains a county  
2 appropriation per student to the school local current expense fund of less than one hundred  
3 percent (100%) of the current expense appropriations per student to the school local current  
4 expense fund that the county could provide given the county's wealth and an average effort to  
5 fund public schools shall receive funding under this section at the same percentage that the  
6 county's appropriation per student to the school local current expense fund is of the current  
7 expense appropriations per student to the school local current expense fund that the county could  
8 provide given the county's wealth and an average effort to fund public schools.

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

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

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

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

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

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

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

#### 48 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

1           **SECTION 7.4.(a)** Allotment Schedule for the 2019-2021 Fiscal Biennium. – Except  
 2 as otherwise provided in subsection (d) of this section, each eligible county school administrative  
 3 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.

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

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

25           **SECTION 7.4.(c)** Phase-Out Provision for the 2020-2021 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 2020-2021 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 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 2019-2020 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.(d)** Nonsupplant Requirement for the 2019-2021 Fiscal Biennium. –  
 39 A county in which a local school administrative unit receives funds under this section shall use  
 40 the funds to supplement local current expense funds and shall not supplant local current expense  
 41 funds. For the 2019-2021 fiscal biennium, the State Board of Education shall not allocate funds  
 42 under this section to a county found to have used these funds to supplant local per student current  
 43 expense funds. The State Board of Education shall make a finding that a county has used these  
 44 funds to supplant local current expense funds in the prior year or the year for which the most  
 45 recent data are available, if all of the following criteria apply:

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

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

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

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

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

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

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

- 17 (1) Provide instructional positions or instructional support positions.
- 18 (2) Provide professional development.
- 19 (3) Provide intensive in-school or after-school remediation, or both.
- 20 (4) Purchase diagnostic software and progress-monitoring tools.
- 21 (5) Provide funds for teacher bonuses and supplements. The State Board of  
22 Education shall set a maximum percentage of the funds that may be used for  
23 this purpose.

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

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

- 34 (1) For counties with wealth greater than ninety percent (90%) of the statewide  
35 average, a ratio of 1:19.9.
- 36 (2) For counties with wealth not less than eighty percent (80%) and not greater  
37 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 38 (3) For counties with wealth less than eighty percent (80%) of the statewide  
39 average, a ratio of 1:19.1.
- 40 (4) For local school administrative units that received DSSF funds in fiscal year  
41 2005-2006, a ratio of 1:16. These local school administrative units shall  
42 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

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

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

14           **SECTION 7.6.(b)** In implementing (i) the reorganization authorized in Section 7.7  
15 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from  
16 the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary  
17 to improve the efficiency of the Department of Public Instruction, except as otherwise provided  
18 in this act, the Department of Public Instruction shall make no reduction to funding for (i) the  
19 State Public School Fund, including for the following residential schools: Eastern North Carolina  
20 School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School,  
21 and (ii) any budget expansion item funded by an appropriation to the Department of Public  
22 Instruction by this act for the 2019-2021 fiscal biennium. The Department shall also make no  
23 transfers from or reduction to funding or positions for any of the following:

- 24           (1) Communities in Schools of North Carolina, Inc.
- 25           (2) Teach For America, Inc.
- 26           (3) Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
- 27           (4) The Excellent Public Schools Act, Read to Achieve Program, initially  
28           established under Section 7A.1 of S.L. 2012-142.
- 29           (5) The North Carolina School Connectivity Program.
- 30           (6) The North Carolina Center for the Advancement of Teaching.
- 31           (7) The North Carolina Innovative School District.

### 32 33 **ADVANCED TEACHING ROLES CHANGES**

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

- 35           (1) Section 8.7 of S.L. 2016-94.
- 36           (2) Section 7.11(a) of S.L. 2017-57.
- 37           (3) Section 7.15(b) of S.L. 2017-57.
- 38           (4) Section 7.9 of S.L. 2018-5.
- 39           (5) Section 2.6 of S.L. 2018-97.

40           **SECTION 7.9.(b)** Article 20 of Chapter 115C of the General Statutes is amended by  
41 adding a new section to read:

#### 42 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

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

- 50           (1) Allow highly effective classroom teachers to teach an increased number of  
51 students by assuming accountability for additional students, by becoming a

1 lead classroom teacher accountable for the student performance of all of the  
2 students taught by teachers on that lead classroom teacher's team, or by  
3 leading a larger effort in the school to implement new instructional models to  
4 improve school-wide performance.

5 (2) Enable local school administrative units to provide salary supplements to  
6 classroom teachers in advanced teaching roles. Selection of an advanced  
7 teaching role classroom teacher and award of related salary supplements shall  
8 be made on the basis of demonstrated effectiveness and additional  
9 responsibilities.

10 (3) Enable local school administrative units to create innovative compensation  
11 models that focus on classroom teacher professional growth that lead to  
12 measurable improvements in student outcomes.

13 (4) Utilize local plans to establish organizational changes related to compensation  
14 in order to sustain evidence-based teaching practices that have the capacity to  
15 be replicated throughout the State.

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

20 (1) Description of the program structure, including both of the following:

21 a. The process for teacher advancement based on performance,  
22 professional growth, or the specific teacher roles assumed by the  
23 teacher.

24 b. Plans for how the local school administrative unit will utilize and train  
25 classroom teachers in advanced teaching roles. These plans shall draw  
26 a direct correlation between the proposed use and training of  
27 classroom teachers in advanced teaching roles and improved student  
28 outcomes.

29 (2) Descriptions of the advanced teaching roles, including minimum  
30 qualifications for the positions that shall include at least two of the following:

31 a. Advanced certifications, such as National Board for Professional  
32 Teaching Standards Certification, or a master's degree in the area in  
33 which the classroom teacher is licensed and teaching.

34 b. A rating of at least accomplished on each of the Teacher Evaluation  
35 Standards 1-5 on the North Carolina Teacher Evaluation instrument.

36 c. Evidence that the teacher has an average Education Value-Added  
37 Assessment System (EVAAS) student growth index score from the  
38 three previous school years of 1.5 or greater and no individual EVAAS  
39 student growth index score below zero.

40 d. Equivalent demonstrated mastery of teaching skills as required by the  
41 new local compensation model.

42 (3) Job responsibilities that include at least one of the following:

43 a. Teaching an increased number of students and being accountable for  
44 their performance as the teacher of record for those students.

45 b. Becoming a lead classroom teacher among a group of teachers and  
46 participating in EVAAS according to a model developed by the  
47 Department of Public Instruction. The model shall be published and  
48 explained on the Department's Web site no later than August 1, 2019,  
49 and, thereafter, within 30 days of any change made to the model.

50 c. Leading a school-wide effort to implement data-driven instructional  
51 models that include blended learning environments, utilizing digital

- 1                    learning and resources, and focusing on methods of improvement for  
2                    school-wide performance issues.
- 3                    d. Providing in-house professional development or functioning as an  
4                    instructional content area coach or a coach in another professional  
5                    development area following the completion of certification training.  
6                    The training shall ensure that the professional development or  
7                    coaching the teacher provides is faithfully implemented in the  
8                    classroom.
- 9                    (4) Description of how the local school administrative unit will inform all  
10                   employees and the public on the criteria and selection for the advanced  
11                   teaching roles, the continued eligibility requirements for the advanced  
12                   teaching roles, and how the individuals selected for the advanced teaching  
13                   roles will be evaluated.
- 14                   (5) Description of how the local school administrative unit will inform all  
15                   employees and the public on the criteria for movement on the proposed new  
16                   local compensation model.
- 17                   (6) The process for the voluntary relinquishment of an advanced teaching role,  
18                   including the associated additional duties. Voluntary relinquishment of the  
19                   advanced teaching role shall not be considered a demotion under Part 3 of  
20                   Article 22 of Chapter 115C of the General Statutes.
- 21                   (7) Salary supplement information including the following:
- 22                   a. The amount of the salary supplements that will be provided to those  
23                   selected for the advanced teaching roles. The supplements may be up  
24                   to thirty percent (30%) of the State teacher salary schedule.
- 25                   b. A statement by the local school administrative unit that the salary  
26                   supplements will be paid as a supplement to the classroom teacher's  
27                   regular salary and not be included in the average salary calculation  
28                   used for budgeting State allotments.
- 29                   c. A statement by the local school administrative unit that if a classroom  
30                   teacher in an advanced teaching role (i) fails to maintain the minimum  
31                   criteria established for the position, (ii) is not successfully performing  
32                   the additional duties associated with the advanced teaching role, or (iii)  
33                   voluntarily relinquishes the advanced teaching role, the teacher shall  
34                   only be paid the salary applicable to that individual on the State teacher  
35                   salary schedule and any other local supplements that would otherwise  
36                   apply to the classroom teacher's compensation.
- 37                   d. Loss of an advanced teaching role shall not be considered a demotion  
38                   under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- 39                   e. The amount of the salary supplements at all levels of the proposed new  
40                   compensation model in relation to the State teacher salary schedule.
- 41                   (8) The implementation plan, including the number of schools in the local school  
42                   administrative unit that will have advanced teaching roles and any new  
43                   proposed compensation model, the number of advanced teaching roles at each  
44                   of those schools, the number of students whose teacher of record will be a  
45                   teacher in an advanced teaching role, and the number of teachers overall who  
46                   would be eligible for the proposed new compensation model.
- 47                   (9) Plans for long-term financial sustainability once any grant money that may be  
48                   awarded to the local school administrative unit is no longer available. This  
49                   plan shall include a description of how the unit intends to provide  
50                   supplemental compensation for teachers in an advanced teaching role without  
51                   grant money.

1           (10) A description of how the local school administrative unit could partner with  
2           local educator preparation programs, institutions of higher education, or  
3           community colleges to improve teacher effectiveness and student outcomes.

4           (c) Selection by State Board of Education. – By December 15, 2019, and annually  
5           thereafter, the State Board of Education shall review proposals and select local school  
6           administrative units to participate in the program, beginning in the subsequent school year, in  
7           accordance with the following criteria:

8           (1) Selected local school administrative units must meet minimum criteria  
9           established by the State Board of Education consistent with this section.

10          (2) The State Board shall prioritize the award of available State funds for the  
11          following categories of local school administrative units:

12          a. Up to five units with an average daily membership from the previous  
13          school year of 4,000 or fewer students.

14          b. Up to five units with an average daily membership from the previous  
15          school year of between 4,001 and 20,000 students.

16          c. Up to five units with an average daily membership from the previous  
17          school year of 20,001 or more students.

18          (3) The State Board shall approve the proposal of any local school administrative  
19          unit that is submitted by October 15, 2019, if the following criteria are met:

20          a. The local school administrative unit is participating in an approved  
21          advanced teaching roles program pursuant to Section 8.7 of S.L.  
22          2016-94 in the 2019-2020 school year.

23          b. The application of a local school administrative unit is not inconsistent  
24          with this section.

25          (d) Advanced Teaching Roles Designation. – Any local board of education that is  
26          selected to participate in the program pursuant to subsection (c) of this section shall designate  
27          participating schools within the unit as "Advanced Teaching Roles" schools.

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

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

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

46          (1) Salary supplements for classroom teachers in advanced teaching roles.

47          (2) Development of advanced teaching role plans.

48          (3) Development of professional development courses for teachers in advanced  
49          teaching roles that lead to improved student outcomes.

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

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

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

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

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

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

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

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

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

19          The State Board shall contract with an independent research organization to perform this  
20          evaluation in the first two years of the program and provide reports on October 15, 2020, and  
21          October 15, 2021. Beginning October 15, 2022, and annually thereafter, the State Board shall  
22          perform the evaluation and provide the report. The State Board shall provide any report required  
23          in accordance with this subsection to the offices of the President Pro Tempore of the Senate and  
24          the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,  
25          the House Committee on Appropriations, the Senate Appropriations Committee on  
26          Education/Higher Education, the House Appropriations Committee on Education, the Fiscal  
27          Research Division, and the Joint Legislative Education Oversight Committee."

28          **SECTION 7.9.(c)** Funds appropriated to the Department of Public Instruction by this  
29          act for the 2019-2020 fiscal year shall be used to (i) support teacher compensation models and  
30          advanced teaching roles pursuant to Section 8.7 of S.L. 2016-94, as amended by Section 7.11 of  
31          S.L. 2017-57 and Section 7.9 of S.L. 2018-5, and (ii) develop implementation plans for teacher  
32          compensation models and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this  
33          act.

34          **SECTION 7.9.(d)** Funds appropriated to the Department of Public Instruction by  
35          this act for the 2020-2021 fiscal year shall be used to support teacher compensation models and  
36          advanced teaching roles and to develop implementation plans for teacher compensation models  
37          and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act.

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

## 47 48 **CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS** 49 **REPORT**

50          **SECTION 7.13.(a)** G.S. 115C-5 is amended by adding a new subdivision to read:  
51          "(11) Public school unit. – Any of the following:

- 1           a.     A local school administrative unit.  
 2           b.     A charter school.  
 3           c.     A regional school.  
 4           d.     A school providing elementary or secondary instruction operated by  
 5                 one of the following:  
 6                 1.     The State Board of Education, including schools operated  
 7                 under Article 7A and Article 9C of this Chapter.  
 8                 2.     The University of North Carolina, including schools operated  
 9                 under Articles 4, 29, and 29A of Chapter 116 of the General  
 10                Statutes."

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

12   "**§ 115C-105.57. Center for Safer Schools.**

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

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

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

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

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

- 32           (1)   The total number of school resource officers in the State and in each public  
 33                 school unit.  
 34           (2)   Data regarding school resources officers' education levels, years as sworn law  
 35                 enforcement officers, and years as school resource officers.  
 36           (3)   Training required of school resource officers and training actually completed  
 37                 by school resource officers, including training specific to the position of  
 38                 school resource officer and other advanced or additional training.  
 39           (4)   The funding source for all school resource officers.  
 40           (5)   The location of school resource officers, differentiated by grade levels and  
 41                 type of public school unit.  
 42           (6)   The percentage of school resource officers assigned to more than one school.  
 43           (7)   The law enforcement affiliation of school resource officers."

44  
 45   **BROADEN CERTAIN CHARTER SCHOOL ENROLLMENT PRIORITIES**

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

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

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

- 1           (1a) Siblings who apply to the charter school for admission beginning in the same  
 2           school year, such as when a sibling was not initially admitted due to grade  
 3           level capacity.  
 4           (2) Siblings of students who have completed the highest grade level offered by  
 5           that school and who were enrolled in at least four grade levels offered by the  
 6           charter school or, if less than four grades are offered, in the maximum number  
 7           of grades offered by the charter school.  
 8           (2a) A student who was enrolled in a preschool program operated by the charter  
 9           school in the prior year.  
 10          (3) Limited to no more than fifteen percent (15%) of the school's total enrollment,  
 11          unless granted a waiver by the State Board of Education, the following:  
 12          a. Children of ~~the school's full-time employees~~ persons (i) employed full  
 13          time by the charter school or (ii) working full time in the daily  
 14          operation of the charter school, including children of persons  
 15          employed by an education management organization or charter  
 16          management organization for the charter school.  
 17          b. Children of the charter school's board of directors.  
 18          (4) A student who was enrolled in the charter school within the two previous  
 19          school years but left the school (i) to participate in an academic study abroad  
 20          program or a competitive admission residential program or (ii) because of the  
 21          vocational opportunities of the student's parent.  
 22          (5) A student who was enrolled in another charter school in the State in the  
 23          previous school year that does not offer the student's next grade level.  
 24          (6) A student who was enrolled in another charter school in the State in the  
 25          previous school year that does not offer the student's next grade level and both  
 26          of the charter schools have an enrollment articulation agreement to accept  
 27          students or are governed by the same board of directors.  
 28          (7) A student who was enrolled in another charter school in the State in the  
 29          previous school year."

30           **SECTION 7.15.(b)** This section is effective when it becomes law and applies  
 31 beginning with the 2019-2020 school year.  
 32

### 33 RENEWAL SCHOOLS

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

35           "**SECTION 6.(l)** Available State Funds. – Beginning with the ~~2018-2019~~ 2019-2020 fiscal  
 36 year, the Department of Public Instruction shall calculate the amount of State funds to be  
 37 allocated to the local school administrative unit operating under a renewal school system plan on  
 38 the same basis as other local school administrative units and shall distribute those funds to the  
 39 unit. The Department shall use statewide average salary figures for the purpose of calculating the  
 40 dollar equivalent of guaranteed positions as necessary. The funds allocated to the local school  
 41 administrative unit shall be subject to any restrictions as to use imposed by federal law, the  
 42 conditions of federal or State grants, or as provided through any rules that the State Board adopts  
 43 to ensure compliance with federal regulations. Use of these funds shall otherwise be unrestricted  
 44 except as provided in this section.

45           ~~In no event shall the local school administrative unit receive a total amount of State funds in~~  
 46 ~~the 2018-2019 fiscal year under the disbursement method described in this subsection that is less~~  
 47 ~~than the total amount of State funds the local school administrative unit received in the 2017-2018~~  
 48 ~~fiscal year."~~  
 49

### 50 ECONOMICS AND FINANCIAL LITERACY

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

1 **"§ 115C-81.65. Financial literacy.**

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

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

- 16 (1) The true cost of credit.  
17 (2) Choosing and managing a credit card.  
18 (3) Borrowing money for an automobile or other large purchase.  
19 (4) Home mortgages.  
20 (5) Credit scoring and credit reports.  
21 (5a) Planning and paying for postsecondary education.  
22 (6) Other relevant financial literacy issues.

23 (c) The State Board of Education shall require that EPF teachers receive the professional  
24 development necessary to ensure that the intent and provisions of this section are carried out. To  
25 the extent funds are made available for this purpose, the State Board of Education shall require  
26 the employing entity to make available to EPF teachers and prospective EPF teachers the EPF  
27 professional development course provided by the North Carolina Council on Economic  
28 Education (NCCEE). When practicable, teachers shall complete the EPF professional  
29 development course prior to teaching the EPF course in public schools. If necessary, teachers  
30 may begin teaching the EPF course in public schools while awaiting the next possible opportunity  
31 to complete a session of the EPF professional development course. To the extent possible, the  
32 EPF professional development course shall be taken at the NCCEE-approved location most  
33 conveniently located to the local school administrative unit."

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

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

38 **"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**

39 ...  
40 (c) ~~Democratic Process and Citizenship Education.~~ Education for Middle School Social  
41 Studies. –

- 42 (1) ~~The State Board of Education shall include instruction in civic and citizenship~~  
43 ~~education in the standard course of study for high school social studies. The~~  
44 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~  
45 ~~following components in the high school civic and citizenship education~~  
46 ~~standard course of study:~~  
47 a. ~~That students write to a local, State, or federal elected official about~~  
48 ~~an issue that is important to them.~~  
49 b. ~~Instruction on the importance of voting and otherwise participating in~~  
50 ~~the democratic process, including instruction on voter registration.~~  
51 c. ~~Information about current events and governmental structure.~~

- 1 ~~d. Information about the democratic process and how laws are made.~~  
 2 (2) The State Board of Education shall include instruction in civic and citizenship  
 3 education in the standard course of study for middle school social studies. The  
 4 State Board of Education is strongly encouraged to include, at a minimum, the  
 5 following components in the middle school civic and citizenship education  
 6 standard course of study:  
 7 ~~a.(1)~~ A tour of representative local government facilities, such as the local jail, the  
 8 courthouse, or a town hall, to help students understand the way their  
 9 community is governed.  
 10 ~~b.(2)~~ Allowing students to choose and analyze a community problem and offer  
 11 public policy recommendations on the problem to local officials.  
 12 ~~e.(3)~~ Information about getting involved in community groups.  
 13 (d) Founding Principles of the United States of America and North Carolina: Civic  
 14 Literacy. –  
 15 (1) The State Board of Education shall require ~~during the high school years~~  
 16 instruction in civic and citizenship education in the standard course of study  
 17 for high school social studies through the teaching of a semester full credit  
 18 course on the that shall be called Founding Principles of the United States of  
 19 America and the State of North Carolina. North Carolina: Civic Literacy. A  
 20 passing grade in the course shall be required for graduation from high school,  
 21 and the school.  
 22 (1a) The course required by subdivision (1) of this subsection shall be solely  
 23 focused on civics and citizenship education, and shall include at least the  
 24 following subjects:  
 25 a. The Creator-endowed inalienable rights of the people.  
 26 b. Structure of government, separation of powers with checks and  
 27 balances.  
 28 c. Frequent and free elections in a representative government.  
 29 d. Rule of law.  
 30 e. Equal justice under the law.  
 31 f. Private property rights.  
 32 g. Federalism.  
 33 h. Due process.  
 34 i. Individual rights as set forth in the Bill of Rights.  
 35 j. Individual responsibility.  
 36 k. Constitutional limitations on government power to tax and spend, and  
 37 prompt payment of public debt.  
 38 l. Strong defense and supremacy of civil authority over military.  
 39 m. Peace, commerce, and honest friendship with all nations, entangling  
 40 alliances with none.  
 41 (1b) The State Board of Education is strongly encouraged to include the following  
 42 components in the course required by subdivision (1) of this subsection:  
 43 a. That students write to a local, State, or federal elected official about  
 44 an issue that is important to them.  
 45 b. Instruction on the importance of voting and otherwise participating in  
 46 the democratic process, including instruction on voter registration.  
 47 c. Information about current events and governmental structure.  
 48 d. Information about the democratic process and how laws are made.  
 49 (2) The State Board of Education shall require that any high school level  
 50 curriculum-based tests for the course required in subdivision (1) of this  
 51 subsection developed and administered statewide ~~beginning with the~~

1           ~~2016-2017 academic year~~ include questions related to the philosophical  
2 foundations of our form of government and the principles underlying the  
3 Declaration of Independence, the United States Constitution and its  
4 amendments, and the most important of the Federalist Papers.

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

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

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

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

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

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

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

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

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

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

36           "(4a) G.S. 115C-81.65, Financial literacy."

37           **SECTION 7.18.(i)** The State Board of Education shall begin the process for review  
38 and revision of the standard course of study for social studies in grades kindergarten through 12  
39 in the 2019-2020 school year, and shall revise the high school standard course of study in  
40 accordance with the requirements of this section for the EPF course and the Founding Principles  
41 of America and North Carolina: Civic Literacy course. The State Board shall review the high  
42 school standard course of study to determine the high school grade level during which the EPF  
43 course and the Founding Principles of America and North Carolina: Civic Literacy course may  
44 be completed. The State Board of Education shall not require more than four full course credits  
45 in social studies for high school graduation.

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

50           (1) The EPF professional development course, including administration of the  
51 Test of Economic Literacy and the Working in Support of Education personal

1 finance test, and the provision of a certificate of completion to qualified  
2 teachers.

- 3 (2) A stipend in the amount of five hundred dollars (\$500.00), upon completion  
4 of the Test of Economic Literacy and the Working in Support of Education  
5 personal finance test, to either the public school teacher, if the teacher attends  
6 the course on weekends or during a time outside the teacher's school year, or,  
7 to the teacher's public school employer, if the teacher attends the course on  
8 school days during the teacher's school year.

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

14  
15 **CHANGE SUPPLEMENTAL FUNDING FOR COOPERATIVE INNOVATIVE HIGH**  
16 **SCHOOLS TO FIRST THREE YEARS OF OPERATION**

17 **SECTION 7.27.(a)** G.S. 115C-238.50A(1b) reads as rewritten:

18 "(1b) Cooperative innovative high school allotment. – Funds appropriated by the  
19 General Assembly to the Department of Public Instruction to provide  
20 additional resources to approved cooperative innovative high ~~schools~~schools  
21 for the schools' first three years of operation."

22 **SECTION 7.27.(b)** G.S. 115C-238.51(b)(8) reads as rewritten:

23 "(8) A description of the funds that will be used and a proposed budget for the first  
24 five years of the implementation of the cooperative innovative high school.  
25 This description shall identify how the average daily membership (ADM) and  
26 full-time equivalent (FTE) students are counted. ~~If additional funds are~~  
27 ~~requested, a description of how those additional funds will be used shall be~~  
28 ~~submitted. Additional funds may include the cooperative innovative high~~  
29 ~~school allotment and tuition payments.~~ For cooperative innovative high  
30 schools that have a community college as their partner institution of higher  
31 education, the proposed budget shall include the cost of including their  
32 students in calculations of budget full-time equivalent students for the North  
33 Carolina Community College System. For cooperative innovative high  
34 schools that have a constituent institution or a private North Carolina college  
35 as their partner institution of higher education, the proposed budget shall  
36 include the cost of tuition payments."

37 **SECTION 7.27.(c)** 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.~~

44 (b) ~~No Additional Funds. Application Approval; Supplemental Funds.~~ – ~~For applications~~  
45 ~~which have not requested additional funds, the~~ The State Board of Education and the applicable  
46 governing Board may approve cooperative innovative high schools. In granting approval,  
47 consideration shall be given to the proposed budget and demonstration of sources of sustainable  
48 funding for the operation of the cooperative innovative high school. Approvals shall be made by  
49 June 30 of each year. ~~No additional State funds, position allotments, earning of budget full-time~~  
50 ~~equivalent students, or payments of tuition shall be provided to cooperative innovative high~~  
51 ~~schools approved under this subsection.~~ Within the funds available for this purpose, the

1 Department of Public Instruction shall allocate funds from the cooperative innovative high school  
 2 allotment to a local school administrative unit operating a cooperative innovative high school  
 3 approved under this subsection for each of the first three years of the school's operation. The  
 4 amount of funds allocated to a local school administrative unit for each cooperative innovat high  
 5 school located in the unit shall be based on the tier designation of the area in which the school is  
 6 located at the time the application is submitted to the State Board of Education as follows:

- 7 (1) For a cooperative innovative high school located in a development tier one  
 8 area as defined in G.S. 143B-437.08, a local school administrative unit shall  
 9 be allocated the sum of two hundred seventy-five thousand dollars (\$275,000)  
 10 for each year.  
 11 (2) For a cooperative innovative high school located in a development tier two  
 12 area as defined in G.S. 143B-437.08, a local school administrative unit shall  
 13 be allocated the sum of two hundred thousand dollars (\$200,000) for each  
 14 year.  
 15 (3) For a cooperative innovative high school located in a development tier three  
 16 area as defined in G.S. 143B-437.08, a local school administrative unit shall  
 17 be allocated the sum of one hundred eighty thousand dollars (\$180,000) for  
 18 each year.  
 19 (4) If funds are insufficient in a fiscal year for all eligible local school  
 20 administrative units to receive the full amounts set forth in this subsection, the  
 21 Department shall allocate funds on a pro rata basis according to the  
 22 development tier designation for the location of each school being funded for  
 23 that fiscal year.

24 (e) ~~Additional Funds.— For applications which have requested additional funds, the State  
 25 Board of Education and the applicable governing Board may approve cooperative innovative  
 26 high schools contingent upon appropriation of the additional funds by the General Assembly.  
 27 Contingent approval shall be made by April 1 of each year. The contingent approval shall expire  
 28 if no appropriation is made by the General Assembly for the additional funds within one calendar  
 29 year. No cooperative innovative high school shall open prior to the appropriation by the General  
 30 Assembly of the full amount of the additional funds as requested in the application for that school  
 31 under G.S. 115C-238.51 for the upcoming fiscal year or fiscal biennium, as appropriate. If no  
 32 appropriation is made by the General Assembly, a revised application may be submitted under  
 33 subsection (b) of this section."~~

34 **SECTION 7.27.(d)** G.S. 115C-238.54 reads as rewritten:

35 **"§ 115C-238.54. Funds for cooperative innovative high schools.**

36 ...

37 (g) Students in cooperative innovative high schools that have a community college as  
 38 their partner institution of higher education and were approved under ~~G.S. 115C-238.51A(e)~~  
 39 G.S. 115C-238.51A(b) shall be included in calculations of budget full-time equivalent students  
 40 for the North Carolina Community College System. ~~Students in cooperative innovative high  
 41 schools that have a community college as their partner institution of higher education and were  
 42 approved under G.S. 115C-238.51A(b) shall not be included in calculations of budget full-time  
 43 equivalent students for the North Carolina Community College System.~~

44 (h) The State Board of Education shall reimburse The University of North Carolina for  
 45 tuition for courses taken by students at cooperative innovative high schools that have a  
 46 constituent institution of The University of North Carolina as their partner institution of higher  
 47 education and were approved under ~~G.S. 115C-238.51A(e)~~. G.S. 115C-238.51A(b). Tuition  
 48 payments shall not exceed the annual Board of Governors-approved undergraduate resident  
 49 tuition rate calculated on a per credit hour basis and shall not include fees. In addition, the  
 50 cooperative innovative high school students' credit hours shall be nonfundable under The  
 51 University of North Carolina Semester Credit Hour Enrollment Change Funding Model. ~~The~~

1 ~~State Board of Education shall not reimburse The University of North Carolina for tuition for~~  
2 ~~courses taken by students at cooperative innovative high schools that have a constituent~~  
3 ~~institution of The University of North Carolina as their partner institution of higher education~~  
4 ~~and were approved under G.S. 115C-238.51A(b).~~

5 (i) The State Board of Education shall reimburse private North Carolina colleges for  
6 tuition for courses taken by students at cooperative innovative high schools that have a private  
7 North Carolina college as their partner institution of higher education and were approved under  
8 ~~G.S. 115C-238.51A(e).~~ G.S. 115C-238.51A(b). Tuition payments shall not exceed the highest  
9 undergraduate resident rate approved by the Board of Governors for The University of North  
10 Carolina constituent institutions and shall not include fees. ~~The State Board of Education shall~~  
11 ~~not reimburse private North Carolina colleges for tuition for courses taken by students at~~  
12 ~~cooperative innovative high schools that have a private North Carolina college as their partner~~  
13 ~~institution of higher education and were approved under G.S. 115C-238.51A(b).~~

14 (j) Any State funds appropriated for cooperative innovative high schools shall not be  
15 adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit  
16 adjustments for school personnel, unless specifically provided for by the General Assembly."

17 **SECTION 7.27.(e)** Phase Out of Funding for Schools Receiving Funds for More  
18 than Three Years. – Notwithstanding Section 7.22 of S.L. 2017-57 and any other provision of  
19 law to the contrary, of the funds appropriated to the Department of Public Instruction for the  
20 2020-2021 fiscal year for the cooperative innovative high school allotment, for local school  
21 administrative units operating cooperative innovative high schools that received the cooperative  
22 innovative high school allotment prior to the 2017-2018 fiscal year, the Department shall phase  
23 out the allotment amount for each of the cooperative innovative high schools by allocating from  
24 the allotment for the 2020-2021 fiscal year an amount equal to fifty percent (50%) of the amount  
25 a local school administrative unit received from the allotment for the 2019-2020 fiscal year. A  
26 local school administrative unit that received funds from the cooperative innovative high school  
27 allotment prior to the 2017-2018 fiscal year shall not receive funds from the allotment for the  
28 2021-2022 fiscal year and for subsequent fiscal years.

29 **SECTION 7.27.(f)** Phase Out of Funding for Schools Receiving Funds for the Past  
30 Two Years. – Notwithstanding Section 7.22 of S.L. 2017-57 and any other provision of law to  
31 the contrary, of the funds appropriated to the Department of Public Instruction for the cooperative  
32 innovative high school allotment, for local school administrative units operating cooperative  
33 innovative high schools that initially received funds from the cooperative innovative high school  
34 allotment beginning with the 2017-2018 fiscal year, the Department shall phase out the allotment  
35 amount for each of the cooperative innovative high schools by allocating funds to the local school  
36 administrative unit for the 2021-2022 fiscal year in an amount equal to fifty percent (50%) of the  
37 amount a local school administrative unit received from the allotment for the 2020-2021 fiscal  
38 year. A local school administrative unit that initially received funds from the cooperative  
39 innovative high school allotment beginning with the 2017-2018 fiscal year shall not receive funds  
40 from the allotment for the 2022-2023 fiscal year and for subsequent fiscal years.

41 **SECTION 7.27.(g)** Funds for Schools Receiving Initial Funds for FY 2019-2020. –  
42 Of the funds appropriated to the Department of Public Instruction for the cooperative innovative  
43 high school allotment, for local school administrative units operating cooperative innovative high  
44 schools that initially received funds from the cooperative innovative high school allotment  
45 beginning with the 2019-2020 fiscal year, the Department shall allocate funds from the allotment  
46 for the 2020-2021 and 2021-2022 fiscal years to each local school administrative unit in the same  
47 amount allocated to the local school administrative unit for the 2019-2020 fiscal year. A local  
48 school administrative unit that initially received funds from the cooperative innovative high  
49 school allotment beginning with the 2019-2020 fiscal year shall not receive funds from the  
50 allotment for the 2022-2023 fiscal year and for subsequent fiscal years.

1           **SECTION 7.27.(h)** Notwithstanding any other provision of this section, of the funds  
2 appropriated to the Department of Public Instruction for the cooperative innovative high school  
3 allotment, the Department shall allocate to the Northeast Regional School of Biotechnology and  
4 Agriscience the same amount of funds allocated for the school for the 2018-2019 fiscal year for  
5 each fiscal year of the 2019-2021 fiscal biennium and for subsequent fiscal years.

6           **SECTION 7.27.(i)** Subsections (a) through (d) of this section apply to applications  
7 to establish a cooperative innovative high school for the 2020-2021 school year and any  
8 subsequent school years.

## 9 10 **CLASSROOM SUPPLIES TO TEACHERS**

11           **SECTION 7.31.(a)** Establishment of the Program. – Notwithstanding any other  
12 provision of law, beginning with the 2019-2020 fiscal year, funds appropriated from the General  
13 Fund to the Department of Public Instruction each fiscal year for the Classroom  
14 Materials/Instructional Supplies/Equipment allotment shall be used for the North Carolina  
15 Classroom Supply Program (Program) established in accordance with this section. The Program  
16 shall provide for electronic access to funds for eligible classroom teachers to purchase supplies  
17 for their classrooms on behalf of public school units participating in the Program to support  
18 educational needs of the public school students assigned to those classroom teachers.

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

- 21           (1) Eligible classroom teacher. – Any school-based classroom teacher, including  
22 teachers for special student populations, such as exceptional children, reading  
23 resource, English language learners, and program enhancement courses,  
24 employed by a public school unit to teach students in grades kindergarten  
25 through twelfth grade. School personnel in central office positions,  
26 instructional support personnel, and school-based administrators shall not be  
27 deemed eligible. A classroom teacher must be employed as of August 31 of  
28 each fiscal year from any funds available to the public school unit to be  
29 eligible under this section. The public school unit may include classroom  
30 teachers employed after August 31 within funds available.
- 31           (2) Public school unit. – A local school administrative unit, a charter school, a  
32 regional school, and a school providing elementary or secondary instruction  
33 operated by the State Board of Education, including schools operated under  
34 Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The  
35 University of North Carolina, including schools operated under Article 4,  
36 Article 29, and Article 29A of Chapter 116 of the General Statutes.

37           **SECTION 7.31.(c)** Allotment of Funds. – Of the funds allocated to local school  
38 administrative units from the Classroom Materials/Instructional Supplies/Equipment allotment  
39 by the Department of Public Instruction each fiscal year, beginning with the 2019-2020 fiscal  
40 year, each local school administrative unit shall transfer the sum of three hundred dollars  
41 (\$300.00) per eligible classroom teacher as of August 31 each year to a program report code for  
42 a classroom teacher electronic account administered pursuant to subsection (d) of this section. A  
43 public school unit, other than a local school administrative unit, may opt in to the Program by  
44 August 1 of the fiscal year using funds available to that public school unit. The local school  
45 administrative unit operating a renewal school system plan pursuant to Section 6 of S.L. 2018-32  
46 may also opt in to the Program using funds available in accordance with this subsection.

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

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

9 **SECTION 7.31.(e)** Alternative Vendor. – In the event that the vendor contracted  
10 with the Authority described under subsection (d) of this section is unable to meet the  
11 requirements of the Program, then the Department shall contract with a vendor that provides a  
12 virtual e-wallets platform and an e-commerce marketplace that enables teachers to receive and  
13 spend funds online and includes the capabilities described in subsection (d) of this section.

14 **SECTION 7.31.(f)** Use of Funds for the Program. – The funds appropriated for the  
15 Program shall be used to supplement the materials and supplies otherwise available to classroom  
16 teachers. A public school unit shall not mandate, direct, or encourage eligible classroom teachers  
17 to purchase specific materials and supplies or categories of materials and supplies. Classroom  
18 supply funds made available under the Program shall not be used to purchase electronic devices  
19 such as computers or software and shall not be expended for administrative purposes. Eligible  
20 classroom teachers shall utilize these funds in a manner that addresses individual classroom needs  
21 and supports the overall goals of the school regarding supplies and instructional materials. Any  
22 supplies purchased by teachers through the Program shall be the property of the public school  
23 unit. Supplies not consumed during the school year shall be made available to the teacher for the  
24 following school year or for other eligible classroom teachers as appropriate. Any unexpended  
25 funds in the classroom teacher accounts established in subsection (c) of this section shall revert  
26 to the General Fund at the end of each fiscal year.  
27

## 28 SCHOOL SAFETY GRANTS PROGRAMS

29 **SECTION 7.36.(a)** Article 8C of Chapter 115C of the General Statutes is amended  
30 by adding a new section to read:

### 31 "§ 115C-105.60. School safety grants.

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

- 33 (1) Public school unit. – A local school administrative unit, regional school,  
34 innovative school, laboratory school, or charter school.  
35 (2) School mental health support personnel. – All of the following:  
36 a. School nurses, school counselors, school psychologists, and school  
37 social workers.  
38 b. Any of the following with sufficient training or experience with  
39 school-age populations, determined on a case-by-case basis in the  
40 discretion of the Superintendent of Public Instruction: registered  
41 nurses, licensed practical nurses, advanced practice nurses, nurse  
42 practitioners, licensed or certified psychologists, licensed clinical  
43 social workers, and licensed professional counselors.  
44 (3) Other health support services. – Mental or physical health support services  
45 provided by one or more third-party entities, including local management  
46 entities/managed care organizations (LME/MCOs), to a public school unit on  
47 a contracted basis. These services may include telemedicine or other distance  
48 consultations.

49 (b) Program; Purpose. – The Superintendent of Public Instruction shall establish the  
50 School Safety Grants Program (Program). To the extent funds are made available for the

1 Program, its purpose shall be to improve safety in public school units by providing grants for (i)  
2 school resource officers and (ii) 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. The application shall identify current and ongoing needs and  
8 estimated costs associated with those needs.

9 (d) Criteria and Guidelines. – By August 1, 2019, 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 School Mental Health Support Personnel. – From funds made available for  
33 grants for school mental health support personnel, the Superintendent of Public Instruction shall  
34 award grants to public school units for any of the following purposes:

35 (1) To provide all or a portion of the salary and benefits costs needed to employ  
36 additional school mental health support personnel on a full-time, part-time, or  
37 contractual basis.

38 (2) To contract for other health support services.

39 (3) Training for school mental health support personnel receiving funds under this  
40 subsection.

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

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

48 (i) Report. – No later than April 1, 2020, and each year thereafter in which funds are  
49 made available for the Program, the Superintendent of Public Instruction shall report on the  
50 Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight  
51 Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice

1 and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal  
2 Research Division. The report shall include the identity of each entity that received a grant  
3 through the Program, the amount of funding provided to each entity that received a grant, the use  
4 of funds by each entity that received a grant, and recommendations for the implementation of  
5 additional effective school safety measures."

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

- 8 (1) Definitions. – For purposes of this subsection, the following definitions shall  
9 apply:  
10 a. Community partner. – A public or private entity, including, but not  
11 limited to, a nonprofit corporation or a local management  
12 entity/managed care organization (LME/MCO), that partners with a  
13 public school unit to provide services or pay for the provision of  
14 services for the unit.  
15 b. Public school unit. – A local school administrative unit, regional  
16 school, innovative school, laboratory school, or charter school.
- 17 (2) Program; purpose. – The Superintendent of Public Instruction shall establish  
18 the 2019 School Safety Grants Program (Program). The purpose of the  
19 Program shall be to improve safety in public school units by providing grants  
20 for (i) services for students in crisis, (ii) school safety training, and (iii) safety  
21 equipment in schools.
- 22 (3) Grant applications. – A public school unit may submit an application to the  
23 Superintendent of Public Instruction for one or more grants pursuant to this  
24 section. The application shall include an assessment, to be performed in  
25 conjunction with a local law enforcement agency, of the need for improving  
26 school safety within the public school unit that would receive the funding or  
27 services. The application shall identify current and ongoing needs and  
28 estimated costs associated with those needs.
- 29 (4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public  
30 Instruction shall develop criteria and guidelines for the administration and use  
31 of the grants pursuant to this subsection, including any documentation  
32 required to be submitted by applicants. In assessing grant applications, the  
33 Superintendent of Public Instruction shall consider at least all of the following  
34 factors:  
35 a. The level of resources available to the public school unit that would  
36 receive the funding or services.  
37 b. Whether the public school unit has received other grants of funding  
38 for school safety.  
39 c. The overall impact on student safety in the public school unit if the  
40 identified needs are funded.
- 41 (5) Grants for students in crisis. – Of the funds appropriated to the Department of  
42 Public Instruction by this act for students in crisis, the Superintendent of  
43 Public Instruction, in consultation with the Department of Health and Human  
44 Services, shall award grants to public school units to contract with community  
45 partners to provide or pay for the provision of any of the following crisis  
46 services:  
47 a. Crisis respite services for parents or guardians of an individual student  
48 to prevent more intensive or costly levels of care.  
49 b. Training and expanded services for therapeutic foster care families and  
50 licensed child placement agencies that provide services to students

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

1 subdivision, the Superintendent shall not use more than ten percent  
2 (10%) for the services identified in this sub-subdivision.

- 3 (7) Grants for safety equipment. – Of the funds appropriated to the Department  
4 of Public Instruction by this section for grants for school safety equipment,  
5 the Superintendent of Public Instruction shall award grants to public school  
6 units for (i) the purchase of safety equipment for school buildings and (ii)  
7 training associated with the use of safety equipment purchased pursuant to this  
8 subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may  
9 receive grants for school safety equipment pursuant to this subsection.
- 10 (8) Supplement not supplant. – Grants provided to public school units or  
11 community partners pursuant to the Program shall be used to supplement and  
12 not to supplant State or non-State funds already provided for these services.
- 13 (9) Report. – No later than April 1, 2020, the Superintendent of Public Instruction  
14 shall report on the program to the Joint Legislative Education Oversight  
15 Committee, the Joint Legislative Oversight Committee on Health and Human  
16 Services, the Joint Legislative Oversight Committee on Justice and Public  
17 Safety, the Joint Legislative Commission on Governmental Operations, and  
18 the Fiscal Research Division. The report shall include the identity of each  
19 entity that received a grant through the Program, the amount of funding  
20 provided to each entity that received a grant, the use of funds by each entity  
21 that received a grant, and recommendations for the implementation of  
22 additional effective school safety measures.

23 **SECTION 7.36.(c)** Section 7.27 of S.L. 2018-5 is repealed.  
24

25 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE**  
26 **GRANT PROGRAM**

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

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

- 37 (1) Use of an evidence-based model with a proven track record of success.  
38 (2) Inclusion of rigorous, quantitative performance measures to confirm  
39 effectiveness of the program.  
40 (3) Deployment of multiple tiered supports in schools to address student barriers  
41 to achievement, such as strategies to improve chronic absenteeism, antisocial  
42 behaviors, academic growth, and enhancement of parent and family  
43 engagement.  
44 (4) Alignment with State performance measures, student academic goals, and the  
45 North Carolina Standard Course of Study.  
46 (5) Prioritization in programs to integrate clear academic content, in particular,  
47 science, technology, engineering, and mathematics (STEM) learning  
48 opportunities or reading development and proficiency instruction.  
49 (6) Minimization of student class size when providing instruction or instructional  
50 supports and interventions.

1 (7) Expansion of student access to high-quality learning activities and academic  
2 support that strengthen student engagement and leverage community-based  
3 resources, which may include organizations that provide mentoring services  
4 and private-sector employer involvement.

5 (8) Utilization of digital content to expand learning time, when appropriate.

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

16 A grant participant shall provide certification to the Department of Public Instruction  
17 that the grants received under the program shall be matched on the basis of three dollars (\$3.00)  
18 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include  
19 other State funds. The Department shall also give priority consideration to an applicant that is a  
20 nonprofit corporation working in partnership with a local school administrative unit resulting in  
21 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education  
22 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other  
23 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent  
24 (50%) of the required match.

25 **SECTION 7.38.(d)** A nonprofit corporation may act as its own fiscal agent for the  
26 purposes of this Program. Grant recipients shall report to the Department of Public Instruction  
27 for the year in which grant funds were expended on the progress of the Program, including  
28 alignment with State academic standards, data collection for reporting student progress, the  
29 source and amount of matching funds, and other measures, before receiving funding for the next  
30 fiscal year. Grant recipients shall also submit a final report on key performance data, including  
31 statewide test results, attendance rates, graduation rates, and promotion rates, and financial  
32 sustainability of the program.

33 **SECTION 7.38.(e)** The Department of Public Instruction shall provide an interim  
34 report on the Program to the Joint Legislative Education Oversight Committee by September 15,  
35 2020, with a final report on the Program by September 15, 2021. The final report shall include  
36 the final results of the Program and recommendations regarding effective program models,  
37 standards, and performance measures based on student performance, leveraging of  
38 community-based resources to expand student access to learning activities, academic and  
39 behavioral support services, and potential opportunities for the State to invest in proven models  
40 for future grants programs.

#### 41 **EXCEPTIONAL CHILDREN TRANSPORTATION RESERVE FUND**

42 **SECTION 7.41.** Of the funds appropriated to the Department of Public Instruction  
43 by this act for the Exceptional Children Transportation Reserve Fund, the Department of Public  
44 Instruction shall establish a grant program to cover extraordinary transportation costs for  
45 high-needs children with disabilities attending local school administrative units and charter  
46 schools. The Department shall provide an application process for local school administrative  
47 units and charter schools to apply for funds to cover extraordinary transportation costs for  
48 qualifying students. The Department shall establish eligibility guidelines and shall award funds  
49 consistent with the following requirements:  
50

- 1 (1) In determining extraordinary transportation cost, the Department shall  
2 consider total prior-year transportation expenditures for high-needs children  
3 with disabilities, including expenditures from local funds and all other funding  
4 sources, as a proportion of total expenditures.
- 5 (2) Applicants with highest extraordinary transportation costs shall receive  
6 highest priority in the award of grant funds.

## 8 **READ TO ACHIEVE READING CAMP CURRICULUM PILOT PROGRAM**

9 **SECTION 7.42.(a)** Purpose. – Of the funds appropriated to the Department of Public  
10 Instruction for the 2019-2020 fiscal year for the Read to Achieve Reading Camp Pilot, the  
11 Department shall acquire Imagine Learning and Failure Free Reading reading camp curriculums  
12 for the purpose of conducting a Reading Camp Curriculum Pilot Program (Pilot). The purpose  
13 of the Pilot is to determine the effectiveness of specific reading camp curriculums for furthering  
14 reading proficiency.

15 **SECTION 7.42.(b)** Participation. – For each curriculum acquired pursuant to this  
16 section, the Department of Public Instruction shall select one or more local school administrative  
17 units to utilize the curriculum in its reading camp. Selected local school administrative units shall  
18 represent the geographic, economic, and social diversity of the State. Each selected local school  
19 administrative unit shall participate in the Pilot for the 2019-2020 school year.

20 **SECTION 7.42.(c)** Reporting Requirement. – By November 15, 2020, the  
21 Department of Public Instruction shall report to the Joint Legislative Education Oversight  
22 Committee on the results of the Pilot in each participating local school administrative unit,  
23 including the following:

- 24 (1) The number and percentage of third grade students who did not demonstrate  
25 proficiency upon entering reading camp and who became proficient after  
26 completing reading camp.
- 27 (2) For each grade level, the number and percentage of first and second grade  
28 students who demonstrated reading comprehension below grade level upon  
29 entering camp and who demonstrated reading comprehension at or above  
30 grade level after completing reading camp.

## 32 **STUDENT MEAL DEBT REPORT AND REDUCED-PRICE LUNCH CO-PAYS**

33 **SECTION 7.43.(a)** No later than March 15, 2020, the State Board of Education shall  
34 report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local  
35 school administrative units. At a minimum, the report shall include the following information:

- 36 (1) The percentage of students of all grade levels in each local school  
37 administrative unit who qualify for reduced-price meals and do not carry an  
38 unpaid meal charge.
- 39 (2) The total amount of debt carried by each local school administrative unit  
40 related to unpaid meal charges.
- 41 (3) Policies adopted by each local school administrative unit regarding unpaid  
42 meal charges.
- 43 (4) A recommended statewide policy on the uniform administration of unpaid  
44 meal charges in local school administrative units. The recommended policy  
45 shall ensure that students are not prevented from receiving nutritious meals  
46 because of an unpaid meal charge.

47 **SECTION 7.43.(b)** Funds appropriated to the Department of Public Instruction by  
48 this act for the 2019-2020 fiscal year for reduced-price lunch co-pays shall be used to provide  
49 school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all  
50 schools participating in the National School Lunch Program in the 2019-2020 school year. If the  
51 funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price

1 meals, the Department of Public Instruction shall also use any excess funds appropriated for the  
2 National School Breakfast Program for the purposes of this subsection.

### 4 **INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

5 **SECTION 7.44.(a)** Establish; Purpose. – There is established the Innovative  
6 Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford  
7 County Schools for the purpose of reforming its current career and technical education (CTE)  
8 program to more deliberately prepare its students for high-wage, high-skills careers. The Program  
9 shall focus on hosting signature career academies at traditional high schools located in the local  
10 school administrative unit that specialize in defined areas of career and technical education.

11 **SECTION 7.44.(b)** Components of the Program. – The Program shall include at  
12 least the following key components in establishing a minimum of four but no more than six  
13 signature career academies at high schools in the local school administrative unit:

- 14 (1) One school-selected priority career pathway that does not compete with career  
15 pathways at other signature career academies in the local school  
16 administrative unit in addition to CTE courses offered as elective options and  
17 business and computer science courses.
- 18 (2) School and community stakeholder input on the development of the priority  
19 career pathways and the phase-out of other CTE programs.
- 20 (3) Partnerships with higher education institutions and business and industry  
21 entities for specific equipment needs and the design of clearly defined career  
22 pathways.
- 23 (4) The option for eighth grade students to apply to attend a signature career  
24 academy of their choice at a high school located in the local school  
25 administrative unit.
- 26 (5) Reassignment of current CTE teachers to focus on an area of expertise for a  
27 signature career academy and the creation of partnerships with higher  
28 education faculty and employees of industry and business to volunteer to serve  
29 as co-teachers in the specialized areas.

30 **SECTION 7.44.(c)** Flexibility for Teachers. – Notwithstanding any other provision  
31 of law, in addition to the authority provided to a local board of education to employ adjunct  
32 instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the  
33 local school administrative unit shall have the flexibility to contract with individuals who have  
34 education and training related to the specific skills and career pathways that are the focus of a  
35 signature career academy. Any individual who has direct contact with students pursuant to the  
36 authority provided by this subsection shall be subject to a criminal history check to ensure that  
37 the person has not been convicted of any crime listed in G.S. 115C-332.

38 **SECTION 7.44.(d)** Reporting. – By June 30 of the first school year of operation of  
39 the Program, and every June 30 thereafter for the duration of the Program operated as a pilot,  
40 Guilford County Schools shall report to the Department of Public Instruction on (i)  
41 implementation and administration of the Program, including the use of additional resources  
42 provided as an appropriation of State funds specifically for the Program, (ii) data from the  
43 Program on student completion rates for career pathways and any other data requested by the  
44 Department, and (iii) any recommendations on the modification of the Program or the potential  
45 application of the Program in other local school administrative units.

46 By August 15 of the first year of reporting by Guilford County Schools under this  
47 subsection, and every August 15 thereafter for the duration of the Program operated as a pilot,  
48 the Department of Public Instruction shall report to the Joint Legislative Education Oversight  
49 Committee on the information submitted by Guilford County Schools pursuant to this subsection.

50 **SECTION 7.44.(e)** Term of the Program. – The Program may operate for up to six  
51 school years as a pilot program, beginning with the 2019-2020 school year. Before the end of the

1 school year in which the Program will expire as a pilot, the Guilford County Board of Education  
2 may apply to the State Board of Education for the Program to be included as an ongoing  
3 component of Guilford County Schools' career and technical education local plan submitted to  
4 the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in  
5 subsequent school years, Guilford County Schools shall continue to have flexibility in regard to  
6 teachers as provided in subsection (c) of this section. The Guilford County Board of Education  
7 may request as part of the application that the General Assembly appropriate additional resources  
8 for the operation of the Program but may continue to operate the Program if other sources of  
9 funds are available. The State Board shall consider the data submitted to the Department of Public  
10 Instruction on the operation of the Program pursuant to subsection (d) of this section when  
11 reviewing the Program to become a component of the career and technical education local plan.  
12

### 13 SCHOOL PSYCHOLOGISTS ALLOTMENT

14 **SECTION 7.45.(a)** Of the funds appropriated to the Department of Public  
15 Instruction by this act for the 2019-2020 fiscal year and subsequent fiscal years, the Department  
16 shall allocate a minimum of one school psychologist position per local school administrative unit.  
17 The State Board of Education shall adopt a formula for the distribution of any remaining funds  
18 as positions to local school administrative units on the basis of average daily membership.

19 **SECTION 7.45.(b)** G.S. 115C-105.25(b) is amended by adding a new subdivision  
20 to read:

21 "(13) No positions shall be transferred out of the allocation for school psychologists  
22 except as provided in this subdivision. Positions allocated for school  
23 psychologists may be converted to dollar equivalents for contracted services  
24 directly related to school psychology. These positions shall be converted at  
25 the minimum salary for school psychologists on the "A" Teachers Salary  
26 Schedule."  
27

### 28 TRANSFER OF FUNDS FOR BUSINESS SYSTEM MODERNIZATION PLAN

29 **SECTION 7.46.(a)** Of the funds appropriated to the Department of Public  
30 Instruction by this act for the School Business System Modernization Plan for the 2019-2021  
31 fiscal biennium, the Department shall transfer two million ninety thousand dollars (\$2,090,000)  
32 for the 2019-2020 fiscal year to the Government Data Analytics Center (GDAC) to leverage  
33 existing public-private partnerships to incorporate annual school report card data for the State  
34 into the School Finance page of the Department of Public Instruction Web site. Grade level and  
35 subject level Education Value-Added Assessment System (EVAAS) growth data for local school  
36 administrative units and individual schools shall also be made public on the School Finance page.

37 **SECTION 7.46.(b)** No later than October 1, 2019, GDAC shall execute any  
38 contractual agreements and interagency data sharing agreements necessary to accomplish the  
39 reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section  
40 7.6 of S.L. 2018-5. The Department and GDAC shall continue partnering to accomplish the  
41 continued development, deployment, and ongoing provision of a data integration service that  
42 consolidates data from financial, human resources, licensure, student information, and EVAAS.  
43 Implementation shall also include development and deployment of a modern analytic platform  
44 and reporting environment. Additionally, student projection data for future assessments including  
45 State assessments, Advanced Placement exams, and college readiness assessments shall be made  
46 available to local school administrative units and individual schools through the EVAAS page of  
47 the Department of Public Instruction Web site and shall be made available in hard copy to parents  
48 or guardians upon request.  
49

### 50 SCHOOL MENTAL HEALTH CRISIS RESPONSE PROGRAM

1           **SECTION 7.47.(a)** For purposes of this section, the following definitions shall  
2 apply:

- 3           (1) Participating unit. – A local school administrative unit that elects to transfer  
4 school mental health personnel to a requesting unit for a temporary period of  
5 time.
- 6           (2) Requesting unit. – A local school administrative unit requesting additional  
7 school mental health support personnel for a temporary period of time.
- 8           (3) School mental health support personnel. – School nurses, school counselors,  
9 school psychologists, and school social workers.

10           **SECTION 7.47.(b)** The Department of Public Instruction and the Center for Safer  
11 Schools, in consultation with the Department of Health and Human Services and the Department  
12 of Public Safety, Division of Emergency Management, shall develop a recommended program  
13 for facilitating the temporary transfer of school mental health support personnel from a  
14 participating unit to a requesting unit during or after a crisis. No later than March 15, 2020, the  
15 Department shall submit a report on the recommended program to the Joint Legislative Education  
16 Oversight Committee and the Joint Legislative Oversight Committee on Health and Human  
17 Services. The report shall outline the recommended program and include, at a minimum, the  
18 following information:

- 19           (1) A suggested protocol for receiving and relaying requests for additional,  
20 temporary school mental health support personnel.
- 21           (2) Anticipated costs associated with the temporary transfer of school mental  
22 health support personnel during or after a crisis.
- 23           (3) Descriptions of and data from any similar programs existing in other states.
- 24           (4) Additional recommendations for improving the ability of local school  
25 administrative units to share school mental health support personnel, when  
26 necessary, and appropriate reporting metrics related to the recommended  
27 program.

## 29 **REPEAL RIGHT OF ACTION/CAPITAL OUTLAY FUND**

30           **SECTION 7.48.(a)** Subsections (c), (d), and (e) of G.S. 115C-431 are repealed.

31           **SECTION 7.48.(b)** G.S. 115C-431 is amended by adding a new subsection to read:

32           "(f) If agreement is not reached in mediation on the amount of money appropriated to the  
33 capital outlay fund, the decision of the county commissioners is final. The local board of  
34 education shall not file any legal action challenging the sufficiency of the funds appropriated by  
35 the board of county commissioners to the capital outlay fund."

36           **SECTION 7.48.(c)** G.S. 115C-432(a) reads as rewritten:

37           "(a) After the board of county commissioners has made its appropriations to the local  
38 school administrative unit, or after the ~~appeal~~ procedure set out in G.S. 115C-431 ~~for the capital~~  
39 ~~outlay fund~~ has been concluded, the board of education shall adopt a budget resolution making  
40 appropriations for the budget year in such sums as the board may deem sufficient and proper.  
41 The budget resolution shall conform to the uniform budget format established by the State Board  
42 of Education."

43           **SECTION 7.48.(d)** This section applies to budget ordinances adopted on or after the  
44 date this act becomes law.

## 46 **FUNDS FOR WORKFORCE DEVELOPMENT/HOSPITALITY**

47           **SECTION 7.49.(a)** Of the funds appropriated to the Department of Public  
48 Instruction by this act for the 2019-2021 fiscal biennium for the North Carolina Hospitality  
49 Education Foundation (Education Foundation), the Department shall provide a grant-in-aid to  
50 the Education Foundation of the North Carolina Restaurant and Lodging Association to be used  
51 to provide nationally certified programs in career and technical education focused on developing

critical skills necessary for students to succeed in the hospitality sector. The purpose of the funds shall be to support instructor and student training and student testing to increase the State's skilled workforce in the restaurant and lodging sectors. The Education Foundation shall match State funds made available pursuant to this section on the basis of one dollar (\$1.00) in State funds for every one dollar (\$1.00) in non-State funds.

**SECTION 7.49.(b)** The Education Foundation, in consultation with the Department of Public Instruction, shall submit a report by April 1 of each year in which the Education Foundation spends State funds made available pursuant to this act to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities described by this act and the use of those funds.

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

**TEACHER SALARY SCHEDULE**

**SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for the 2019-2020 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

**2019-2020 Teacher Monthly Salary Schedule**

Years of Experience	"A" Teachers
0	\$3,500
1	\$3,618
2	\$3,719
3	\$3,819
4	\$3,920
5	\$4,020
6	\$4,121
7	\$4,221
8	\$4,322
9	\$4,422
10	\$4,523
11	\$4,623
12	\$4,724
13	\$4,824
14	\$4,925
15-24	\$5,025
25+	\$5,226.

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

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

1 fifty-three dollars (\$253.00) per month in addition to the supplement provided  
 2 to them as "M" teachers.

3 (5) Certified school nurses shall receive a salary supplement each month of ten  
 4 percent (10%) of their monthly salary on the "A" salary schedule.

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

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

17 **SECTION 7A.1.(e)** Beginning with the 2014-2015 fiscal year, in lieu of providing  
 18 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those  
 19 longevity payments are included in the monthly amounts under the teacher salary schedule.

20 **SECTION 7A.1.(f)** A teacher compensated in accordance with this salary schedule  
 21 for the 2019-2020 school year shall receive an amount equal to the greater of the following:

- 22 (1) The applicable amount on the salary schedule for the applicable school year.
- 23 (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
 24 the sum of the following:
  - 25 a. The salary the teacher received in the 2013-2014 school year pursuant  
 26 to Section 35.11 of S.L. 2013-360.
  - 27 b. The longevity that the teacher would have received under the longevity  
 28 system in effect for the 2013-2014 school year provided in Section  
 29 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - 30 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 31 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
 32 year, the sum of the salary and annual bonus the teacher received in the  
 33 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

34 **SECTION 7A.1.(g)** As used in this section, the term "teacher" shall also include  
 35 instructional support personnel.

36 **SECTION 7A.1.(h)** It is the intent of the General Assembly to implement the  
 37 following base monthly teacher salary schedule for the 2020-2021 fiscal year to licensed  
 38 personnel of the public schools who are classified as teachers. The salary schedule would be  
 39 based on years of teaching experience.

**2020-2021 Teacher Monthly Salary Schedule**

40	41	42
	Years of Experience	"A" Teachers
42	0	\$3,500
43	1	\$3,636
44	2	\$3,738
45	3	\$3,838
46	4	\$3,940
47	5	\$4,040
48	6	\$4,142
49	7	\$4,242
50	8	\$4,344
51	9	\$4,444

1	10	\$4,546
2	11	\$4,646
3	12	\$4,748
4	13	\$4,848
5	14	\$4,950
6	15-24	\$5,050
7	25+	\$5,252.

## 8

### 9 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

10 **SECTION 7A.3.(a)** For purposes of this section, a "highly qualified graduate" or  
 11 "graduate" is an individual entering the teaching profession and hired on or after the effective  
 12 date of this section who has graduated from an approved educator preparation program located  
 13 in North Carolina with both of the following criteria:

- 14 (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.
- 15 (2) A score of the following or higher on an edTPA assessment or an equivalent  
 16 score on a nationally normed and valid pedagogy assessment used to  
 17 determine clinical practice performance:
  - 18 a. A score of 42 for the World Languages and Classical Languages  
 19 edTPA assessment.
  - 20 b. A score of 57 for the Elementary Education edTPA assessment.
  - 21 c. A score of 48 for all other edTPA assessments.

22 **SECTION 7A.3.(b)** Notwithstanding the teacher salary schedule, for the 2019-2021  
 23 fiscal biennium, a highly qualified graduate who is employed by a local board of education shall  
 24 receive a salary supplement each month at the highest level for which the graduate qualifies, as  
 25 follows:

- 26 (1) A graduate who accepts initial employment at a school identified as  
 27 low-performing by the State Board of Education pursuant to  
 28 G.S. 115C-105.37 shall receive a salary supplement during the graduate's first  
 29 three years of employment as a teacher, without a break in service, equivalent  
 30 to the difference between the State-funded salary of the graduate and the  
 31 State-funded salary of a similarly situated teacher with three years of  
 32 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)  
 33 remains teaching at the same school or (ii) accepts subsequent employment at  
 34 another low-performing school or local school administrative unit identified  
 35 as low-performing.
- 36 (2) A graduate licensed and employed to teach in the areas of special education,  
 37 science, technology, engineering, or mathematics shall receive a salary  
 38 supplement during the graduate's first two years of employment as a teacher,  
 39 without a break in service, equivalent to the difference between the  
 40 State-funded salary of the graduate and the State-funded salary of a similarly  
 41 situated teacher with two years of experience on the "A" Teachers Salary  
 42 Schedule, as long as the graduate continues teaching in one of those areas.
- 43 (3) All other graduates shall receive a salary supplement during the graduate's  
 44 first year of employment as a teacher, without a break in service, equivalent  
 45 to the difference between the State-funded salary of the graduate and the  
 46 State-funded salary of a similarly situated teacher with one year of experience  
 47 on the "A" Teachers Salary Schedule.

48 **SECTION 7A.3.(c)** This section applies to highly qualified graduates hired on or  
 49 after the effective date of this act and entering the teaching profession in the 2019-2021 fiscal  
 50 biennium.

**VETERAN TEACHER BONUSES**

**SECTION 7A.3A.(a)** No later than October 31, 2019, the Department of Public Instruction shall administer the following one-time, lump sum bonuses to teachers who are employed as of October 1, 2019:

- (1) For any teacher with between 15 and 24 years of teaching experience, a bonus of five hundred dollars (\$500.00).
- (2) For any teacher with 25 or more years of teaching experience, a bonus of one thousand dollars (\$1,000).

**SECTION 7A.3A.(b)** The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

**SECTION 7A.3A.(c)** Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

**SECTION 7A.3A.(d)** It is the intent of the General Assembly that, no later than October 31, 2020, the Department of Public Instruction will administer the following additional one-time, lump sum bonuses to teachers who are employed as of October 1, 2020:

- (1) For any teacher with between 15 and 24 years of teaching experience, a bonus of five hundred dollars (\$500.00).
- (2) For any teacher with 25 or more years of teaching experience, a bonus of one thousand dollars (\$1,000).

**PRINCIPAL SALARY SCHEDULE**

**SECTION 7A.4.(a)** The following annual salary schedule for principals shall apply for the 2019-2020 fiscal year, beginning July 1, 2019.

**2019-2020 Principal Annual Salary Schedule**

<b>Avg. Daily Membership</b>	<b>Base</b>	<b>Met Growth</b>	<b>Exceeded Growth</b>
0-200	\$68,125	\$74,938	\$81,750
201-400	\$71,531	\$78,684	\$85,837
401-700	\$74,938	\$82,432	\$89,926
701-1,000	\$78,344	\$86,178	\$94,013
1,001-1,600	\$81,750	\$89,925	\$98,100
1,601+	\$85,156	\$93,672	\$102,187.

A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

- (1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.
- (2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:
  - a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
  - b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
  - c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.

- 1 (3) A principal shall be paid according to the Base column if either of the  
2 following apply:  
3 a. The school growth scores show the school or schools did not meet  
4 expected growth in at least two of the prior three years.  
5 b. The principal has not supervised any school as a principal for a  
6 majority of the school year in at least two of the prior three school  
7 years.

8 **SECTION 7A.4.(b)** For purposes of determining the average daily membership of a  
9 principal's school, the following amounts shall be used during the following time periods:

- 10 (1) Between July 1, 2019, and December 31, 2019, the average daily membership  
11 for the school from the 2018-2019 school year. If the school did not have an  
12 average daily membership in the 2018-2019 school year, the projected average  
13 daily membership for the school for the 2019-2020 school year.  
14 (2) Between January 1, 2020, and June 30, 2020, the average daily membership  
15 for the school for the 2019-2020 school year.

16 **SECTION 7A.4.(c)** For purposes of determining the school growth scores for each  
17 school the principal supervised in at least two of the prior three school years, the following school  
18 growth scores shall be used during the following time periods:

- 19 (1) Between July 1, 2019, and December 31, 2019, the school growth scores from  
20 the 2015-2016, 2016-2017, and 2017-2018 school years. If a principal does  
21 not have a school growth score from any of the school years identified in this  
22 subdivision, the most recent available growth scores, up to the 2017-2018  
23 school year, shall be used.  
24 (2) Between January 1, 2020, and June 30, 2020, the school growth scores from  
25 the 2016-2017, 2017-2018, and 2018-2019 school years. If a principal does  
26 not have a school growth score from any of the school years identified in this  
27 subdivision, the most recent available growth scores, up to the 2018-2019  
28 school year, shall be used.

29 **SECTION 7A.4.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
30 annual longevity payments to principals paid on the principal salary schedule, the amounts of  
31 those longevity payments are included in the annual amounts under the principal salary schedule.

32 **SECTION 7A.4.(e)** A principal compensated in accordance with this section for the  
33 2019-2020 fiscal year shall receive an amount equal to the greater of the following:

- 34 (1) The applicable amount determined pursuant to subsections (a) through (d) of  
35 this section.  
36 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,  
37 the sum of the following:  
38 a. The salary the principal received in the 2016-2017 fiscal year pursuant  
39 to Section 9.1 or Section 9.2 of S.L. 2016-94.  
40 b. The longevity that the principal would have received as provided for  
41 State employees under the North Carolina Human Resources Act for  
42 the 2016-2017 fiscal year based on the principal's current years of  
43 service.  
44 (3) For principals who were not eligible for longevity in the 2016-2017 fiscal  
45 year, the salary the principal received in the 2016-2017 fiscal year pursuant to  
46 Section 9.1 or Section 9.2 of S.L. 2016-94.

47 **SECTION 7A.4.(f)** G.S. 115C-105.25(b)(5c) reads as rewritten:

- 48 "(5c) Funds allocated for school building administration may be converted for any  
49 purpose authorized by the policies of the State Board of Education. For funds  
50 related to principal positions, the salary transferred shall be based on the first  
51 step of the ~~Principal III Salary Schedule.~~ the Base column of the Principal

1                    Salary Schedule. For funds related to assistant principal months of  
 2                    employment, the salary transferred shall be based on the first step of the  
 3                    ~~Assistant Principal Salary Schedule.~~ "A" Teachers Salary Schedule at the  
 4                    salary level for assistant principals. Certified position allotments shall not be  
 5                    transferred to dollars to hire the same type of position."  
 6

## 7    **PRINCIPAL BONUSES**

8                    **SECTION 7A.5.(a)** The Department of Public Instruction shall administer a bonus  
 9                    in the 2019-2020 fiscal year to any principal who supervised a school as a principal for a majority  
 10                    of the previous school year if that school was in the top fifty percent (50%) of school growth in  
 11                    the State during the previous school year, calculated by the State Board pursuant to  
 12                    G.S. 115C-83.15(c), as follows:

### 13                    **2019-2020 Principal Bonus Schedule**

14 <b>Statewide Growth Percentage</b>	14 <b>Bonus</b>
15                    Top 5%	\$15,000
16                    Top 10%	\$10,000
17                    Top 15%	\$ 5,000
18                    Top 20%	\$ 2,500
19                    Top 50%	\$ 1,000.

20                    A principal shall receive no more than one bonus pursuant to this subsection. The  
 21                    bonus shall be paid at the highest amount for which the principal qualifies.

22                    **SECTION 7A.5.(b)** The bonus awarded pursuant to this section shall be in addition  
 23                    to any regular wage or other bonus the principal receives or is scheduled to receive.

24                    **SECTION 7A.5.(c)** Notwithstanding G.S. 135-1(7a), the bonus awarded pursuant to  
 25                    this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the  
 26                    Teachers' and State Employees' Retirement System.

27                    **SECTION 7A.5.(d)** The bonus awarded pursuant to this section does not apply to  
 28                    principals no longer employed as a principal due to resignation, dismissal, reduction in force,  
 29                    death, or retirement or whose last workday is prior to October 1, 2019.

30                    **SECTION 7A.5.(e)** It is the intent of the General Assembly that funds provided  
 31                    pursuant to this section will supplement principal compensation and not supplant local funds.

32                    **SECTION 7A.5.(f)** The bonus provided pursuant to this section shall be paid no later  
 33                    than October 31, 2019, to qualifying principals employed as of October 1, 2019.  
 34

## 35    **PRINCIPAL RECRUITMENT SUPPLEMENT**

36                    **SECTION 7A.5A.** Article 19 of Chapter 115C of the General Statutes is amended  
 37                    by adding a new section to read:

### 38    **"§ 115C-285.1. Principal recruitment supplement.**

39                    (a)    Definitions. – The following definitions shall apply in this section:

- 40                    (1)    Eligible employer. – The governing board of a local school administrative unit  
 41                    with an eligible school.
- 42                    (2)    Eligible school. – A low-performing school, as defined in G.S. 115C-105.37,  
 43                    that received an overall school performance score that placed it in the bottom  
 44                    five percent (5%) of all schools in the State in the prior school year.
- 45                    (3)    Qualifying principal. – A principal who is paid on the Exceeded Growth  
 46                    column of the Principal Salary Schedule.
- 47                    (4)    Qualifying school. – An eligible school selected by the Department to  
 48                    participate in the Program.

49                    (b)    Program; Purpose. – The Department of Public Instruction shall establish the  
 50                    Principal Recruitment Supplement Program (Program). To the extent funds are made available,

1 the purpose of the Program shall be to provide significant, time-limited salary supplements to  
2 qualifying principals who accept employment as principals of qualifying schools.

3 (c) Salary Supplement. – A qualifying principal who accepts a position as a principal in  
4 a qualifying school shall receive an annual salary supplement of thirty thousand dollars  
5 (\$30,000), paid on a monthly basis, as long as the principal is employed as the principal of that  
6 school, up to a maximum period of 36 months, subject to the following:

7 (1) A qualifying principal who contracts with an eligible employer to receive the  
8 salary supplement shall not be excluded in future years from contracting with  
9 the same eligible employer or a different eligible employer for another salary  
10 supplement, subject to the requirements of this section.

11 (2) A qualifying principal who accepts employment as a principal at a qualifying  
12 school shall continue to receive the salary supplement during performance of  
13 the contract, up to 36 months, even if one or more of the following occur:

14 a. The principal is no longer a qualifying principal.

15 b. The school is no longer an eligible school.

16 (3) Notwithstanding G.S. 135-1(7a), salary supplements provided pursuant to this  
17 section are not compensation under Article 1 of Chapter 135 of the General  
18 Statutes, the Teachers' and State Employees' Retirement System.

19 (d) Time Line. – To the extent funds are made available for the Program, the following  
20 time line shall apply:

21 (1) No later than October 1, 2019, and annually thereafter, the Department shall  
22 notify an eligible employer with one or more eligible schools that the eligible  
23 employer may be selected to participate in the Program.

24 (2) No later than November 1, 2019, and annually thereafter, each eligible  
25 employer that seeks to participate in the Program shall notify the Department  
26 of its intent.

27 (3) No later than November 15, 2019, and annually thereafter, the Department  
28 shall notify any eligible employer with a qualifying school that the school  
29 qualifies for the program, up to a statewide total of 40 schools. In making its  
30 selections, the Department shall prioritize eligible schools with the lowest  
31 overall school performance scores.

32 (4) No later than May 1, 2020, and annually thereafter, each eligible employer  
33 with a qualifying school shall do all of the following:

34 a. Execute all applicable contracts with qualifying principals.

35 b. Notify the Department of the (i) identity of principals and schools in  
36 the unit that will participate in the program, (ii) length of the contract  
37 period between the eligible employer and each qualifying principal,  
38 and (iii) length of time the qualifying principal will receive the salary  
39 supplement.

40 (5) No later than August 1, 2020, and annually thereafter, all qualifying principals  
41 identified pursuant to sub-subdivision (4)b. of this subsection shall begin  
42 employment as a principal at the applicable qualifying school.

43 (e) Additional Funds. – In the event an eligible employer is unable to award funds for the  
44 salary supplement because of resignation, dismissal, reduction in force, death, retirement, or  
45 failure to execute a contract with a qualifying principal, the Department shall award the funds,  
46 as soon as is practicable, to another eligible employer identified in subdivision (a)(2) of this  
47 section.

48 (f) Supplement Not Supplant. – Salary supplements provided to qualifying principals  
49 pursuant to this section shall be used to supplement and not supplant State and non-State funds  
50 already provided for principal compensation.

1       (g) Report. – No later than March 15, 2021, and every year thereafter in which funds are  
2 expended under the Program, the Department shall report to the Joint Legislative Education  
3 Oversight Committee and the Fiscal Research Division on the Program, including, at a minimum,  
4 the following information:

- 5           (1) The impact of the Program on school performance, including the performance  
6 of (i) schools receiving a principal under the Program and (ii) schools that lost  
7 a principal due to the Program.  
8           (2) The number of principals participating in the Program.  
9           (3) The identity of schools participating in the Program.  
10          (4) The length and rate of retention of principals (i) within the Program and (ii) at  
11 specific schools within the Program."  
12

### 13 **ASSISTANT PRINCIPAL SALARIES**

14           **SECTION 7A.6.(a)** For the 2019-2020 fiscal year, beginning July 1, 2019, assistant  
15 principals shall receive a monthly salary based on the salary schedule for teachers who are  
16 classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on  
17 the step on the salary schedule that reflects the total number of years of experience as a certified  
18 employee of the public schools. For purposes of this section, an administrator with a one-year  
19 provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

20           **SECTION 7A.6.(b)** Assistant principals with certification based on academic  
21 preparation at the six-year degree level shall be paid a salary supplement of one hundred  
22 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary  
23 supplement of two hundred fifty-three dollars (\$253.00) per month.

24           **SECTION 7A.6.(c)** Participants in an approved full-time master's in-school  
25 administration program shall receive up to a 10-month stipend at the beginning salary of an  
26 assistant principal during the internship period of the master's program. The stipend shall not  
27 exceed the difference between the beginning salary of an assistant principal plus the cost of  
28 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,  
29 including awards of the Principal Fellows Program. The Principal Fellows Program or the school  
30 of education where the intern participates in a full-time master's in-school administration  
31 program shall supply the Department of Public Instruction with certification of eligible full-time  
32 interns.

33           **SECTION 7A.6.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
34 annual longevity payments to assistant principals on the assistant principal salary schedule, the  
35 amounts of those longevity payments are included in the monthly amounts provided to assistant  
36 principals pursuant to subsection (a) of this section.

37           **SECTION 7A.6.(e)** An assistant principal compensated in accordance with this  
38 section for the 2019-2020 fiscal year shall receive an amount equal to the greater of the following:

- 39           (1) The applicable amount determined pursuant to subsections (a) through (d) of  
40 this section.  
41           (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal  
42 year, the sum of the following:  
43           a. The salary the assistant principal received in the 2016-2017 fiscal year  
44 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.  
45           b. The longevity that the assistant principal would have received as  
46 provided for State employees under the North Carolina Human  
47 Resources Act for the 2016-2017 fiscal year based on the assistant  
48 principal's current years of service.  
49           (3) For assistant principals who were not eligible for longevity in the 2016-2017  
50 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal  
51 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

**CENTRAL OFFICE SALARIES**

**SECTION 7A.7.(a)** The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2019-2020 fiscal year, beginning July 1, 2019:

**2019-2020 Fiscal Year**

	Minimum		Maximum
School Administrator I	\$3,632	to	\$6,697
School Administrator II	\$3,842	to	\$7,096
School Administrator III	\$4,070	to	\$7,520
School Administrator IV	\$4,228	to	\$7,814
School Administrator V	\$4,395	to	\$8,125
School Administrator VI	\$4,654	to	\$8,608
School Administrator VII	\$4,835	to	\$8,951.

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

**SECTION 7A.7.(b)** The monthly salary ranges that follow apply to public school superintendents for the 2019-2020 fiscal year, beginning July 1, 2019:

**2019-2020 Fiscal Year**

	Minimum		Maximum
Superintendent I	\$5,125	to	\$9,488
Superintendent II	\$5,433	to	\$10,054
Superintendent III	\$5,755	to	\$10,657
Superintendent IV	\$6,100	to	\$11,297
Superintendent V	\$6,467	to	\$11,978.

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

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

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

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

**NONCERTIFIED PERSONNEL SALARIES**

1           **SECTION 7A.8.(a)** For the 2019-2020 fiscal year, beginning July 1, 2019, the  
2 annual salary for noncertified public school employees whose salaries are supported from State  
3 funds shall be increased as follows:

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

12           **SECTION 7A.8.(b)** It is the intent of the General Assembly to increase the annual  
13 salary for noncertified public school employees whose salaries are supported from State funds in  
14 the 2020-2021 fiscal year, beginning July 1, 2020, as follows:

- 15           (1) For permanent, full-time employees on a 12-month contract, by one percent  
16           (1%).
- 17           (2) For the following employees, by a prorated and equitable amount based on the  
18           amount specified in subdivision (1) of this subsection:
  - 19           a. Permanent, full-time employees on a contract for fewer than 12  
20           months.
  - 21           b. Permanent, part-time employees.
  - 22           c. Temporary and permanent hourly employees.

#### 23 24 **SMALL COUNTY SIGNING BONUS FOR TEACHERS**

25           **SECTION 7A.9.(a)** Definitions. – For purposes of this section, the following  
26 definitions shall apply:

- 27           (1) Eligible employee. – A person who meets all of the following criteria:
  - 28           a. Accepts employment as a teacher with an eligible employer for the  
29           2019-2020 school year.
  - 30           b. Was not employed by the eligible employer identified in  
31           sub-subdivision (1)a. of this subsection in the 2018-2019 fiscal year.
  - 32           c. Is employed by the eligible employer identified in sub-subdivision  
33           (1)a. of this subsection as of October 1, 2019.
- 34           (2) Eligible employer. – The governing board of a local school administrative unit  
35           that received small county school system supplemental funding in the  
36           2018-2019 fiscal year.
- 37           (3) Local funds. – Matching funds provided by an eligible employer to enable an  
38           eligible employee to qualify for the signing bonus program established by this  
39           section.
- 40           (4) Teacher. – Teachers and instructional support personnel.

41           **SECTION 7A.9.(b)** Signing Bonus Program. – The Department of Public Instruction  
42 shall administer a signing bonus program in the 2019-2020 fiscal year. Bonuses shall be provided  
43 to eligible employees who are employed by an eligible employer and matched on the basis of one  
44 dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds, up to two thousand dollars  
45 (\$2,000) in State funds.

46           **SECTION 7A.9.(c)** Limited Exclusion from Future Signing Bonuses. – A teacher  
47 who receives a signing bonus pursuant to this section is ineligible to receive another signing  
48 bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2022,  
49 at the earliest. This section shall not apply to legislative bonuses received by teachers that are not  
50 signing bonuses.

1           **SECTION 7A.9.(d)** Bonuses as Additions. – The bonuses awarded pursuant to this  
2 section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled  
3 to receive.

4           **SECTION 7A.9.(e)** Not for Retirement. – Notwithstanding G.S. 135-1(7a), the  
5 bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135  
6 of the General Statutes, the Teachers' and State Employees' Retirement System.

7  
8 **CONSOLIDATE CERTAIN TEACHER BONUSES**

9           **SECTION 7A.10.(a)** Repeal Current Teacher Bonus Programs. – The following  
10 session laws are repealed:

- 11           (1) Sections 8.8 and 8.9 of S.L. 2016-94.
- 12           (2) Sections 8.8B, 8.8C, 8.8D, and 8.8E of S.L. 2017-57.
- 13           (3) Section 2.10 of S.L. 2017-197.
- 14           (4) Sections 8.10, 8.11, and 8.12 of S.L. 2018-5.

15           **SECTION 7A.10.(b)** Establish Consolidated Teacher Bonus Program. – The State  
16 Board of Education shall establish a teacher bonus program for the 2019-2021 fiscal biennium  
17 to reward teacher performance and encourage student learning and improvement. To attain this  
18 goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers in  
19 public school units in accordance with this section.

20           **SECTION 7A.10.(c)** Definitions. – For purposes of this section, the following  
21 definitions shall apply:

- 22           (1) Eligible advanced course teacher. – A teacher of Advanced Placement  
23 courses, International Baccalaureate Diploma Programme courses, or the  
24 Cambridge Advanced International Certificate of Education (AICE) program  
25 who meets the following criteria:
  - 26           a. Is employed by at least one of the following:
    - 27           1. A public school unit.
    - 28           2. A school operated by the State Board of Education under  
29           Section 7.22 of S.L. 2011-145.
  - 30           b. Taught one or more students who received a score listed in subsection  
31           (d) of this section.
- 32           (2) Eligible career and technical education teacher. – A teacher who meets the  
33 following criteria:
  - 34           a. Is employed by a public school unit.
  - 35           b. Taught one or more students who attained approved industry  
36           certifications or credentials consistent with G.S. 115C-156.2.
- 37           (3) Eligible EVAAS teacher. – A teacher who meets at least one of the following  
38 criteria:
  - 39           a. Is employed by a public school unit and meets one of the following  
40           criteria:
    - 41           1. Is in the top twenty-five percent (25%) of teachers in the State  
42           according to the EVAAS student growth index score for third  
43           grade reading from the previous school year.
    - 44           2. Is in the top twenty-five percent (25%) of teachers in the State  
45           according to the EVAAS student growth index score for fourth  
46           or fifth grade reading from the previous school year.
    - 47           3. Is in the top twenty-five percent (25%) of teachers in the State  
48           according to the EVAAS student growth index score for fourth,  
49           fifth, sixth, seventh, or eighth grade mathematics from the  
50           previous school year.

- 1                    b.        Is employed by a local school administrative unit and meets one of the
- 2                    following criteria:
- 3                    1.        Is in the top twenty-five percent (25%) of teachers in the
- 4                    teacher's respective local school administrative unit according
- 5                    to the EVAAS student growth index score for third grade
- 6                    reading from the previous school year.
- 7                    2.        Is in the top twenty-five percent (25%) of teachers in the
- 8                    teacher's respective local school administrative unit according
- 9                    to the EVAAS student growth index score for fourth or fifth
- 10                  grade reading from the previous school year.
- 11                  3.        Is in the top twenty-five percent (25%) of teachers in the
- 12                  teacher's respective local school administrative unit according
- 13                  to the EVAAS student growth index score for fourth, fifth,
- 14                  sixth, seventh, or eighth grade mathematics from the previous
- 15                  school year.
- 16                  c.        Was employed by a local school administrative unit that employed in
- 17                  the previous school year three or fewer total teachers in that teacher's
- 18                  grade level as long as the teacher has an EVAAS student growth index
- 19                  score from the previous school year of exceeded expected growth in
- 20                  one of the following subject areas:
- 21                  1.        Third grade reading.
- 22                  2.        Fourth or fifth grade reading.
- 23                  3.        Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 24                  (4)       Public school unit. – Any of the following:
- 25                  a.        A local school administrative unit.
- 26                  b.        A charter school.
- 27                  c.        A regional school.
- 28                  d.        A school providing elementary or secondary instruction operated by
- 29                  the State Board of Education under Article 7A of Chapter 115C of the
- 30                  General Statutes.
- 31                  e.        A school providing elementary or secondary instruction operated by
- 32                  The University of North Carolina under Article 29A of Chapter 116 of
- 33                  the General Statutes.
- 34                  (5)       Qualifying teacher. – An eligible advanced course teacher, eligible career and
- 35                  technical education teacher, or eligible EVAAS teacher who remains
- 36                  employed teaching in the same public school unit, or, if an eligible advanced
- 37                  course teacher is only employed by a school pursuant to sub-sub-subdivision
- 38                  (1)a.2. of this subsection, remains employed teaching in that school, at least
- 39                  from the school year the data is collected until January 1 of the corresponding
- 40                  school year that the bonus is paid.

41                  **SECTION 7A.10.(d)** Advanced Course Bonuses. – A bonus in the amount of fifty  
 42 dollars (\$50.00) shall be paid to qualifying advanced course teachers for each student taught in  
 43 each advanced course who receives the following score:

- 44                  (1)       For Advanced Placement courses, a score of three or higher on the College
- 45                  Board Advanced Placement Examination.
- 46                  (2)       For International Baccalaureate Diploma Programme courses, a score of four
- 47                  or higher on the International Baccalaureate course examination.
- 48                  (3)       For the Cambridge AICE program, a score of "C" or higher on the Cambridge
- 49                  AICE program examinations.

50                  **SECTION 7A.10.(e)** CTE Bonuses. – For qualifying career and technical education  
 51 teachers, bonuses shall be provided in the following amounts:

1 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught  
2 by a teacher who provided instruction in a course that led to the attainment of  
3 an industry certification or credential with a twenty-five dollar (\$25.00) value  
4 ranking as determined under subsection (f) of this section.

5 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a  
6 teacher who provided instruction in a course that led to the attainment of an  
7 industry certification or credential with a fifty dollar (\$50.00) value ranking  
8 as determined under subsection (f) of this section.

9 **SECTION 7A.10.(f)** CTE Course Value Ranking. – The Department of Commerce,  
10 in consultation with the State Board, shall assign a value ranking for each industry certification  
11 and credential based on academic rigor and employment value in accordance with this subsection.  
12 Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty  
13 percent (50%) on employment value. Academic rigor and employment value shall be based on  
14 the following elements:

15 (1) Academic rigor shall be based on the number of instructional hours, including  
16 work experience or internship hours, required to earn the industry certification  
17 or credential, with extra weight given for coursework that also provides  
18 community college credit.

19 (2) Employment value shall be based on the entry wage, growth rate in  
20 employment for each occupational category, and average annual openings for  
21 the primary occupation linked with the industry certification or credential.

22 **SECTION 7A.10.(g)** Statewide EVAAS Bonuses. – Of the funds appropriated for  
23 this program, bonuses shall be provided to eligible EVAAS teachers under sub-subdivision  
24 (c)(3)a. of this section, as follows:

25 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
26 eligible EVAAS teachers under sub-sub-subdivision (c)(3)a.1. of this section.  
27 These funds shall be distributed equally among qualifying teachers.

28 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
29 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
30 (c)(3)a.2. of this section.

31 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
32 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
33 (c)(3)a.3. of this section.

34 **SECTION 7A.10.(h)** Local EVAAS Bonuses. – Of the funds appropriated for this  
35 program, bonuses shall be provided to eligible EVAAS teachers under sub-subdivisions (c)(3)b.  
36 and (c)(3)c. of this section, as follows:

37 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
38 eligible EVAAS teachers under sub-sub-subdivisions (c)(3)b.1. and (c)(3)c.1.  
39 of this section. These funds shall be divided proportionally based on average  
40 daily membership in third grade for each local school administrative unit and  
41 then distributed equally among qualifying third grade reading teachers in each  
42 local school administrative unit.

43 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
44 each qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
45 (c)(3)b.2. or (c)(3)c.2. of this section.

46 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
47 each qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
48 (c)(3)b.3. or (c)(3)c.3. of this section.

49 **SECTION 7A.10.(i)** Limitations and Other Criteria. – The following additional  
50 limitations and other criteria shall apply to the program:

- 1 (1) Bonus funds awarded to a teacher pursuant to subsection (d), subsection (e),  
2 subdivision (g)(1), or subdivision (h)(1) of this section shall not exceed three  
3 thousand five hundred dollars (\$3,500) per subsection or subdivision in any  
4 given school year.
- 5 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
6 (c)(3)a.1., (c)(3)b.1., or (c)(3)c.1. of this section may receive a bonus under  
7 both subdivision (g)(1) and subdivision (h)(1) of this section, but shall not  
8 receive more than seven thousand dollars (\$7,000) pursuant to subdivisions  
9 (g)(1) and (h)(1) of this section in any given school year.
- 10 (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
11 (c)(3)a.2., (c)(3)b.2., or (c)(3)c.2. of this section may receive a bonus under  
12 both subdivision (g)(2) and subdivision (h)(2) of this section, but shall not  
13 receive more than two bonuses pursuant to subdivisions (g)(2) and (h)(2) of  
14 this section in any given school year.
- 15 (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
16 (c)(3)a.3., (c)(3)b.3., or (c)(3)c.3. of this section may receive a bonus under  
17 both subdivision (g)(3) and subdivision (h)(3) of this section, but shall not  
18 receive more than two bonuses pursuant to subdivisions (g)(3) and (h)(3) of  
19 this section in any given school year.

20 **SECTION 7A.10.(j)** Time Line. – Bonuses awarded pursuant to this section are  
21 payable to qualifying teachers in January, based on data from the previous school year.

22 **SECTION 7A.10.(k)** Bonuses Not Compensation. – Bonuses awarded to a teacher  
23 pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives  
24 or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this  
25 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers'  
26 and State Employees' Retirement System.

27 **SECTION 7A.10.(l)** Study and Report. – The State Board of Education shall study  
28 the effect of the program on teacher performance and retention. The State Board shall report the  
29 results of its findings and the amount of bonuses awarded to the President Pro Tempore of the  
30 Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight  
31 Committee, and the Fiscal Research Division by March 15 of each year bonuses are awarded.  
32 The report shall include, at a minimum, the following information:

- 33 (1) The amounts awarded pursuant to subsection (d) of this section for Advanced  
34 Placement, International Baccalaureate Diploma Programme, and Cambridge  
35 AICE program courses.
- 36 (2) The amounts awarded pursuant to subsection (e) of this section to teachers  
37 who teach students earning approved industry certifications or credentials and  
38 the type of industry certifications and credentials earned by their students.
- 39 (3) The distribution of statewide and local bonuses awarded pursuant to  
40 subsections (g) and (h) of this section, respectively, as among public school  
41 units and, where applicable, schools within those units.

42 **SECTION 7A.10.(m)** Effective Date. – This section applies for bonuses awarded in  
43 January 2020 and 2021, based on data from the 2018-2019 and 2019-2020 school years,  
44 respectively.

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

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

47 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
48 2019-2021 fiscal biennium for student financial aid shall be allocated in accordance with  
49 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
50  
51

1 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
2 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
3 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
4 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
5 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
6 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
7 of the Escheat Fund income for that fiscal year.

8 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall  
9 conduct periodic evaluations of expenditures of the student financial aid programs administered  
10 by the Authority to determine if allocations are utilized to ensure access to institutions of higher  
11 learning and to meet the goals of the respective programs. The Authority may make  
12 recommendations for redistribution of funds to the President of The University of North Carolina  
13 and the President of the Community College System regarding their respective student financial  
14 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal  
15 year.

## 16 17 **NC PROMISE TUITION PLAN/FUTURE FUNDS**

18 **SECTION 8.2A.** It is the intent of the General Assembly to appropriate from the  
19 General Fund to the Board of Governors of The University of North Carolina the following  
20 additional funds for the purpose of the "buy down" of any financial obligations incurred by  
21 Elizabeth City State University, the University of North Carolina at Pembroke, and Western  
22 Carolina University for the NC Promise Tuition Plan established pursuant to G.S. 116-143.11:

- 23 (1) For the 2021-2022 fiscal year, the sum of five million dollars (\$5,000,000) in  
24 recurring funds.
- 25 (2) For the 2022-2023 fiscal year, the sum of four million dollars (\$4,000,000) in  
26 recurring funds.
- 27 (3) For the 2023-2024 fiscal year, the sum of three million four hundred thousand  
28 dollars (\$3,400,000) in recurring funds.
- 29 (4) For the 2024-2025 fiscal year, the sum of three million dollars (\$3,000,000)  
30 in recurring funds.

31 For the 2024-2025 fiscal year and subsequent fiscal years, it is the intent of the  
32 General Assembly that the net appropriation for the "buy down" of any financial obligations  
33 incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and  
34 Western Carolina University for the NC Promise Tuition Plan established pursuant to  
35 G.S. 116-143.11 shall not exceed the sum of eighty-one million four hundred thousand dollars  
36 (\$81,400,000) in recurring funds.

## 37 38 **UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS**

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

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

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

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

- 4           (1) Name of the laboratory school.
- 5           (2) The local school administrative unit in which the laboratory school shall be  
6 located.
- 7           (3) A term of operation for the laboratory school of five years from the date of  
8 initial operation. At the end of the initial five years of operation, the  
9 Subcommittee shall renew the term of operation for additional five-year  
10 periods under the resolution if the laboratory school is still located in a local  
11 school administrative unit that has twenty-five percent (25%) or more of the  
12 schools located in the unit identified as low-performing under  
13 G.S. 115C-105.37, or if the Subcommittee renews a waiver of this  
14 requirement under subsection (a2) of this section, ~~the resolution may be~~  
15 ~~renewed by the Subcommittee at the end of the term for an additional five~~  
16 ~~years.~~ section. If the laboratory school is no longer (i) located in a qualifying  
17 local school administrative unit or (ii) meeting the purposes of this Article  
18 under a waiver at the end of five years, the Subcommittee shall may renew the  
19 term of operation for additional five-year periods under the resolution if the  
20 Subcommittee finds the school is successfully meeting its mission to improve  
21 student performance and provide valuable exposure and training for teachers  
22 and principals in the constituent institution's educator preparation program.  
23 The Subcommittee may terminate operation of any laboratory school during  
24 the initial term of operation or during a five-year renewal period if the  
25 Subcommittee finds it is failing to meet expected progress toward meeting the  
26 mission of the school consistent with the requirements of this Article. The  
27 Subcommittee shall notify the Board of Governors of the end of the term of  
28 operation of a laboratory school and request designation of additional  
29 constituent institutions with educator preparation programs to establish a  
30 laboratory school in accordance with the provisions of this Article."

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

- 32 "(4) Food and transportation services. – The local school administrative unit in  
33 which the laboratory school is located shall provide ~~food services and~~  
34 ~~transportation to students attending~~ who reside in the local school  
35 administrative unit and attend the laboratory school, including any  
36 students who are homeless and require assistance pursuant to 42 U.S.C. §  
37 11301, et seq., the McKinney-Vento Homeless Assistance Act. The  
38 requirement to provide transportation to students residing in the local school  
39 administrative unit shall (i) apply regardless of where a laboratory school  
40 student resides in the unit or how the unit's transportation policies and  
41 practices are applied to other students and (ii) include providing transportation  
42 of students and personnel for laboratory school extracurricular activities and  
43 educational trips in the same manner as other schools in the unit for that school  
44 year. The local school administrative unit in which the laboratory school is  
45 located shall administer ~~administer~~, at its cost, the National School Lunch  
46 Program for the laboratory school in accordance with G.S. 115C-264. The  
47 chancellor shall arrange for the provision of these services from the local  
48 school administrative unit."

49 **SECTION 8.5.(d)** G.S. 116-239.9 reads as rewritten:

50 **"§ 116-239.9. Student admissions and assignment.**

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

4 (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the  
5 time of the student's application.

6 (2) Did not meet expected growth in the prior school year based on one or more  
7 indicators listed in subsection (c1) of this section.

8 (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this  
9 subsection.

10 (4) Is the child of a laboratory school employee.

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

13 (c) During each period of enrollment, the laboratory school shall enroll an eligible student  
14 under subsection (a) of this section who submits a timely application, up to the capacity of a  
15 program, class, grade level, or building, in the order in which applications are received. Once  
16 enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory  
17 school may give enrollment priority to the sibling of an enrolled student who attended the  
18 laboratory school in the prior school year.

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

23 (c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory  
24 school has not reached enrollment capacity in a program, class, grade level, or building by March  
25 1, prior to the start of the next school year, the laboratory school may enroll children who reside  
26 in the local school administrative unit in which the laboratory school is located but do not meet  
27 one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up  
28 to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

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

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

36 **SECTION 8.5.(e)** Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L.  
37 2017-117, reads as rewritten:

38 "**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, (i) at least ~~nine~~ six laboratory schools  
39 shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted  
40 by this section, and in operation by the beginning of the ~~2019-2020-2020-2021~~ school year and  
41 (ii) at least an additional three laboratory schools shall be established pursuant to Article 29A of  
42 Chapter 116 of the General Statutes and in operation by the beginning of the 2021-2022 school  
43 year."

44 **SECTION 8.5.(f)** The funds appropriated by this act to the Board of Governors of  
45 The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of  
46 laboratory schools shall not be used to create new positions or to hire additional consultants for  
47 The University of North Carolina System Office.

48 **SECTION 8.5.(g)** Subsection (a) of this section applies to an action or omission of  
49 an action occurring on or after the date this act becomes law. Subsections (c) and (d) of this  
50 section apply beginning with the 2019-2020 school year.  
51

**NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

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

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

- (1) **Armed Forces.** – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.
- (2) **Eligible child or eligible children.** – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:
  - a. Meets one of the following residency conditions:
    1. Is a resident of North Carolina at the time of scholarship documentation completion.
    2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
    3. Was permanently stationed in North Carolina at the time of his or her death.
    4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.
  - b. Meets one of the following service conditions:
    1. Was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
    2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war or national emergency. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
    3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service-connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.

- 1                                   4.     Is a current member of the Armed Forces who incurred  
2                                   traumatic injuries or wounds or sustained a major illness while  
3                                   a member of the Armed Forces during a period of war or  
4                                   national emergency. The parent's traumatic wounds, injury, or  
5                                   major illness must be documented by the U.S. Department of  
6                                   Defense.
- 7                   (3)     Eligible spouse. – Any person (i) who is attending or has been accepted to  
8                                   enroll in an eligible postsecondary institution, (ii) who is a legal resident of  
9                                   North Carolina when scholarship documentation is completed, (iii) has  
10                                  complied with the requirements of the Selective Service System, if applicable,  
11                                  and (iv) whose spouse was a member of the Armed Forces who was killed in  
12                                  action or in the line of duty, or died of wounds or other causes not due to the  
13                                  service member's willful misconduct during a period of war or national  
14                                  emergency.
- 15                   (4)     Eligible postsecondary institution. – A school that is any of the following:  
16                                  a.     A constituent institution of The University of North Carolina.  
17                                  b.     A community college under the jurisdiction of the State Board of  
18                                  Community Colleges.  
19                                  c.     A private educational institution as defined in G.S. 143B-1224.  
20                                  d.     An accredited, private vocational institution.
- 21                   (5)     Veteran. – An individual who has served and is no longer serving in the Armed  
22                                  Forces of the United States. For the purposes of this section, the veteran must  
23                                  have separated from the Armed Forces under honorable conditions or whose  
24                                  death or disability of at least fifty percent (50%) or more was incurred as a  
25                                  direct result of service in the line of duty.

26                   **SECTION 8.8.(c)** Administration; Awards. – Within the funds made available for  
27                   the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each  
28                   separately administer and award scholarships to eligible children and eligible spouses in  
29                   accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program.  
30                   In administering the Program, each nonprofit corporation shall be responsible for program  
31                   oversight for the scholarships awarded through its organization to ensure compliance with the  
32                   provisions of this section.

33                   Each nonprofit corporation shall, at a minimum, establish criteria and procedures  
34                   related to scholarship documentation completion, the amount of individual scholarships, the  
35                   permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the  
36                   conditions for a revocation of a scholarship, and any other procedures it deems necessary for its  
37                   administration of the Program. A scholarship awarded to an eligible child or eligible spouse shall  
38                   not exceed the cost of attendance at the eligible postsecondary institution.

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

49                   **SECTION 8.8.(d)** Reporting. – The Patriot Foundation shall submit a report by April  
50                   1 of each year in which the Patriot Foundation spends State funds made available for the Program

1 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the  
2 activities described by this section and the use of the State funds.

3 The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of  
4 each year in which the Marine Corps Scholarship Foundation spends State funds made available  
5 for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research  
6 Division on the activities described by this section and the use of the State funds.

## 7 8 **CHANGES TO THE UNC ENROLLMENT FORMULA FOR STATE FUNDING**

9 **SECTION 8.9.(a)** The Board of Governors of The University of North Carolina,  
10 with the assistance of The University of North Carolina System Office, shall develop a proposal  
11 to modify its current enrollment funding formula to predict its enrollment growth and for the  
12 purposes of preparing the budget request for The University of North Carolina (UNC) submitted  
13 to the Governor and the General Assembly pursuant to G.S. 116-11(9) in accordance with the  
14 requirements of this section. The proposal shall include the following components:

- 15 (1) Enrollment funding for the appropriation of State funds for UNC based on the  
16 number of credit hours required for undergraduate student completion of  
17 four- and five-year programs offered by each constituent institution. The  
18 enrollment funding shall apply to credit hours offered during the fall, spring,  
19 and summer academic terms in order for a student to complete a program.
- 20 (2) Application of the enrollment funding formula beginning with undergraduate  
21 students who are initially enrolled as freshman or transfer students in  
22 curriculum programs at a constituent institution for the fall 2021 academic  
23 term and for subsequent academic terms.
- 24 (3) A methodology that will be used for UNC to determine the number of credit  
25 hours required for undergraduate student completion of four- and five-year  
26 programs. A uniform buffer of credit hours shall not be used in the calculation  
27 of the number of credit hours required for program completion.
- 28 (4) A methodology for calculating the cost of a credit hour to the student so that  
29 the tuition rate applicable to undergraduate students at a constituent institution  
30 is applied uniformly. The Board of Governors shall allocate State funds to  
31 constituent institutions based on this methodology for the offset of tuition  
32 payments. Nothing in this subdivision shall be construed to limit a constituent  
33 institution's authority to charge course fees in accordance with State law and  
34 policies established by the Board of Governors.
- 35 (5) A procedure and cost budgeting method for UNC that shall be applied in  
36 circumstances in which a student is unable to complete the required credit  
37 hours as a full-time student continuously enrolled in a constituent institution  
38 due to unavailability of courses in program scheduling by the constituent  
39 institution. The burden of the cost of meeting the credit hour course  
40 requirements under these circumstances shall not be transferred to the student.  
41 The burden of this cost shall be covered by UNC and shall reflect the potential  
42 loss of student financial aid and expected loan repayments due to loss of an  
43 individual student's status as full-time and continuously enrolled.

44 **SECTION 8.9.(b)** The Board of Governors shall report the proposal for the new  
45 enrollment funding formula as required by subsection (a) of this section to the Joint Legislative  
46 Education Oversight Committee, the Senate Appropriations Committee on Education/Higher  
47 Education, the House of Representatives Appropriations Subcommittee on Education, the Fiscal  
48 Research Division, and the Office of State Budget and Management by March 1, 2020.

49 **SECTION 8.9.(c)** The Board of Governors shall begin implementation of the  
50 transition to the new enrollment funding formula required by this section during the 2020-2021  
51 fiscal year. The enrollment funding formula shall be fully implemented by July 1, 2021, and shall

1 apply beginning with the 2021-2022 fiscal year for undergraduate students entering the 2021 fall  
2 academic term and for subsequent academic terms.

3 **SECTION 8.9.(d)** G.S. 116-143.7 is repealed.

4 **SECTION 8.9.(e)** G.S. 116-143.9 reads as rewritten:

5 "**§ 116-143.9. Fixed tuition payment.**

6 (a) There is established the fixed tuition payment program. The rate of tuition of any  
7 freshman or transfer undergraduate student who is admitted to any constituent institution of The  
8 University of North Carolina and deemed to be a North Carolina resident for purposes of tuition  
9 shall be guaranteed as provided by this section. The program shall have the following  
10 components:

11 (1) A guarantee that the rate of tuition approved by either the Board of Governors  
12 or the Board of Trustees of the constituent institution will remain constant or  
13 decrease during the tuition period.

14 (2) Except as provided in subsection (b) of this section, the tuition period shall be  
15 (i) eight consecutive academic semesters for a student seeking a baccalaureate  
16 degree in a four-year program or 10 consecutive academic semesters for a  
17 student seeking a baccalaureate degree in a program officially designated by  
18 the Board of Governors as a five-year program, not including any summer  
19 sessions, or (ii) the appropriate balance of a designated program length after  
20 making the proper adjustments for a student who transfers to the constituent  
21 institution.

22 (3) Except as provided in subsection (b) of this section, the student must remain  
23 enrolled continuously at the constituent institution during the entire tuition  
24 period.

25 (4) At the end of the tuition period, the cost of tuition for any additional academic  
26 semesters reverts to the amount of the current tuition for that constituent  
27 ~~institution and a tuition surcharge imposed under G.S. 116-143.7, if~~  
28 ~~applicable.~~institution.

29 (b) The tuition period may be tolled if the student is able to demonstrate ~~a substantial~~  
30 ~~disruption or interruption in that any of the following have substantially disrupted or interrupted~~  
31 the student's pursuit of a degree as provided in G.S. 116-143.7(e): (i) a military service  
32 obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other  
33 extraordinary hardship. The Board of Governors shall establish the appropriate procedures to  
34 implement this subsection.

35 (c) The Board of Governors shall adopt the policies needed to implement this section and  
36 shall also determine what the fixed tuition rates and the tuition periods shall be for undergraduate  
37 transfer students who are North Carolina residents for purposes of tuition."

38 **SECTION 8.9.(f)** Subsections (d) and (e) of this section become effective July 1,  
39 2021, and apply beginning with freshman or transfer undergraduate students who enroll in a  
40 constituent institution for the 2021 fall academic term and for subsequent academic terms.

## 41 42 **MODIFY FUTURE TEACHERS OF NORTH CAROLINA**

43 **SECTION 8.12.(a)** G.S. 116-41.30(b) reads as rewritten:

44 "(b) Program. – FTNC shall be a ~~program providing professional development and~~  
45 ~~curricula for courses that provide selective, application-based symposium for high school juniors~~  
46 and seniors, offering a challenging introduction to teaching as a profession for high school  
47 students through courses offered by participating high schools in conjunction with college  
48 partners. ~~profession. FTNC courses shall include both content on pedagogy and the profession~~  
49 of teaching and field experiences for high school students. ~~provide instruction on pedagogy, ethics~~  
50 and professionalism, child development, successful teaching strategies and classroom  
51 management practices, effective lesson planning, assessment and intervention, and requirements

1 of teacher licensure. The FTNC Symposium should provide practical benefits to participating  
2 students, which may include interaction with current educators, administrators, and educator  
3 preparation program faculty members, a simulated student teaching experience, and information  
4 about financial aid and scholarship opportunities."

5 **SECTION 8.12.(b)** G.S. 116-41.31 reads as rewritten:

6 "**§ 116-41.31. Oversight of Future Teachers of North Carolina.**

7 (a) ~~FTNC General Administration, System Office.~~ – FTNC shall be administratively  
8 located in The University of North Carolina System Office. The President shall ~~select three~~  
9 ~~constituent institutions with highly successful schools of education located in the western,~~  
10 ~~central, and eastern regions of the State, respectively, to collaborate on development of curricula~~  
11 ~~for FTNC and to provide professional development to high school teachers who will teach FTNC~~  
12 ~~courses. The three constituent institutions shall also work with other constituent institutions and~~  
13 ~~other institutions of higher education in the State to seek input in the development of curricula~~  
14 ~~and professional development for FTNC and to create a network of college faculty to provide~~  
15 ~~support to high schools offering FTNC courses.~~ establish a Future Teachers of North Carolina  
16 Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion,  
17 the FTNC Council shall coordinate with constituent institutions to utilize expertise from  
18 administrators, faculty, and staff members of institutions of higher education in designing the  
19 agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure  
20 diverse representation of the educator preparation programs represented at the FTNC  
21 Symposium. The FTNC Council shall also be responsible for creating an application process for  
22 interested high school students, reviewing submitted applications, selecting students to attend,  
23 and recruitment and outreach efforts.

24 (b) ~~FTNC Site Applications.~~—All high schools in the State are encouraged to offer FTNC  
25 courses to students. A high school shall apply to offer FTNC courses with the geographically  
26 appropriate constituent institution overseeing FTNC and shall ensure that all teachers teaching  
27 FTNC courses have received appropriate training. High schools shall also seek a partner  
28 institution of higher education to provide support from college faculty. High schools participating  
29 in the FTNC program shall report demographic, survey, and other available outcome data to The  
30 University of North Carolina System Office as necessary for completion of the FTNC annual  
31 report required by G.S. 116-41.32.

32 (c) ~~FTNC Institution of Higher Education Partners.~~—Constituent institutions that partner  
33 with high schools shall offer dual credit for high school students who successfully complete the  
34 FTNC course with a grade of "B" or higher. Other institutions of higher education that partner  
35 with high schools are encouraged to offer dual credit for high school students who successfully  
36 complete the FTNC course with a grade of "B" or higher. Constituent institutions shall provide  
37 annually to The University of North Carolina System Office data on students who have received  
38 dual credit for completion of an FTNC course and students who applied for admission into an  
39 educator preparation program at a constituent institution who indicated in the application for  
40 admission that the student completed an FTNC course. Other institutions of higher education are  
41 encouraged to provide annually to The University of North Carolina System Office data on  
42 students who have received dual credit for completion of an FTNC course and students who  
43 applied for admission into an educator preparation program at the institution of higher education  
44 who indicated in the application for admission that the student completed an FTNC course."

45 **SECTION 8.12.(c)** G.S. 116-41.32 reads as rewritten:

46 "**§ 116-41.32. Future Teachers of North Carolina reporting.**

47 The University of North Carolina System Office shall report annually, beginning October 15,  
48 2019, 2020, on the following:

- 49 (1) ~~Total number and names of local school administrative units with List of high~~  
50 ~~schools and local school administrative units represented by participating in~~  
51 ~~FTNC, total number and names of high schools offering FTNC, partner~~

1 ~~institution of higher education for each high school, and number of sections~~  
 2 ~~of the course being offered at each high school.~~~~students.~~

3 (1a) Number of students who submitted an application to attend the FTNC  
 4 Symposium.

5 (1b) Number of students attending the FTNC Symposium, including distribution  
 6 by region.

7 (2) ~~Demographic information of students enrolled in FTNC courses.~~~~attending the~~  
 8 ~~FTNC Symposium.~~

9 (2a) Description of the event agenda and content.

10 (3) ~~Percentage of students who, after completing the course,~~~~attending the FTNC~~  
 11 ~~Symposium, reported the following:~~

12 a. The student plans to choose teaching as a profession.

13 a1. The student plans to enroll in a community college, a constituent  
 14 institution, a private postsecondary institution located in North  
 15 Carolina, or a postsecondary institution located in another state.

16 b. ~~The course~~~~FTNC Symposium~~ was very or somewhat effective in  
 17 helping the student formulate a positive perception of the education  
 18 profession.

19 c. ~~The coursework and activities~~~~FTNC Symposium~~ increased the  
 20 student's knowledge of the teaching profession and other careers in  
 21 education.

22 d. ~~The field experience helped the student understand the many factors~~  
 23 ~~that contribute to effective teaching.~~

24 (4) ~~Percentage of students who completed an FTNC course who received dual~~  
 25 ~~credit for successful completion of the course, by institution.~~

26 (5) ~~Percentage of students who completed an FTNC course who applied for~~  
 27 ~~admission into an educator preparation program, by institution.~~

28 (6) ~~Number of teachers provided professional development for FTNC."~~  
 29

### 30 **MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER** 31 **INDIVIDUALS**

32 **SECTION 8.13.(a)** G.S. 116-143.3A reads as rewritten:

33 "**§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other**  
 34 **individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or**  
 35 **38 U.S.C. Chapter 33.**individuals.

36 (a) Definitions. – The following definitions apply in this section:

37 (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).

38 (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).

39 (3) Veteran. – A person who served active duty for not less than 90 days in the  
 40 Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or  
 41 the National Oceanic and Atmospheric Administration and who was  
 42 discharged or released from such service.

43 (b) ~~Waiver of 12-Month Residency Requirement for Veteran.~~~~Certain Individuals.~~ – Any  
 44 ~~veteran~~~~veteran, dependent of a veteran, or other individual~~ who qualifies for admission to an  
 45 institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the  
 46 in-State tuition rate and applicable mandatory fees for ~~enrollment~~~~enrollment, to the extent~~  
 47 ~~required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as~~  
 48 ~~amended, 38 U.S.C. § 3679,~~ without satisfying the 12-month residency requirement under  
 49 G.S. 116-143.1, provided the ~~veteran~~~~individual~~ meets all of the following criteria:

50 (1) ~~The veteran applies for admission to the institution of higher education and~~  
 51 ~~enrolls within three years of the veteran's discharge or release from the Armed~~

1 Forces, the Commissioned Corps of the U.S. Public Health Service, or the  
2 National Oceanic and Atmospheric Administration.

3 (2) ~~The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C.~~  
4 ~~Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance~~  
5 ~~Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as~~  
6 ~~administered by the U.S. Department of Veterans Affairs.~~

7 (3) ~~The veteran's individual's abode is North Carolina.~~

8 (4) ~~The veteran individual provides the institution of higher education at which~~  
9 ~~the veteran individual intends to enroll a letter of intent to establish residence~~  
10 ~~in North Carolina.~~

11 (5) ~~The individual meets the definition of a "covered individual" under 38 U.S.C.~~  
12 ~~§ 3679(c).~~

13 (e) ~~Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38~~  
14 ~~U.S.C. Chapter 30 or 38 U.S.C. Chapter 33. — Any person who is entitled to federal educational~~  
15 ~~benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the~~  
16 ~~in-State tuition rate and applicable mandatory fees for enrollment without satisfying the~~  
17 ~~12-month residency requirement under G.S. 116-143.1, if the person meets all of the following~~  
18 ~~criteria:~~

19 (1) ~~The person qualifies for admission to the institution of higher education as~~  
20 ~~defined in G.S. 116-143.1(a)(3) and, with the exception of individuals~~  
21 ~~described in subsections (c1) and (c2) of this section, enrolls in the institution~~  
22 ~~of higher education within three years of the veteran's discharge or release~~  
23 ~~from the Armed Forces, the Commissioned Corps of the U.S. Public Health~~  
24 ~~Service, or the National Oceanic and Atmospheric Administration.~~

25 (2) ~~The person is the recipient of federal educational benefits pursuant to 38~~  
26 ~~U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance~~  
27 ~~Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as~~  
28 ~~administered by the U.S. Department of Veterans Affairs.~~

29 (3) ~~The person's abode is North Carolina.~~

30 (4) ~~The person provides the institution of higher education at which the person~~  
31 ~~intends to enroll a letter of intent to establish residence in North Carolina.~~

32 (c1) ~~Recipients using transferred Post 9/11 GI Bill benefits (38 U.S.C. § 3319) while the~~  
33 ~~transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public~~  
34 ~~Health Service, or the National Oceanic and Atmospheric Administration are eligible for the~~  
35 ~~in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides~~  
36 ~~the institution of higher education a letter of intent to establish residency in North Carolina.~~

37 (c2) ~~Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. §~~  
38 ~~3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the~~  
39 ~~death in the line of duty followed a period of active duty service of 90 days or more, are eligible~~  
40 ~~to receive in-State tuition under this section, provided the recipient's abode is in North Carolina~~  
41 ~~and the recipient provides the institution of higher education a letter of intent to establish~~  
42 ~~residency in North Carolina.~~

43 (d) ~~After the expiration of the three-year period following discharge as described in 38~~  
44 ~~U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits under 38 U.S.C.~~  
45 ~~Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual described in subsection (e)~~  
46 ~~of this section entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C.~~  
47 ~~Chapter 33 who is eligible for in-State tuition under this section shall continue to be eligible for~~  
48 ~~the in-State tuition rate so long as the covered individual remains continuously enrolled (other~~  
49 ~~than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that~~  
50 ~~institution of higher education.~~

1 (e) The individual applying for the benefit of this section has the burden of proving  
2 entitlement to the benefit."

3 **SECTION 8.13.(b)** This section applies to qualifying veterans and other individuals  
4 who are enrolled or who enroll in institutions of higher education for any academic quarter, term,  
5 or semester that begins on or after the date this act becomes law.

6  
7 **UMSTEAD ACT EXEMPTION/NC A&T STATE UNIVERSITY**

8 **SECTION 8.14.** G.S. 66-58(c) reads as rewritten:

9 "(c) The provisions of subsection (a) shall not prohibit:

10 (1) The sale of products of experiment stations or test farms.

11 (1a) The sale of products raised or produced incident to the operation of a  
12 community college or college viticulture/enology program as authorized by  
13 G.S. 18B-1114.4 or the operation of a community college or college brewing,  
14 distillation, or fermentation program as authorized by G.S. 18B-1114.6.

15 (1b) The sale by North Carolina State University at University-owned facilities of  
16 dairy products, including ice cream, cheeses, milk-based beverages, and the  
17 by-products of heavy cream, produced by the Dairy and Process Applications  
18 Laboratory, so long as any profits are used to support the Department of Food  
19 Science and College of Agriculture and Life Sciences at North Carolina State  
20 University.

21 (1c) The sale by North Carolina Agricultural and Technical State University (NC  
22 A&T State University) at University-owned facilities of dairy products,  
23 including ice cream, cheeses, milk-based beverages, and the by-products of  
24 heavy cream, produced by the University Farm at NC A&T State University,  
25 so long as any profits are used to support the Agricultural Research Program  
26 in the College of Agriculture and Environmental Sciences at NC A&T State  
27 University.

28 ...."

29  
30 **UNC REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES**

31 **SECTION 8.15.** G.S. 116-11 is amended by adding the following new subdivision  
32 to read:

33 "(9b) The Board of Governors shall report by February 1 of each year to the Joint  
34 Legislative Education Oversight Committee, the Senate Appropriations  
35 Committee on Education/Higher Education, the House of Representatives  
36 Appropriations Subcommittee on Education, and the Fiscal Research Division  
37 on the actions and adjustments necessary to its budgetary policies, regulations,  
38 and standards resulting from the Current Operations Appropriations Act for  
39 the administration and operation of The University of North Carolina and the  
40 distribution of State and federal funds to constituent institutions. The report  
41 shall include at least the following information for each constituent institution:

42 a. Guidelines related to State salaries of University of North Carolina  
43 employees, including range, median, and mean of faculty salaries at  
44 the institution.

45 b. Budget allocations and reductions, including for operating expenses  
46 and specific programs.

47 c. Distribution of additional State allocations for enrollment funding.

48 d. Use of State funds and budget flexibility.

49 e. Availability of federal funds.

50 f. Tuition and fees.

- 1           g.     Composition of the student population at the institution, including  
2               headcount enrollment and full-time student enrollment for both  
3               undergraduate and graduate students, and aggregate data on residency  
4               status, median household income, gender, race, and ethnicity.  
5           h.     Student retention and graduation rates.  
6           i.     Postsecondary educational attainment rate at the institution, including  
7               comparison to statewide data.  
8           j.     A comparison to prior fiscal year expenditures and appropriations."  
9

## 10 **EASTERN AREA HEALTH EDUCATION CENTER FUNDS**

11           **SECTION 8.16.** Notwithstanding any provision of this act or the Committee Report  
12 described in Section 42.2 of this act to the contrary, the funds appropriated by this act for the  
13 2019-2020 fiscal year for the Project Reserve in the General Fund shall be decreased by one  
14 million dollars (\$1,000,000) in nonrecurring funds for the 2019-2020 fiscal year and, instead, the  
15 funds appropriated by this act for the 2019-2020 fiscal year to the Board of Governors of The  
16 University of North Carolina for the Eastern Area Health Education Center shall be increased by  
17 one million dollars (\$1,000,000) in nonrecurring funds for the 2019-2020 fiscal year.  
18

## 19 **ESTABLISH THE HISTORICALLY BLACK COLLEGES AND UNIVERSITIES** 20 **ADVISORY BOARD**

21           **SECTION 8.17.(a)** There is established the Historically Black Colleges and  
22 Universities Advisory Board (Board). The Board shall be located administratively in The  
23 University of North Carolina System Office.

24           **SECTION 8.17.(b)** The Board shall be composed of 17 members as follows:

- 25           (1) Seven members appointed by the President Pro Tempore of the Senate, three  
26 of which shall be legislators. At least four of the appointees shall have  
27 attended or graduated from one of the historically black constituent  
28 institutions of The University of North Carolina.  
29           (2) Seven members appointed by the Speaker of the House of Representatives,  
30 three of which shall be legislators. At least four of the appointees shall have  
31 attended or graduated from one of the historically black constituent  
32 institutions of The University of North Carolina.  
33           (3) Three members appointed by the Governor, one of whom the Governor shall  
34 designate as the Chair. At least one of the appointees shall have attended or  
35 graduated from one of the historically black constituent institutions of The  
36 University of North Carolina.

37           **SECTION 8.17.(c)** The Board shall study strategies and actions that can be taken to  
38 increase the rates of enrollment, retention, and graduation for the historically black colleges and  
39 universities that are constituent institutions of The University of North Carolina. The Board shall  
40 also study (i) disparities in the funding formulas for the historically black colleges and  
41 universities that are constituent institutions with specific attention to the funding disparities for  
42 certain programs of the institutions and (ii) the historical gap in funding for the historically black  
43 colleges and universities that are constituent institutions.

44           **SECTION 8.17.(d)** The Board shall meet upon the call of the Chair. A quorum of  
45 the Board shall be nine members. Any vacancy on the Board shall be filled by the appointing  
46 authority.

47           **SECTION 8.17.(e)** The University of North Carolina System Office shall provide  
48 meeting space, administrative support, equipment, and supplies to the Board.

49           **SECTION 8.17.(f)** The Board members shall receive per diem, subsistence, and  
50 travel allowances in accordance with G.S. 138-5, 138-6, or 120-3.1, as appropriate.

1           **SECTION 8.17.(g)** The Board shall submit its preliminary findings and  
2 recommendations to the Board of Governors of The University of North Carolina and to the Joint  
3 Legislative Education Oversight Committee no later than December 15, 2020, and shall submit  
4 a final report to the Board of Governors and the Joint Legislative Education Oversight Committee  
5 no later than March 15, 2021. The Board shall terminate on March 15, 2021, or upon the filing  
6 of its final report, whichever occurs first.

7           **SECTION 8.17.(h)** This section is effective the date this act becomes law.

8  
9 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

10  
11 **NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF**  
12 **VETERANS AND ACTIVE DUTY MILITARY**

13           **SECTION 8A.4.(a)** G.S. 116-281(3) reads as rewritten:

14           "(3) The student must meet at least one of the following:

- 15           a. Qualify as a legal resident of North Carolina and as a resident for  
16 tuition purposes under the criteria set forth in G.S. 116-143.1 and in  
17 accordance with definitions of residency that may from time to time  
18 be adopted by the Board of Governors of The University of North  
19 Carolina.
- 20           b. Be a veteran provided the veteran's abode is in North Carolina and the  
21 veteran provides the eligible private postsecondary institution a letter  
22 of intent to establish residency in North Carolina.
- 23           c. Be an active duty member of the Armed Forces provided the member  
24 of the Armed Forces is abiding in this State incident to active military  
25 duty in this State.
- 26           d. Be the dependent relative of a veteran who is abiding in North Carolina  
27 while sharing an abode with the veteran and the dependent relative  
28 provides the eligible private postsecondary institution a letter of intent  
29 to establish residency in North Carolina.
- 30           e. Be the dependent relative of an active duty member of the Armed  
31 Forces who is abiding in North Carolina incident to active military  
32 duty while sharing an abode with the active duty member."

33           **SECTION 8A.4.(b)** This section applies beginning with the award of scholarships  
34 for the 2020-2021 academic year.

35  
36 **EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS**

37           **SECTION 8A.5.(a)** G.S. 115C-499.2 reads as rewritten:

38 **"§ 115C-499.2. Eligibility requirements for a scholarship.**

39 In order to be eligible to receive a scholarship under this Article, a student seeking a degree,  
40 diploma, or certificate at an eligible postsecondary institution must meet all of the following  
41 requirements:

- 42           (1) Only needy North Carolina students are eligible to receive scholarships. For  
43 purposes of this subsection, "needy North Carolina students" are those eligible  
44 students whose expected family contribution under the federal methodology  
45 does not exceed ~~five-six~~ thousand dollars ~~(\$5,000)-(\$6,000)~~.

46           ...."

47           **SECTION 8A.5.(b)** G.S. 115C-499.3(a) reads as rewritten:

48           "(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a  
49 scholarship awarded under this Article to a student at an eligible postsecondary institution shall  
50 be based upon the enrollment status and expected family contribution of the student and shall not  
51 exceed ~~four-five~~ thousand one hundred dollars ~~(\$4,000)-(\$5,100)~~ per academic year, including

1 any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV  
2 programs."

3 **SECTION 8A.5.(c)** This section applies beginning with the award of scholarships  
4 for the 2020-2021 academic year.

5  
6 **MODIFY NC TEACHING FELLOWS PROGRAM**

7 **SECTION 8A.6.(a)** G.S. 116-209.62, as amended by subsections (b) and (c) of this  
8 section, reads as rewritten:

9 "**§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

10 ...

11 (f) Program Selection Criteria. – The Authority shall administer the Program in  
12 cooperation with ~~five~~ up to eight institutions of higher education with approved educator  
13 preparation programs selected by the Commission that represent a diverse selection of both  
14 postsecondary constituent institutions of The University of North Carolina and private  
15 postsecondary institutions operating in the State. The Commission shall adopt stringent standards  
16 for selection of the most effective educator preparation programs, including the following:

- 17 (1) Demonstrates high rates of educator effectiveness on value-added models and  
18 teacher evaluations, including using performance-based, subject-specific  
19 assessment and support systems, such as edTPA or other metrics of evaluating  
20 candidate effectiveness that have predictive validity.
- 21 (2) Demonstrates measurable impact of prior graduates on student learning,  
22 including impact of graduates teaching in STEM or special education  
23 licensure areas.
- 24 (3) Demonstrates high rates of graduates passing exams required for teacher  
25 licensure.
- 26 (4) Provides curricular and co-curricular enhancements in leadership, facilitates  
27 learning for diverse learners, and promotes community engagement,  
28 classroom management, and reflection and assessment.
- 29 (5) Requires at least a minor concentration of study in the subject area that the  
30 candidate may teach.
- 31 (6) Provides early and frequent internship or practical experiences, including the  
32 opportunity for participants to perform practicums in diverse school  
33 environments.
- 34 (7) Is approved by the State Board of Education as an educator preparation  
35 program.

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

39 ...."

40 **SECTION 8A.6.(b)** G.S. 116-209.62(c)(3) reads as rewritten:

41 "(3) The Authority shall provide the Commission with up to six hundred thousand  
42 dollars (\$600,000) from the Trust Fund in each fiscal year for the Commission  
43 to provide mentoring and coaching support to forgivable loan recipients  
44 through the North Carolina New Teacher Support Program as follows:

- 45 a. ~~Up in an amount of up to two thousand two hundred dollars (\$2,000)~~  
46 ~~(\$2,200) for each Program recipient—recipient. Funds shall be~~  
47 ~~prioritized for teachers serving as a teacher in a North Carolina public~~  
48 ~~school—schools identified as low-performing under G.S. 115C-105.37.~~
- 49 b. ~~Up to one thousand dollars (\$1,000) for each Program recipient~~  
50 ~~serving as a teacher in a North Carolina public school not identified as~~  
51 ~~low-performing under G.S. 115C-105.37."~~

1 SECTION 8A.6.(c) G.S. 116-209.62(g)(4) reads as rewritten:

2 "(4) Students matriculating at institutions of higher education who are changing to  
3 ~~enrollment in an approved program of study~~ at a selected educator preparation  
4 program. – Forgivable loans of up to four thousand one hundred twenty-five  
5 dollars (\$4,125) per semester for up to four semesters."

6 SECTION 8A.6.(d) Subsection (a) of this section applies to the award of forgivable  
7 loans beginning with the 2020-2021 academic year.

8  
9 **COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH**  
10 **DISABILITIES**

11 SECTION 8A.9.(a) Article 41 of Chapter 115C of the General Statutes reads as  
12 rewritten:

13 "Article 41.

14 "Personal Education ~~Savings Accounts~~ Student Accounts for Children with Disabilities.

15 "**§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for**  
16 **Children with Disabilities Program established.**

17 There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for  
18 ~~Children with Disabilities~~ Program to provide the option for a parent to better meet the individual  
19 educational needs of the parent's child.

20 "**§ 115C-591. Definitions.**

21 The following definitions apply in this Article:

- 22 (1) Authority. – Defined in G.S. 116-201.  
23 (2) Division. – The Division of Nonpublic Education, Department of  
24 Administration.  
25 (2a) Educational technology. – As defined annually by the Authority, an item,  
26 piece of equipment, material, product, or system which may be purchased  
27 commercially off the shelf, modified, or customized and that is used primarily  
28 for educational purposes for a child with a disability.  
29 (3) Eligible student. – A student residing in North Carolina who has not yet  
30 received a high school diploma and who meets all of the following  
31 requirements:  
32 a. Is eligible to attend a North Carolina public school pursuant to  
33 ~~G.S. 115C-366~~ Article 25 of this Chapter. A child who is the age of  
34 four on or before April 16 is eligible to attend the following school  
35 year if the principal, or equivalent, of the school in which the child  
36 seeks to enroll finds that the student meets the requirements of  
37 G.S. 115C-364(d) and those findings are submitted to the Authority  
38 with the child's application.  
39 b. Has not been enrolled in a postsecondary institution ~~in a matriculated~~  
40 ~~status eligible for enrollment for~~ as a full-time student taking at least  
41 12 hours of academic credit.  
42 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~  
43 ~~including, for example, intellectual disability, hearing impairment,~~  
44 ~~speech or language impairment, visual impairment, serious emotional~~  
45 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~  
46 ~~other health impairments, specific learning disability, or disability as~~  
47 ~~may be required to be included under IDEA.~~ G.S. 115C-106.3(1).  
48 d. Has not been placed in a nonpublic school or facility by a public  
49 agency at public expense.  
50 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of  
51 Article 39 of this Chapter, as identified by the Division.

- 1 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.  
 2 (5a) Part-time student. – A child enrolled part time in a public school and part time  
 3 in a nonpublic school that exclusively provides services for children with  
 4 disabilities.  
 5 (6) Personal Education ~~Savings~~ Student Account or PESA. – A bank account  
 6 provided to a parent for the purpose of holding scholarship funds awarded by  
 7 the Authority for an eligible student to be used for qualifying education  
 8 expenses under G.S. 115C-595.

9 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

10 (a) Application Selection. – The Authority shall make available no later than February 1  
 11 of each year applications to eligible students for the award of scholarship funds for a personal  
 12 education ~~savings~~ student account to be used for qualifying education expenses to attend a  
 13 nonpublic school. Information about scholarship funds and the application process shall be made  
 14 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~  
 15 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to  
 16 the following ~~criteria~~ criteria for applications received by March 1 of each year:

- 17 (1) First priority shall be given to eligible students who were awarded scholarship  
 18 funds for a PESA during the previous school ~~year if those students have~~  
 19 ~~applied by March 1 year.~~  
 20 (2) After funds have been awarded to prior recipients as provided in subdivision  
 21 (1) of this subsection, any remaining funds shall be used to award scholarship  
 22 funds for a PESA for all other eligible students.

23 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for  
 24 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each  
 25 year for an amount not to exceed (i) nine thousand dollars (\$9,000) per eligible student for the  
 26 ~~fiscal school year in for~~ which the application is received, except received or (ii) for eligible  
 27 ~~part-time students, who shall be awarded scholarships each year for an amount not to exceed~~  
 28 students, four thousand five hundred dollars (\$4,500) per eligible student for the fiscal school  
 29 ~~year in for~~ which the application is received. Any funds remaining on a debit card or in an  
 30 electronic account provided under subsection (b2) of this section at the end of a school year for  
 31 eligible students who qualify only under this subsection shall be returned to the Authority.

32 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may  
 33 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for  
 34 each school year only if the student has been determined to have one or more of the following  
 35 disabilities as a primary or secondary disability at the time of application for scholarship funds:

- 36 (1) Autism.  
 37 (2) Hearing impairment.  
 38 (3) Moderate or severe intellectual or developmental disability.  
 39 (4) Multiple, permanent orthopedic impairments.  
 40 (5) Visual impairment.

41 For eligible students who qualify for scholarship funds under this subsection, no more than  
 42 four thousand five hundred dollars (\$4,500) of funds remaining on a debit card or in an electronic  
 43 account at the end of a school year shall be carried forward until expended for each school year  
 44 upon renewal of the account under subsection (b2) of this section. In no event shall the total  
 45 amount of funds carried forward for an eligible student in a personal education student account  
 46 exceed thirty thousand dollars (\$30,000). Any funds remaining on the card or in the electronic  
 47 account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

48 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
 49 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
 50 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each  
 51 quarter semester of the fiscal school year. The first deposit of funds to a PESA shall be subject

1 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then  
2 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the  
3 electronic account at the beginning of the ~~fiscal~~ school year. After the initial disbursement of  
4 funds, each subsequent, ~~quarterly~~ semester disbursement of funds shall be subject to the  
5 submission by the parent of an expense report. The expense report shall be submitted  
6 electronically and shall include documentation that the student received an education, as  
7 described in G.S. 115C-595(a)(1), for no less than ~~35~~ 70 days of the applicable ~~quarter~~ semester.  
8 The debit card or the electronic account shall be renewed upon the receipt of the parental  
9 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent ~~fiscal~~  
10 school years. ~~Any funds remaining on the card or in the electronic account at the end of the fiscal~~  
11 ~~year may be carried forward to the next fiscal year if the card or electronic account is renewed.~~  
12 ~~Any funds remaining on the card or in the electronic account if an agreement is not renewed shall~~  
13 ~~be returned to the Authority.~~

14 (c) ~~Eligibility for the other scholarship programs is provided for as follows:~~ Eligibility for  
15 Other Scholarship Programs. –

16 (1) An eligible student under this Article may receive, in addition to a PESA, a  
17 scholarship under Part 2A of Article 39 of this Chapter.

18 (2) ~~An eligible student under this Article may receive, in addition to a PESA and~~  
19 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~  
20 ~~the special education scholarship program for children with disabilities~~  
21 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~  
22 ~~more of the following disabilities:~~

23 a. ~~Autism.~~

24 b. ~~Developmental disability.~~

25 e. ~~Hearing impairment.~~

26 d. ~~Moderate or severe intellectual disability.~~

27 e. ~~Multiple, permanent orthopedic impairments.~~

28 f. ~~Visual impairment.~~

29 (d) Applications Not Public Records. – Applications for scholarship funds and personally  
30 identifiable information related to eligible students receiving funds shall not be a public record  
31 under Chapter 132 of the General Statutes. For the purposes of this section, personally  
32 identifiable information means any information directly related to a student or members of a  
33 student's household, including the name, birthdate, address, Social Security number, telephone  
34 number, e-mail address, or any other information or identification number that would provide  
35 information about a specific student or members of a specific student's household.

36 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial  
37 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in~~  
38 ~~either of the following ways:~~

39 (1) ~~The by having the child has been~~ assessed by a local education agency and  
40 ~~determined the local education agency determining the child~~ to be a child with  
41 a disability ~~and with~~ that outcome is verified by the local education agency on  
42 a form provided to the Authority.

43 (2) ~~The child was initially assessed by a local education agency and determined~~  
44 ~~to be a child with a disability and, following receipt of a scholarship awarded~~  
45 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~  
46 ~~continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing~~  
47 ~~psychologist or psychiatrist. Both the initial verification from the local~~  
48 ~~education agency and the continuing verification by the assessing~~  
49 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

50 **"§ 115C-593. Student continuing eligibility.**

1 After the initial disbursement of funds, the Authority shall ensure that the student's continuing  
2 eligibility is assessed at least every three years by one of the following:

- 3 (1) The local education agency. – The local education agency shall assess if the  
4 student continues to be a child with a disability and verify the outcome on a  
5 form to be provided to the Authority.
- 6 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –  
7 The psychologist or psychiatrist shall assess, after review of appropriate  
8 medical and educational records, if the education and related services received  
9 by the student in the nonpublic school setting have improved the child's  
10 educational performance and if the student would continue to benefit from  
11 placement in the nonpublic school setting. The psychologist or psychiatrist  
12 shall verify the outcome of the assessment on a form to be provided to the  
13 Authority.

14 **"§ 115C-594. Verification of eligibility.**

15 (a) Verification of Information. – The Authority may seek verification of information on  
16 any application for the award of scholarship funds for a personal education ~~savings-student~~  
17 ~~account. The Authority shall select and verify six percent (6%) of applications annually,~~  
18 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish  
19 rules for the verification process. If a household fails to cooperate with verification efforts, the  
20 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

21 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award  
22 of scholarship funds for a PESA shall authorize the Authority to access information needed for  
23 verification efforts held by other State agencies, including the Department of Health and Human  
24 Services and the Department of Public Instruction.

25 **"§ 115C-595. Parental agreement; use of funds.**

26 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship  
27 recipient with a written agreement, applicable for each year the eligible student receives  
28 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving  
29 the scholarship funds. The agreement shall be submitted to the Authority electronically. The  
30 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.  
31 A parent or eligible student's failure to comply with this section shall result in a forfeit of  
32 scholarship funds and those funds may be awarded to another eligible student. The parent shall  
33 agree to the following conditions in order to receive scholarship funds under this Article:

- 34 (1) Use at least a portion of the scholarship funds to provide an education to the  
35 eligible student in, at a minimum, the subjects of English language arts,  
36 mathematics, social studies, and science.
- 37 (2) Unless the student is a part-time eligible student, release a local education  
38 agency in which the student is eligible to attend under G.S. 115C-366 of all  
39 obligations to educate the eligible student while the eligible student is  
40 receiving scholarship funds under this Article. A parent of a student, other  
41 than a part-time eligible student, who decides to enroll the student into the  
42 local education agency or other North Carolina public school during the term  
43 of the agreement shall notify the Authority to request a release from the  
44 agreement and shall return any unexpended funds to the Authority.
- 45 (3) Use the scholarship funds deposited into a personal education ~~savings-student~~  
46 account only for the following qualifying education expenses of the eligible  
47 student:
  - 48 a. Tuition and fees for a nonpublic school that meets the requirements of  
49 Part 1 or Part 2 of Article 39 of this Chapter and is subject to the  
50 requirements of G.S. 115C-562.5. Tuition and fees may only be

- 1                                    disbursed to the nonpublic school as provided in subdivision (1) of  
2                                    subsection (a1) of this section.
- 3                                    b. Textbooks required by a nonpublic school.  
4                                    c. Tutoring and teaching services provided by an individual or facility  
5                                    accredited by a State, regional, or national accrediting organization.  
6                                    d. Curricula.  
7                                    e. Fees for nationally standardized norm-referenced achievement tests,  
8                                    advanced placement tests, or nationally recognized college entrance  
9                                    exams.  
10                                    f. Fees charged to the account holder for the management of the PESA.  
11                                    g. Fees for services provided by a public school, including individual  
12                                    classes and extracurricular programs.  
13                                    h. Premiums charged to the account holder for any insurance or surety  
14                                    bonds required by the Authority.  
15                                    i. Educational therapies from a licensed or accredited practitioner or  
16                                    provider.  
17                                    j. Educational technology defined by the Authority as approved for use  
18                                    pursuant to ~~Part 1H of Article 9 of this Chapter~~.G.S. 115C-591(2a).  
19                                    k. Student transportation, pursuant to a contract with an entity that  
20                                    regularly provides student transportation, to and from (i) a provider of  
21                                    education or related services or (ii) an education activity.
- 22                                    (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding  
23                                    sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible  
24                                    student may pay tuition to certain schools with funds other than funds  
25                                    available in the personal education student account and then request  
26                                    reimbursement from the Authority from scholarship funds if the parent  
27                                    complies with the provisions of subdivision (2) of subsection (a1) of this  
28                                    section.
- 29                                    (4) Not use scholarship funds for any of the following purposes:  
30                                    a. Computer hardware or other technological devices not defined by the  
31                                    Authority as educational technology approved for use pursuant to ~~Part~~  
32                                    ~~1H of Article 9 of this Chapter~~.G.S. 115C-591(2a).  
33                                    b. Consumable educational supplies, including paper, pen, or markers.  
34                                    c. Tuition and fees at an institution of higher education, as defined in  
35                                    G.S. 116-143.1, or a private postsecondary institution.  
36                                    d. Tuition and fees for a nonpublic school that meets the requirements of  
37                                    Part 3 of Article 39 of this Chapter.
- 38                                    (a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds  
39                                    awarded to eligible students for tuition at a nonpublic school based upon the method selected by  
40                                    the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement  
41                                    for tuition option or the reimbursement for tuition option as set forth in this subsection.  
42                                    Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds  
43                                    for tuition shall be disbursed as follows:
- 44                                    (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two  
45                                    times each school year, scholarship funds from the personal education student  
46                                    account for eligible students who attend nonpublic schools who meet the  
47                                    requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this  
48                                    section to the nonpublic school for endorsement by at least one of the student's  
49                                    parents or guardians. The parent or guardian shall restrictively endorse the  
50                                    scholarship funds awarded to the eligible student for deposit into the account  
51                                    of the nonpublic school to the credit of the eligible student. The parent or

1 guardian shall not designate any entity or individual associated with the school  
2 as the parent's attorney-in-fact to endorse the scholarship funds. A parent's or  
3 guardian's failure to comply with this subdivision shall result in forfeiture of  
4 the scholarship funds for tuition. Scholarship funds forfeited for failure to  
5 comply with this subdivision shall be returned to the Authority to be awarded  
6 to another student.

7 (2) Reimbursement for tuition. – The parent or guardian of an eligible student  
8 who enrolls in a school that is (i) a North Carolina public school other than  
9 the public school to which that student would have been assigned as provided  
10 in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of  
11 Part 1 or Part 2 of Article 39 of this Chapter and is identified and deemed  
12 eligible by the Division but elects not to be subject to G.S. 115C-562.5, may  
13 pay tuition directly to the school with funds other than scholarship funds and  
14 request reimbursement with funds available in the personal education student  
15 account under subdivision (4) of subsection (a) of this section. However, the  
16 Authority shall not reimburse the parent or guardian prior to the midpoint of  
17 each semester. A parent or guardian may only receive reimbursement for  
18 tuition if the parent or guardian provides documentation to the Authority that  
19 the student is enrolled in the school.

20 (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services  
21 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to  
22 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund  
23 is required.

24 (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning  
25 on or after January 1, 2018.

26 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
27 **savings-student account information.**

28 (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to  
29 the Authority a list of all nonpublic schools operating in the State that meet the requirements of  
30 Part 1, 2, or 3 of Article 39 of this Chapter.

31 (b) Information on PESAs to the Division. – The Authority shall provide information  
32 about personal education ~~savings-student~~ accounts to the Division. The Division shall provide  
33 information about PESAs to all qualified nonpublic schools on an annual basis.

34 **"§ 115C-597. Administration.**

35 (a) Rules and Regulations. – The Authority shall establish rules and regulations for the  
36 administration of the program, including the following:

- 37 (1) The administration and awarding of scholarship funds, including a lottery  
38 process for the selection of recipients within the criteria established by  
39 G.S. 115C-592(a), if necessary.
- 40 (2) Requiring a surety bond or insurance to be held by account holders.
- 41 (3) Use of the funds and the reporting of expenditures.
- 42 (4) Monitoring and control of spending scholarship funds deposited in a personal  
43 education savings account.

44 The Authority shall provide recipients of scholarship funds with the annual list of defined  
45 educational technology for which scholarship funds may be used.

46 (b) Contract for Management of PESAs. – The Authority may contract with a private  
47 financial management firm or institution to manage PESAs in accordance with this Article.

48 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit  
49 a random sampling of PESAs as needed to ensure compliance with the requirements of this  
50 Article. The Authority may contract with an independent entity to conduct these audits. The  
51 Authority may remove a parent or eligible student from the program and close a personal

1 education ~~savings~~-student account for failure to comply with the terms of the parental agreement,  
 2 for failure to comply with applicable laws, or because the student is no longer an eligible student.  
 3 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship  
 4 funds under this Article, the Authority may retain up to ~~two hundred fifty thousand dollars~~  
 5 ~~(\$250,000)~~ four percent (4%) of the funds appropriated for the program each fiscal year for  
 6 administrative costs associated with the program, including contracting with non-State entities  
 7 for administration of certain components of the program.

8 **"§ 115C-598. Reporting requirements.**

9 The Authority shall report annually, no later than October 15, to the Joint Legislative  
 10 Education Oversight Committee on the following information from the prior school year:

- 11 (1) Total number, grade level, race, ethnicity, and sex of eligible students  
 12 receiving scholarship funds.
- 13 (2) Total amount of scholarship funding awarded.
- 14 (3) Number of students previously enrolled in public schools in the prior semester  
 15 by the previously attended local education agency.
- 16 (4) Nonpublic schools in which scholarship recipients are enrolled, including  
 17 numbers of scholarship recipients at each nonpublic school.
- 18 (5) The number of substantiated cases of fraud by recipients and the number of  
 19 parents or students removed from the program for noncompliance with the  
 20 provisions of this Article.

21 **"§ 115C-599. Duties of State agencies.**

22 (a) The State Board of Education, as part of its duty to monitor all local education  
 23 agencies to determine compliance with this Article and the Individuals with Disabilities  
 24 Education Improvement Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal  
 25 regulations adopted under this act, as provided in G.S. 115C-107.4, shall ensure that local  
 26 education agencies do the following:

- 27 (1) Conduct evaluations requested by a child's parent or guardian of suspected  
 28 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner  
 29 as required by IDEA.
- 30 (2) Provide assessments for continuing eligibility to identified children with  
 31 disabilities receiving scholarship funds at the request of the parent or guardian  
 32 to ensure compliance with G.S. 115C-593.

33 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,  
 34 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred  
 35 each fiscal year by the Authority to the Department for reevaluations by local school  
 36 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual  
 37 annual cost requirements."

38 **SECTION 8A.9.(b)** Notwithstanding G.S. 115C-592, as amended by this act, a  
 39 student who was awarded scholarship funds for a PESA pursuant to Article 41 of Chapter 115C  
 40 of the General Statutes for the 2019-2020 school year or a student who received a scholarship  
 41 pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2019-2020 school  
 42 year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal  
 43 education student account for the 2020-2021 school year if the student applies by March 1, 2020.

44 **SECTION 8A.9.(c)** Part 1H of Article 9 of Chapter 115C of the General Statutes is  
 45 repealed.

46 **SECTION 8A.9.(d)** G.S. 115C-555(4) reads as rewritten:

- 47 "(4) It receives no funding from the State of North Carolina. For the purposes of  
 48 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~  
 49 Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter to  
 50 eligible students attending a nonpublic school shall not be considered funding  
 51 from the State of North Carolina."

1           **SECTION 8A.9.(e)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of  
2 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

3           **SECTION 8A.9.(f)** G.S. 105-153.5(b)(12) reads as rewritten:

4           "(12) The amount deposited during the taxable year to a personal education ~~savings~~  
5           student account under Article 41 of Chapter 115C of the General Statutes."

6           **SECTION 8A.9.(g)** This section does not affect the rights or liabilities of the State,  
7 a taxpayer, or another person arising under a statute amended by this section before the effective  
8 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued  
9 under the amended statute before the effective date of its amendment.

10           **SECTION 8A.9.(h)** Subsection (a) of this section applies beginning with scholarship  
11 funds awarded for the 2020-2021 school year. Subsections (c) through (e) of this section become  
12 effective July 1, 2020. Subsection (f) of this section applies to taxable years beginning on or after  
13 January 1, 2020.

14  
15 **MAINTAIN ADMINISTRATION FOR CURRENT GRANT RECIPIENTS OF THE**  
16 **EXISTING TRANSFORMING PRINCIPAL PREP PROGRAM AND PHASE IN**  
17 **ADMINISTRATION BY THE NEW PRINCIPAL FELLOWS AND TP3**  
18 **COMMISSION**

19           **SECTION 8A.10.(a)** Effective June 30, 2019, subsections (a) through (d) of Section  
20 2 of S.L. 2018-145 are repealed.

21           **SECTION 8A.10.(b)** Section 2(f) of S.L. 2018-145 reads as rewritten:

22           "**SECTION 2.(f)** Notwithstanding any provision of Part 4 of Article 23 of Chapter 116 of  
23 the General Statutes to the contrary, the nonprofit corporation contracting with the State  
24 Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,  
25 shall not ~~enter into or execute any new contracts, including the award of any new grants,~~  
26 ~~associated with grants or award a grant renewal for the Transforming Principal Preparation Grant~~  
27 ~~Program on or after the date this act becomes law."~~

28           **SECTION 8A.10.(c)** Section 2(g) of S.L. 2018-145 reads as rewritten:

29           "**SECTION 2.(g)** ~~As soon as practicable, but no later than June 30, 2019, For grantees~~  
30 ~~selected for grants prior to January 1, 2019, through the Transforming Principal Preparation~~  
31 ~~Grant Program under G.S. 116-209.73, the nonprofit corporation contracting with the State~~  
32 ~~Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,~~  
33 ~~G.S. 116-209.71 shall transfer to the North Carolina Principal Fellows and TP3 Commission (i)~~  
34 ~~by June 30, 2020, all of the data in its possession that was collected from grant recipients with~~  
35 ~~the term of the grant ending prior to July 1, 2020, in accordance with G.S. 116-209.73, including~~  
36 ~~any data collected during the 2018-2019-2019-2020 fiscal year-year and (ii) by June 30, 2021, all~~  
37 ~~of the data in its possession that was collected from grant recipients with the term of the grant~~  
38 ~~ending prior to July 1, 2022, in accordance with G.S. 116-209.73, including any data collected~~  
39 ~~during the 2020-2021 fiscal year."~~

40           **SECTION 8A.10.(d)** Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5  
41 of S.L. 2017-57 and as amended by Section 10A.4 of S.L. 2018-5, reads as rewritten:

42           "**SECTION 11.9.(o)** ~~Beginning with For the 2017-2018-2017-2018, 2018-2019, and~~  
43 ~~2019-2020 fiscal year-years, of the funds appropriated for this program, the sum of four million~~  
44 ~~two hundred thousand dollars (\$4,200,000) shall be allocated each fiscal year to the State~~  
45 ~~Education Assistance Authority (Authority) to award grants to selected recipients-recipients~~  
46 ~~selected prior to January 1, 2019, pursuant to G.S. 116-209.73.~~

47           For the 2020-2021 fiscal year, of the funds appropriated for this program, the sum of two  
48 million five hundred fifteen thousand ninety-eight dollars (\$2,515,098) shall be allocated to the  
49 Authority to award grants to recipients selected prior to January 1, 2019, pursuant to  
50 G.S. 116-209.73."

51           **SECTION 8A.10.(e)** G.S. 116-209.70 reads as rewritten:

1 ~~"§ 116-209.70. Purpose and definitions.~~Purpose, definitions, and applicability.

2 (a) Purpose. – The purpose of this Part is to establish the Transforming Principal  
3 Preparation Grant Program as a competitive grant program for eligible entities to elevate  
4 educators in North Carolina public schools by transforming the preparation of principals across  
5 the ~~State.~~State and providing for forgivable scholarship loans to participants of those school  
6 leader preparation programs. The Authority shall administer this Program through a cooperative  
7 agreement with a private, nonprofit corporation to provide funds for the preparation and support  
8 of highly effective future school principals in North Carolina.

9 (b) Definitions. – For the purposes of this Part, the following definitions apply:

10 ...

11 (5a) Public school. – An elementary or secondary school located in North Carolina  
12 that is operated by a local board of education, charter school board of  
13 directors, regional school board of directors, chancellor for a University of  
14 North Carolina laboratory school, an innovative school operator, or the United  
15 States government.

16 ...

17 (c) Applicability of Part. – The provisions of this Part shall only apply to the  
18 administration of the Transforming Principal Preparation Grant Program for grant recipients  
19 selected for the award of grants prior to January 1, 2019."

20 **SECTION 8A.10.(f)** G.S. 116-209.73(c) reads as rewritten:

21 "(c) Duration of Grants. – The nonprofit corporation shall also recommend to the  
22 Authority the duration ~~and renewal~~ of grants to eligible entities according to the following:

23 (1) The duration of grants shall be as follows:

24 a. ~~Grants shall be no more than five years in duration.~~

25 b. ~~The nonprofit corporation may recommend renewal of a grant based~~  
26 ~~on performance, including allowing the grantee to scale up or replicate~~  
27 ~~the successful program as provided in subdivision (2) of this~~  
28 ~~subsection.~~

29 (1a) The following conditions shall apply during the grant period:

30 e.a. The nonprofit shall develop a process with the Authority for early  
31 retrieval of grant funds from grant recipients due to noncompliance  
32 with grant terms, including participation in third-party evaluation  
33 activities.

34 b. Grantees shall develop ~~and enforce~~ requirements for program  
35 graduates to serve a minimum of four years as school-based  
36 administrators in public school located in North Carolina.  
37 Requirements are subject to the approval of The grantee shall facilitate  
38 the execution of promissory notes between the Authority and program  
39 participants containing the terms for forgivable scholarship loans,  
40 including requirements for forgiveness or repayment, consistent with  
41 requirements approved by the nonprofit corporation and  
42 the provisions of G.S. 116-209.76.

43 (2) ~~In evaluating performance for purposes of grant renewal and making~~  
44 ~~recommendations to the Authority, the nonprofit corporation shall consider at~~  
45 ~~least the following:~~

46 a. ~~For all grantees, the primary consideration in renewing grants shall be~~  
47 ~~the extent to which program participants improved student~~  
48 ~~achievement in eligible schools.~~

49 b. ~~Other criteria from data received in the annual report in subsection (d)~~  
50 ~~of this section may include the following:~~

1. ~~The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.~~
2. ~~The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric."~~

SECTION 8A.10.(g) Part 4 of Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

**"§ 116-209.76. Terms of forgivable scholarship loans.**

(a) Notes. – All forgivable scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the nonprofit corporation and the grantee.

(b) Forgiveness. – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The nonprofit corporation, in collaboration with the grantees, shall monitor the acceptability of service repayment agreements and compliance of the recipient with the agreement. The nonprofit corporation shall notify the Authority of any relevant information or change in the circumstances pertaining to the recipient impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the nonprofit corporation finds it is impossible for the recipient to work for four years as a school administrator, within seven years after completion of the preparation program supported by the loan, because of the death or permanent disability of the recipient. If the recipient repays the forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid within 12 years after completion of the school leader preparation program supported by the loan. If the recipient completes the school leader preparation program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the forgivable scholarship loan in cash to no more than a total of 15 years."

SECTION 8A.10.(h) Effective July 1, 2021, Part 4 of Article 23 of Chapter 116 of the General Statutes, as amended, is repealed.

SECTION 8A.10.(i) Effective July 1, 2021, Section 11.9(m) of S.L. 2015-241, as amended by Section 4.3 of S.L. 2016-123, Section 10A.5 of S.L. 2017-57, and Section 10A.4 of S.L. 2018-5, is repealed.

SECTION 8A.10.(j) Effective July 1, 2021, Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5 of S.L. 2017-57, and amended by Section 10A.4 of S.L. 2018-5 and subsection (d) of this section, is repealed.

SECTION 8A.10.(k) Article 5C of Chapter 116 of the General Statutes reads as rewritten:

"Article 5C.

"North Carolina Principal Fellows and Transforming Principal Preparation Program.

1 "§ 116-74.41. North Carolina Principal Fellows and TP3 Commission established;  
2 membership.

3 (a) There is established the North Carolina Principal Fellows and TP3 Commission. The  
4 Commission shall exercise its powers and duties independently ~~of the Board of Governors of The~~  
5 ~~University of North Carolina.~~ in its administration of the North Carolina Principal Fellows and  
6 Transforming Principal Preparation Program, which includes the Principal Fellows Program and  
7 the North Carolina Transforming Principal Preparation Program, in accordance with this Article.  
8 The Director of the Principal Fellows Program shall staff the Commission. The State Education  
9 Assistance Authority (~~SEAA~~)—as created in G.S. 116-203 shall be responsible for (i)  
10 implementing scholarship loan agreements, monitoring, cancelling through service, collecting  
11 and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans  
12 established in accordance with ~~G.S. 116-74.42.~~ G.S. 116-74.42 and (ii) awarding grants upon  
13 selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing  
14 agreements for forgivable scholarship loans, cancelling through service, collecting, and  
15 otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be  
16 administratively housed in The University of North Carolina System Office. Office space for the  
17 Commission shall not be located on the campus of a constituent institution.

18 (a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

19 (b) The Commission shall consist of ~~42-15~~ members appointed as follows:

- 20 (1) One member of the Board of Governors of The University of North Carolina  
21 appointed by the chair of that board, notwithstanding G.S. 116-7(b).  
22 (2) One member of the State Board of Education appointed by the State Board  
23 chair.  
24 (3) ~~Two deans~~ One dean of schools—a school of education appointed by the  
25 President of The University of North Carolina.  
26 (3a) One dean of a school of education appointed by the President of the North  
27 Carolina Independent Colleges and Universities.  
28 (4) One public school teacher appointed by the General Assembly upon the  
29 recommendation of the President Pro Tempore of the Senate.  
30 (5) One public school principal appointed by the General Assembly upon the  
31 recommendation of the Speaker of the House of Representatives.  
32 (6) A local superintendent chosen by the State Superintendent of Public  
33 Instruction.  
34 (7) One member to represent business and industry appointed by the Governor.  
35 (8) One local school board member appointed by the chair of the State Board of  
36 Education.  
37 (9) One ~~parent of a public school child~~ human resources expert from the private  
38 sector appointed by the State Superintendent of Public Instruction.  
39 (10) The chairperson of the Board of the State Education Assistance Authority.  
40 (11) The director of the Principal Fellows Program. The director shall chair the  
41 Commission.  
42 (12) The Executive Director of the North Carolina Principals and Assistant  
43 Principals' Association or his or her designee.  
44 (13) The President of the Personnel Administrators of North Carolina or his or her  
45 designee.  
46 (14) The President and Chief Executive Officer of North Carolina Business  
47 Leaders for Education (BEST NC) or his or her designee.

48 (c) ~~Initial appointments shall be made no later than September 15, 1993. Initial terms of~~  
49 ~~those members appointed to fill the teacher, principal, parent, superintendent, and the local school~~  
50 ~~board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the~~  
51 ~~Board of Governors of The University of North Carolina, State Board of Education, deans of~~

1 schools of education, and the member of business and industry seats shall expire July 1, 1997.  
2 Thereafter, all All appointments for these seats to the Commission shall be for four-year terms.

3 (d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing  
4 authority shall appoint another person to serve for the balance of the unexpired term. In the  
5 discretion of the appointing authority, a State Board of Education member or a member of the  
6 Board of Governors of The University of North Carolina may complete a term on the  
7 Commission after the member's appointment from the appointing board has expired.

8 (e) Commission members shall receive per diem, subsistence, and travel allowances in  
9 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

10 (f) The Commission shall meet regularly, at times and places deemed necessary by the  
11 chair.

12 **"§ 116-74.41A. Definitions.**

13 For the purposes of this Article, the following definitions apply:

- 14 (1) Authority or SEAA. – The State Education Assistance Authority as created in  
15 G.S. 116-203.
- 16 (2) Commission. – The North Carolina Principal Fellows and TP3 Commission.
- 17 (3) Eligible entity. – A for-profit or nonprofit organization or an institution of  
18 higher education that has an evidence-based plan for preparing school leaders  
19 who implement school leadership practices linked to increased student  
20 achievement.
- 21 (4) High-need local school administrative unit. – A local school administrative  
22 unit with the majority of its schools deemed to be high-need schools as defined  
23 in subdivision (5) of this subsection.
- 24 (5) High-need school. – A public school that meets one or more of the following  
25 criteria:
- 26 a. Is a school identified under Part A of Title I of the Elementary and  
27 Secondary Education Act of 1965, as amended.
- 28 b. Is a persistently low-achieving school, as identified by the Department  
29 of Public Instruction for purposes of federal accountability.
- 30 c. A middle school containing any of grades five through eight that feeds  
31 into a high school with less than a seventy-five percent (75%)  
32 four-year cohort graduation rate.
- 33 d. A high school with less than a seventy-five percent (75%) four-year  
34 cohort graduation rate.
- 35 (6) North Carolina Transforming Principal Preparation Program. – The North  
36 Carolina Transforming Principal Preparation Program established pursuant to  
37 G.S. 116-74.44.
- 38 (7) Principal. – The highest administrative official in a public school building  
39 with primary responsibility for the instructional leadership, talent  
40 management, and organizational development of the school.
- 41 (8) Principal Fellows Program. – The Principal Fellows Program established  
42 pursuant to G.S. 116-74.42.
- 43 (9) Program. – The North Carolina Principal Fellows and Transforming Principal  
44 Preparation Program, which shall include the Principal Fellows Program and  
45 the North Carolina Transforming Principal Preparation Program.
- 46 (10) Public school. – An elementary or secondary school located in North Carolina  
47 that is operated by a local board of education, charter school board of  
48 directors, regional school board of directors, chancellor for a University of  
49 North Carolina laboratory school, an innovative school operator, or the United  
50 States government.

- 1           (11) School leader. – An individual employed in a school leadership role, including  
2           principal or assistant principal roles.
- 3           (12) Student achievement. – At the whole school level, after three years of leading  
4           a school, consistent and methodologically sound measures of:
- 5           a. Student academic achievement.  
6           b. Aggregated individual student academic growth.  
7           c. Additional outcomes, such as high school graduation rates, the  
8           percentage of students taking advanced-level coursework, or the  
9           percentage of students who obtain a career-related credential through  
10           a national business certification exam.
- 11          (13) Trust Fund. – The North Carolina Principal Fellows and TP3 Trust Fund  
12           established pursuant to G.S. 116-74.41B.

13 **"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

14          (a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund  
15 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated  
16 to, or otherwise received by, (i) the Principal Fellows Program for scholarships and other program  
17 purposes, (ii) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) all funds  
18 received as repayment of scholarship loans, and (iv) all interest earned on these funds shall be  
19 placed in the Trust Fund.

20          (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
21 for the purposes set forth in this subsection, including (i) scholarship loans granted under the  
22 Principal Fellows Program, administrative costs, and costs associated with program operations  
23 in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any  
24 monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship  
25 loans awarded under the Principal Fellows Program and from any funds appropriated for the  
26 Program. The Authority may also use up to eight hundred thousand dollars (\$800,000) from the  
27 Trust Fund each fiscal year for the following:

- 28           (1) The Authority's Program administrative costs, including recovery of funds  
29           advanced under the program.
- 30           (2) The salary and benefits of the director and staff of the Principal Fellows  
31           Program.
- 32           (3) The expenses of the Commission for the Principal Fellows Program, including  
33           applicant recruitment.
- 34           (4) Funds provided to the Commission for Principal Fellows Program monitoring  
35           and evaluation and extracurricular enhancement activities for program  
36           recipients.
- 37           (5) The expenses of the Commission to administer grants pursuant to  
38           G.S. 116-74.44.

39 **"§ 116-74.42. Principal Fellows Program established; administration.**

40          (a) Program. – A Principal Fellows Program shall be administered by the North Carolina  
41 Principal Fellows and TP3 Commission in collaboration with the State Education Assistance  
42 Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to  
43 selected recipients and shall provide extracurricular enhancement activities for recipients. The  
44 North Carolina Principal Fellows and TP3 Commission shall determine selection criteria,  
45 methods of selection, and shall select recipients to receive scholarship loans made under the  
46 Principal Fellows Program.

47          (a1) Trust Fund. – The Principal Fellows Trust Fund (Trust Fund) shall be an institutional  
48 trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received  
49 by, the Principal Fellows Program for scholarships and other program purposes, all funds  
50 received as repayment of scholarship loans, and all interest earned on these funds shall be placed  
51 in the Trust Fund.

1 (a2) ~~Use of Monies in the Trust Fund. — The monies in the Trust Fund may be used only~~  
2 ~~for scholarship loans granted under the Principal Fellows Program, administrative costs, and~~  
3 ~~costs associated with program operations in accordance with this Article. The Authority may use~~  
4 ~~up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for (i) its~~  
5 ~~administrative costs, including recovery of funds advanced under the program; (ii) the salary and~~  
6 ~~benefits of the director of the program; (iii) the expenses of the Commission, including applicant~~  
7 ~~recruitment; and (iv) funds provided to the Commission for program monitoring and evaluation~~  
8 ~~and extracurricular enhancement activities for program recipients.~~

9 (b) Director. — The Board of Governors of The University of North Carolina shall appoint  
10 a director of the Principal Fellows Program. The director shall chair and staff the Principal  
11 Fellows and TP3 Commission, and shall administer the extracurricular enhancement activities of  
12 the program. ~~The Board of Governors University of North Carolina System Office shall provide~~  
13 ~~office space and clerical support staff for the program. The office space shall not be located on~~  
14 ~~the campus of a constituent institution.~~

15 ...  
16 (g) Administration of the Program. — Upon the naming of recipients of the scholarship  
17 loans by the Principal Fellows and TP3 Commission, the Commission shall transfer to the State  
18 Education Assistance Authority (~~SEAA~~) its decisions. ~~The SEAA Authority shall perform all of~~  
19 ~~the administrative functions necessary to implement the requirements for the Principal Fellows~~  
20 ~~Program under this Article, which functions shall include: rule making, dissemination of~~  
21 ~~information, disbursement, receipt, liaison with participating educational institutions,~~  
22 ~~determination of the acceptability of service repayment agreements, and all other functions~~  
23 ~~necessary for the execution, payment, and enforcement of promissory notes required for the~~  
24 ~~Principal Fellows Program under this Article.~~

25 "**§ 116-74.43. Terms of loans; loans for the Principal Fellows Program; receipt and**  
26 **disbursement of funds.**

27 (a) All scholarship loans for the Principal Fellows Program shall be evidenced by notes  
28 made payable to the State Education Assistance Authority that bear interest at a rate not to exceed  
29 ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the  
30 school administrator program, or 90 days after termination of the scholarship loan, whichever is  
31 earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or  
32 by the recipient's failure to meet the standards set by the Commission.

33 ...  
34 "**§ 116-74.44. North Carolina Transforming Principal Preparation Program established;**  
35 **administration.**

36 (a) Established. — There is established the North Carolina Transforming Principal  
37 Preparation Program as a competitive grant program for eligible entities for the purpose of  
38 elevating educators in North Carolina public schools by transforming the preparation of  
39 principals across the State and providing for forgivable scholarship loans to the participants of  
40 those school leader preparation programs. The Authority shall administer the grants in  
41 collaboration with the Commission to provide funds for the preparation and support of highly  
42 effective future school principals in North Carolina.

43 (b) Administration. — The Commission shall select grant recipients and notify the  
44 Authority for the award of the grants and monitor the implementation of forgivable scholarship  
45 loans to school leader preparation program participants, as authorized by this Article.

46 "**§ 116-74.45. Grant applications; priority.**

47 (a) Application Requirements. — Subject to the availability of funds for this purpose, the  
48 Commission shall issue a request for proposal with guidelines and criteria for applying for a  
49 grant. An eligible entity that seeks a grant shall submit to the Commission an application at such  
50 time, in such manner, and accompanied by such information as the Commission may require.  
51 Eligible entities may create partnerships to develop and establish school leader preparation

1 programs and apply jointly to be a grant recipient. An applicant shall include at least the  
2 following information in its application for consideration by the Commission:

- 3 (1) The extent to which the entity has a demonstrated record of preparing school  
4 leaders who implement school leadership practices linked to increased student  
5 achievement.
- 6 (2) The extent to which the entity has a rigorous school leader preparation  
7 program design that includes the following research-based programmatic  
8 elements:
  - 9 a. A proactive, aggressive, and intentional recruitment strategy.
  - 10 b. Rigorous selection criteria based on competencies that are predictive  
11 of success as a school leader, including, but not limited to, evidence of  
12 significant positive effect on student learning growth in the classroom,  
13 at the public school level, professional recommendations, evidence of  
14 problem solving and critical thinking skills, achievement drive, and  
15 leadership of adults.
  - 16 c. Alignment to high-quality national standards for school leadership  
17 development.
  - 18 d. Rigorous coursework that effectively links theory with practice  
19 through the use of field experiences and problem-based learning.
  - 20 e. Full-time paid clinical practice of at least five months and 750 hours  
21 in duration in an authentic setting, including substantial leadership  
22 responsibilities where candidates are evaluated on leadership skills  
23 and effect on student outcomes as part of program completion.
  - 24 f. Multiple opportunities for school leader candidates to be observed and  
25 coached by program faculty and staff.
  - 26 g. Clear expectations for and firm commitment from school leaders who  
27 will oversee the clinical practice of candidates.
  - 28 h. Evaluation of school leader candidates during and at the end of the  
29 clinical practice based on the North Carolina School Executive  
30 Evaluation Rubric.
  - 31 i. A process for continuous review and program improvement based on  
32 feedback from partnering local school administrative units and data  
33 from program completers, including student achievement data.
  - 34 j. Established relationship and feedback loop with affiliated local school  
35 administrative units that is used to inform and improve programmatic  
36 elements from year to year based on units' needs.

37 (b) Application Priority. – The Commission shall evaluate the applicants for grants by  
38 giving priority to an eligible entity with a record of preparing principals demonstrating the  
39 following:

- 40 (1) Improvement in student achievement.
- 41 (2) Placement as school leaders in eligible schools.
- 42 (3) A proposed focus on and, if applicable, a record of serving high-need schools,  
43 high-need local school administrative units, or both.
- 44 (4) A detailed plan and commitment to share lessons learned and to improve the  
45 capacity of other entities in reaching similar outcomes.
- 46 (5) A service area that is underserved by existing principal preparation programs  
47 or demonstrates unmet need despite current available programs.

48 **§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants;**  
49 **reporting requirements.**

50 (a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the  
51 Commission shall notify the Authority of its selection of the recipients of grants for each fiscal

1 year. The Commission shall select up to eight grant recipients to be operating a school leader  
2 preparation program with grant funds in any fiscal year.

3 (b) Use of Funds. – Each eligible entity that receives grant funds shall use those funds to  
4 carry out the following:

5 (1) Recruiting and selecting, based on a rigorous evaluation of the competencies  
6 of the school leader candidates participating in the program and their potential  
7 and desire to become effective school leaders.

8 (2) Operating a school leader preparation program that provides the opportunity  
9 for all candidates to earn a master's degree, if they do not already have one,  
10 and subsequent principal licensure by doing the following:

11 a. Utilizing a research-based content and curriculum, including  
12 embedded participant assessments to evaluate candidates before  
13 program completion that prepares candidates to do the following:

14 1. Provide instructional leadership, such as developing teachers'  
15 instructional practices and analyzing classroom and  
16 school-wide data to support teachers.

17 2. Manage talent, such as developing a high-performing team.

18 3. Build a positive school culture, such as building a strong school  
19 culture focused on high academic achievement for all students,  
20 including gifted and talented students, students with  
21 disabilities, and English learners, maintaining active  
22 engagement with family and community members, and  
23 ensuring student safety.

24 4. Develop organizational practices, such as aligning staff,  
25 budget, and time to the instructional priorities of the school.

26 b. Providing opportunities for sustained and high-quality job-embedded  
27 practice in an authentic setting where candidates are responsible for  
28 moving the practice and performance of a subset of teachers or for  
29 school-wide performance as principal-in-planning or interim school  
30 leaders.

31 (3) Collecting data on program implementation and program completer outcomes  
32 for continuous program improvement.

33 (4) Covering the cost of attendance and completion for program participants for  
34 the school leader preparation program from the funds received on behalf of  
35 program participants through forgivable scholarship loans issued in  
36 accordance with the requirements of G.S. 116-74.48.

37 (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority  
38 of its decisions on the duration and renewal of grants to eligible entities made in accordance with  
39 the following:

40 (1) The duration of grants shall be as follows:

41 a. Grants shall be no more than five years and no fewer than two years  
42 in duration, unless the Commission finds early termination of a grant  
43 is necessary due to noncompliance with grant terms.

44 b. The Commission may renew a grant based on compliance with the  
45 grant terms and performance, including allowing the grantee to scale  
46 up or replicate the successful program as provided in subdivision (3)  
47 of this subsection.

48 (2) The following conditions shall apply during the grant period:

49 a. The Commission shall develop a process with the Authority for early  
50 retrieval of grant funds from grant recipients due to noncompliance

1           with grant terms, including participation in third-party evaluation  
2           activities.

3           b. The Commission shall develop and enforce requirements for the  
4           disbursement of funds to the grantee for forgivable scholarship loans  
5           on behalf of program participants, which shall include the requirement  
6           that program graduates serve a minimum of four years as school-based  
7           administrators in public schools located in North Carolina. The grantee  
8           shall facilitate the execution of promissory notes between the  
9           Authority and program participants containing the terms for forgivable  
10           scholarship loans, including requirements for forgiveness or  
11           repayment, consistent with requirements established by the  
12           Commission and the provisions of G.S. 116-74.48. The Commission  
13           shall monitor the repayment of a forgivable scholarship loan, in  
14           collaboration with grantees.

15           (3) In evaluating performance for purposes of grant renewal and making its  
16           renewal decisions to provide to the Authority, the Commission shall consider  
17           at least the following:

18           a. For all grantees, the primary consideration in renewing grants shall be  
19           the extent to which program participants improved student  
20           achievement in eligible schools.

21           b. Other criteria from data received in the annual report in subsection (d)  
22           of this section may include the following:

23           1. The percentage of program completers who are placed as  
24           school leaders in this State within three years of receiving a  
25           grant.

26           2. The percentage of program completers who are rated proficient  
27           or above on the North Carolina School Executive Evaluation  
28           Rubric.

29           (d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate  
30           in all evaluation activities required by the Commission and submit an annual report to the  
31           Commission with any information requested by the Commission. The recipients shall comply  
32           with additional report requests made by the Commission. Whenever practicable and within a  
33           reasonable amount of time, grant recipients shall also make all materials developed as part of the  
34           program and with grant funds publicly available to contribute to the broader sharing of promising  
35           practices. Materials shall not include personally identifiable information regarding individuals  
36           involved or associated with the program, including, without limitation, applicants, participants,  
37           supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission  
38           shall work with recipients, local school administrative units, and public schools, as needed, to  
39           enable the collection, analysis, and evaluation of at least the following relevant data, within  
40           necessary privacy constraints:

41           (1) Student achievement in eligible schools.

42           (2) The percentage of program completers who are placed as school leaders  
43           within three years in the State.

44           (3) The percentage of program completers rated proficient or above on school  
45           leader evaluation and support systems.

46           (4) The percentage of program completers that are school leaders who have  
47           remained employed in a North Carolina public school for two or more years  
48           of initial placement.

49           "§ 116-74.47. Reports.

1        The Commission shall provide the State Board of Education, the Authority, and the Joint  
2 Legislative Education Oversight Committee with the data collected from grant recipients in  
3 accordance with G.S. 116-74.46 on an annual basis.

4 **"§ 116-74.48. Terms of forgivable scholarship loans for program recipients.**

5        (a) Notes. – All forgivable scholarship loans for school leader preparation program  
6 participants shall be evidenced by notes made payable to the Authority that bear interest at a rate  
7 not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after  
8 completion of the school leader preparation program, or 90 days after termination of the loan,  
9 whichever is earlier. The funds from the forgivable scholarship loan shall be disbursed directly  
10 to the grantee on behalf of the recipient for participation in the school leader preparation program.  
11 The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the  
12 preparation program or by the recipient's failure to meet the standards set by the Commission or  
13 the grantee.

14        (b) Forgiveness. – The Authority shall forgive the total amount of a forgivable  
15 scholarship loan and any interest accrued on the loan if, within seven years after graduation from  
16 a school leader preparation program, exclusive of any authorized deferment for extenuating  
17 circumstances, the recipient serves as a school administrator at a North Carolina public school  
18 for four years. A program participant shall be eligible for a forgivable scholarship loan in the  
19 amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program,  
20 with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

21        For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the  
22 total amount of the loan forgiven, regardless of whether the recipient serves for the entire four  
23 years as a school administrator in a North Carolina public school. The Commission, in  
24 collaboration with the grantees, shall monitor the acceptability of service repayment agreements  
25 and compliance of the recipient with the agreement. The Commission shall notify the Authority  
26 of any relevant information or change in the circumstances pertaining to the recipient impacting  
27 the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if  
28 the Commission finds it is impossible for the recipient to work for four years as a school  
29 administrator, within seven years after completion of the preparation program supported by the  
30 loan, because of the death or permanent disability of the recipient. If the recipient repays the  
31 forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid  
32 within 12 years after completion of the school leader preparation program supported by the loan.  
33 If the recipient completes the school leader preparation program, payment of principal and  
34 interest shall begin no later than 27 months after the completion of the program. Should a  
35 recipient present extenuating circumstances, the Authority may extend the period to repay the  
36 forgivable scholarship loan in cash to no more than a total of 15 years."

37        **SECTION 8A.10.(l)** G.S. 120-123(59a) reads as rewritten:

38        "(59a) The North Carolina Principal Fellows and TP3 Commission established by  
39        G.S. 116-74.41."

40        **SECTION 8A.10.(m)** Notwithstanding G.S. 116-74.41, as amended by subsection  
41 (k) of this section, the terms of the current members serving on the Principal Fellows Commission  
42 representing two deans of schools of education and a parent of a public school child shall expire  
43 July 1, 2019. The initial appointment of the (i) human resources expert, (ii) one dean of a school  
44 of education appointed by the President of The University of North Carolina, and (iii) one dean  
45 of a school of education appointed by the President of the North Carolina Independent Colleges  
46 and Universities to the North Carolina Principal Fellows and TP3 Commission pursuant to  
47 G.S. 116-74.41, as amended by subsection (k) of this section, shall be made by August 1, 2019.  
48 The member appointed to represent a human resources expert shall serve for a term of four years  
49 to expire July 1, 2023. The member appointed to represent one dean of a school of education by  
50 the President of The University of North Carolina and the member appointed to represent one  
51 dean of a school of education by the President of the North Carolina Independent Colleges and

1 Universities shall serve for terms of two years to expire July 1, 2021. The remaining members  
2 serving on the Principal Fellows Commission as of July 1, 2019, who were appointed pursuant  
3 to G.S. 116-74.41, shall serve the remainder of their terms as members of the North Carolina  
4 Principal Fellows and TP3 Commission.

5 **SECTION 8A.10.(n)** Notwithstanding G.S. 116-74.46, as enacted by subsection (k)  
6 of this section, a grantee awarded a grant pursuant to G.S. 116-209.73 for the 2019-2020 or  
7 2020-2021 fiscal year may apply to the North Carolina Principal Fellows and TP3 Commission  
8 for renewal of the grant in accordance with the requirements of G.S. 116-74.46. Effective July 1,  
9 2021, a grantee awarded a grant pursuant to G.S. 116-209.73 with a grant term extending on or  
10 after July 1, 2021, shall be subject to administration of the grant pursuant to Article 5C of Chapter  
11 116 of the General Statutes, as amended by this section, for the remainder of the grant term.

12 **SECTION 8A.10.(o)** Effective July 1, 2021, G.S. 116-74.42 and G.S. 116-74.43 are  
13 repealed.

14 **SECTION 8A.10.(p)** The North Carolina Principal Fellows and TP3 Commission  
15 shall make final scholarship loan awards for the Principal Fellows Program for the 2021 spring  
16 academic semester.

17 **SECTION 8A.10.(q)** Effective July 1, 2021, G.S. 116-204 reads as rewritten:  
18 "**§ 116-204. Powers of Authority.**

19 The Authority is hereby authorized and empowered:

20 ...

21 (13) To collect loan repayments for scholarship loans awarded under the former  
22 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan  
23 repayment is outstanding for more than 30 days."

24 **SECTION 8A.10.(r)** Effective July 1, 2021, Article 23 of Chapter 116 of the General  
25 Statutes is amended by adding a new section to read:

26 "**§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows**  
27 **Program.**

28 (a) The Authority shall, as of July 1, 2021, administer all outstanding scholarship loans  
29 previously awarded by the former North Carolina Principal Fellows Commission and subject to  
30 repayment under the former Principal Fellows Program administered pursuant to Article 5C of  
31 this Chapter.

32 (b) All funds received by the Authority in association with its administration of the  
33 Principal Fellows Program, including all funds received as repayment of scholarship loans and  
34 all interest earned on these funds, shall be deposited into the North Carolina Principal Fellows  
35 and TP3 Trust Fund established in G.S. 116-74.41B."

36 **SECTION 8A.10.(s)** Effective July 1, 2021, G.S. 116-74.41(a), as amended by this  
37 section, reads as rewritten:

38 "(a) There is established the North Carolina Principal Fellows and TP3 Commission. The  
39 Commission shall exercise its powers and duties independently in its administration of the North  
40 Carolina Principal Fellows and Transforming Principal Preparation ~~Program, which includes the~~  
41 ~~Principal Fellows Program and the North Carolina Transforming Principal Preparation Program,~~  
42 Program in accordance with this Article. ~~The Director of the Principal Fellows Program shall~~  
43 ~~staff the Commission.~~ The State Education Assistance Authority as created in G.S. 116-203 shall  
44 be responsible for ~~(i) implementing scholarship loan agreements, monitoring, cancelling through~~  
45 ~~service, collecting and otherwise enforcing the agreements for the Principal Fellows Program~~  
46 ~~scholarship loans established in accordance with G.S. 116-74.42 and (ii) for awarding grants~~  
47 upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and  
48 executing agreements for forgivable scholarship loans, cancelling through service, collecting,  
49 and otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be  
50 administratively housed in the University of North Carolina System Office. Office space for the  
51 Commission shall not be located on the campus of a constituent institution."

1           **SECTION 8A.10.(t)** Effective July 1, 2021, G.S. 116-74.41(b), as amended by this  
2 section, reads as rewritten:

3           "(b) The Commission shall consist of 15 members appointed as follows:

4           ...

5           (11) The director of the ~~Principal Fellows Program~~. The director shall chair the  
6 Commission."

7           **SECTION 8A.10.(u)** Effective July 1, 2021, G.S. 116-74.41A, as enacted by this  
8 section, reads as rewritten:

9           "**§ 116-74.41A. Definitions.**

10          For the purposes of this Article, the following definitions apply:

11          ...

12          (6) ~~North Carolina Transforming Principal Preparation Program.—The North~~  
13 ~~Carolina Transforming Principal Preparation Program established pursuant to~~  
14 ~~G.S. 116-74.44.~~

15          (7) Principal. – The highest administrative official in a public school building  
16 with primary responsibility for the instructional leadership, talent  
17 management, and organizational development of the school.

18          (8) ~~Principal Fellows Program.—The Principal Fellows Program established~~  
19 ~~pursuant to G.S. 116-74.42.~~

20          (9) Program. – The North Carolina Principal Fellows and Transforming Principal  
21 Preparation Program, which shall include the Principal Fellows Program and  
22 the North Carolina Transforming Principal Preparation Program.  
23 Program established pursuant to G.S. 116-74.44.

24          ...."

25           **SECTION 8A.10.(v)** Effective July 1, 2021, G.S. 116-74.41B, as enacted by this  
26 section, reads as rewritten:

27           "**§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

28           (a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund  
29 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated  
30 to, or otherwise received by, ~~(i) the Principal Fellows Program for scholarships and other program~~  
31 ~~purposes, (ii) (i) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) (ii) all~~  
32 ~~funds received as repayment of scholarship loans, including under the former Principal Fellows~~  
33 ~~Program administered under G.S. 116-74.42 and the Transforming Principal Preparation~~  
34 ~~Program under G.S. 116-209.76, and (iv) (iii) all interest earned on these funds shall be placed~~  
35 ~~in the Trust Fund.~~

36           (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
37 for the purposes set forth in this subsection, including ~~(i) scholarship loans granted under the~~  
38 ~~Principal Fellows Program, administrative costs, and costs associated with program operations~~  
39 ~~in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any~~  
40 ~~monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship~~  
41 ~~loans awarded under the Principal Fellows Program and from any funds appropriated for the~~  
42 ~~Program, administrative costs, and costs associated with Program operations in accordance with~~  
43 ~~this Article. The Authority may also use up to two percent (2%) of the funds appropriated for the~~  
44 ~~Program for administrative costs, including recovery of funds advanced under the Program, and~~  
45 ~~may allocate to the Commission up to eight hundred thousand dollars (\$800,000) from the Trust~~  
46 ~~Fund each fiscal year for the following:~~

47           (1) ~~The Authority's Program administrative costs, including recovery of funds~~  
48 ~~advanced under the program.~~

49           (2) The salary and benefits of the director and staff of the ~~Principal Fellows~~  
50 ~~Program.~~

- 1 (3) The expenses of the Commission for the ~~Principal Fellows Program, including~~  
 2 ~~applicant recruitment to administer the Program.~~  
 3 (4) ~~Funds provided to the Commission for Principal Fellows Program monitoring~~  
 4 ~~and evaluation and extracurricular enhancement activities for program~~  
 5 ~~recipients-participants.~~  
 6 (5) ~~The expenses of the Commission to administer grants pursuant to~~  
 7 ~~G.S. 116-74.44."~~

8 **SECTION 8A.10.(w)** Effective July 1, 2021, G.S. 116-74.44, as enacted by this  
 9 section, reads as rewritten:

10 "**§ 116-74.44. North Carolina Principal Fellows and Transforming Principal Preparation**  
 11 **Program established; administration.**

12 (a) Established. – There is established the North Carolina Principal Fellows and  
 13 Transforming Principal Preparation Program as a competitive grant program for eligible entities  
 14 for the purpose of elevating educators in North Carolina public schools by transforming the  
 15 preparation of principals across the State and providing for forgivable scholarship loans to the  
 16 participants of those school leader preparation programs. The Authority shall administer the  
 17 grants in collaboration with the Commission to provide funds for the preparation and support of  
 18 highly effective future school principals in North Carolina.

19 (b) Administration. – The Commission shall select grant recipients and notify the  
 20 Authority for the award of the grants and monitor the implementation of forgivable scholarship  
 21 loans to school leader preparation program participants, as authorized by this Article. The  
 22 Commission shall also coordinate with grant recipients to provide extracurricular enhancement  
 23 activities for program participants.

24 (c) Prior Loan Monitoring. – The Commission shall also monitor the implementation of  
 25 forgivable scholarship loans to school leader preparation program participants executed pursuant  
 26 to G.S. 116-209.76, and the Authority shall administer all outstanding forgivable scholarship  
 27 loans previously awarded and subject to repayment under the former Transforming Principal  
 28 Preparation Program administered pursuant to Part 4 of Article 23 of this Chapter."

29 **SECTION 8A.10.(x)** Effective July 1, 2021, Article 5C of Chapter 116 of the  
 30 General Statutes, as amended by this section, is amended by adding a new section to read:

31 "**§ 116-74.49. Staff to the Commission.**

32 The Commission shall appoint a director of the North Carolina Principal Fellows and  
 33 Transforming Principal Preparation Program. The director shall chair and staff the Commission  
 34 and shall administer the extracurricular enhancement activities of the Program. The University  
 35 of North Carolina System Office shall provide office space for the Program. The office space  
 36 shall not be located on the campus of a constituent institution."

37 **SECTION 8A.10.(y)** Notwithstanding any other provision of law, beginning with  
 38 the 2021-2022 fiscal year, of the funds appropriated from the General Fund to the Board of  
 39 Governors of The University of North Carolina for the Transforming Principal Preparation Grant  
 40 Program established under G.S. 116-209.70, the sum of three million forty-five thousand one  
 41 hundred sixteen dollars (\$3,045,116) in recurring funds shall instead be appropriated to the  
 42 Principal Fellows and TP3 Trust Fund established under G.S. 116-74.41B, as enacted by this  
 43 section.

44  
 45 **RAISE CAP ON OPPORTUNITY SCHOLARSHIP ADMINISTRATIVE COSTS**

46 **SECTION 8A.11.** G.S. 115C-562.8(c) reads as rewritten:

47 "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,  
 48 the Authority may retain the lesser of ~~up to~~ four percent (4%) of the funds appropriated or ~~one~~  
 49 two million five hundred thousand dollars (\$1,500,000)–(\$2,000,000) each fiscal year for  
 50 administrative costs associated with the scholarship grant program."  
 51

1 **SEAA ADMINISTRATIVE COSTS FOR THE UNC NEED-BASED GRANT PROGRAM**  
2 **SECTION 8A.12.** Beginning with the 2019-2020 fiscal year and subsequent fiscal  
3 years thereafter, of the funds appropriated to the Board of Governors of The University of North  
4 Carolina, the Board of Governors shall use three million four hundred thousand dollars  
5 (\$3,400,000) each fiscal year to cover the administrative costs of the State Education Assistance  
6 Authority in administering The University of North Carolina Need-Based Financial Aid  
7 Program.

8  
9 **PART IX. HEALTH AND HUMAN SERVICES**

10  
11 **PART IX-A. AGING AND ADULT SERVICES**

12  
13 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

14 **SECTION 9A.1.(a)** For each year of the 2019-2021 fiscal biennium, the maximum  
15 monthly rate for residents in adult care home facilities shall be one thousand one hundred  
16 eighty-two dollars (\$1,182) per month per resident.

17 **SECTION 9A.1.(b)** For each year of the 2019-2021 fiscal biennium, the maximum  
18 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five  
19 hundred fifteen dollars (\$1,515) per month per resident.

20  
21 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**  
22 **ALLOWANCE**

23 **SECTION 9A.2.(a)** Effective October 1, 2019, the Department of Health and Human  
24 Services, Division of Aging and Adult Services, shall increase the personal needs allowance  
25 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month  
26 per recipient to fifty-eight dollars (\$58.00) per month per recipient.

27 **SECTION 9A.2.(b)** Effective October 1, 2019, and notwithstanding the increase in  
28 the personal needs allowance authorized by subsection (a) of this section or any other provision  
29 of law to the contrary, the following limits are applicable for determining financial eligibility for  
30 State-County Special Assistance:

- 31 (1) The total countable monthly income for individuals residing in adult care  
32 home facilities shall not exceed one thousand two hundred twenty-eight  
33 dollars (\$1,228) per month.  
34 (2) The total countable monthly income for individuals residing in  
35 Alzheimer's/Dementia special care units shall not exceed one thousand five  
36 hundred sixty-one dollars (\$1,561) per month.  
37

38 **AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM**  
39 **NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS**

40 **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

41 "(a) The Department of Health and Human Services may use funds from the existing  
42 State-County Special Assistance budget to provide Special Assistance payments to eligible  
43 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~  
44 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The  
45 standard monthly payment to individuals enrolled in the Special Assistance in-home program  
46 shall be one hundred percent (100%) of the monthly payment the individual would receive if the  
47 individual resided in an adult care home and qualified for Special Assistance, except if a lesser  
48 payment amount is appropriate for the individual as determined by the local case manager. The  
49 Department shall implement Special Assistance in-home eligibility policies and procedures to  
50 assure that in-home program participants are those individuals who need and, but for the in-home

1 program, would seek placement in an adult care home facility. The Department's policies and  
2 procedures shall include the use of a functional assessment."  
3

#### 4 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

#### 5 6 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH** 7 **TECHNOLOGY (NC FAST)**

8 **SECTION 9B.1.(a)** Of the funds appropriated to the Department of Health and  
9 Human Services, Division of Central Management and Support, the sum of eighteen million  
10 ninety-one thousand eight hundred sixty-four dollars (\$18,091,864) in nonrecurring funds for the  
11 2019-2020 fiscal year and the sum of eleven million two hundred twenty-nine thousand eight  
12 hundred twenty-one dollars (\$11,229,821) in nonrecurring funds for the 2020-2021 fiscal year  
13 shall be used for nonrecurring operations and maintenance expenses for the North Carolina  
14 Families Accessing Services Through Technology (NC FAST) system and to match federal funds  
15 to expedite development and implementation of the following within the NC FAST system: (i)  
16 24 hours per day/seven days per week access to the NC FAST system, and (ii) a document  
17 management solution to allow State and federal Program Integrity staff and the county  
18 departments of social services to share and provide data in a timely manner. The Department of  
19 Health and Human Services, Division of Central Management and Support, shall report any  
20 change in approved federal funding or federal match rates within 30 days after the change to the  
21 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
22 Oversight Committee on Information Technology, and the Fiscal Research Division.

23 **SECTION 9B.1.(b)** Departmental receipts appropriated in this act in the sum of  
24 forty-one million one hundred twenty-nine thousand six hundred two dollars (\$41,129,602) for  
25 the 2019-2020 fiscal year and in the sum of twenty-three million seven hundred seventy thousand  
26 seven hundred fifty-three dollars (\$23,770,753) for the 2020-2021 fiscal year shall be used for  
27 the purposes described in subsection (a) of this section.

28 **SECTION 9B.1.(c)** Notwithstanding any provision of this act or the Committee  
29 Report described in Section 42.2 of this act to the contrary, no funds appropriated to the  
30 Department of Health and Human Services, Division of Central Management and Support, shall  
31 be used for further development and implementation of the child welfare case management  
32 component of the NC FAST system.  
33

#### 34 **COMMUNITY HEALTH GRANT PROGRAM**

35 **SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and  
36 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
37 2019-2021 fiscal biennium for the Community Health Grant Program shall be used to continue  
38 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
39 2017-57.

40 **SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about  
41 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
42 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
43 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
44 served by the applicant or the number of indigent clients served by the applicant; the availability  
45 of, or arrangements for, after hours care; and collaboration between the applicant and a  
46 community hospital or other safety net organizations.

47 **SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the  
48 following:

- 49 (1) Enhance or increase compensation or other benefits of personnel,  
50 administrators, directors, consultants, or any other persons receiving funds for  
51 program administration; provided, however, funds may be used to hire or

1 retain health care providers. The use of grant funds for this purpose does not  
2 obligate the Department of Health and Human Services to continue to fund  
3 compensation beyond the grant period.

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

8 (3) Finance or satisfy any existing debt.

9 **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand  
10 dollars (\$200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for  
11 administrative purposes.

12 **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall  
13 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
14 community health grants that includes at least all of the following information:

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

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

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

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

22 **SECTION 9B.2.(f)** By November 1, 2019, the Office of Rural Health shall report to  
23 the Joint Legislative Oversight Committee on Health and Human Services on the implementation  
24 status of the following Community Health Grant Program requirements enacted by Section 11A.8  
25 of S.L. 2017-57:

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

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

## 31 32 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 33 **ACCOUNTABILITY**

34 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability  
35 within the Department of Health and Human Services is eliminated.

36 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes  
37 is repealed.

## 38 39 **ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS**

40 **SECTION 9B.6.(a)** Eliminate Report on Expansion of Controlled Substances  
41 Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

42 **SECTION 9B.6.(b)** Eliminate Report on Coordination of Diabetes Programs. –  
43 G.S. 130A-221.1(b) is repealed.

44 **SECTION 9B.6.(c)** Eliminate Report on Department's Coordination of Chronic Care  
45 Initiatives. – G.S. 130A-222.5(3) is repealed.

46 **SECTION 9B.6.(d)** Eliminate Report on Compliance with Federal Maintenance of  
47 Effort Requirements Under TANF. – G.S. 108A-27.12(g) is repealed.

48 **SECTION 9B.6.(e)** Eliminate Report on Use of Lapsed Salary Funds. –  
49 G.S. 120-208.4(b) is repealed.

## 50 51 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

1           **SECTION 9B.8.(a)** Of the funds appropriated in this act to the Department of Health  
2 and Human Services, Division of Central Management and Support, for each year of the  
3 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit  
4 organizations:

- 5           (1) The sum of ten million six hundred fifty-three thousand nine hundred eleven  
6 dollars (\$10,653,911) in recurring funds for each year of the 2019-2021 fiscal  
7 biennium.
- 8           (2) The sum of four million seven hundred seventy-four thousand five hundred  
9 twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal  
10 biennium appropriated in Section 9K.1 of this act in Social Services Block  
11 Grant funds.
- 12           (3) The sum of one million six hundred thousand dollars (\$1,600,000) for each  
13 year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act  
14 in Substance Abuse Prevention and Treatment Block Grant funds.

15           **SECTION 9B.8.(b)** The Department shall continue administering a competitive  
16 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,  
17 includes each of the following:

- 18           (1) A request for application (RFA) process to allow nonprofits to apply for and  
19 receive State funds on a competitive basis. The Department shall require  
20 nonprofits to include in the application a plan to evaluate the effectiveness,  
21 including measurable impact or outcomes, of the activities, services, and  
22 programs for which the funds are being requested.
- 23           (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of  
24 the total amount of the grant award.
- 25           (3) A requirement that the Secretary prioritize grant awards to those nonprofits  
26 that are able to leverage non-State funds in addition to the grant award.
- 27           (4) A process that awards grants to nonprofits that have the capacity to provide  
28 services on a statewide basis and that support any of the following State health  
29 and wellness initiatives:
  - 30           a. A program targeting advocacy, support, education, or residential  
31 services for persons diagnosed with autism.
  - 32           b. A system of residential supports for those afflicted with substance  
33 abuse addiction.
  - 34           c. A program of advocacy and supports for individuals with intellectual  
35 and developmental disabilities or severe and persistent mental illness,  
36 substance abusers, or the elderly.
  - 37           d. Supports and services to children and adults with developmental  
38 disabilities or mental health diagnoses.
  - 39           e. A food distribution system for needy individuals.
  - 40           f. The provision and coordination of services for the homeless.
  - 41           g. The provision of services for individuals aging out of foster care.
  - 42           h. Programs promoting wellness, physical activity, and health education  
43 programming for North Carolinians.
  - 44           i. The provision of services and screening for blindness.
  - 45           j. A provision for the delivery of after-school services for  
46 apprenticeships or mentoring at-risk youth.
  - 47           k. The provision of direct services for amyotrophic lateral sclerosis  
48 (ALS) and those diagnosed with the disease.
  - 49           l. A comprehensive smoking prevention and cessation program that  
50 screens and treats tobacco use in pregnant women and postpartum  
51 mothers.

1 m. A program providing short-term or long-term residential substance  
2 abuse services. For purposes of this sub-subdivision, "long-term"  
3 means a minimum of 12 months.

4 n. A program that provides year-round sports training and athletic  
5 competition for children and adults with disabilities.

6 It is the intent of the General Assembly that annually the Secretary evaluate  
7 and prioritize the categories of health and wellness initiatives described under  
8 this subdivision to determine the best use of these funds in making grant  
9 awards, exclusive of direct allocations made by the General Assembly.

10 (5) A process that ensures that funds received by the Department to implement  
11 the plan supplement and do not supplant existing funds for health and wellness  
12 programs and initiatives.

13 (6) A process that allows grants to be awarded to nonprofits for up to two years.

14 (7) A requirement that initial disbursement of the grants be awarded no later than  
15 30 days after certification of the State budget for the respective fiscal year.

16 **SECTION 9B.8.(c)** No later than July 1 of each year, as applicable, the Secretary  
17 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
18 recipients for the respective grant period pursuant to the amounts designated under subsection  
19 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary  
20 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services  
21 on the grant awards that includes at least all of the following:

22 (1) The identity and a brief description of each grantee and each program or  
23 initiative offered by the grantee.

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

25 (3) The number of persons served by each grantee, broken down by program or  
26 initiative.

27 **SECTION 9B.8.(d)** No later than December 1 of each fiscal year, each nonprofit  
28 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
29 to the Division of Central Management and Support a written report of all activities funded by  
30 State appropriations. The report shall include the following information about the fiscal year  
31 preceding the year in which the report is due:

32 (1) The entity's mission, purpose, and governance structure.

33 (2) A description of the types of programs, services, and activities funded by State  
34 appropriations.

35 (3) Statistical and demographical information on the number of persons served by  
36 these programs, services, and activities, including the counties in which  
37 services are provided.

38 (4) Outcome measures that demonstrate the impact and effectiveness of the  
39 programs, services, and activities.

40 (5) A detailed program budget and list of expenditures, including all positions  
41 funded, matching expenditures, and funding sources.

42 **SECTION 9B.8.(e)** For the 2019-2021 fiscal biennium only, from the funds  
43 identified in subsection (a) of this section, the Department shall make the following allocations,  
44 provided that each nonprofit organization receiving funds pursuant to this subsection shall be  
45 required to seek future funding through the competitive grants process in accordance with  
46 subsection (b) of this section:

47 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of  
48 the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.

49 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)  
50 for each year of the 2019-2021 fiscal biennium and the sum of one million six  
51 hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1 of this

1 act in Substance Abuse Prevention and Treatment Block Grant funds in each  
2 year of the 2019-2021 fiscal biennium to Triangle Residential Options for  
3 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals  
4 with substance abuse addiction.

5 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in  
6 each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls  
7 Clubs across the State to implement (i) programs that improve the motivation,  
8 performance, and self-esteem of youth and (ii) other initiatives that would be  
9 expected to reduce gang participation, school dropout, and teen pregnancy  
10 rates.

11 (4) The sum of two hundred fifty thousand dollars (\$250,000) to Cross Trail  
12 Outfitters for purposes of promoting wellness and physical activity for youth  
13 7 to 20 years of age.  
14

### 15 **TELEHEALTH PILOT PROGRAM**

16 **SECTION 9B.10.(a)** Of the funds appropriated to the Department of Health and  
17 Human Services, Division of Central Management and Support, Office of Rural Health, the sum  
18 of five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2019-2020 fiscal year  
19 shall be allocated to Southeastern Regional Medical Center (Southeastern), a nonprofit  
20 corporation, to develop and administer a telehealth pilot program. The purpose of the pilot  
21 program is to purchase telehealth infrastructure and equipment that will enable Southeastern to  
22 establish telehealth services with health care providers in Robeson County, Bladen County, and  
23 Columbus County. The pilot program expires on December 31, 2020, unless otherwise extended  
24 by law.

25 **SECTION 9B.10.(b)** By November 1, 2020, Southeastern shall submit to the  
26 Department of Health and Human Services, Division of Central Management and Support, Office  
27 of Rural Health, a written report of all telehealth services provided under the pilot program  
28 authorized by this section. The report shall include at least all of the following information:

- 29 (1) A description of all telehealth infrastructure and equipment funded by State  
30 appropriations.  
31 (2) A description of the types of telehealth services provided under the pilot  
32 program, and a list of the health care providers participating in the pilot  
33 program.  
34 (3) Statistical and demographical information on the number of persons served  
35 under the pilot program.  
36 (4) Objective outcome measures that demonstrate the impact and effectiveness of  
37 the telehealth services provided under the pilot program.  
38 (5) A detailed budget and list of expenditures funded by State appropriations.

39 **SECTION 9B.10.(c)** By March 1, 2021, the Department of Health and Human  
40 Services, Division of Central Management and Support, Office of Rural Health, shall report to  
41 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
42 Research Division on the pilot program authorized by this section. The report shall include, at a  
43 minimum, the information described in subdivisions (1) through (5) of subsection (b) of this  
44 section.  
45

### 46 **PROVIDER PARTICIPATION IN NORTH CAROLINA'S HEALTH INFORMATION** 47 **EXCHANGE NETWORK KNOWN AS NC HEALTHCONNEX**

48 **SECTION 9B.11.(a)** G.S. 90-414.4 reads as rewritten:

49 **"§ 90-414.4. Required participation in HIE Network for some providers.**

- 50 (a) Findings. – The General Assembly makes the following findings:

- 1 (1) That controlling escalating health care costs of the Medicaid program and  
2 other State-funded health care services is of significant importance to the  
3 State, its taxpayers, its Medicaid recipients, and other recipients of  
4 State-funded health care services.
- 5 (2) That the State ~~needs and covered entities in North Carolina need~~ timely access  
6 to certain demographic and clinical information pertaining to services  
7 rendered to Medicaid and other State-funded health care program  
8 beneficiaries and paid for with Medicaid or other State-funded health care  
9 funds in order to assess performance, improve health care outcomes, pinpoint  
10 medical expense trends, identify beneficiary health risks, and evaluate how  
11 the State is spending money on Medicaid and other State-funded health care  
12 services.
- 13 (3) That making demographic and clinical information available to the State and  
14 covered entities in North Carolina by secure electronic means as set forth in  
15 subsection (b) of this section ~~will, with respect to Medicaid and other~~  
16 ~~State-funded health care programs, will~~ improve care coordination within and  
17 across health systems, increase care quality for such beneficiaries, enable  
18 more effective population health management, reduce duplication of medical  
19 services, augment syndromic surveillance, allow more accurate measurement  
20 of care services and outcomes, increase strategic knowledge about the health  
21 of the population, and facilitate health care cost containment.
- 22 (a1) Mandatory Connection to HIE Network. – Notwithstanding the voluntary nature of  
23 the HIE Network under G.S. 90-414.2, the following providers and entities shall be connected to  
24 the HIE Network and begin submitting data through the HIE Network pertaining to services  
25 rendered to Medicaid beneficiaries and to other State-funded health care program beneficiaries  
26 and paid for with Medicaid or other State-funded health care funds in accordance with the  
27 following time line:
- 28 (1) The following providers of Medicaid services licensed to operate in the State  
29 that have an electronic health record system shall begin ~~submitting~~ submitting  
30 at a minimum, demographic and clinical data by June 1, 2018:
- 31 a. Hospitals as defined in G.S. 131E-176(13).  
32 b. Physicians licensed to practice under Article 1 of Chapter 90 of the  
33 General ~~Statutes~~ Statutes, except for licensed physicians whose  
34 primary area of practice is psychiatry.  
35 c. Physician assistants as defined in 21 NCAC 32S.0201.  
36 d. Nurse practitioners as defined in 21 NCAC 36.0801.
- 37 (2) Except as provided in subdivisions (3), (4), and (5) of this subsection, all other  
38 providers of Medicaid and State-funded health care services shall begin  
39 submitting demographic and clinical data by June 1, ~~2019~~ 2020.
- 40 (3) The following entities shall submit encounter and claims data, as appropriate,  
41 in accordance with the following time line:
- 42 a. Prepaid Health Plans, as defined in S.L. 2015-245, by the  
43 commencement date of a capitated contract with the Division of  
44 Health Benefits for the delivery of Medicaid and NC Health Choice  
45 services as specified in S.L. 2015-245.  
46 b. Local management entities/managed care organizations, as defined in  
47 G.S. 122C-3, by June 1, 2020.
- 48 (4) The following entities shall begin submitting demographic and clinical data  
49 by June 1, 2021:
- 50 a. Ambulatory surgical centers as defined in G.S. 131E-146.  
51 b. Dentists licensed under Article 2 of Chapter 90 of the General Statutes.

- 1                   c.       Licensed physicians whose primary area of practice is psychiatry.
- 2           (5)       The following entities shall begin submitting claims data by June 1, 2021:
- 3                   a.       Pharmacies registered with the North Carolina Board of Pharmacy
- 4                               under Article 4A of Chapter 90 of the General Statutes.
- 5                   b.       State health care facilities operated under the jurisdiction of the
- 6                               Secretary of the Department of Health and Human Services, including
- 7                               State psychiatric hospitals, developmental centers, alcohol and drug
- 8                               treatment centers, neuro-medical treatment centers, and residential
- 9                               programs for children such as the Wright School and the Whitaker
- 10                              Psychiatric Residential Treatment Facility.
- 11                   c.       The State Laboratory of Public Health operated by the Department of
- 12                              Health and Human Services.

13       (a2)   Extensions of Time for Establishing Connection to the HIE Network. – The  
 14 Department of Information Technology, in consultation with the Department of Health and  
 15 Human Services, may establish a process to grant limited extensions of the time for providers  
 16 and entities to connect to the HIE Network and begin submitting data as required by this section  
 17 upon the request of a provider or entity that demonstrates an ongoing good-faith effort to take  
 18 necessary steps to establish such connection and begin data submission as required by this  
 19 section. The process for granting an extension of time must include a presentation by the provider  
 20 or entity to the Department of Information Technology and the Department of Health and Human  
 21 Services on the expected time line for connecting to the HIE Network and commencing data  
 22 submission as required by this section. Neither the Department of Information Technology nor  
 23 the Department of Health and Human Services shall grant an extension of time (i) to any provider  
 24 or entity that fails to provide this information to both Departments, (ii) that would result in the  
 25 provider or entity connecting to the HIE Network and commencing data submission as required  
 26 by this section later than June 1, 2020, or (iii) that would result in any provider or entity specified  
 27 in subdivisions (4) and (5) of subsection (a1) of this section connecting to the HIE Network and  
 28 commencing data submission as required by this section later than June 1, ~~2021~~–2022. The  
 29 Department of Information Technology shall consult with the Department of Health and Human  
 30 Services to review and decide upon a request for an extension of time under this section within  
 31 30 days after receiving a request for an extension.

32       ...

33       (e)   Voluntary Connection for Certain Providers. – Notwithstanding the mandatory  
 34 connection and data submission requirements in subsections (a1) and (b) of this section, the  
 35 following providers of Medicaid services or other State-funded health care services are not  
 36 required to connect to the HIE Network or submit data, but may connect to the HIE Network and  
 37 submit data voluntarily:

- 38           (1)   Community-based long-term services and supports providers, including
- 39                       personal care services, private duty nursing, and hospice care providers.
- 40           (2)   Intellectual and developmental disability services and supports providers,
- 41                       such as day supports and supported living providers.
- 42           (3)   Community Alternatives Program waiver services (including CAP/DA,
- 43                       CAP/C, and Innovations) providers.
- 44           (4)   Eye and vision services providers.
- 45           (5)   Speech, language, and hearing services providers.
- 46           (6)   Occupational and physical therapy providers.
- 47           (7)   Durable medical equipment providers.
- 48           (8)   Non-emergency medical transportation service providers.
- 49           (9)   Ambulance (emergency medical transportation service) providers.
- 50           (10)  Local education agencies and school-based health providers.

1       (f) Confidentiality of Data. – All data submitted to or through the HIE Network  
2 containing protected health information, personally identifying information, or a combination of  
3 these, that are in the possession of the Department of Information Technology or any other  
4 agency of the State are confidential and shall not be defined as public records under G.S. 132-1.  
5 This subsection shall not be construed to prohibit the disclosure of any such data as otherwise  
6 permitted under federal law."

7           **SECTION 9B.11.(b)** G.S. 90-414.10(d) reads as rewritten:

8       "(d) Except as otherwise permitted in ~~G.S. 90-414.9(a)(3)~~, ~~G.S. 90-414.11(a)(3)~~, or as  
9 required by law, the protected health information of an individual who has exercised the right to  
10 opt out may not be made accessible or disclosed to covered entities or any other person or entity  
11 through the HIE Network for any purpose."

12           **SECTION 9B.11.(c)** This section is effective when it becomes law.

## 13

### 14 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

#### 15

#### 16 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED**

#### 17 **FACILITIES**

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

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

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

40           **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
41 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
42 standards for preschool students as provided in G.S. 115C-521.1.

43           **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection  
44 (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
45 prescribed by the Division of Child Development and Early Education regarding programmatic  
46 standards and classroom requirements.

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

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

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

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

11 **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local  
 12 partnerships shall be subject to the financial and compliance audits authorized under  
 13 G.S. 143B-168.14(b).  
 14

15 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

16 **SECTION 9C.2.** Of the funds appropriated in this act to the Department of Health  
 17 and Human Services, Division of Child Development and Early Education, funds shall be  
 18 allocated to raise the base reimbursement rates for child care centers participating in the North  
 19 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal  
 20 year rates for each year of the 2019-2021 fiscal biennium. It is the intent of the General Assembly  
 21 that funds allocated pursuant to this section be used to increase the salaries of teachers working  
 22 in child care centers as a means to address disparities in teacher salaries among teachers working  
 23 in child care centers versus those working in public schools or Head Start centers.  
 24

25 **CHILD CARE SUBSIDY RATES**

26 **SECTION 9C.3.(a)** The maximum gross annual income for initial eligibility,  
 27 adjusted annually, for subsidized child care services shall be determined based on a percentage  
 28 of the federal poverty level as follows:

29 <b>AGE</b>	<b>INCOME PERCENTAGE LEVEL</b>
30 0 – 5	200%
31 6 – 12	133%

32 The eligibility for any child with special needs, including a child who is 13 years of  
 33 age or older, shall be two hundred percent (200%) of the federal poverty level.

34 **SECTION 9C.3.(b)** Effective October 1, 2019, fees for families who are required to  
 35 share in the cost of care are established based on nine percent (9%) of gross family income. When  
 36 care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the  
 37 full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the  
 38 full-time co-payment.

39 **SECTION 9C.3.(c)** Payments for the purchase of child care services for low-income  
 40 children shall be in accordance with the following requirements:

- 41 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106  
 42 and licensed child care centers and homes that meet the minimum licensing  
 43 standards that are participating in the subsidized child care program shall be  
 44 paid the one-star county market rate or the rate they charge privately paying  
 45 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 46 (2) Licensed child care centers and homes with two or more stars shall receive the  
 47 market rate for that rated license level for that age group or the rate they charge  
 48 privately paying parents, whichever is lower, unless prohibited by subsection  
 49 (g) of this section.
- 50 (3) No payments shall be made for transportation services charged by child care  
 51 facilities.

1 (4) Payments for subsidized child care services for postsecondary education shall  
2 be limited to a maximum of 20 months of enrollment.

3 (5) The Department of Health and Human Services shall implement necessary  
4 rule changes to restructure services, including, but not limited to, targeting  
5 benefits to employment.

6 **SECTION 9C.3.(d)** Provisions of payment rates for child care providers in counties  
7 that do not have at least 50 children in each age group for center-based and home-based care are  
8 as follows:

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

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

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

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

31 **SECTION 9C.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
32 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
33 that provides for the purchase of care in child care facilities for minor children of needy families.  
34 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
35 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
36 any additional applicable requirements of federal law or regulations. Child care arrangements  
37 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
38 meet the requirements established by other State law and by the Social Services Commission.

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

42 **SECTION 9C.3.(h)** Payment for subsidized child care services provided with  
43 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
44 and policies issued by the Division of Child Development and Early Education for the subsidized  
45 child care program.

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

50 (1) The child for whom a child care subsidy is sought is receiving child protective  
51 services or foster care services.

- 1 (2) The child for whom a child care subsidy is sought is developmentally delayed  
2 or at risk of being developmentally delayed.
- 3 (3) The child for whom a child care subsidy is sought is a citizen of the United  
4 States.

5 **SECTION 9C.3.(j)** The Department of Health and Human Services, Division of  
6 Child Development and Early Education, shall require all county departments of social services  
7 to include on any forms used to determine eligibility for child care subsidy whether the family  
8 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

9 **SECTION 9C.3.(k)** Department of Defense-certified child care facilities licensed  
10 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
11 provides for the purchase of care in child care facilities for minor children in needy families,  
12 provided that funds allocated from the State-subsidized child care program to Department of  
13 Defense-certified child care facilities shall supplement and not supplant funds allocated in  
14 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
15 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
16 child care shall be as set forth in this section.

### 17 18 **CHILD CARE ALLOCATION FORMULA**

19 **SECTION 9C.4.(a)** The Department of Health and Human Services, Division of  
20 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
21 funds to pay the costs of necessary child care for minor children of needy families. The  
22 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
23 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
24 allocation. The Department of Health and Human Services shall use the following method when  
25 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
26 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 27 (1) Funds shall be allocated to a county based upon the projected cost of serving  
28 children under age 11 in families with all parents working who earn less than  
29 the applicable federal poverty level percentage set forth in Section 9C.3(a) of  
30 this act.
- 31 (2) The Division may withhold up to two percent (2%) of available funds from  
32 the allocation formula for (i) preventing termination of services throughout  
33 the fiscal year and (ii) repayment of any federal funds identified by counties  
34 as overpayments, including overpayments due to fraud. The Division shall  
35 allocate to counties any funds withheld before the end of the fiscal year when  
36 the Division determines the funds are not needed for the purposes described  
37 in this subdivision. The Division shall submit a report to the Joint Legislative  
38 Oversight Committee on Health and Human Services and the Fiscal Research  
39 Division, which report shall include each of the following:
- 40 a. The amount of funds used for preventing termination of services and  
41 the repayment of any federal funds.
- 42 b. The date the remaining funds were distributed to counties.
- 43 c. As a result of funds withheld under this subdivision and after funds  
44 have been distributed, any counties that did not receive at least the  
45 amount the counties received the previous year and the amount by  
46 which funds were decreased.

47 The Division shall submit a report in each year of the 2019-2021 fiscal  
48 biennium 30 days after the funds withheld pursuant to this subdivision are  
49 distributed but no later than April 1 of each respective year.

- 50 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
51 for vulnerable populations, which include a child identified as having special

1 needs and a child whose application for assistance indicates that the child and  
2 the child's family is experiencing homelessness or is in a temporary living  
3 situation. A child identified by this subdivision shall be given priority for  
4 receiving services until such time as set-aside allocations for vulnerable  
5 populations are exhausted.

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

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

- 17 (1) A county's initial allocation shall be the county's expenditure in the previous  
18 fiscal year or a prorated share of the county's previous fiscal year expenditures  
19 if sufficient funds are not available. With the exception of market rate  
20 increases consistent with any increases approved by the General Assembly, a  
21 county whose spending coefficient is less than ninety-two percent (92%) in  
22 the previous fiscal year shall receive its prior year's expenditure as its  
23 allocation and shall not receive an increase in its allocation in the following  
24 year. A county whose spending coefficient is at least ninety-two percent  
25 (92%) in the previous fiscal year shall receive, at a minimum, the amount it  
26 expended in the previous fiscal year and may receive additional funding, if  
27 available. The Division may waive this requirement and allow an increase if  
28 the spending coefficient is below ninety-two percent (92%) due to  
29 extraordinary circumstances, such as a State or federal disaster declaration in  
30 the affected county. By October 1 of each year, the Division shall report to the  
31 Joint Legislative Oversight Committee on Health and Human Services and the  
32 Fiscal Research Division the counties that received a waiver pursuant to this  
33 subdivision and the reasons for the waiver.
- 34 (2) Effective immediately following the next new decennial census data release,  
35 implement (i) one-third of the change in a county's allocation in the year  
36 following the data release, (ii) an additional one-third of the change in a  
37 county's allocation beginning two years after the initial change under this  
38 subdivision, and (iii) the final one-third change in a county's allocation  
39 beginning the following two years thereafter.

#### 40 **SMART START INITIATIVES**

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

- 49 (1) Increase children's literacy.  
50 (2) Increase the parents' ability to raise healthy, successful children.  
51

1 (3) Improve children's health.

2 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

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

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

19 (1) The population of the area serviced by a local partnership.

20 (2) The amount of State funds administered.

21 (3) The amount of total funds administered.

22 (4) The professional experience of the individual to be compensated.

23 (5) Any other relevant factors pertaining to salary, as determined by the North  
24 Carolina Partnership for Children, Inc.

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

29 **SECTION 9C.5.(d)** Match Requirements. – The North Carolina Partnership for  
30 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
31 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021  
32 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local  
33 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
34 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
35 match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.  
36 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
37 the required match for a fiscal year in order to meet the match requirement of the succeeding  
38 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
39 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
40 match requirement of this subsection. Volunteer services that qualify as professional services  
41 shall be valued at the fair market value of those services. All other volunteer service hours shall  
42 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
43 Employment Security of the Department of Commerce in the Employment and Wages in North  
44 Carolina Annual Report for the most recent period for which data are available. Expenses,  
45 including both those paid by cash and in-kind contributions, incurred by other participating  
46 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
47 partnerships also may be considered resources available to meet the required private match. In  
48 order to qualify to meet the required private match, the expenses shall:

49 (1) Be verifiable from the contractor's records.

50 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
51 generally accepted accounting principles for nonprofit organizations.

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

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2019-2021 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report, to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

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

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

**SECTION 9C.5.(f) Allocations.** – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

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

**SECTION 9C.5.(h) Expenditure Restrictions.** – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2019-2021 fiscal biennium shall be administered and distributed in the following manner:

- (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
- (2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2019-2021 fiscal biennium.

For the 2019-2021 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

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

1 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
2 for fund-raising. The report shall include the following:

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

6 **SECTION 9C.5.(j)** G.S. 143B-168.12(d) reads as rewritten:

7 "(d) The North Carolina Partnership for Children, Inc., shall make a report no later than  
8 December 1 of each year to the ~~General Assembly~~ Joint Legislative Oversight Committee on  
9 Health and Human Services and the Fiscal Research Division of the General Assembly that shall  
10 include the following:

- 11 (1) A description of the program and significant services and initiatives.
- 12 (2) A history of Smart Start funding and the previous fiscal year's expenditures.
- 13 (3) The number of children served by type of service.
- 14 (4) The type and quantity of services provided.
- 15 (5) The results of the previous year's evaluations of the Initiatives or related  
16 programs and services.
- 17 (6) A description of significant policy and program changes.
- 18 (7) Any recommendations for legislative action."

19  
20 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION**  
21 **LIBRARY**

22 **SECTION 9C.6.(a)** Funds allocated to the North Carolina Partnership for Children,  
23 Inc., from the Department of Health and Human Services, shall be used to increase access to  
24 Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books  
25 on a monthly basis to children registered for the program.

26 **SECTION 9C.6.(b)** The North Carolina Partnership for Children, Inc., may use up  
27 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
28 of the funds for program evaluation. Funds appropriated under this section shall not be subject  
29 to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be  
30 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
31 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
32 Section 9C.5(d) of this act.

33  
34 **PART IX-D. HEALTH BENEFITS**

35  
36 **MEDICAID ELIGIBILITY**

37 **SECTION 9D.1.** Article 2 of Chapter 108A of the General Statutes is amended by  
38 adding a new section to read:

39 **"§ 108A-54.3A. Eligibility categories and income thresholds.**

40 (a) The Department shall provide Medicaid coverage for individuals in accordance with  
41 federal statutes and regulations and specifically shall provide coverage for the following  
42 populations:

- 43 (1) Families, children under the age of 21, pregnant women, and individuals who  
44 are aged, blind, or disabled, who are medically needy, subject to the following  
45 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>

1	<u>6</u>	<u>5,604</u>
2	<u>7</u>	<u>6,000</u>
3	<u>8</u>	<u>6,300</u>
4	<u>9</u>	<u>6,504</u>
5	<u>10</u>	<u>6,900</u>
6	<u>11</u>	<u>7,200</u>
7	<u>12</u>	<u>7,596</u>
8	<u>13</u>	<u>8,004</u>
9	<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>
13		
14	<u>1</u>	<u>\$5,208</u>
15	<u>2</u>	<u>6,828</u>
16	<u>3</u>	<u>8,004</u>
17	<u>4</u>	<u>8,928</u>
18	<u>5</u>	<u>9,888</u>
19	<u>6</u>	<u>10,812</u>
20	<u>7</u>	<u>11,700</u>
21	<u>8</u>	<u>12,432</u>
22	<u>9</u>	<u>13,152</u>
23	<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.
- (8) Former foster care children under the age of 26 in accordance with 42 U.S.C. § 1396a(a)(10)(A)(i)(IX), without regard to income.
- (9) Adoptive children with special or rehabilitative needs, regardless of the adoptive family's income.
- (10) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines. Coverage for pregnant women eligible under this subdivision include only services related to pregnancy and to other conditions determined by the Department as conditions that may complicate pregnancy.
- (11) Men and women of childbearing age with family incomes equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to coverage for family planning services.
- (12) Women who need treatment for breast or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).

- 1           (13) Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of  
2           Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations,  
3           with incomes equal to or less than one hundred percent (100%) of the federal  
4           poverty guidelines.
- 5           (14) Beneficiaries receiving supplemental security income under title XVI of the  
6           Social Security Act.
- 7           (15) Workers with disabilities, as provided in G.S. 108A-66.1.
- 8           (16) Qualified working disabled individuals, as provided in G.S. 108A-67.
- 9           (17) Qualified Medicare beneficiaries with incomes equal to or less than one  
10          hundred percent (100%) of the federal poverty guidelines. Coverage for the  
11          individuals described in this subdivision shall be limited to payment of  
12          Medicare premiums and deductibles and co-insurance for Medicare-covered  
13          services.
- 14          (18) Specified low-income Medicare beneficiaries with incomes equal to or less  
15          than one hundred twenty percent (120%) of the federal poverty guidelines.  
16          Coverage for the individuals described in this subdivision shall be limited to  
17          payment of Medicare Part B premiums.
- 18          (19) Qualifying individuals who are Medicare beneficiaries and who have incomes  
19          equal to or less than one hundred thirty-five percent (135%) of the federal  
20          poverty guidelines, may be covered within funds available for the Limited  
21          Medicare-Aid Capped Enrollment program. Coverage for the individuals  
22          described in this subdivision shall be limited to payment of Medicare Part B  
23          premiums.
- 24          (20) Recipients of an optional State supplementation program provided in  
25          accordance with 42 U.S.C. § 1382e.
- 26          (21) Individuals who meet eligibility criteria under a Medicaid waiver approved by  
27          the Centers for Medicare and Medicaid Services and authorized by an act of  
28          the General Assembly, within funds available for the waiver.
- 29          (22) Refugees, in accordance with 8 U.S.C. § 1522.
- 30          (23) Qualified aliens subject to the five-year bar for means tested public assistance  
31          under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services  
32          under 8 U.S.C. § 1611."

## 33 34 **MEDICAID ANNUAL REPORT**

35           **SECTION 9D.2.** The Department of Health and Human Services, Division of Health  
36 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and  
37 accompanying tables. DHB shall publish the report and tables on its Web site no later than  
38 December 31 following each State fiscal year.

## 39 40 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

41           **SECTION 9D.3.** The Department of Health and Human Services (Department) shall  
42 issue Medicaid identification cards to recipients on an annual basis with updates as needed. The  
43 Department shall adopt rules, or amend any current rules relating to Medicaid identification  
44 cards, to implement this section. No later than July 1, 2020, the Department shall submit a report  
45 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the  
46 adoption or amendment of rules in accordance with this section.

## 47 48 **ADMINISTRATIVE HEARINGS FUNDING**

49           **SECTION 9D.4.** Of the funds appropriated to the Department of Health and Human  
50 Services, Division of Health Benefits, for administrative contracts and interagency transfers, the  
51 Department of Health and Human Services (Department) shall transfer the sum of one million

1 dollars (\$1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars  
2 (\$1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH).  
3 These funds shall be allocated by the OAH for mediation services provided for Medicaid  
4 applicant and recipient appeals and to contract for other services necessary to conduct the appeals  
5 process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department  
6 for mediation services provided for Medicaid recipient appeals and contracted services necessary  
7 to conduct the appeals process. The MOA will facilitate the Department's ability to draw down  
8 federal Medicaid funds to support this administrative function. Upon receipt of invoices from the  
9 OAH for covered services rendered in accordance with the MOA, the Department shall transfer  
10 the federal share of Medicaid funds drawn down for this purpose.

## 11 12 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

13 **SECTION 9D.5.(a)** Receivables reserved at the end of the 2019-2020 and  
14 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those  
15 fiscal years.

16 **SECTION 9D.5.(b)** For the 2019-2020 fiscal year, the Department of Health and  
17 Human Services shall deposit from its revenues one hundred sixty-five million three hundred  
18 thousand dollars (\$165,300,000) with the Department of State Treasurer to be accounted for as  
19 nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services  
20 shall deposit from its revenues one hundred thirty million dollars (\$130,000,000) with the  
21 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall  
22 represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other  
23 resources from State-owned and State-operated hospitals that are used to provide indigent and  
24 nonindigent care services. The return from State-owned and State-operated hospitals to the  
25 Department of Health and Human Services will be made from nonfederal resources in an amount  
26 equal to the amount of the payments from the Division of Health Benefits for uncompensated  
27 care. The treatment of any revenue derived from federal programs shall be in accordance with  
28 the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

## 29 30 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

31 **SECTION 9D.6.** The Department of Health and Human Services, Division of Health  
32 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
33 services, medical equipment, supplies, and appliances by implementation of volume purchase  
34 plans, single source procurement, or other contracting processes in order to improve cost  
35 containment.

## 36 37 **LME/MCO OUT-OF-NETWORK AGREEMENTS**

38 **SECTION 9D.7.(a)** The Department of Health and Human Services (Department)  
39 shall continue to ensure that local management entities/managed care organizations  
40 (LME/MCOs) utilize an out-of-network agreement that contains standardized elements  
41 developed in consultation with LME/MCOs. The out-of-network agreement shall be a  
42 streamlined agreement between a single provider of behavioral health or  
43 intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care  
44 in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and  
45 comply with all requirements of State and federal laws and regulations. LME/MCOs shall use  
46 the out-of-network agreement in lieu of a comprehensive provider contract when all of the  
47 following conditions are met:

- 48 (1) The services requested are medically necessary and cannot be provided by an  
49 in-network provider.
- 50 (2) The behavioral health or IDD provider's site of service delivery is located  
51 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.(a)** 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

**SECTION 9D.8.(b)** 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 under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

**SECTION 9D.8.(c)** If DHB does not make the additional capitation payment associated with the Medicaid risk reserve to an LME/MCO in any given month, then the intergovernmental transfer required to be made by that LME/MCO under subsection (a) shall be reduced on a pro rata basis and the aggregate amount to be collected by DHB in the corresponding fiscal year shall be adjusted accordingly.

**CO-PAYMENTS FOR MEDICAID SERVICES**

**SECTION 9D.9.(a)** Beginning November 1, 2019, the co-payments for Medicaid services shall be increased to four dollars (\$4.00). This section does not apply to services provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

1           **SECTION 9D.9.(b)** The Department of Health and Human Services, Division of  
2 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare  
3 and Medicaid Services to implement this section.  
4

#### 5 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

6           **SECTION 9D.10.(a)** The Department of Health and Human Services, Division of  
7 Health Benefits, shall amend the North Carolina Innovations Waiver to increase the number of  
8 slots available under the waiver by 1,000 slots. These additional slots shall be made available on  
9 January 1, 2020.

10           **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of  
11 Health Benefits (DHB), shall convene a workgroup of stakeholders to develop a 10-year plan to  
12 address the registry of unmet needs for the North Carolina Innovations Waiver. The workgroup  
13 shall consider alternatives to the Innovations Waiver to address the registry of unmet needs,  
14 including the implementation of a new waiver program for individuals who qualify for the  
15 Innovations Waiver and alternative means of distribution of the waiver slots. This 10-year plan  
16 shall include a detailed cost analysis of all recommendations and methods proposed to address  
17 the registry of unmet needs. No later than December 1, 2020, DHB shall submit a report on the  
18 10-year plan to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.  
19

#### 20 **DISABLED ADULT CHILD PASSALONG ELIGIBILITY**

21           **SECTION 9D.12.** Effective January 1, 2020, the eligibility requirements for the  
22 Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the  
23 Medicaid program shall consist of only the following four requirements:

- 24           (1) The adult is currently entitled to and receives federal Retirement, Survivors,  
25 and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's  
26 record due to the retirement, death, or disability of a parent.
- 27           (2) The adult is blind or has a disability that began before age 22.
- 28           (3) The adult would currently be eligible for Supplemental Security Income (SSI)  
29 or State-County Special Assistance if the current RSDI benefit is disregarded.
- 30           (4) For eligibility that is based on former receipt of State-County Special  
31 Assistance and not SSI, the adult must currently reside in an adult care home.  
32

#### 33 **INCREASE IN REIMBURSEMENT FOR PRIMARY CARE PROVIDERS**

34           **SECTION 9D.12A.** The Department of Health and Human Services, Division of  
35 Health Benefits, shall increase the reimbursement for the evaluation and management codes that  
36 are (i) paid to primary care physicians, including obstetricians and gynecologists, nurse  
37 practitioners, and physician assistants, and (ii) contained in the State Plan Amendment  
38 #2018-0012 submitted by the Department of Health and Human Services on March 8, 2019.  
39

#### 40 **ESTABLISH NEW ADULT CARE HOME PAYMENT METHODOLOGY**

41           **SECTION 9D.12B.(a)** It is the intent of the General Assembly to provide funding  
42 to adult care homes in the State in a manner that recognizes the importance of a stable and reliable  
43 funding stream to ensure access, choice, and quality of care within the adult care home segment  
44 of the care continuum. In furtherance of this intent, and as the North Carolina Medicaid program  
45 transitions to a managed care delivery system, the Department of Health and Human Services is  
46 directed to establish and convene a workgroup to evaluate reimbursement options for services  
47 provided by adult care homes that take into account all funding streams and to develop a new  
48 service definition, or definitions, under Medicaid managed care for these services. The  
49 workgroup shall consist of adult care home industry representatives and other relevant  
50 stakeholders. In development of the new service definition, or definitions, the workgroup shall  
51 include all of the following components:

- 1 (1) Support for alternative payment models available under the State's 1115
- 2 Medicaid waiver for Medicaid transformation, including pay-for-performance
- 3 initiatives.
- 4 (2) Best practices for long-term services and supports.
- 5 (3) Efficient payment methodologies.

6 **SECTION 9D.12B.(b)** No later than December 1, 2020, the Department of Health  
7 and Human Services shall submit a report on the new service definition, or definitions, developed  
8 by the workgroup, as required in subsection (a) of this section, to the Joint Legislative Oversight  
9 Committee on Health and Human Services, the Joint Legislative Oversight Committee on  
10 Medicaid and NC Health Choice, and the Fiscal Research Division.

## 11 12 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM** 13 **MODIFICATIONS**

14 **SECTION 9D.13.** Except for eligibility categories and income thresholds and except  
15 for statutory changes, the Department of Health and Human Services shall not be required to  
16 maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs  
17 required by this Subpart.

## 18 19 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID** 20 **TRANSFORMATION NEEDS**

21 **SECTION 9D.15.(a)** Claims Run Out. – Funds from the Medicaid Transformation  
22 Fund may be transferred to the Department of Health and Human Services, Division of Health  
23 Benefits (DHB), as needed for the purpose of paying claims related to services billed under the  
24 fee-for-service payment model for recipients who are being, or have been, transitioned to  
25 managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the  
26 need to pay claims run out arises and need not be transferred in one lump sum. To the extent that  
27 any funds are transferred under this subsection, the funds are appropriated for the purpose set  
28 forth in this subsection.

29 **SECTION 9D.15.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
30 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of  
31 forty-nine million sixteen thousand four hundred fifty-two dollars (\$49,016,452) in nonrecurring  
32 funds for the 2019-2020 fiscal year and the sum of ten million nine hundred eighty-three thousand  
33 five hundred forty-eight dollars (\$10,983,548) in nonrecurring funds for the 2020-2021 fiscal  
34 year from the Medicaid Transformation Fund may be transferred to the Department of Health  
35 and Human Services, Division of Health Benefits (DHB), for the sole purpose of providing the  
36 State share for qualifying needs directly related to Medicaid transformation, as required by S.L.  
37 2015-241, as amended. Funds may be transferred to DHB as qualifying needs arise during the  
38 2019-2021 fiscal biennium and need not be transferred in one lump sum. Funds transferred during  
39 the 2020-2021 fiscal year shall be for one-time, nonrecurring qualifying needs only.

40 For the purposes of this section, the term "qualifying need" shall be limited to  
41 information technology, time-limited staffing, and contracts related to the following Medicaid  
42 transformation needs:

- 43 (1) Medicaid transformation program design.
- 44 (2) Enrollment broker services.
- 45 (3) NC FAST upgrades related to Medicaid transformation.
- 46 (4) Data management.
- 47 (5) Program integrity.
- 48 (6) Technical and operational integration.
- 49 (7) In the 2019-2020 fiscal year only, administrative expenses related to the  
50 transition to managed care.

1           **SECTION 9D.15.(c)** Requests for Transfer of Funds for Qualifying Need. – A  
2 request by the Department of Health and Human Services, Division of Health Benefits (DHB),  
3 for the transfer of funds pursuant to subsection (b) of this section shall be made to the Office of  
4 State Budget and Management (OSBM) and shall include the amount requested and the specific  
5 qualifying need for which the funds are to be used. None of the funds identified in subsection (b)  
6 of this section shall be transferred to DHB until OSBM verifies the following information:

- 7           (1) The amount requested is to be used for a qualifying need in the 2019-2021  
8 fiscal biennium.
- 9           (2) The amount requested provides a State share that will not result in total  
10 requirements that exceed one hundred ninety million dollars (\$190,000,000)  
11 in noncurring funds for the 2019-2021 fiscal biennium and ninety-six million  
12 dollars (\$96,000,000) in recurring funds for the 2019-2021 fiscal biennium.
- 13           (3) The amount requested for a qualifying need in the 2020-2021 fiscal year is for  
14 a nonrecurring qualifying need.

15           **SECTION 9D.15.(d)** Federal Fund Receipts. – Any federal funds received in any  
16 fiscal year by the Department of Health and Human Services, Division of Health Benefits (DHB),  
17 that represent a return of State share already expended on a qualifying need related to the funds  
18 received by the DHB under this section shall be deposited into the Medicaid Transformation  
19 Fund.

## 20 21 **MEDICAID TRANSFORMATION ADMINISTRATIVE REDUCTION FLEXIBILITY** 22 **AND REPORT**

23           **SECTION 9D.15B.(a)** In order to achieve the budgeted reduction in administrative  
24 costs attributable to the implementation of Medicaid transformation in the amount of thirty  
25 million six hundred fifty-eight thousand eight hundred fifty-five dollars (\$30,658,855) in  
26 recurring funds for the 2019-2020 fiscal year and in the amount of forty-two million six hundred  
27 ninety-one thousand six hundred fifteen dollars (\$42,691,615) in recurring funds for the  
28 2020-2021 fiscal year, the Secretary of the Department of Health and Human Services (Secretary)  
29 may reduce administrative costs across all Divisions within the Department of Health and Human  
30 Services. In achieving these budgeted reduction amounts, the Secretary shall not reduce any  
31 funds that (i) impact direct services or (ii) are used to support the 2012 settlement agreement  
32 entered into between the United States Department of Justice and the State of North Carolina to  
33 ensure that the State will willingly meet the requirements of the Americans with Disabilities Act  
34 of 1990, Section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court  
35 decision in *Olmstead v. L.C.*, 527 U.S. 581 (1999). The prohibition on reducing funds that impact  
36 direct services shall not be construed to prohibit a reduction in administrative costs associated  
37 with contracts for the provision of direct services.

38           **SECTION 9D.15B.(b)** By January 15, 2020, and January 15, 2021, the Secretary  
39 shall submit a report to the Joint Legislative Oversight Committee on Health and Human  
40 Services, the Joint Legislative Oversight Committee on Medicaid and North Carolina Health  
41 Choice, the House of Representatives Appropriations Committee on Health and Human Services,  
42 the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
43 Division on the actions taken during that fiscal year to achieve the budgeted reduction in  
44 administrative costs attributable to the implementation of Medicaid transformation. If the  
45 Secretary elects to eliminate positions, the report shall include a list of each position eliminated,  
46 along with its position number, title, and the amount of salary and fringe benefits associated with  
47 each position.

## 48 49 **TRIBAL OPTION/MEDICAID TRANSFORMATION**

50           **SECTION 9D.16.(a)** The Department of Health and Human Services may contract  
51 with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined

1 under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care–related  
 2 services to Medicaid and NC Health Choice beneficiaries who are members of federally  
 3 recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or  
 4 health care–related services as agreed upon with the IMCE or IHCP, as approved by the Secretary  
 5 of the Department of Health and Human Services and as allowed by the Centers for Medicare  
 6 and Medicaid Services (CMS), including, but not limited to, the following services:

- 7 (1) Primary care case management as a primary care case managed system or  
 8 entity, as described in 42 C.F.R. § 438.2.
- 9 (2) Utilization management and referrals.
- 10 (3) The management or provision of home- and community-based services under  
 11 a 1915(c) waiver.
- 12 (4) The management or provision of specialized services covered by a BH IDD  
 13 Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L.  
 14 2015-245, as amended by S.L. 2018-48.

15 Coverage provided by the IMCE or IHCP may be more permissive, but no more  
 16 restrictive, than Medicaid or NC Health Choice medical coverage policy adopted or amended by  
 17 the Department of Health and Human Services; however, the coverage shall be in compliance  
 18 with federal regulations and policies related to the receipt of federal funding for these health care  
 19 or health care–related services.

20 **SECTION 9D.16.(b)** Subdivision 5 of Section 4 of S.L. 2015-245, as amended by  
 21 Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

22 "(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all  
 23 Medicaid and NC Health Choice program aid categories except for the  
 24 following categories:

25 ...

26 e. Members of federally recognized tribes. Members of federally  
 27 recognized tribes shall have the option to enroll voluntarily in PHPs.

28 e1. Eligible recipients who are enrolled in a DHHS-contracted Indian  
 29 managed care entity, as defined in 42 C.F.R. § 438.14(a).

30 ...."

31 **SECTION 9D.16.(c)** Subdivision 9 of Section 4 of S.L. 2015-245, as amended by  
 32 S.L. 2018-48, reads as rewritten:

33 "(9) LME/MCOs. – Beginning on the date that capitated contracts begin,  
 34 LME/MCOs shall cease managing Medicaid services for all Medicaid  
 35 recipients other than recipients described in sub-subdivisions a., d., e., e1., f.,  
 36 g., j., k., and l. of subdivision (5) of this section. Until BH IDD Tailored Plans  
 37 become operational, all of the following shall occur:

38 a. LME/MCOs shall continue to manage the Medicaid services that are  
 39 currently covered by the LME/MCOs for Medicaid recipients  
 40 described in sub-subdivisions a., d., e., e1., f., g., j., k., and l. of  
 41 subdivision (5) of this section.

42 ...."

43 **SECTION 9D.16.(d)** The Department of Health and Human Services is authorized  
 44 to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or  
 45 any amendments thereto, to implement the provisions of this section.

46  
 47 **REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID**  
 48 **TRANSFORMATION**

49 **SECTION 9D.17.** Section 12H.12(b) of S.L. 2014-100 and Section 12H.23 of S.L.  
 50 2015-241, as amended by Section 88 of S.L. 2015-264, are repealed.

1 **REVISED HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS, AND**  
2 **DIRECTED PAYMENTS**

3 **SECTION 9D.18.(a)** Effective October 1, 2019, Article 7 of Chapter 108A of the  
4 General Statutes is repealed.

5 **SECTION 9D.18.(b)** Effective October 1, 2019, Chapter 108A of the General  
6 Statutes is amended by adding a new Article to read:

7 "Article 7A.

8 "Hospital Assessment Act.

9 "Part 1. General.

10 **"§ 108A-130. Short title and purpose.**

11 This Article shall be known as the "Hospital Assessment Act." This Article does not authorize  
12 a political subdivision of the State to license a hospital for revenue or impose a tax or assessment  
13 on a hospital.

14 **"§ 108A-131. Definitions.**

15 The following definitions apply in this Article:

16 (1) Base assessment. – The assessment payable under G.S. 108A-142.

17 (2) CMS. – Centers for Medicare and Medicaid Services.

18 (3) Critical access hospital. – Defined in 42 C.F.R. § 400.202.

19 (4) Department. – The Department of Health and Human Services.

20 (5) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.

21 (6) Public hospital. – A hospital that certifies its public expenditures to the  
22 Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which  
23 the assessment applies.

24 (7) Secretary. – The Secretary of Health and Human Services.

25 (8) State's annual Medicaid payment. – An amount equal to one hundred ten  
26 million dollars (\$110,000,000) for State fiscal year 2019-2020, increased each  
27 year over the prior year's payment by the percentage specified as the Medicare  
28 Market Basket Index less productivity most recently published in the Federal  
29 Register.

30 (9) Supplemental assessment. – The assessment payable under G.S. 108A-141.

31 (10) Total hospital costs. – The costs as calculated using the most recent available  
32 Hospital Cost Report Information System's cost report data available through  
33 CMS or other comparable data, including both inpatient and outpatient  
34 components, for all hospitals that are not exempt from the applicable  
35 assessment.

36 **"§ 108A-132. Due dates and collections.**

37 (a) Beginning October 1, 2019, assessments under this Article are due quarterly in the  
38 time and manner prescribed by the Secretary and shall be considered delinquent if not paid within  
39 seven calendar days of this due date.

40 (b) With respect to any hospital owing a past due assessment amount under this Article,  
41 the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments  
42 otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good  
43 cause shown.

44 (c) In the event the data necessary to calculate an assessment under this Article is not  
45 available to the Secretary in time to impose the quarterly assessments for a payment year, the  
46 Secretary may defer the due date for the assessment to a subsequent quarter.

47 **"§ 108A-133. Assessment appeals.**

48 A hospital may appeal a determination of the assessment amount owed through a  
49 reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation  
50 to pay an assessment amount when due.

51 **"§ 108A-134. Allowable costs; patient billing.**

1       (a)     Assessments paid under this Article may be included as allowable costs of a hospital  
2 for purposes of any applicable Medicaid reimbursement formula, except that assessments paid  
3 under this Article shall be excluded from cost settlement.

4       (b)     Assessments imposed under this Article may not be added as a surtax or assessment  
5 on a patient's bill.

6 **"§ 108A-135. Rule-making authority.**

7       The Secretary may adopt rules to implement this Article.

8 **"§ 108A-136. Repeal.**

9       If CMS determines that an assessment under this Article is impermissible or revokes approval  
10 of an assessment under this Article, then that assessment shall not be imposed and the  
11 Department's authority to collect the assessment is repealed.

12                     "Part 2. Supplemental and Base Assessments.

13 **"§ 108A-140. Applicability.**

14       (a)     The assessments imposed under this Part apply to all licensed North Carolina  
15 hospitals, except as provided in this section.

16       (b)     The following hospitals are exempt from both the supplemental assessment and the  
17 base assessment:

18             (1)    Critical access hospitals.

19             (2)    Freestanding psychiatric hospitals.

20             (3)    Freestanding rehabilitation hospitals.

21             (4)    Long-term care hospitals.

22             (5)    State-owned and State-operated hospitals.

23             (6)    The primary affiliated teaching hospital for each University of North Carolina  
24 medical school.

25       (c)     Public hospitals are exempt from the supplemental assessment.

26 **"§ 108A-141. Supplemental assessment.**

27       (a)     The supplemental assessment shall be a percentage, established by the General  
28 Assembly, of total hospital costs.

29       (b)     The Department shall propose the rate of the supplemental assessment to be imposed  
30 under this section when the Department prepares its budget request for each upcoming fiscal  
31 year. The Governor shall submit the Department's proposed supplemental assessment rate to the  
32 General Assembly each fiscal year.

33       (c)     The Department shall base the proposed supplemental assessment rate on all of the  
34 following factors:

35             (1)    The percentage change in aggregate payments to hospitals subject to the  
36 supplemental assessment for Medicaid and NC Health Choice enrollees,  
37 excluding hospital access payments made under 42 C.F.R § 438.6, as  
38 demonstrated in data from prepaid health plans and the State, as determined  
39 by the Department.

40             (2)    Any changes in the federal medical assistance percentage rate applicable to  
41 the Medicaid or NC Health Choice programs for the applicable year.

42       (d)     The rate for the supplemental assessment for each taxable year shall be the percentage  
43 rate set by law by the General Assembly.

44 **"§ 108A-142. Base assessment.**

45       (a)     The base assessment shall be a percentage, established by the General Assembly, of  
46 total hospital costs.

47       (b)     The Department shall propose the rate of the base assessment to be imposed under  
48 this section when the Department prepares its budget request for each upcoming fiscal year. The  
49 Governor shall submit the Department's proposed base assessment rate to the General Assembly  
50 each fiscal year.

1 (c) The Department shall base the proposed base assessment rate on all of the following  
2 factors:

- 3 (1) The change in the State's annual Medicaid payment for the applicable year.  
4 (2) The percentage change in aggregate payments to hospitals subject to the base  
5 assessment for Medicaid and NC Health Choice enrollees, excluding hospital  
6 access payments made under 42 C.F.R § 438.6, as demonstrated in data from  
7 prepaid health plans and the State, as determined by the Department.  
8 (3) Any changes in the federal medical assistance percentage rate applicable to  
9 the Medical or NC Health Choice programs for the applicable year.  
10 (4) Any changes as determined by the Department in (i) reimbursement under the  
11 Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R  
12 § 438.6 for which the nonfederal share is not funded by General Fund  
13 appropriations, and (iii) reimbursement under the NC Health Choice program.

14 (d) The rate for the base assessment for each taxable year shall be the percentage rate set  
15 by law by the General Assembly.

16 **"§ 108A-143. Payment from other hospitals.**

17 If a hospital that is exempt from both the base and supplemental assessments under this Part  
18 (i) makes an intergovernmental transfer to the Department to be used to draw down matching  
19 federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March  
20 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional  
21 amount shall be a percentage of the amount of funds that (i) would be transferred to the State  
22 through such an intergovernmental transfer and (ii) are to be used to match additional federal  
23 funds that the exempt hospital is able to receive because of the acquired, merged, leased, or  
24 managed hospital. That percentage shall be calculated by dividing the amount of the State's  
25 annual Medicaid payment by the total amount collected under the base assessment under  
26 G.S. 108A-142.

27 **"§ 108A-144. Use of funds.**

28 The proceeds of the assessments imposed under this Part, and all corresponding matching  
29 federal funds, must be used to make the State's annual Medicaid payment to the State, to fund  
30 payments to hospitals made directly by the Department, to fund a portion of capitation payments  
31 to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate  
32 medical education payments."

33 **SECTION 9D.18.(c)** The percentage rate to be used in calculating the supplemental  
34 assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is two and  
35 thirty-one hundredths percent (2.31%) for the taxable year October 1, 2019, through September  
36 30, 2020.

37 **SECTION 9D.18.(d)** The percentage rate to be used in calculating the base  
38 assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is one and fifty-one  
39 hundredths percent (1.51%) for the taxable year October 1, 2019, through September 30, 2020.

40 **SECTION 9D.18.(e)** The Department of Health and Human Services shall revise the  
41 supplemental payment program for eligible medical professional providers described in the  
42 Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section.  
43 This payment program shall be called the Average Commercial Rate Supplemental and Directed  
44 Payment Program. Effective October 1, 2019, the following two changes to the program shall be  
45 implemented:

- 46 (1) The program shall no longer utilize a limit on the number of eligible medical  
47 professional providers that may be reimbursed through the program, and  
48 instead shall utilize a limit on the total payments made under the program.  
49 (2) Payments under the program shall consist of two components: (i)  
50 supplemental payments that increase reimbursement to the average  
51 commercial rate under the State Plan and (ii) directed payments that increase

1 reimbursement to the average commercial rate under the managed care  
2 system.

3 **SECTION 9D.18.(f)** The limitation on total payments made under the Average  
4 Commercial Rate Supplemental and Directed Payment Program for eligible medical professional  
5 providers shall apply to the combined amount of payments made as supplemental payments under  
6 the State Plan and payments made as directed payments under the managed care system and shall  
7 be based on the amount of supplemental payments made during the 2018-2019 fiscal year as  
8 follows:

- 9 (1) For services provided during the period October 1, 2019, through June 30,  
10 2020, the total annual supplemental and directed payments made under the  
11 Average Commercial Rate Supplemental and Directed Payment Program shall  
12 not exceed seventy-five percent (75%) of the gross supplemental payments  
13 made to eligible medical providers during the 2018-2019 fiscal year.
- 14 (2) For services provided on or after July 1, 2020, the total annual supplemental  
15 and directed payments made under the Average Commercial Rate  
16 Supplemental and Directed Payment Program shall not exceed one hundred  
17 percent (100%) of the gross supplemental payments made to eligible medical  
18 providers during the 2018-2019 fiscal year, increased at the start of each State  
19 fiscal year by an inflation factor determined by the Department of Health and  
20 Human Services, Division of Health Benefits.

21 **SECTION 9D.18.(g)** Consistent with the existing supplemental payment program  
22 for eligible medical professional providers, the Department of Health and Human Services shall  
23 limit the total amount of supplemental and directed payments that may be received by the eligible  
24 providers affiliated with East Carolina University Brody School of Medicine and University of  
25 North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental  
26 payments and directed payments shall not be made for services provided in Wake County.

27 **SECTION 9D.18.(h)** The Department of Health and Human Services is not  
28 authorized to make any modifications to the supplemental payment program for eligible medical  
29 professional providers, except as authorized in subsections (e) through (g) of this section.

30 **SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100  
31 is repealed.

32 **SECTION 9D.18.(j)** Notwithstanding any provision of Section 11H.9 of S.L.  
33 2017-57 to the contrary, the State Controller shall transfer funds from the Medicaid Contingency  
34 Reserve, established by Section 12H.38 of S.L. 2014-100, to the Department of Health and  
35 Human Services, Division of Health Benefits (DHB), only upon request by the DHB as needed  
36 to cover any shortfall in receipts from the supplemental or base assessments under  
37 G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, that are anticipated  
38 in this act, and only if the following two conditions are met:

- 39 (1) The Office of State Budget and Management (OSBM) has certified that there  
40 will be a shortfall in receipts anticipated in this act from the supplemental or  
41 base assessments.
- 42 (2) OSBM has certified that the amount requested by DHB does not exceed the  
43 shortfall in receipts certified by OSBM under subdivision (1) of this  
44 subsection.

45 Upon making the request to the State Controller for the transfer of funds pursuant to  
46 this section, DHB shall notify the Fiscal Research Division and the Joint Legislative Oversight  
47 Committee on Medicaid and NC Health Choice of the request and the amount of the request. To  
48 the extent any funds are transferred under this subsection, the funds are hereby appropriated for  
49 the purpose set forth in this subsection. The authority set forth in this subsection expires June 30,  
50 2020.



1 levied by this section is not subject to franchise or income taxes imposed by Articles 3 and 4,  
2 respectively, of this Chapter.

3 (b) Tax Base. –

4 (1) Insurers. – The tax imposed by this section on an insurer or a health  
5 maintenance organization shall be measured by gross premiums from business  
6 done in this State during the preceding calendar year.

7 (2) Repealed by Session Laws 2006-196, effective for taxable years beginning on  
8 or after January 1, 2008.

9 (3) Article 65 Corporations. – The tax imposed by this section on an Article 65  
10 corporation shall be measured by gross collections from membership dues,  
11 exclusive of receipts from cost plus plans, received by the corporation during  
12 the preceding calendar year.

13 (4) Self-insurers. – The tax imposed by this section on a self-insurer shall be  
14 measured by the gross premiums that would be charged against the same or  
15 most similar industry or business, taken from the manual insurance rate then  
16 in force in this State, applied to the self-insurer's payroll for the previous  
17 calendar year as determined under Article 36 of Chapter 58 of the General  
18 Statutes modified by the self-insurer's approved experience modifier.

19 (5) Prepaid Health Plans. – The tax imposed by this section on a prepaid health  
20 plan shall be measured by gross capitation payments received by the prepaid  
21 health plan from the Department of Health and Human Services for services  
22 provided to enrollees in the State Medicaid program or NC Health Choice  
23 program in the preceding calendar year.

24 (b1) Calculation of Tax Base. – In determining the amount of gross premiums from  
25 business in this State, all gross premiums received in this State, credited to policies written or  
26 procured in this State, or derived from business written in this State shall be deemed to be for  
27 contracts covering persons, property, or risks resident or located in this State unless one of the  
28 following applies:

29 (1) The premiums are properly reported and properly allocated as being received  
30 from business done in some other nation, territory, state, or states.

31 (2) The premiums are from policies written in federal areas for persons in military  
32 service who pay premiums by assignment of service pay.

33 Gross premiums from business done in this State in the case of life insurance contracts,  
34 including supplemental contracts providing for disability benefits, accidental death benefits, or  
35 other special benefits that are not annuities, means all premiums collected in the calendar year,  
36 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited  
37 to persons, firms, or corporations resident in this State, or in the case of group policies, for  
38 contracts of insurance covering persons resident within this State. The only deductions allowed  
39 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and  
40 premiums that were paid in advance on life insurance contracts and subsequently refunded to the  
41 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been  
42 collected for the amounts as provided in the policy contracts for the time in force during the year,  
43 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or  
44 by any other means except waiver of premiums by companies under a contract for waiver of  
45 premium in case of disability.

46 Gross premiums from business done in this State in the case of prepaid health plans means  
47 all capitation payments received by a prepaid health plan from the Department of Health and  
48 Human Services for the delivery of services to enrollees in the State Medicaid program or NC  
49 Health Choice program in the calendar year. Capitation payments refunded by a prepaid health  
50 plan to the State are the only allowable deductions.

1 Gross premiums from business done in this State for all other health care plans and contracts  
2 of insurance, including contracts of insurance required to be carried by the Workers'  
3 Compensation Act, means all premiums written during the calendar year, or the equivalent  
4 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering  
5 property or risks in this State, other than for contracts of reinsurance, whether the premiums are  
6 designated as premiums, deposits, premium deposits, policy fees, membership fees, or  
7 assessments. Gross premiums shall be deemed to have been written for the amounts as provided  
8 in the policy contracts, new and renewal, becoming effective during the year irrespective of the  
9 time or method of making payment or settlement for the premiums, and with no deduction for  
10 dividends whether returned in cash or allowed in payment or reduction of premiums or for  
11 additional insurance, and without any other deduction except for return of premiums, deposits,  
12 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies.

13 (c) Exclusions. – Every insurer, in computing the premium tax, shall exclude all of the  
14 following from the gross amount of premiums, and the gross amount of excluded premiums is  
15 exempt from the tax imposed by this section:

- 16 (1) All premiums received on or after July 1, 1973, from policies or contracts  
17 issued in connection with the funding of a pension, annuity, or profit-sharing  
18 plan qualified or exempt under section 401, 403, 404, 408, 457 or 501 of the  
19 Code as defined in G.S. 105-228.90.
- 20 (2) Premiums or considerations received from annuities, as defined in  
21 G.S. 58-7-15.
- 22 (3) Funds or considerations received in connection with funding agreements, as  
23 defined in G.S. 58-7-16.
- 24 (4) The following premiums, to the extent federal law prohibits their taxation  
25 under this Article:
  - 26 a. Federal Employees Health Benefits Plan premiums.
  - 27 b. ~~Medicaid or Medicare~~ premiums.
  - 28 c. Medicaid or NC Health Choice premiums, other than capitation  
29 payments, paid by or on behalf of a Medicaid or NC Health Choice  
30 beneficiary.

31 (d) Tax Rates; Disposition. –

- 32 (1) Workers' Compensation. – The tax rate to be applied to gross premiums, or  
33 the equivalent thereof in the case of self-insurers, on contracts applicable to  
34 liabilities under the Workers' Compensation Act is two and five-tenths percent  
35 (2.5%). The net proceeds shall be credited to the General Fund.
- 36 (2) Other Insurance Contracts. – The tax rate to be applied to gross premiums on  
37 all other taxable contracts issued by insurers or health maintenance  
38 organizations and to be applied to gross premiums and gross collections from  
39 membership dues, exclusive of receipts from cost plus plans, received by  
40 Article 65 corporations is one and nine-tenths percent (1.9%). The net  
41 proceeds shall be credited to the General Fund.
- 42 (2a) Prepaid Health Plans. – The tax rate to be applied to gross premiums from  
43 capitation payments received by prepaid health plans is one and nine-tenths  
44 percent (1.9%). The net proceeds shall be credited to the General Fund.
- 45 (3) Additional Rate on Property Coverage Contracts. – An additional tax at the  
46 rate of seventy-four hundredths percent (0.74%) applies to gross premiums on  
47 insurance contracts for property coverage. The tax is imposed on ten percent  
48 (10%) of the gross premiums from insurance contracts for automobile  
49 physical damage coverage and on one hundred percent (100%) of the gross  
50 premiums from all other contracts for property coverage. Twenty percent  
51 (20%) of the net proceeds of this additional tax must be credited to the

1 Volunteer Fire Department Fund established in Article 87 of Chapter 58 of  
2 the General Statutes. Twenty percent (20%) of the net proceeds must be  
3 credited to the Department of Insurance for disbursement pursuant to  
4 G.S. 58-84-25. Up to twenty percent (20%), as determined in accordance with  
5 G.S. 58-87-10(f), must be credited to the Workers' Compensation Fund. The  
6 remaining net proceeds must be credited to the General Fund. The additional  
7 tax imposed on property coverage contracts under this subdivision is a special  
8 purpose assessment based on gross premiums and not a gross premiums tax.

9 The following definitions apply in this subdivision:

- 10 a. Automobile physical damage. – The following lines of business  
11 identified by the NAIC: private passenger automobile physical  
12 damage and commercial automobile physical damage.
- 13 b. Property coverage. – The following lines of business identified by the  
14 NAIC: fire, farm owners multiple peril, homeowners multiple peril,  
15 nonliability portion of commercial multiple peril, ocean marine, inland  
16 marine, earthquake, private passenger automobile physical damage,  
17 commercial automobile physical damage, aircraft, and boiler and  
18 machinery. The term also includes insurance contracts for wind  
19 damage.
- 20 c. NAIC. – National Association of Insurance Commissioners.
- 21 (4) Repealed by Session Laws 2006-196, effective for taxable years beginning on  
22 or after January 1, 2008.
- 23 (5) Repealed by Session Laws 2003-284, s. 43.1, effective for taxable years  
24 beginning on or after January 1, 2004.
- 25 (6) Repealed by Session Laws 2005-276, s. 38.4(a), effective for taxable years  
26 beginning on or after January 1, 2007.

27 (e) Report and Payment. – Each taxpayer doing business in this State shall, within the  
28 first 15 days of March, file with the Secretary of Revenue a full and accurate report of the total  
29 gross premiums as defined in this section, the payroll and other information required by the  
30 Secretary in the case of a self-insurer, or the total gross collections from membership dues  
31 exclusive of receipts from cost plus plans collected in this State during the preceding calendar  
32 year. The taxes imposed by this section shall be remitted to the Secretary with the report.

33 (f) Installment Payments Required. – Taxpayers that are subject to the tax imposed by  
34 this section and have a premium tax liability of ten thousand dollars (\$10,000) or more for  
35 business done in North Carolina during the immediately preceding year shall remit three equal  
36 quarterly installments with each installment equal to at least thirty-three and one-third percent  
37 (33 1/3%) of the premium tax liability incurred in the immediately preceding taxable year. The  
38 quarterly installment payments shall be made on or before April 15, June 15, and October 15 of  
39 each taxable year. The ~~company taxpayer~~ shall remit the balance by the following March 15 in  
40 the same manner provided in this section for annual returns.

41 The Secretary may permit an insurance company or prepaid health plan to pay less than the  
42 required estimated payment when the insurer or prepaid health plan reasonably believes that the  
43 total estimated payments made for the current year will exceed the total anticipated tax liability  
44 for the year.

45 An underpayment or an overpayment of an installment payment required by this subsection  
46 accrues interest in accordance with G.S. 105-241.21. An overpayment of tax shall be credited to  
47 the ~~company taxpayer~~ and applied against the taxes imposed upon the ~~company taxpayer~~ under  
48 this Article.

49 (g) Exemptions. – This section does not apply to farmers' mutual assessment fire  
50 insurance companies or to fraternal orders or societies that do not operate for a profit and do not

1 issue policies on any person except members. This section does not apply to a captive insurance  
2 company taxed under G.S. 105-228.4A."

3 **SECTION 9D.19.(d)** G.S. 58-6-25 reads as rewritten:

4 "**§ 58-6-25. Insurance regulatory charge.**

5 ...

6 (e) Definitions. – The following definitions apply in this section:

7 ...

8 (2) Insurance company. – A company or prepaid health plan that pays the gross  
9 premiums tax levied in G.S. 105-228.5 and G.S. 105-228.8.

10 ...."

11 **SECTION 9D.19.(e)** G.S. 105-259 reads as rewritten:

12 "**§ 105-259. Secrecy required of officials; penalty for violation.**

13 ...

14 (b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has  
15 access to tax information in the course of service to or employment by the State may not disclose  
16 the information to any other person except as provided in this subsection. Standards used or to  
17 be used for the selection of returns for examination and data used or to be used for determining  
18 the standards may not be disclosed for any purpose. All other tax information may be disclosed  
19 only if the disclosure is made for one of the following purposes:

20 ...

21 (49) To exchange information concerning a tax imposed by Article 8B of this  
22 Chapter with the North Carolina Department of Insurance or the North  
23 Carolina Department of Health and Human Services when the information is  
24 needed to fulfill a duty imposed on the ~~Department~~Department of Revenue.

25 ...."

26 **SECTION 9D.19.(f)** This section is effective October 1, 2019, and applies to  
27 capitation payments received by prepaid health plans on or after that date.

28  
29 **REIMBURSEMENT CHANGES FOR THE PRIMARY AFFILIATED TEACHING**  
30 **HOSPITAL FOR THE EAST CAROLINA UNIVERSITY BRODY SCHOOL OF**  
31 **MEDICINE**

32 **SECTION 9D.20.(a)** Effective July 1, 2019, the Department of Health and Human  
33 Services shall amend the Medicaid State Plan to no longer reimburse the primary affiliated  
34 teaching hospital for the East Carolina University Brody School of Medicine for all allowable  
35 costs for inpatient and outpatient services. The primary affiliated teaching hospital for the East  
36 Carolina University Brody School of Medicine shall be reimbursed in the same manner as other  
37 private hospitals under the Medicaid State Plan.

38 **SECTION 9D.20.(b)** Effective July 1, 2019, notwithstanding G.S. 108A-122(c), the  
39 primary affiliated teaching hospital for the East Carolina University Brody School of Medicine  
40 shall be subject to the equity assessment under Article 7 of Chapter 108A of the General Statutes.

41 **SECTION 9D.20.(c)** Notwithstanding G.S. 108A-140, as enacted by Section  
42 9D.18(b) of this act, the primary affiliated teaching hospital for the East Carolina University  
43 Brody School of Medicine shall be subject to the supplemental assessment under Article 7A of  
44 Chapter 108A of the General Statutes, as enacted by Section 9D.18(b) of this act.

45  
46 **PART IX-E. HEALTH SERVICE REGULATION**

47  
48 **FUNDS TO CONTINUE THE MCDOWELL COUNTY EMERGENCY MEDICAL**  
49 **SERVICES COMMUNITY PARAMEDICINE PILOT PROGRAM SITE**

50 **SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and  
51 Human Services, Division of Health Service Regulation, the sum of seventy thousand dollars

1 (\$70,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventy thousand  
2 dollars (\$70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to continue,  
3 at the McDowell County Emergency Medical Services site, the community paramedicine pilot  
4 program authorized in Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L.  
5 2016-94. The focus of this community paramedicine pilot program shall continue to be expansion  
6 of the role of paramedics to allow for community-based initiatives that result in providing care  
7 that avoids nonemergency use of emergency rooms and 911 services and avoidance of  
8 unnecessary admissions into health care facilities.

9 **SECTION 9E.1.(b)** The participation requirements, objectives, standards, and  
10 required outcomes for the pilot program shall remain the same as established pursuant to Section  
11 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

12 **SECTION 9E.1.(c)** By December 1, 2021, the Department of Health and Human  
13 Services shall submit an updated report on the community paramedicine pilot program to the  
14 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
15 Division. At a minimum, the report shall include all of the following:

- 16 (1) Any updated version of the evaluation plan required by subsection (d) of  
17 Section 12A.12 of S.L. 2015-241.
- 18 (2) An updated estimate of the cost to expand the program incrementally and  
19 statewide.
- 20 (3) An updated estimate of any potential savings of State funds associated with  
21 expansion of the program.
- 22 (4) If expansion of the program is recommended, an updated time line for  
23 expanding the program.
- 24 (5) Recommendations to make all piloted program sites fully receipt supported.

#### 25 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

26 **SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,  
27 the Department of Health and Human Services, Division of Health Service Regulation, shall not  
28 issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This  
29 prohibition shall not restrict the Department of Health and Human Services from doing any of  
30 the following:

- 31 (1) Issuing a license to a facility that is acquiring an existing special care unit.
- 32 (2) Issuing a license for a special care unit in any area of the State upon a  
33 determination by the Secretary of the Department of Health and Human  
34 Services that increased access to this type of care is necessary in that area  
35 during the moratorium imposed by this section.
- 36 (3) Processing all completed applications for special care unit licenses received  
37 by the Division of Health Service Regulation along with the applicable license  
38 fee prior to June 1, 2013.
- 39 (4) Issuing a license to a facility that was in possession of a certificate of need as  
40 of July 31, 2013, that included authorization to operate special care unit beds.

41 **SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a  
42 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
43 Research Division by March 1, 2021, containing at least the following information:

- 44 (1) The number of licensed special care units in the State.
- 45 (2) The capacity of the currently licensed special care units to serve people in  
46 need of their services.
- 47 (3) The anticipated growth in the number of people who will need the services of  
48 a licensed special care unit.
- 49

- 1 (4) The number of applications received from special care units seeking licensure  
2 as permitted by this section and the number of those applications that were not  
3 approved.  
4

5 **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE**  
6 **SERVICES**

7 **SECTION 9E.3.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,  
8 and notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3  
9 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part,  
10 the Department of Health and Human Services shall not issue any licenses for home care agencies  
11 as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does  
12 not apply to companion, sitter, or respite services and shall not restrict the Department from doing  
13 any of the following:

- 14 (1) Issuing a license to a certified home health agency as defined in  
15 G.S. 131E-176(12) that intends to offer in-home aide services.  
16 (2) Issuing a license to an agency that needs a new license for an existing home  
17 care agency being acquired.  
18 (3) Issuing a license for a new home care agency in any area of the State upon a  
19 determination by the Secretary of the Department of Health and Human  
20 Services that increased access to care is necessary in that area.

21 **SECTION 9E.3.(b)** The Department of Health and Human Services shall submit a  
22 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
23 Research Division by March 1, 2021, containing at least the following information:

- 24 (1) The number of licensed home care agencies in the State that offer in-home  
25 aide services.  
26 (2) The capacity of the currently licensed home care agencies to provide in-home  
27 aide services to people in need of their services.  
28 (3) The anticipated growth in the number of people who will need in-home aide  
29 services provided by a licensed home care agency.  
30 (4) The number of applications received from home care agencies that intend to  
31 offer in-home aide services, seeking licensure as permitted by this section, and  
32 the number of those applications that were not approved.  
33

34 **AMEND CERTIFICATE OF NEED LAWS**

35 **SECTION 9E.4.(a)** G.S. 131E-176 reads as rewritten:

36 **"§ 131E-176. Definitions.**

37 As used in this Article, unless the context clearly requires otherwise, the following terms  
38 have the meanings specified:

- 39 ...  
40 (2) "Bed capacity" means space used exclusively for inpatient ~~care, care at a~~ health service facility, including space designed or remodeled for licensed  
41 inpatient beds even though temporarily not used for such purposes. The  
42 number of beds to be counted in any patient room shall be the maximum  
43 number for which adequate square footage is provided as established by rules  
44 of the Department except that single beds in single rooms are counted even if  
45 the room contains inadequate square footage. ~~The term "bed capacity" also~~  
46 ~~refers to the number of dialysis stations in kidney disease treatment centers,~~  
47 ~~including freestanding dialysis units.~~  
48

- 49 ...  
50 (5) "Change in bed capacity" means (i) any relocation of health service facility  
51 beds, or dialysis stations beds from one licensed facility or campus to another,

- 1 or (ii) any redistribution of health service facility bed capacity among the  
 2 categories of health service facility bed as defined in G.S. 131E-176(9c), or  
 3 (iii) any increase in the number of health service facility ~~beds, or dialysis~~  
 4 ~~stations in kidney disease treatment centers, including freestanding dialysis~~  
 5 ~~units.~~beds.  
 6 ...  
 7 (9a) "Health service" means an organized, interrelated medical, diagnostic,  
 8 therapeutic, ~~and/or or rehabilitative activity activity, or any combination of~~  
 9 ~~these,~~ that is integral to the prevention of disease or the clinical management  
 10 of a sick, injured, or disabled person. "Health service" does not include  
 11 administrative and other activities that are not integral to clinical  
 12 ~~management.~~management, or any activities performed at a facility that does  
 13 not meet the definition of a health service facility.  
 14 (9b) "Health service facility" means a hospital; long-term care hospital; ~~psychiatric~~  
 15 ~~facility;~~ rehabilitation facility; nursing home facility; adult care home; ~~kidney~~  
 16 ~~disease treatment center, including freestanding hemodialysis units;~~  
 17 ~~intermediate care facility for the mentally retarded;~~ home health agency  
 18 office; ~~chemical dependency treatment facility; diagnostic center; hospice~~  
 19 office, hospice inpatient facility, and hospice residential care facility; and  
 20 ~~ambulatory surgical facility. The term "health service facility" does not~~  
 21 ~~include a licensable facility, as defined in G.S. 122C-3(14)b.~~  
 22 (9c) "Health service facility bed" means a bed licensed for use in a health service  
 23 facility in the categories of (i) acute care beds; (ii) ~~psychiatric beds;~~ (iii)  
 24 rehabilitation beds; ~~(iv)-(iii)~~ nursing home beds; ~~(v)-intermediate care beds for~~  
 25 ~~the mentally retarded;~~ (vi) chemical dependency treatment beds; ~~(vii)-(iv)~~  
 26 hospice inpatient facility beds; ~~(viii)-(v)~~ hospice residential care facility beds;  
 27 ~~(ix)-(vi)~~ adult care home beds; and ~~(x)-or (vii)~~ long-term care hospital beds.  
 28 ...  
 29 (14a) ~~"Intermediate care facility for the mentally retarded"~~ "Intermediate care  
 30 facility for individuals with intellectual disabilities" means facilities licensed  
 31 pursuant to Article 2 of Chapter 122C of the General Statutes for the purpose  
 32 of providing health and habilitative services based on the developmental  
 33 model and principles of normalization for persons with ~~mental retardation,~~  
 34 intellectual disabilities, autism, cerebral palsy, epilepsy or related conditions.  
 35 ...  
 36 (16) "New institutional health services" means any of the following:  
 37 ...  
 38 d. The offering of ~~dialysis services or~~ home health services by or on  
 39 behalf of a health service facility if those services were not offered  
 40 within the previous 12 months by or on behalf of the facility.  
 41 ...  
 42 ~~f. The conversion of a specialty ambulatory surgical program to a~~  
 43 ~~multispecialty ambulatory surgical program or the addition of a~~  
 44 ~~specialty to a specialty ambulatory surgical program.~~  
 45 ...  
 46 ~~u. The construction, development, establishment, increase in the number,~~  
 47 ~~or relocation of an operating room or gastrointestinal endoscopy room~~  
 48 ~~in a licensed health service facility, other than the relocation of an~~  
 49 ~~operating room or gastrointestinal endoscopy room within the same~~  
 50 ~~building or on the same grounds or to grounds not separated by more~~

1 than a public right of way adjacent to the grounds where the operating  
 2 room or gastrointestinal endoscopy room is currently located.  
 3 v. The change in designation, in a licensed health service facility, of an  
 4 operating room to a gastrointestinal endoscopy room or change in  
 5 designation of a gastrointestinal endoscopy room to an operating room  
 6 that results in a different number of each type of room than is reflected  
 7 on the health service facility's license in effect as of January 1, 2005.

8 ...."

9 SECTION 9E.4.(b) G.S. 131E-177 reads as rewritten:

10 "§ 131E-177. Department of Health and Human Services is designated State Health  
 11 Planning and Development Agency; powers and duties.

12 The Department of Health and Human Services is designated as the State Health Planning  
 13 and Development Agency for the State of North Carolina, and is empowered to exercise the  
 14 following powers and duties:

- 15 (1) To establish standards and criteria or plans required to carry out the provisions  
 16 and purposes of this Article and to adopt rules pursuant to Chapter 150B of  
 17 the General Statutes, to carry out the purposes and provisions of this  
 18 ~~Article;~~Article.
- 19 (2) Adopt, amend, and repeal such rules and regulations, consistent with the laws  
 20 of this State, as may be required by the federal government for grants-in-aid  
 21 for health service facilities and health planning which may be made available  
 22 by the federal government. This section shall be liberally construed in order  
 23 that the State and its citizens may benefit from such  
 24 ~~grants-in-aid;~~grants-in-aid.
- 25 (3) Define, by rule, procedures for submission of periodic reports by persons or  
 26 health service facilities subject to agency review under this ~~Article;~~Article.
- 27 (4) ~~Develop~~ With respect to health service facilities planning, all of the following:  
 28 a. Develop policy, criteria, and standards for health service facilities  
 29 planning; ~~shall conduct planning.~~  
 30 b. Conduct statewide registration and inventories of and make  
 31 determinations of need for health service facilities, health services as  
 32 specified in G.S. 131E-176(16)f., and equipment as specified in  
 33 G.S. 131E-176(16)f1., which shall include consideration of adequate  
 34 geographic location of equipment and ~~services;~~ and develop services.  
 35 c. Develop a State Medical Facilities Plan; ~~Plan, provided, however, that~~  
 36 the State Medical Facilities Plan shall not include policies or need  
 37 determinations that limit the number of operating rooms or  
 38 gastrointestinal endoscopy rooms.
- 39 (5) Implement, by rule, criteria for project ~~review;~~review.
- 40 (6) Have the power to grant, deny, or withdraw a certificate of need and to impose  
 41 such sanctions as are provided for by this ~~Article;~~Article.
- 42 (7) Solicit, accept, hold and administer on behalf of the State any grants or devises  
 43 of money, securities or property to the Department for use by the Department  
 44 in the administration of this ~~Article;~~ and Article.
- 45 (8) Repealed by Session Laws 1987, c. 511, s. 1.
- 46 (9) Collect fees for submitting applications for certificates of need.
- 47 (10) The authority to review all records in any recording medium of any person or  
 48 health service facility subject to agency review under this Article which  
 49 pertain to construction and acquisition activities, staffing or costs and charges  
 50 for patient care, including but not limited to, construction contracts,  
 51 architectural contracts, consultant contracts, purchase orders, cancelled

1 checks, accounting and financial records, debt instruments, loan and security  
2 agreements, staffing records, utilization statistics and any other records the  
3 Department deems to be reasonably necessary to determine compliance with  
4 this Article.

5 The Secretary of Health and Human Services shall have final decision-making authority with  
6 regard to all functions described in this section."

7 **SECTION 9E.4.(c)** G.S. 131E-178(a) reads as rewritten:

8 "(a) No person shall offer or develop a new institutional health service without first  
9 obtaining a certificate of need from the Department; ~~provided, however, no person who provides~~  
10 ~~gastrointestinal endoscopy procedures in one or more gastrointestinal endoscopy rooms located~~  
11 ~~in a nonlicensed setting, shall be required to obtain a certificate of need to license that setting as~~  
12 ~~an ambulatory surgical facility with the existing number of gastrointestinal endoscopy rooms,~~  
13 ~~provided that:~~

- 14 (1) ~~The license application is postmarked for delivery to the Division of Health~~  
15 ~~Service Regulation by December 31, 2006;~~  
16 (2) ~~The applicant verifies, by affidavit submitted to the Division of Health Service~~  
17 ~~Regulation within 60 days of the effective date of this act, that the facility is~~  
18 ~~in operation as of the effective date of this act or that the completed application~~  
19 ~~for the building permit for the facility was submitted by the effective date of~~  
20 ~~this act;~~  
21 (3) ~~The facility has been accredited by The Accreditation Association for~~  
22 ~~Ambulatory Health Care, The Joint Commission on Accreditation of~~  
23 ~~Healthcare Organizations, or The American Association for Accreditation of~~  
24 ~~Ambulatory Surgical Facilities by the time the license application is~~  
25 ~~postmarked for delivery to the Division of Health Service Regulation of the~~  
26 ~~Department; and~~  
27 (4) ~~The license application includes a commitment and plan for serving indigent~~  
28 ~~and medically underserved populations.~~

29 All other persons proposing to obtain a license to establish an ambulatory surgical facility for  
30 the provision of gastrointestinal endoscopy procedures shall be required to obtain a certificate of  
31 need. The annual State Medical Facilities Plan shall not include policies or need determinations  
32 that limit the number of gastrointestinal endoscopy rooms that may be approved. Department."

33 **SECTION 9E.4.(d)** G.S. 131E-181 reads as rewritten:

34 "**§ 131E-181. Nature of certificate of need.**

35 ...

36 (d) A recipient of a certificate of need shall complete the project authorized by the  
37 certificate of need within two years after the decision to issue the certificate of need becomes  
38 final. If the recipient does not complete the project authorized by the certificate of need within  
39 this two-year time period, the certificate of need for the authorized project expires the day after  
40 the two-year time period ends. A project authorized by a certificate of need is complete when the  
41 health service or the health service facility for which the certificate of need was issued is licensed  
42 and certified and is in material compliance with the representations made in the certificate of  
43 need application.

44 (e) The Department shall withdraw a certificate of need issued to any recipient that ceases  
45 operating the health service or health service facility included in that certificate of need for more  
46 than one year."

47 **SECTION 9E.4.(e)** G.S. 131E-183(a)(1) reads as rewritten:

- 48 "(1) The proposed project shall be consistent with applicable policies and need  
49 determinations in the State Medical Facilities Plan, the need determination of  
50 which constitutes a determinative limitation on the provision of any health

1 service, health service facility, health service facility beds, ~~dialysis stations,~~  
2 ~~operating rooms,~~ or home health offices that may be approved."

3 **SECTION 9E.4.(f)** G.S. 131E-184(c) reads as rewritten:

4 "(c) The Department shall exempt from certificate of need review any conversion of  
5 existing acute care beds to psychiatric ~~beds provided:~~beds.

6 (1) ~~The hospital proposing the conversion has executed a contract with the~~  
7 ~~Department's Division of Mental Health, Developmental Disabilities, and~~  
8 ~~Substance Abuse Services and/or one or more of the Area Mental Health,~~  
9 ~~Developmental Disabilities, and Substance Abuse Authorities to provide~~  
10 ~~psychiatric beds to patients referred by the contracting agency or agencies;~~  
11 ~~and~~

12 (2) ~~The total number of beds to be converted shall not be more than twice the~~  
13 ~~number of beds for which the contract pursuant to subdivision (1) of this~~  
14 ~~subsection shall provide."~~

15 **SECTION 9E.4.(g)** G.S. 131E-184(e)(1) reads as rewritten:

16 "(1) The proposed capital expenditure would:

17 a. Be used solely for the purpose of renovating, replacing on the same  
18 site, or expanding an existing:

- 19 1. Nursing home facility, or
- 20 2. Adult care home ~~facility, or~~facility; and
- 21 3. ~~Intermediate care facility for the mentally retarded; and~~

22 b. Not result in a change in bed capacity, as defined in G.S. 131E-176(5),  
23 or the addition of a health service facility or any other new institutional  
24 health service other than that allowed in G.S. 131E-176(16)b."

25 **SECTION 9E.4.(h)** G.S. 131E-184 is amended by adding new subsections to read:

26 "(i) The Department shall exempt from certificate of need review the development,  
27 acquisition, construction, expansion, or replacement of a health service facility or health service  
28 that obtained certificate of need approval prior to October 1, 2019, as an ambulatory surgical  
29 facility, including an ambulatory surgical facility with one or more operating rooms or  
30 gastrointestinal endoscopy procedure rooms; a diagnostic center; kidney disease treatment center,  
31 including freestanding dialysis units; chemical dependency treatment facility; intermediate care  
32 facility for individuals with intellectual disabilities; psychiatric hospital; or any other licensable  
33 facility, as defined in G.S. 122C-3(14)b.

34 (j) The Department shall exempt from certificate of need review the establishment of a  
35 home health agency by a continuing care retirement community licensed under Article 64 of  
36 Chapter 58 of the General Statutes to provide home health services to one or more residents of a  
37 continuing care retirement community who have entered into a contract with the continuing care  
38 retirement community to receive continuing care services with lodging. A continuing care  
39 retirement community that seeks to provide home health services to individuals who do not reside  
40 at the continuing care retirement community pursuant to a contract to receive continuing care  
41 services with lodging shall be required to obtain a certificate of need as a home health agency  
42 prior to developing or offering home health services to any individual not a resident of the  
43 continuing care retirement community under a contract to receive continuing care services with  
44 lodging. As used in this subsection, the terms "continuing care" and "lodging" are as defined in  
45 G.S. 58-64-1. Nothing in this subsection shall be construed to exempt from the State's home  
46 health agency licensure and certification requirements a continuing care retirement community  
47 that has been exempted from certificate of need review for the provision of home health services  
48 to one or more residents pursuant to this subsection."

49 **SECTION 9E.4.(i)** G.S. 131E-184(j), as enacted by this section, applies to  
50 continuing care retirement communities engaged in the direct provision of home health services  
51 on or after October 1, 2019.

1           **SECTION 9E.4.(j)** G.S. 131E-186(a) reads as rewritten:

2           "(a) Within the prescribed time limits in G.S. 131E-185, the Department shall issue a  
3 decision to "approve," "approve with conditions," or "deny," an application for a new institutional  
4 health service. ~~Approvals involving new or expanded nursing care or intermediate care for the~~  
5 ~~mentally retarded bed capacity shall include a condition that specifies the earliest possible date~~  
6 ~~the new institutional health service may be certified for participation in the Medicaid program.~~  
7 ~~The date shall be set far enough in advance to allow the Department to identify funds to pay for~~  
8 ~~care in the new or expanded facility in its existing Medicaid budget or to include these funds in~~  
9 ~~its State Medicaid budget request for the year in which Medicaid certification is expected."~~

10           **SECTION 9E.4.(k)** G.S. 131E-188 reads as rewritten:

11       **"§ 131E-188. Administrative and judicial review.**

12           (a) After a decision of the Department to issue, deny or withdraw a certificate of need or  
13 exemption or to issue a certificate of need pursuant to a settlement agreement with an applicant  
14 to the extent permitted by law, any ~~affected person, as defined in subsection (c) of this section,~~  
15 ~~shall be proponent of an application that was reviewed with the application for that certificate of~~  
16 ~~need is~~ entitled to a contested case hearing under Article 3 of Chapter 150B of the General  
17 Statutes. A petition for a contested case shall be filed within 30 days after the Department makes  
18 its decision. When a petition is filed, the Department shall send notification of the petition to the  
19 proponent of each application that was reviewed with the application for a certificate of need that  
20 is the subject of the petition. ~~Any affected person shall be entitled to intervene in a contested~~  
21 ~~case.~~

22           A contested case shall be conducted in accordance with the following timetable:

- 23           (1) An administrative law judge or a hearing officer, as appropriate, shall be  
24 assigned within 15 days after a petition is filed.
- 25           (2) The parties shall complete discovery within 90 days after the assignment of  
26 the administrative law judge or hearing officer.
- 27           (3) The hearing at which sworn testimony is taken and evidence is presented shall  
28 be held within 45 days after the end of the discovery period.
- 29           (4) The administrative law judge or hearing officer shall make a final decision  
30 within 75 days after the hearing.
- 31           (5) Repealed by Session Laws 2011-398, s. 46, as amended by Session Laws  
32 2011-326, s. 23, effective January 1, 2012, and applicable to contested cases  
33 commenced on or after that date.

34           The administrative law judge or hearing officer assigned to a case may extend the deadlines  
35 in subdivisions (2) through (4) so long as the administrative law judge or hearing officer makes  
36 a final decision in the case within 270 days after the petition is filed.

37           ...

38           (b) Any ~~affected~~ person who was a party in a contested case hearing shall be entitled to  
39 judicial review of all or any portion of any final decision in the following manner. The appeal  
40 shall be to the Court of Appeals as provided in G.S. 7A-29(a). The procedure for the appeal shall  
41 be as provided by the rules of appellate procedure. The appeal of the final decision shall be taken  
42 within 30 days of the receipt of the written notice of final decision, and notice of appeal shall be  
43 filed with the Office of Administrative Hearings and served on the Department and all other  
44 ~~affected~~ persons who were parties to the contested hearing. The Court of Appeals, in an action  
45 for judicial review brought under this section, shall award all costs of such action, including  
46 reasonable attorney's fees to the prevailing party. For the purpose of this subsection, reasonable  
47 attorney's fees include attorney's fees incurred during the administrative review portion of the  
48 contested case arising under Article 3 of Chapter 150B of the General Statutes.

49           (b1) Before filing an appeal of a final decision granting a certificate of need, the ~~affected~~  
50 ~~person~~ appellant shall deposit a bond with the Clerk of the Court of Appeals. The bond  
51 requirements of this subsection shall not apply to any appeal filed by the Department.

(1) The bond shall be secured by cash or its equivalent in an amount equal to five percent (5%) of the cost of the proposed new institutional health service that is the subject of the appeal, but may not be less than five thousand dollars (\$5,000) and may not exceed fifty thousand dollars (\$50,000); provided that the applicant who received approval of the certificate of need may petition the Court of Appeals for a higher bond amount for the payment of such costs and damages as may be awarded pursuant to subdivision (2) of this subsection. This amount shall be determined by the Court in its discretion, not to exceed ~~three hundred thousand dollars (\$300,000).~~ five hundred thousand dollars (\$500,000). A holder of a certificate of need who is appealing only a condition in the certificate is not required to file a bond under this subsection.

...

~~(e) The term "affected persons" includes: the applicant; any individual residing within the service area or the geographic area served or to be served by the applicant; any individual who regularly uses health service facilities within that geographic area or the service area; any person who provides services, similar to the services under review, to individuals residing within the service area or the geographic area proposed to be served by the applicant; any person who, prior to receipt by the agency of the proposal being reviewed, has provided written notice to the agency of an intention to provide similar services in the future to individuals residing within the service area or the geographic area to be served by the applicant; third party payers who reimburse health service facilities for services in the service area in which the project is proposed to be located; and any agency which establishes rates for health service facilities or HMOs located in the service area in which the project is proposed to be located."~~

**SECTION 9E.4.(l)** G.S. 131E-147 is amended by adding a new subsection to read:

"(f) The Department shall not issue or renew a license to operate an ambulatory surgical facility developed, acquired, or replaced on or after October 1, 2019, unless the application includes all of the following:

- (1) A commitment that the Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid surgical cases shall be at least four percent (4%) of the total revenue collected for all surgical cases performed in the facility or proposed facility.
- (2) For each year of operation, a commitment to report to the Department the total number of cases by each of the following payer categories:
  - a. Self-pay surgical cases.
  - b. Medicaid surgical cases.
  - c. Medicare surgical cases.
  - d. Commercial insurance surgical cases.
  - e. Managed care surgical cases.
  - f. Other surgical cases.
- (3) A commitment to report utilization and payment data for services provided by the ambulatory surgical facility to the statewide data processor, as required by G.S. 131E-214.2."

**SECTION 9E.4.(m)** G.S. 131E-175(11) and (12) are repealed.

**SECTION 9E.4.(n)** This section becomes effective October 1, 2019.

**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

1 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
 2 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
 3 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base  
 4 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
 5 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
 6 after July, the DMH/DD/SAS shall distribute, on the third working day of the month,  
 7 one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after  
 8 subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal  
 9 year.

10 **SECTION 9F.1.(b)** In addition to the recurring reduction for single-stream funding  
 11 required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and  
 12 Section 11F.1 of S.L. 2018-5, the DMH/DD/SAS is directed to further reduce its allocation for  
 13 single-stream funding by fifteen million dollars (\$15,000,000) in recurring funds for the  
 14 2019-2020 fiscal year and by fifteen million dollars (\$15,000,000) in recurring funds for the  
 15 2020-2021 fiscal year.

16 The DMH/DD/SAS shall allocate the combined total of the recurring reduction for  
 17 single-stream funding required by this section and the recurring reduction for single-stream  
 18 funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L.  
 19 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>
21 Alliance Behavioral Healthcare	(\$5,554,338)	(\$5,554,338)
22 Cardinal Innovations Healthcare	(\$24,998,210)	(\$24,998,210)
23 Eastpointe	(\$2,784,425)	(\$2,784,425)
24 Partners Behavioral Health Management	(\$3,253,332)	(\$3,253,332)
25 Sandhills Center	(\$2,338,367)	(\$2,338,367)
26 Trillium Health Resources	(\$6,158,214)	(\$6,158,214)
27 Vaya Health	(\$6,354,009)	(\$6,354,009)
28 Total	(\$51,440,895)	(\$51,440,895)

29  
 30 By March 1, 2020, the Secretary of Health and Human Services shall submit to the  
 31 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
 32 Division a proposal for any adjustments to the specified recurring reductions among the  
 33 LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting  
 34 any proposed changes.

35 **SECTION 9F.1.(c)** During each year of the 2019-2021 fiscal biennium, each  
 36 LME/MCO shall fund at least the same level of single-stream service utilization as during the  
 37 2014-2015 fiscal year across the LME/MCO's catchment area. This requirement shall not be  
 38 construed to require LME/MCOs to authorize or maintain the same level of services for any  
 39 specific individual whose services were paid for with single-stream funding. Further, this  
 40 requirement shall not be construed to create a private right of action for any person or entity  
 41 against the State of North Carolina or the Department of Health and Human Services or any of  
 42 its divisions, agents, or contractors and shall not be used as authority in any contested case  
 43 brought pursuant to Chapter 108C of the General Statutes or Chapter 108D of the General  
 44 Statutes.

45 **SECTION 9F.1.(d)** The Department of Health and Human Services shall develop a  
 46 maintenance of effort (MOE) spending requirement for all mental health and substance abuse  
 47 services which must be maintained using nonfederal State appropriations on an annual basis in  
 48 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the  
 49 MOE spending requirement is met using State appropriations.

50  
 51 **FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

1           **SECTION 9F.2.(a)** Use of Funds. – Of the funds appropriated to the Department of  
2 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
3 Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one  
4 thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2019-2020 fiscal  
5 year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars  
6 (\$40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase  
7 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or  
8 through local management entities/managed care organizations (LME/MCOs). The Department  
9 shall continue to implement a two-tiered system of payment for purchasing these local inpatient  
10 psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient  
11 psychiatric beds or bed days for individuals with higher acuity levels, as defined by the  
12 Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for  
13 individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day  
14 among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and  
15 Human Services, existing funds allocated to LME/MCOs for community-based mental health,  
16 developmental disabilities, and substance abuse services may be used to purchase additional local  
17 inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of  
18 local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated  
19 or otherwise available to the Department for the purchase of inpatient psychiatric services  
20 through contracts with local hospitals.

21           **SECTION 9F.2.(b)** Distribution and Management of Beds or Bed Days. – Except as  
22 provided in this subsection, the Department shall work to ensure that any local inpatient  
23 psychiatric beds or bed days purchased in accordance with this section are utilized solely for  
24 individuals who are medically indigent, as defined in this subsection. In addition, the Department  
25 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
26 with this section are distributed across the State in LME/MCO catchment areas and according to  
27 need as determined by the Department. The Department shall ensure that beds or bed days for  
28 individuals with higher acuity levels are distributed across the State in LME/MCO catchment  
29 areas and according to greatest need based on hospital bed utilization data. The Department shall  
30 enter into contracts with LME/MCOs and local hospitals for the management of these beds or  
31 bed days. The Department shall work to ensure that these contracts are awarded equitably around  
32 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric  
33 beds or bed days, including the determination of the specific local hospital or State psychiatric  
34 hospital to which an individual should be admitted pursuant to an involuntary commitment order.

35           The Department may use up to ten percent (10%) of the funds allocated in this section  
36 for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and  
37 nonhospital detoxification services for individuals in need of these services, regardless if the  
38 individuals are medically indigent, defined as uninsured persons who (i) are financially unable  
39 to obtain private insurance coverage as determined by the Department and (ii) are not eligible for  
40 government-funded health coverage such as Medicare or Medicaid.

41           **SECTION 9F.2.(c)** Funds to Be Held in Statewide Reserve. – Funds appropriated to  
42 the Department for the purchase of local inpatient psychiatric beds or bed days shall not be  
43 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
44 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
45 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
46 for payment to the Department within 15 working days after receipt of a clean claim from the  
47 hospital and shall pay the hospital within 30 working days after receipt of payment from the  
48 Department.

49           **SECTION 9F.2.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
50 the Department determines that (i) an LME/MCO is not effectively managing the beds or bed  
51 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not

1 being utilized while demand for services at the State psychiatric hospitals has not decreased, or  
2 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of  
3 this section, the Department may contract with another LME/MCO to manage the beds or bed  
4 days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

5 **SECTION 9F.2.(e)** Reporting by LME/MCOs. – The Department shall establish  
6 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

7 **SECTION 9F.2.(f)** Reporting by Department. – By no later than December 1, 2020,  
8 and by no later than December 1, 2021, the Department shall report to the Joint Legislative  
9 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of  
10 the following:

- 11 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
12 year from (i) funds appropriated in this act that are designated for this purpose  
13 in subsection (a) of this section, (ii) existing State appropriations, and (iii)  
14 local funds.
- 15 (2) An explanation of the process used by the Department to ensure that, except  
16 as otherwise provided in subsection (a) of this section, local inpatient  
17 psychiatric beds or bed days purchased in accordance with this section are  
18 utilized solely for individuals who are medically indigent, along with the  
19 number of medically indigent individuals served by the purchase of these beds  
20 or bed days.
- 21 (3) The amount of funds used to pay for facility-based crisis services, along with  
22 the number of individuals who received these services and the outcomes for  
23 each individual.
- 24 (4) The amount of funds used to pay for nonhospital detoxification services, along  
25 with the number of individuals who received these services and the outcomes  
26 for each individual.
- 27 (5) Other Department initiatives funded by State appropriations to reduce State  
28 psychiatric hospital use.

### 30 **TRAUMATIC BRAIN INJURY FUNDING**

31 **SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health  
32 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
33 Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred  
34 seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2019-2020  
35 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars  
36 (\$2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support  
37 TBI services as follows:

- 38 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars  
39 (\$359,218) shall be used to fund contracts with the Brain Injury Association  
40 of North Carolina, Carolinas Rehabilitation, or appropriate service providers  
41 to assist families in accessing the continuum of care and to provide  
42 educational programs on brain injury prevention, intervention, and care.
- 43 (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars  
44 (\$2,013,868) shall be used to provide services and supports, established by the  
45 Division of Mental Health, Developmental Disabilities, and Substance Abuse  
46 Services in its operating processes, including residential, day program,  
47 transportation, respite, and home modification, to individuals with TBI  
48 statewide.

### 50 **ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM**

1           **SECTION 9F.3A.(a)** Of the funds appropriated in this act to the Department of  
2 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
3 Substance Abuse Services, the sum of three hundred thousand dollars (\$300,000) in nonrecurring  
4 funds for the 2019-2020 fiscal year shall be used to continue the adult and pediatric traumatic  
5 brain injury pilot program, as authorized by Section 11F.9 of S.L. 2017-57, as amended by  
6 Section 3.3 of S.L. 2017-212.

7           **SECTION 9F.3A.(b)** By April 1, 2020, the Department of Health and Human  
8 Services shall submit a report on the pilot program authorized by Section 11F.9 of S.L. 2017-57,  
9 as amended by Section 3.3 of S.L. 2017-212, to the Joint Legislative Oversight Committee on  
10 Health and Human Services and the Fiscal Research Division. At a minimum, the report shall  
11 include all of the following:

- 12           (1) The number and outcome of patients served at each program site, broken down  
13           by patient age and county of origin.
- 14           (2) A breakdown of expenditures at each program site by type of service.
- 15           (3) An estimate of the cost to expand the program incrementally and statewide.
- 16           (4) An estimate of any potential savings of State funds associated with expansion  
17           of the program.
- 18           (5) If expansion of the program is recommended, a time line for expanding the  
19           program.

## 20 21 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

22           **SECTION 9F.4.** Any funds allocated to the Department of Health and Human  
23 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
24 from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to  
25 Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not  
26 expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property  
27 Fund.

## 28 29 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR SUBSTANCE ABUSE** 30 **TREATMENT FACILITY**

31           **SECTION 9F.4A.** Of the funds appropriated from the Dorothea Dix Hospital  
32 Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human  
33 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
34 for the 2019-2020 fiscal year, the sum of five hundred thousand dollars (\$500,000) in  
35 nonrecurring funds shall be used to pay for the completion of the construction of the Residential  
36 Treatment Center for Women operated by The Samaritan Colony, Inc., in Richmond County.

## 37 38 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR TREATMENT AND** 39 **RECOVERY SERVICES**

40           **SECTION 9F.4B.** Of the funds appropriated from the Dorothea Dix Hospital  
41 Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human  
42 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
43 for the 2019-2020 fiscal year, the sum of six hundred thousand dollars (\$600,000) in nonrecurring  
44 funds shall be provided to Bridge to Recovery, Inc., a nonprofit corporation in Monroe, North  
45 Carolina. Bridge to Recovery, Inc., shall not use these funds for any purpose other than to provide  
46 treatment and recovery services to individuals with substance use disorders.

## 47 48 **FUNDS FOR NEW BROUGHTON HOSPITAL**

49           **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health  
50 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
51 Abuse Services, for the 2020-2021 fiscal year, the sum of four million nine hundred thousand

1 dollars (\$4,900,000) in recurring funds shall be used for new staffing and operational support,  
2 including utilities, maintenance costs, and other physical plant operating costs to open new  
3 Psychiatric Intensive Care Unit beds in the new Broughton Hospital.  
4

#### 5 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

6 **SECTION 9F.6.(a)** As used in this section, "group home" means any facility that (i)  
7 is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised  
8 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves  
9 adults whose primary diagnosis is mental illness or a developmental disability but may also have  
10 other diagnoses.

11 **SECTION 9F.6.(b)** Of the funds appropriated in this act to the Department of Health  
12 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
13 Abuse Services, the sum of one million eight hundred thousand dollars (\$1,800,000) in  
14 nonrecurring funds for each year of the 2019-2021 fiscal biennium shall be used to provide  
15 temporary, short-term financial assistance in the form of a monthly payment to group homes on  
16 behalf of each resident who meets all of the following criteria:

- 17 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
18 January 1, 2013, but was determined to be ineligible for PCS on or after  
19 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria  
20 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of  
21 S.L. 2012-145 and Section 70 of S.L. 2012-194.
- 22 (2) Has continuously resided in a group home since December 31, 2012.

23 **SECTION 9F.6.(c)** These monthly payments shall be subject to all of the following  
24 requirements and limitations:

- 25 (1) The amount of the monthly payments authorized by this section shall not  
26 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
27 for each resident who meets all criteria specified in subsection (b) of this  
28 section.
- 29 (2) A group home that receives the monthly payments authorized by this section  
30 shall not, under any circumstances, use these payments for any purpose other  
31 than providing, as necessary, supervision and medication management for a  
32 resident who meets all criteria specified in subsection (b) of this section.
- 33 (3) The Department shall make monthly payments authorized by this section to a  
34 group home on behalf of each resident who meets all criteria specified in  
35 subsection (b) of this section only for the period commencing July 1, 2019,  
36 and ending June 30, 2021, or upon depletion of the one million eight hundred  
37 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
38 to the Division of Mental Health, Developmental Disabilities, and Substance  
39 Abuse Services, for supplemental short-term assistance for group homes, for  
40 each year of the 2019-2021 fiscal biennium for the purpose of this section,  
41 whichever is earlier.
- 42 (4) The Department shall make monthly payments authorized by this section only  
43 to the extent sufficient funds are available from the one million eight hundred  
44 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
45 to the Division of Mental Health, Developmental Disabilities, and Substance  
46 Abuse Services, for supplemental short-term assistance for group homes, for  
47 each year of the 2019-2021 fiscal biennium for the purpose of this section.
- 48 (5) The Department shall not make monthly payments authorized by this section  
49 to a group home on behalf of a resident during the pendency of an appeal by  
50 or on behalf of the resident under G.S. 108A-70.9A.

1 (6) The Department shall terminate all monthly payments pursuant to this section  
2 on June 30, 2021, or upon depletion of the one million eight hundred thousand  
3 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to the  
4 Division of Mental Health, Developmental Disabilities, and Substance Abuse  
5 Services, for supplemental short-term assistance for group homes, for each  
6 year of the 2019-2021 fiscal biennium for the purpose of this section,  
7 whichever is earlier.

8 (7) Each group home that receives the monthly payments authorized by this  
9 section shall submit to the Department a list of all funding sources for the  
10 operational costs of the group home for the preceding two years, in accordance  
11 with the schedule and format prescribed by the Department.

12 **SECTION 9F.6.(d)** The Department shall use an existing mechanism to administer  
13 these funds in the least restrictive manner that ensures compliance with this section and timely  
14 and accurate payments to group homes. The Department shall not, under any circumstances, use  
15 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds  
16 appropriated in this act to the Division of Mental Health, Developmental Disabilities, and  
17 Substance Abuse Services, for supplemental short-term assistance for group homes, for each year  
18 of the 2019-2021 fiscal biennium for any other purpose than the purpose specified in this section.

19 **SECTION 9F.6.(e)** Nothing in this section shall be construed as an obligation by the  
20 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by  
21 any group home, resident of a group home, or other person to receive temporary, short-term  
22 financial assistance under this section.

23 **SECTION 9F.6.(f)** This section expires June 30, 2021.  
24

## 25 **REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND** 26 **SUBSTANCE USE DISORDER TREATMENT SERVICES**

27 **SECTION 9F.8.** The Department of Health and Human Services, Division of Mental  
28 Health, Developmental Disabilities, and Substance Abuse Services, shall report annually,  
29 beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the  
30 use of funds to purchase inpatient alcohol and substance use disorder treatment services required  
31 by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report  
32 shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services  
33 and the Fiscal Research Division with the following information for the prior fiscal year and the  
34 two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- 35 (1) The number of beds in operation.  
36 (2) The number of bed days.  
37 (3) The total amount of receipts, the amount of those receipts that were received  
38 from local management entities/managed care organizations, and the amount  
39 of those receipts that were received from all other sources.  
40 (4) Cost of operation of the ADATC, with personnel and staffing costs reported  
41 separately from all other costs.  
42 (5) The ADATC's profit or loss.  
43

## 44 **FUNDS FOR OVERDOSE MEDICATIONS**

45 **SECTION 9F.9.** Of the funds appropriated in this act to the Department of Health  
46 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
47 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each  
48 fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as  
49 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 50 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
51 the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to

1 be distributed at no charge to the North Carolina Harm Reduction Coalition  
2 to serve individuals at risk of experiencing an opioid-related drug overdose or  
3 to the friends and family members of an at-risk individual.

- 4 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the  
5 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be  
6 distributed at no charge to North Carolina law enforcement agencies.  
7

#### 8 **FUNDS FOR VAYA HEALTH TO EXPAND FACILITY-BASED CRISIS SERVICES**

9 **SECTION 9F.10.(a)** Funds appropriated in S.L. 2018-5 to the Department of Health  
10 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
11 Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a  
12 facility-based crisis center in Wilkes County, shall not revert, but shall be expended or  
13 encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than  
14 the purpose stated in Section 11F.5 of S.L. 2018-5.

15 **SECTION 9F.10.(b)** This section becomes effective June 30, 2019, and applies to  
16 funds not obligated on that date.  
17

#### 18 **FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR** 19 **INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL** 20 **DISABILITIES, OR DEVELOPMENTAL DISABILITIES**

21 **SECTION 9F.11.** Of the funds appropriated in this act to the Department of Health  
22 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
23 Abuse Services, the sum of one hundred twenty-five thousand dollars (\$125,000) in recurring  
24 funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North  
25 Carolina Association of People Supporting Employment First (NC APSE) to develop and  
26 implement training programs for the Department, including online training modules, on the  
27 provision of evidence-based supported employment services for individuals in targeted  
28 populations, in order to assist these individuals with preparation for, identification of, and  
29 maintenance of integrated, paid, competitive employment. The Department shall make these  
30 training programs available throughout the State to (i) employers that have hired or are willing  
31 to hire individuals in targeted populations, (ii) service providers of local management  
32 entities/managed care organizations, and (iii) any other entity the Department determines will  
33 benefit from receiving this training in order to achieve improved employment outcomes for  
34 individuals in targeted populations. As used in this section, "individuals in targeted populations"  
35 means individuals with serious mental illness who are in or at risk of entry to an adult care home  
36 and individuals with intellectual disabilities, developmental disabilities, or both.  
37

#### 38 **YOUTH TOBACCO ENFORCEMENT FUNDING**

39 **SECTION 9F.12.** Of the funds appropriated in this act to the Department of Health  
40 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
41 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each  
42 year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement  
43 Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of  
44 statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).  
45

#### 46 **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT** 47 **PROGRAM FUNDING**

48 **SECTION 9F.16.(a)** Of the funds appropriated to the Department of Health and  
49 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
50 Services (Division), the sum of five hundred thousand dollars (\$500,000) for each year of the  
51 2019-2021 fiscal biennium allocated in Section 9K.1 of this act in Substance Abuse Prevention

1 and Treatment Block Grant funds for Substance Abuse Services – Treatment for Children/Adults  
2 shall be allocated and used to fund the continuation of the medication-assisted opioid use disorder  
3 treatment pilot program as authorized by Section 12F.1 of S.L. 2016-94, as amended by Section  
4 3.1 of S.L. 2017-212.

5 **SECTION 9F.16.(b)** Section 12F.1(g) of S.L. 2016-94, as amended by Section 3.1  
6 of S.L. 2017-212, reads as rewritten:

7 "**SECTION 12F.1.(g)** Evaluation of Pilot Program. – By ~~November 1, 2020, March 1, 2021,~~  
8 the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health  
9 and Human Services a comprehensive evaluation of the effectiveness of this pilot program in  
10 addressing North Carolina's growing opioid addiction and overdose crisis. The Department may  
11 contract with an institution of higher education or other qualified entity with expertise in  
12 evaluating programs similar to the pilot program authorized by this section. The comprehensive  
13 evaluation shall include whether this pilot program was successful as measured by at least all of  
14 the following:

- 15 (1) The total number of program participants who successfully transitioned to  
16 opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12  
17 months, and 18 months.
- 18 (2) A cost-benefit analysis of the pilot program."  
19

## 20 **PART IX-G. PUBLIC HEALTH**

### 21 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 22 **IMPROVE MATERNAL AND CHILD HEALTH**

23 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and  
24 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to  
25 award competitive grants to local health departments for the improvement of maternal and child  
26 health shall be used to continue administering a competitive grant process for local health  
27 departments based on maternal and infant health indicators and the county's detailed proposal to  
28 invest in evidence-based programs to achieve the following goals:

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

32 **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall  
33 include at least all of the following components:

- 34 (1) A request for application (RFA) process to allow local health departments to  
35 apply for and receive State funds on a competitive basis. The Department shall  
36 require local health departments to include in the application a plan to evaluate  
37 the effectiveness, including measurable impact or outcomes, of the activities,  
38 services, and programs for which the funds are being requested.
- 39 (2) A requirement that the Secretary prioritize grant awards to those local health  
40 departments that are able to leverage non-State funds in addition to the grant  
41 award.
- 42 (3) Ensures that funds received by the Department to implement the plan  
43 supplement and do not supplant existing funds for maternal and child health  
44 initiatives.
- 45 (4) Allows grants to be awarded to local health departments for up to two years.

46 **SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
47 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
48 recipients for the respective grant period pursuant to the amounts designated under subsection  
49 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint  
50

1 Legislative Oversight Committee on Health and Human Services on the grant awards that  
2 includes at least all of the following:

- 3 (1) The identity and a brief description of each grantee and each program or  
4 initiative offered by the grantee.
- 5 (2) The amount of funding awarded to each grantee.
- 6 (3) The number of persons served by each grantee, broken down by program or  
7 initiative.

8 **SECTION 9G.1(d)** No later than December 1 of each fiscal year, each local health  
9 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
10 the Division of Central Management and Support a written report of all activities funded by State  
11 appropriations. The report shall include the following information about the fiscal year preceding  
12 the year in which the report is due:

- 13 (1) A description of the types of programs, services, and activities funded by State  
14 appropriations.
- 15 (2) Statistical and demographical information on the number of persons served by  
16 these programs, services, and activities, including the counties in which  
17 services are provided.
- 18 (3) Outcome measures that demonstrate the impact and effectiveness of the  
19 programs, services, and activities based on the evaluation protocols developed  
20 by the Division, in collaboration with the University of North Carolina  
21 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
22 2015-241, and reported to the Joint Legislative Oversight Committee on  
23 Health and Human Services on April 1, 2016.
- 24 (4) A detailed program budget and list of expenditures, including all positions  
25 funded, matching expenditures, and funding sources.

#### 26 **LIMITATION ON USE OF STATE FUNDS**

27 **SECTION 9G.3.** The limitation on the use of State funds as stated in Section 12E.13  
28 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and  
29 Human Services for each fiscal year of the 2019-2021 fiscal biennium.  
30

#### 31 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG 32 ASSISTANCE PROGRAM**

33 **SECTION 9G.4.** Upon a determination by the Department of Health and Human  
34 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
35 operate the health insurance premium assistance program implemented within the North Carolina  
36 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
37 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
38 Committee on Health and Human Services notifying the Committee of this determination along  
39 with supporting documentation and a proposed course of action with respect to health insurance  
40 premium assistance program participants.  
41

#### 42 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

43 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health  
44 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina  
45 Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the  
46 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for  
47 administrative purposes. The balance of these funds shall be used for direct services.  
48

#### 49 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

1           **SECTION 9G.5A.** Of the funds appropriated in this act to the Department of Health  
2 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Mountain  
3 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the  
4 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for  
5 administrative purposes. The balance of these funds shall be used for direct services.  
6

7           **CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR**  
8           **DURABLE MEDICAL EQUIPMENT AND TRAINING**

9           **SECTION 9G.6.(a)** Funds appropriated to the Department of Health and Human  
10 Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina  
11 Pregnancy Care Fellowship, a nonprofit corporation, shall not revert, but shall remain available  
12 until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care Fellowship shall use  
13 these funds to provide grants to clinics that apply to the Carolina Pregnancy Care Fellowship for  
14 durable medical equipment, training, or a combination of both, without any limitation on how  
15 much of the funds carried forward may be expended for durable medical equipment or training.  
16 Carolina Pregnancy Care Fellowship shall not use more than ten percent (10%) of the funds  
17 carried forward from the 2018-2019 fiscal year for administrative purposes.

18           **SECTION 9G.6.(b)** This section becomes effective June 30, 2019.  
19

20           **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

21           **SECTION 9G.7.(a)** Of the funds appropriated in this act to the Department of Health  
22 and Human Services, Division of Public Health, the sum of one million two hundred thousand  
23 dollars (\$1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one  
24 million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2020-2021  
25 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and  
26 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in  
27 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
28 only.

29           **SECTION 9G.7.(b)** The Human Coalition shall use funds allocated pursuant to  
30 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
31 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of  
32 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to  
33 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting  
34 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum  
35 of care program shall consist of existing locations of the pilot program authorized by Section  
36 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human  
37 Coalition. All providers rendering services under the statewide program for which they are  
38 compensated with funds allocated pursuant to subsection (a) of this section shall be physically  
39 located in the State of North Carolina. The statewide continuum of care program shall provide  
40 direct services, supports, social services case management, and referrals to biological parents of  
41 unborn children and biological or adoptive parents of children under the age of two, and shall  
42 consist of at least all of the following components:

- 43           (1) Outreach to at-risk populations eligible for the program.  
44           (2) The use of licensed nurses to perform the following functions:  
45               a. Assessment and evaluation of needs related to pregnancy or parenting.  
46               b. Provision of medically accurate, pregnancy-related medical  
47               information to program participants.  
48           (3) The use of licensed social workers, or other individuals of equivalent  
49           experience, to perform the following functions:  
50               a. Development of a care plan, resources, and supports for program  
51               participants to address identified needs.

- b. Referrals to appropriate local resources, including State and federal benefits programs and local charitable organizations.
- c. Assistance in applying for State and federal benefits programs.
- d. Assistance in accomplishing elements of the care plan.

**SECTION 9G.7.(c)** In order to be eligible to receive services under the statewide continuum of care program, an individual shall, at the time of initial contact with the program, be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological or adoptive parent of a child under the age of two. Participants of the pilot program authorized under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible to continue to receive continuum of care program services for a period of six months from the date of termination of pregnancy.

**SECTION 9G.7.(d)** The Human Coalition may use up to ten percent (10%) of the funds allocated for each year of the 2019-2021 fiscal biennium for administrative purposes.

**SECTION 9G.7.(e)** By December 1, 2019, and every six months thereafter, the Human Coalition shall report to the Department of Health and Human Services on the status and operation of the continuum of care program authorized by subsection (b) of this section. The report shall include at least all of the following:

- (1) A detailed breakdown of expenditures for the program.
- (2) The number of individuals served by the program, and for the individuals served, the types of services provided to each.
- (3) Any other information requested by the Department of Health and Human Services as necessary for evaluating the success of the program.

**SECTION 9G.7.(f)** By April 1, 2020, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status and operation of the continuum of care program.

**SECTION 9G.7.(g)** Section 11E.13(f) of S.L. 2017-57 is repealed.

## **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

## **PART IX-I. SOCIAL SERVICES**

### **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT STATE-COUNTY SPECIAL ASSISTANCE**

**SECTION 9I.1.(a)** The following definitions apply in this section:

- (1) Facility licensed to accept State-County Special Assistance payments or facility. – Any residential care facility that is (i) licensed by the Department of Health and Human Services and (ii) authorized to accept State-County Special Assistance payments from its residents.
- (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

**SECTION 9I.1.(b)** Nonrecurring funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall be used to provide temporary financial assistance in the form of a monthly payment to these facilities on behalf of each resident who is a recipient of State-County Special Assistance. The counties shall pay to the State fifty percent (50%) of the cost of providing these monthly payments to these facilities. The monthly payments provided by DSS to these facilities shall be subject to all of the following requirements and limitations:

- (1) The amount of the monthly payments authorized by this section is as follows:
  - a. For the 2019-2020 fiscal year, an amount equal to thirty-four dollars (\$34.00) per month for each resident of the facility as of the first day of the month who is a recipient of State-County Special Assistance.

- 1                   b.       For the 2020-2021 fiscal year, an amount equal to seventy dollars  
2                                   (\$70.00) per month for each resident of the facility as of the first day  
3                                   of the month who is a recipient of State-County Special Assistance.
- 4           (2)     A facility that receives the monthly payments authorized by this section shall  
5                   not, under any circumstances, use these payments for any purpose other than  
6                   to offset the cost of serving residents who are recipients of State-County  
7                   Special Assistance.
- 8           (3)     The DSS shall make monthly payments authorized by this section to a facility  
9                   on behalf of a resident only for the period commencing July 1, 2019, and  
10                   ending June 30, 2021.
- 11           (4)     The DSS shall make monthly payments authorized by this section only to the  
12                   extent sufficient State and county funds allocated to the DSS for each year of  
13                   the 2019-2021 fiscal biennium are available for this purpose.
- 14           (5)     The DSS shall not make monthly payments authorized by this section to a  
15                   facility on behalf of a resident whose eligibility determination for  
16                   State-County Special Assistance is pending.
- 17           (6)     The DSS shall terminate all monthly payments pursuant to this section on the  
18                   earlier of the following:
- 19                   a.       June 30, 2021.
- 20                   b.       Upon depletion of the State and county funds allocated to the DSS for  
21                                   each year of the 2019-2021 fiscal year for this purpose.

22                   **SECTION 9I.1.(c)** Notwithstanding any provision of this act or any other provision  
23                   of law to the contrary, the DSS shall not be required to provide any temporary financial assistance  
24                   to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to  
25                   the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

26                   **SECTION 9I.1.(d)** If possible, the DSS shall use an existing mechanism to  
27                   administer these funds in the least restrictive manner that ensures compliance with this section  
28                   and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use  
29                   any portion of the State and county funds allocated to the DSS for each year of the 2019-2021  
30                   fiscal biennium for the purpose of this section for any other purpose.

31                   **SECTION 9I.1.(e)** Of the funds appropriated in this act to the DSS for each year of  
32                   the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance  
33                   payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in  
34                   nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

35                   **SECTION 9I.1.(f)** 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 facility, resident of a facility, or other person to receive temporary financial assistance under  
38                   this section.

39                   **SECTION 9I.1.(g)** This section expires on June 30, 2021.

#### 40 **TANF BENEFIT IMPLEMENTATION**

41                   **SECTION 9I.2.(a)** Beginning October 1, 2019, the General Assembly approves the  
42                   plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022,"  
43                   prepared by the Department of Health and Human Services and presented to the General  
44                   Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the  
45                   period October 1, 2019, through September 30, 2022. The Department shall submit the State  
46                   Plan, as revised in accordance with subsection (b) of this section, to the United States Department  
47                   of Health and Human Services.

48                   **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North  
49                   Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by  
50                   this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.  
51

1           **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an  
2 Electing County or to be redesignated as an Electing County and the accompanying county plan  
3 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing  
4 County budget requirements effective July 1, 2019. For programmatic purposes, all counties  
5 referred to in this subsection shall remain under their current county designation through  
6 September 30, 2022.

7           **SECTION 9I.2.(d)** For each year of the 2019-2021 fiscal biennium, Electing  
8 Counties shall be held harmless to their Work First Family Assistance allocations for the  
9 2018-2019 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
10 and Work First Diversion Assistance are sufficient for payments made by the Department on  
11 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

12           **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family  
13 Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021  
14 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
15 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
16 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
17 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
18 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
19 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
20 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
21 Oversight Committee on Health and Human Services and the Fiscal Research Division.  
22

## 23 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE** 24 **ENHANCEMENTS**

25           **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
26 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
27 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
28 risk of removal from the home and to children and families in cases of abuse where a child is not  
29 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
30 The IFPS shall ensure the application of standardized assessment criteria for determining  
31 imminent risk and clear criteria for determining out-of-home placement.

32           **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that  
33 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
34 provide information and data that allows for the following:

- 35           (1) An established follow-up system with a minimum of six months of follow-up  
36 services.
- 37           (2) Detailed information on the specific interventions applied, including  
38 utilization indicators and performance measurement.
- 39           (3) Cost-benefit data.
- 40           (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
41 by tracking families through the intervention process.
- 42           (5) The number of families remaining intact and the associated interventions  
43 while in IFPS and 12 months thereafter.
- 44           (6) The number and percentage, by race, of children who received IFPS compared  
45 to the ratio of their distribution in the general population involved with Child  
46 Protective Services.

47           **SECTION 9I.3.(c)** The Department shall continue implementing a  
48 performance-based funding protocol and shall only provide funding to those programs and  
49 entities providing the required information specified in subsection (b) of this section. The amount  
50 of funding shall be based on the individual performance of each program.  
51

**CHILD CARING INSTITUTIONS**

**SECTION 9I.4.** Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

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

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

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

**SECTION 9I.6.(a)** Funds appropriated from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

**SECTION 9I.6.(b)** Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

**SECTION 9I.6.(c)** Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for each year of the 2019-2021 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

**SECTION 9I.6.(d)** Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

**FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

**SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

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

**SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

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

**SECTION 91.7.(c)** Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

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

**SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

**FINAL REPORT/CHILD WELFARE SYSTEM CHANGES**

**SECTION 91.8.(a)** Federal Improvement Plan Implementation/Report. – The Department of Health and Human Services, Division of Social Services (Division), shall continue

1 implementing the requirements of the federal Program Improvement Plan to bring our State into  
2 compliance with national standards for child welfare policy and practices. The Division shall  
3 notify the Joint Legislative Oversight Committee on Health and Human Services (Committee)  
4 and the Fiscal Research Division within 30 days of complete implementation of the Program  
5 Improvement Plan. The Division shall submit a final report to the Committee on the  
6 implementation and outcomes of the Program Improvement Plan no later than 90 days after  
7 implementation is complete.

8 **SECTION 91.8.(b)** Child Welfare/NC FAST/Report. – The Division shall notify the  
9 Joint Legislative Oversight Committee on Health and Human Services (Committee) and the  
10 Fiscal Research Division within 30 days of complete implementation of the child welfare  
11 component of the North Carolina Families Accessing Services Through Technology (NC FAST)  
12 system. The Division shall then submit a final report to the Committee on the implementation  
13 and outcomes of the child welfare component of the NC FAST system no later than 90 days after  
14 implementation is complete.

15  
16 **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE**  
17 **SENIORS**

18 **SECTION 91.9.(a)** The Department of Health and Human Services, Division of  
19 Social Services (Division), shall continue implementing an evidence-based pilot program to  
20 increase access to public benefits for seniors aged 65 and older who are dually enrolled in  
21 Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce  
22 health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes  
23 of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled  
24 in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have  
25 demonstrated experience in assisting with these types of services and the partnership shall  
26 accomplish each of the following:

- 27 (1) Identify, through data sharing, dual eligible seniors aged 65 and older who  
28 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but  
29 are not currently enrolled.
- 30 (2) Conduct an outreach program toward those seniors for the purpose of  
31 enrolling them into SNAP.
- 32 (3) Provide comprehensive application assistance through outreach specialists to  
33 complete public benefits application processes.
- 34 (4) Evaluate project effectiveness and explore how data can be utilized to achieve  
35 optimal outcomes.
- 36 (5) Make recommendations regarding policy options available to the State to  
37 streamline access to benefits.

38 **SECTION 91.9.(b)** The Division shall report to the Office of the Governor and the  
39 Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot  
40 program by February 1 following each year the pilot program is in place. The report shall, at a  
41 minimum, include the following:

- 42 (1) The number of seniors age 65 and older who are dual eligibles but are not  
43 enrolled in SNAP.
- 44 (2) The number of those identified that would be included in the sample  
45 population.
- 46 (3) Methods of outreach toward those seniors in the sample population.
- 47 (4) Number of to date enrollments in SNAP as a direct result of outreach during  
48 the pilot program.
- 49 (5) Participation rate to date in SNAP of those seniors in the sample population.
- 50 (6) Any other findings the Division deems relevant.

1           **SECTION 9I.9.(c)** If funding and capacity exist, the Division of Social Services may  
2 expand the pilot program to include other public benefits programs.  
3

#### 4 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

5           **SECTION 9I.10.** The Foster Care Transitional Living Initiative Fund shall continue  
6 to fund and support transitional living services that demonstrate positive outcomes for youth,  
7 attract significant private sector funding, and lead to the development of evidence-based  
8 programs to serve the at-risk population described in this section. The Fund shall continue to  
9 support a demonstration project with services provided by Youth Villages to (i) improve  
10 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
11 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
12 juvenile and adult correction services associated with the provision of Transitional Living  
13 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
14 evidence-based transitional living program available to all youth aging out of foster care. In  
15 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
16 support the following strategies:

- 17           (1) Transitional Living Services, which is an outcome-based program that follows  
18 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
19 participants have been tracked since the program's inception. The program has  
20 been evaluated through an independent Randomized Controlled Trial. Results  
21 indicate that the Youth Villages Transitional Living Model had positive  
22 impacts in a variety of areas, including housing stability, earnings, economic  
23 hardship, mental health, and intimate partner violence in comparison to the  
24 control population.
- 25           (2) Public-Private Partnership, which is a commitment by private-sector funding  
26 partners to match at least twenty-five percent (25%) of the funds appropriated  
27 to the Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal  
28 biennium for the purposes of providing Transitional Living Services through  
29 the Youth Villages Transitional Living Model to youth aging out of foster  
30 care.
- 31           (3) Impact Measurement and Evaluation, which are services funded through  
32 private partners to provide independent measurement and evaluation of the  
33 impact the Youth Villages Transitional Living Model has on the youth served,  
34 the foster care system, and on other programs and services provided by the  
35 State which are utilized by former foster care youth.
- 36           (4) Advancement of Evidence-Based Process, which is the implementation and  
37 ongoing evaluation of the Youth Villages Transitional Living Model for the  
38 purposes of establishing the first evidence-based transitional living program  
39 in the nation. To establish the evidence-based program, additional randomized  
40 controlled trials may be conducted to advance the model.

#### 41 42 **FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF** 43 **CHEROKEE INDIANS ASSUMPTION OF SERVICES**

44           **SECTION 9I.11.** The Department of Health and Human Services, Division of Social  
45 Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and  
46 Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians  
47 as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of  
48 S.L. 2016-94, when implementation is complete.  
49

#### 50 **CHILD ADVOCACY CENTER FUNDING**

1           **SECTION 9I.12.** Of the funds appropriated in this act to the Department of Health  
2 and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium  
3 for child advocacy centers, allocations shall be made as follows:

- 4           (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center  
5           in good standing with Children's Advocacy Centers of North Carolina, Inc.
- 6           (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of  
7           North Carolina, Inc., for its operations.

#### 8 9 **ENHANCE PERMANENCY INNOVATION INITIATIVE**

10           **SECTION 9I.13.(a)** G.S. 131D-10.9B(a) reads as rewritten:

11           "(a) There is created the Permanency Innovation Initiative Fund that will support a  
12 demonstration project with services provided by Children's Home Society of North Carolina to  
13 (i) improve permanency outcomes for children living in foster care through reunification with  
14 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve  
15 engagement with biological relatives of children in or at risk of entering foster care, and (iii)  
16 reduce costs associated with maintaining children in foster care. In implementing these goals, the  
17 Permanency Innovation Initiative Fund shall support the following strategies:

- 18           ...
- 19           (3) Permanency Training Services, which are services delivered by Children's  
20 Home Society of North Carolina to ~~enhance the readiness of support~~ county  
21 departments of social services to implement the permanency strategies under  
22 subdivision (2) of this ~~subsection-subsection~~, advance permanency-focused  
23 services for children in the legal custody of county departments of social  
24 services, and provide training services to support the delivery of the  
25 services and support services to caregivers and family members who are  
26 supporting the permanency goal of children in the legal custody of county  
27 departments of social services."

28           **SECTION 9I.13.(b)** Funds appropriated to the Department of Health and Human  
29 Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the  
30 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available  
31 federal matching funds.

#### 32 33 **FUNDS FOR QUALITY ASSURANCE POSITIONS**

34           **SECTION 9I.16.** Of the funds appropriated in this act to the Department of Health  
35 and Human Services, Division of Social Services, the sum of seven hundred fifty thousand dollars  
36 (\$750,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to  
37 provide a fifty percent (50%) match for participating counties to establish new quality assurance  
38 positions for child welfare within county departments of social services offices in the State. The  
39 Division shall prioritize receipt of the matching funds based on county need. The Division shall  
40 allocate the positions funded pursuant to this section based on a percentage of county population  
41 such that (i) counties having at least one percent (1%) of the State's population each shall receive  
42 one position and (ii) counties having less than one percent (1%) of the State's population shall  
43 share a position, as determined by the Division. The Division shall implement a comprehensive  
44 continuous quality improvement (CQI) training plan that provides all staff, new and existing,  
45 with introductory and ongoing training on the Division's CQI plan, policies, and requirements  
46 that provide clarity regarding staff and stakeholder roles in the CQI process.

#### 47 48 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

49           **SECTION 9I.17.(a)** Funds appropriated in this act to the Department of Health and  
50 Human Services, Division of Social Services (Division), for each year of the 2019-2021 fiscal  
51 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and

1 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor  
2 costs to generate the data regarding expenditures of those programs. The vendor shall generate  
3 data to be submitted to the Division that includes, at a minimum, each of the following:

- 4 (1) The dollar amount and number of transactions accessed or expended  
5 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 6 (2) The amount of benefits expended out-of-state, by state, from active cases for  
7 both SNAP and TANF.
- 8 (3) The dollar amount and number of transactions of benefits accessed or  
9 expended in this State, by types of retailers or institutions, for both SNAP and  
10 TANF.

11 **SECTION 9L.17.(b)** Upon receiving the expenditures data for SNAP and TANF  
12 from the vendor, the Division shall evaluate the data. The Division shall also provide the Program  
13 Evaluation Division of the General Assembly with a copy of the "raw" data submitted by the  
14 vendor in accordance with subsection (c) of this section. After evaluating the expenditures data,  
15 the Division shall submit a report on its analysis of the data by June 30 and December 31 of each  
16 year to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal  
17 Research Division. The Division shall post its report required by this subsection on its Web site  
18 and otherwise make the data available by June 30 and December 31 of each year. In the first  
19 report required by this section, the Division shall report how this data is used to investigate fraud  
20 and abuse in both SNAP and TANF. The Division shall also report on other types of data and  
21 how that data is utilized in the detection of fraud and abuse.

22 **SECTION 9L.17.(c)** The Division shall maintain the confidentiality of information  
23 not public under Chapter 132 of the General Statutes. The Division shall properly redact any  
24 information subject to reporting under this section to prevent identification of individual  
25 recipients of SNAP or TANF benefits.

## 26 **INCREASE FOSTER CARE RATES**

27 **SECTION 9L.18.(a)** G.S. 108A-49.1 reads as rewritten:

28 **"§ 108A-49.1. Foster care and adoption assistance payment rates.**

29 (a) The maximum rates for State participation in the foster care assistance program are  
30 established on a graduated scale as follows:

- 31 (1) ~~\$475.00~~ \$514.00 per child per month for children from birth through five  
32 years of age.
- 33 (2) ~~\$581.00~~ \$654.00 per child per month for children six through 12 years of age.
- 34 (3) ~~\$634.00~~ \$698.00 per child per month for children at least 13 but less than 21  
35 years of age.

36 (b) The maximum rates for the State adoption assistance program are established  
37 consistent with the foster care rates as follows:

- 38 (1) ~~\$475.00~~ \$514.00 per child per month for children from birth through five  
39 years of age.
- 40 (2) ~~\$581.00~~ \$654.00 per child per month for children six through 12 years of age.
- 41 (3) ~~\$634.00~~ \$698.00 per child per month for children at least 13 but less than 21  
42 years of age.

43 ...."

44 **SECTION 9L.18.(b)** This section becomes effective July 1, 2020.

## 45 **CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT**

46 **SECTION 9L.19.(a)** From funds appropriated in this act to the Department of Health  
47 and Human Services, Division of Social Services, for the 2019-2020 fiscal year, the Division of  
48 Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities,  
49 and Substance Abuse Services, shall establish a two-year child welfare and behavioral health  
50  
51

1 pilot project that will provide easier access to comprehensive health services for children in foster  
2 care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster  
3 care, and (iii) ensuring care and services are available without disruption to a child's foster care  
4 placement while accessing services needed to treat the child's trauma. Four counties shall  
5 participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

6 **SECTION 91.19.(b)** The purpose of the pilot project is to establish a  
7 trauma-informed integrated health foster care model to facilitate partnerships between county  
8 departments of social services and local management entities/managed care organizations  
9 (LME/MCOs) regarding children placed in foster care that will do each of the following:

- 10 (1) Address safety and health needs of children with the application of  
11 trauma-informed tools.
- 12 (2) Address appropriate preventive and medical care for children placed in foster  
13 care.
- 14 (3) Address other social determinants of health, specifically those related to  
15 education and social development.
- 16 (4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the  
17 federal Families First Prevention Services Act (Family First Act).
- 18 (5) Provide for collaboration across agencies, including private behavioral health  
19 providers, health systems, and agencies of social determinants of health.
- 20 (6) Allow for the development of alternative funding models and service  
21 definitions.
- 22 (7) Allow for behavioral health services in family foster homes augmented with  
23 mental health services.
- 24 (8) Allow for wraparound services for the child to support a singular, unified goal  
25 of children in foster care having a single placement.
- 26 (9) Assign dedicated care coordination to each county social services agency.

27 **SECTION 91.19.(c)** The Division of Social Services and the Division of Mental  
28 Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report  
29 on the pilot project established under this section to the Joint Legislative Oversight Committee  
30 on Health and Human Services (Committee) by April 1, 2020, and submit a final report to the  
31 Committee by October 1, 2021, that, at a minimum, includes each of the following:

- 32 (1) The average cost of providing alternatives to therapeutic foster care.
- 33 (2) An outline of enhanced services offered and developed during the pilot  
34 project, including barriers and challenges.
- 35 (3) The outcomes achieved from the pilot project.
- 36 (4) A plan outlining the potential for replication across other counties, including  
37 cost-modeling recommendations.

#### 38 39 **POSTPONE DEPLOYMENT OF CHILD WELFARE AND AGING COMPONENTS OF** 40 **NC FAST**

41 **SECTION 91.20.(a)** The Department of Health and Human Services, Division of  
42 Social Services, shall postpone deployment of the North Carolina Families Accessing Services  
43 through Technology (NC FAST) system as it relates to case-management functionality for the  
44 child welfare system and aging and adult services' programs. The Division shall not deploy the  
45 child welfare case-management component of the NC FAST system statewide, but shall instead  
46 continue to develop and improve case-management functionality for NC FAST only in those  
47 counties that participated in the initial pilot program prior to January 1, 2019.

48 **SECTION 91.20.(b)** All counties other than the counties that participated in the pilot  
49 program prior to January 1, 2019, may elect to utilize the Intake and Assessment functionality of  
50 the NC FAST system.

1           **SECTION 9I.20.(c)** The Division shall move forward with developing and issuing  
 2 requests for proposals (RFP) to consider a vehicle for the child welfare case-management  
 3 component of NC FAST, but shall not issue any contracts without prior approval from the  
 4 General Assembly.

5           **SECTION 9I.20.(d)** The Joint Legislative Program Evaluation Oversight  
 6 Committee shall revise the biennial 2019-2020 work plan for the Program Evaluation Division  
 7 to include a study of the case-management functionality of the child welfare component of NC  
 8 FAST. The Program Evaluation Division shall submit its evaluation to the Joint Legislative  
 9 Program Evaluation Oversight Committee and to the chairs of the Joint Legislative Oversight  
 10 Committee on Health and Human Services no later than May 1, 2020.

11  
 12 **PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]**

13  
 14 **PART IX-K. DHHS BLOCK GRANTS**

15  
 16 **DHHS BLOCK GRANTS**

17           **SECTION 9K.1.(a)** Except as otherwise provided, appropriations from federal block  
 18 grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the  
 19 following schedule:

20	FY 2019-2020	FY 2020-2021
21 <b>TEMPORARY ASSISTANCE FOR NEEDY</b>		
22 <b>FAMILIES (TANF) FUNDS</b>		
23		
24 <b>Local Program Expenditures</b>		
25		
26 <b>Division of Social Services</b>		
27		
28     01. Work First Family Assistance	\$37,549,914	\$35,549,914
29		
30     02. Work First County Block Grants	80,093,566	80,093,566
31		
32     03. Work First Electing Counties	2,378,213	2,378,213
33		
34     04. Adoption Services – Special Children		
35         Adoption Fund	2,026,877	2,026,877
36		
37     05. Child Protective Services – Child Welfare		
38         Workers for Local DSS	9,412,391	9,412,391
39		
40     06. Funding for Counties to Assist with County		
41         Implementation of NC FAST, Project 4	8,092	0
42		
43     07. Child Welfare Program Improvement Plan	775,176	775,176
44		
45     08. Child Welfare Collaborative	400,000	400,000
46		
47     09. Child Welfare Initiatives	1,400,000	1,400,000
48		
49 <b>Division of Child Development and Early Education</b>		
50		
51     10. Subsidized Child Care Program	53,203,069	45,813,694

1			
2	11. Swap-Child Care Subsidy	5,400,000	12,600,000
3			
4	12. NC Pre-K Services	66,300,000	68,300,000
5			
6	<b>Division of Public Health</b>		
7			
8	13. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
9			
10	<b>DHHS Administration</b>		
11			
12	14. Division of Social Services	2,482,260	2,482,260
13			
14	15. Office of the Secretary	34,042	34,042
15			
16	16. Eligibility Systems – Operations and		
17	Maintenance	653,815	711,349
18			
19	17. NC FAST Implementation	1,817,362	0
20			
21	18. Division of Social Services – Workforce		
22	Innovation & Opportunity Act (WIOA)	93,216	93,216
23			
24	<b>Transfers to Other Block Grants</b>		
25			
26	<b>Division of Child Development and Early Education</b>		
27			
28	19. Transfer to the Child Care and		
29	Development Fund	21,773,001	21,773,001
30			
31	<b>Division of Social Services</b>		
32			
33	20. Transfer to Social Services Block		
34	Grant for Child Protective Services –		
35	Training	1,300,000	1,300,000
36			
37	21. Transfer to Social Services Block		
38	Grant for Child Protective Services	5,040,000	5,040,000
39			
40	22. Transfer to Social Services Block		
41	Grant for County Departments of		
42	Social Services for Children's Services	13,097,783	13,097,783
43			
44	23. Transfer to Social Services Block		
45	Grant – Foster Care Services	1,385,152	1,385,152
46			
47	24. Transfer to Social Services Block		
48	Grant – Child Advocacy Centers	1,582,000	1,582,000
49			
50	25. Transfer to Social Services Block		
51	Grant – Child Protective Services,	737,067	737,067

1	Child Welfare Training for Counties		
2			
3	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
4	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$312,392,996</b>	<b>\$310,435,701</b>
5			
6	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
7	<b>EMERGENCY CONTINGENCY FUNDS</b>		
8			
9	<b>Local Program Expenditures</b>		
10			
11	<b>Division of Child Development and Early Education</b>		
12			
13	01. Subsidized Child Care	\$33,439,988	\$33,439,988
14			
15	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
16	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
17	<b>CONTINGENCY FUNDS</b>	<b>\$33,439,988</b>	<b>\$33,439,988</b>
18			
19	<b>SOCIAL SERVICES BLOCK GRANT</b>		
20			
21	<b>Local Program Expenditures</b>		
22			
23	<b>Divisions of Social Services and Aging and Adult Services</b>		
24			
25	01. County Departments of Social Services	\$19,905,849	\$19,905,849
26			
27	02. County Departments of Social Services		
28	(Transfer From TANF)	\$13,097,783	\$13,097,783
29			
30	03. EBCI Tribal Public Health and Human Services	244,740	244,740
31			
32	04. Child Protective Services		
33	(Transfer From TANF)	5,040,000	5,040,000
34			
35	05. State In-Home Services Fund	1,943,950	1,943,950
36			
37	06. Adult Protective Services	1,720,404	1,720,404
38			
39	07. State Adult Day Care Fund	1,994,084	1,994,084
40			
41	08. Child Protective Services/CPS		
42	Investigative Services – Child Medical		
43	Evaluation Program	901,868	901,868
44			
45	09. Special Children Adoption Incentive Fund	462,600	462,600
46			
47	10. Child Protective Services – Child		
48	Welfare Training for Counties		
49	(Transfer From TANF)	1,300,000	1,300,000
50			
51	11. Child Protective Services – Child		

1	Welfare Training for Counties		
2	(Transfer From TANF)	737,067	737,067
3			
4	12. Home and Community Care Block		
5	Grant (HCCBG)	2,696,888	2,696,888
6			
7	13. Child Advocacy Centers		
8	(Transfer from TANF \$1,582,000)	2,000,000	2,000,000
9			
10	14. Guardianship – Division of Social Services	1,802,671	1,802,671
11			
12	15. Foster Care Services		
13	(Transfer From TANF)	1,385,152	1,385,152
14			
15	<b>Division of Central Management and Support</b>		
16			
17	16. DHHS Competitive Block Grants		
18	for Nonprofits	4,774,525	4,774,525
19			
20	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
21			
22	17. Mental Health Services – Adult and		
23	Child/Developmental Disabilities Program/		
24	Substance Abuse Services – Adult	4,149,595	4,149,595
25			
26	<b>DHHS Program Expenditures</b>		
27			
28	<b>Division of Services for the Blind</b>		
29			
30	18. Independent Living Program	3,603,793	3,603,793
31			
32	<b>Division of Health Service Regulation</b>		
33			
34	19. Adult Care Licensure Program	402,951	402,951
35			
36	20. Mental Health Licensure and		
37	Certification Program	200,880	200,880
38			
39	<b>Division of Aging and Adult Services</b>		
40			
41	21. Guardianship	3,825,443	3,825,443
42			
43	<b>DHHS Administration</b>		
44			
45	22. Division of Aging and Adult Services	679,541	679,541
46			
47	23. Division of Social Services	654,220	654,220
48			
49	24. Office of the Secretary/Controller's Office	132,047	132,047
50			
51	25. Legislative Increases/Fringe Benefits	236,278	236,278

1			
2	26. Division of Child Development and		
3	Early Education	13,878	13,878
4			
5	27. Division of Mental Health, Developmental		
6	Disabilities, and Substance Abuse Services	27,446	27,446
7			
8	28. Division of Health Service Regulation	121,719	121,719
9			
10	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$74,055,372</b>	<b>\$74,055,372</b>
11			
12	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
13			
14	<b>Local Program Expenditures</b>		
15			
16	<b>Division of Social Services</b>		
17			
18	01. Low-Income Energy Assistance		
19	Program (LIEAP)	\$40,298,638	\$40,298,638
20			
21	02. Crisis Intervention Program (CIP)	40,298,638	40,298,638
22			
23	<b>Local Administration</b>		
24			
25	<b>Division of Social Services</b>		
26			
27	03. County DSS Administration	6,618,366	6,618,366
28			
29	<b>DHHS Administration</b>		
30			
31	<b>Division of Central Management and Support</b>		
32			
33	04. Division of Social Services	10,000	10,000
34			
35	05. Office of the Secretary/DIRM	128,954	128,954
36			
37	06. Office of the Secretary/Controller's Office	18,378	18,378
38			
39	07. NC FAST Development	2,287,188	2,287,188
40			
41	08. NC FAST Operations and Maintenance	2,539,033	2,539,033
42			
43	<b>Transfers to Other State Agencies</b>		
44			
45	<b>Department of Environmental Quality</b>		
46			
47	09. Weatherization Program	8,692,641	8,552,641
48			
49	10. Heating Air Repair and Replacement		
50	Program (HARRP)	5,881,761	5,701,761
51			

1	11. Local Residential Energy Efficiency Service		
2	Providers – Weatherization	544,742	514,742
3			
4	12. Local Residential Energy Efficiency Service		
5	Providers – HARRP	327,169	277,169
6			
7	13. DEQ – Weatherization Administration	544,742	514,742
8			
9	14. DEQ – HARRP Administration	277,169	277,169
10			
11	<b>Department of Administration</b>		
12			
13	15. N.C. Commission on Indian Affairs	87,736	87,736
14			
15	<b>TOTAL LOW-INCOME ENERGY</b>		
16	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$108,555,155</b>	<b>\$108,125,155</b>
17			
18	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
19			
20	<b>Local Program Expenditures</b>		
21			
22	<b>Division of Child Development and Early Education</b>		
23			
24	01. Child Care Services	\$232,109,943	\$239,499,318
25			
26	02. Smart Start Subsidy	7,392,654	7,392,654
27			
28	03. Transfer from TANF Block Grant		
29	for Child Care Subsidies	21,773,001	21,773,001
30			
31	04. Quality and Availability Initiatives		
32	(TEACH Program \$3,800,000)	55,217,124	55,217,124
33			
34	<b>DHHS Administration</b>		
35			
36	<b>Division of Child Development and Early Education</b>		
37			
38	05. DCDEE Administrative Expenses	9,710,886	9,710,886
39			
40	<b>Division of Social Services</b>		
41			
42	06. Local Subsidized Child Care		
43	Services Support	18,533,357	18,533,357
44			
45	07. Direct Deposit for Child Care Payments	505,100	505,100
46			
47	<b>Division of Central Management and Support</b>		
48			
49	08. NC FAST Development	464,290	0
50			
51	09. NC FAST Operations and Maintenance	1,104,504	1,201,697

1			
2	10. DHHS Central Administration – DIRM		
3	Technical Services	645,162	645,162
4			
5	11. DHHS Central Administration	7,346	7,346
6			
7	<b>Division of Public Health</b>		
8			
9	12. Child Care Health Consultation Contracts	62,205	62,205
10			
11	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
12	<b>FUND BLOCK GRANT</b>	<b>\$347,525,572</b>	<b>\$354,547,850</b>
13			
14	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
15			
16	<b>Local Program Expenditures</b>		
17			
18	01. Mental Health Services – Child	\$4,779,087	\$4,779,087
19			
20	02. Mental Health Services – Adult/Child	18,531,361	18,531,360
21			
22	03. Mental Health Services – First		
23	Psychotic Symptom Treatment	1,976,970	1,976,970
24			
25	<b>DHHS Administration</b>		
26			
27	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
28			
29	04. Administration	200,000	200,000
30			
31	<b>TOTAL MENTAL HEALTH SERVICES</b>		
32	<b>BLOCK GRANT</b>	<b>\$25,487,418</b>	<b>\$25,487,417</b>
33			
34	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
35			
36	<b>Local Program Expenditures</b>		
37			
38	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
39			
40	01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915
41			
42	02. Substance Abuse Prevention	9,110,422	9,110,422
43			
44	03. Substance Abuse Services – Treatment for		
45	Children/Adults		
46	(Medication-Assisted Opioid Use Disorder		
47	Treatment Pilot Program \$500,000;		
48	First Step Farm of WNC, Inc. \$100,000)	29,856,450	29,856,449
49			
50	05. Crisis Solutions Initiatives – Collegiate		
51	Wellness/Addiction Recovery	1,085,000	1,085,000

1			
2	06. Crisis Solutions Initiatives – Community		
3	Paramedic Mobile Crisis Management	20,000	20,000
4			
5	<b>DHHS Program Expenditures</b>		
6			
7	<b>Division of Central Management and Support</b>		
8			
9	07. Competitive Grants	1,600,000	1,600,000
10			
11	<b>DHHS Administration</b>		
12			
13	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
14			
15	08. Administration	454,000	454,000
16			
17	09. Controlled Substance Reporting System		
18	Enhancement	427,655	427,655
19			
20	10. Veterans Initiatives	250,000	250,000
21			
22	<b>Division of Public Health</b>		
23			
24	11. HIV Testing for Individuals in Substance		
25	Abuse Treatment	241,488	0
26			
27	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
28	<b>AND TREATMENT BLOCK GRANT</b>	<b>\$45,595,930</b>	<b>\$45,354,441</b>
29			
30	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
31			
32	<b>Local Program Expenditures</b>		
33			
34	<b>Division of Public Health</b>		
35			
36	01. Women and Children's Health Services		
37	(Safe Sleep Campaign \$45,000; Sickle Cell		
38	Centers \$100,000; Prevent Blindness \$575,000;		
39	March of Dimes \$350,000; Teen Pregnancy		
40	Prevention Initiatives \$650,000;		
41	17P Project \$52,000; Nurse-Family		
42	Partnership \$950,000; Perinatal & Neonatal		
43	Outreach Coordinator Contracts \$440,000;		
44	Mountain Area Pregnancy Services \$50,000)	\$14,719,224	\$14,719,224
45			
46	02. Oral Health	48,227	48,227
47			
48	03. Evidence-Based Programs in Counties		
49	With Highest Infant Mortality Rates	1,575,000	1,575,000
50			
51	<b>DHHS Program Expenditures</b>		

1			
2	04. Children's Health Services	1,427,323	1,427,323
3			
4	05. Women's Health – Maternal Health	169,864	169,864
5			
6	06. Women and Children's Health – Perinatal		
7	Strategic Plan Support Position	68,245	68,245
8			
9	07. State Center for Health Statistics	158,583	158,583
10			
11	08. Health Promotion – Injury and		
12	Violence Prevention	87,271	87,271
13			
14	<b>DHHS Administration</b>		
15			
16	09. Division of Public Health Administration	552,571	552,571
17			
18	<b>TOTAL MATERNAL AND CHILD</b>		
19	<b>HEALTH BLOCK GRANT</b>	<b>\$18,806,308</b>	<b>\$18,806,308</b>
20			
21	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		
22			
23	<b>Local Program Expenditures</b>		
24			
25	01. Physical Activity and Prevention	\$3,030,116	\$3,030,116
26			
27	02. Injury and Violence Prevention		
28	(Services to Rape Victims – Set-Aside)	160,000	160,000
29			
30	<b>DHHS Program Expenditures</b>		
31			
32	<b>Division of Public Health</b>		
33			
34	03. HIV/STD Prevention and		
35	Community Planning	137,648	137,648
36			
37	04. Oral Health Preventive Services	150,000	150,000
38			
39	05. Laboratory Services – Testing,		
40	Training, and Consultation	21,000	21,000
41			
42	06. Injury and Violence Prevention		
43	(Services to Rape Victims – Set-Aside)	53,206	53,206
44			
45	07. Performance Improvement and		
46	Accountability	592,123	592,123
47			
48	08. State Center for Health Statistics	82,505	82,505
49			
50	<b>DHHS Administration</b>		
51			

**Division of Public Health**

09. Division of Public Health	65,000	65,000
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**TOTAL PREVENTIVE HEALTH  
SERVICES BLOCK GRANT**

	<b>\$4,291,598</b>	<b>\$4,291,598</b>
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**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$22,354,709	\$22,354,709
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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>\$24,316,901</b>	<b>\$24,316,901</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 required amount of maintenance of effort and 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 administered by the Department of Health and Human Services from the amounts appropriated

1 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced  
2 federal funding.

3 Notwithstanding the provisions of this subsection, for fiscal years 2019-2020 and  
4 2020-2021, increases in the federal fund availability for the Temporary Assistance to Needy  
5 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
6 program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall  
7 not be used to supplant State funds.

8 Prior to allocating the change in federal fund availability, the proposed allocation  
9 must be approved by the Office of State Budget and Management. If the Department adjusts the  
10 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
11 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
12 Research Division.

13 **SECTION 9K.1.(d)** Except as otherwise provided, appropriations from federal  
14 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2021, according  
15 to the schedule enacted for State fiscal years 2019-2020 and 2020-2021 or until a new schedule  
16 is enacted by the General Assembly.

17 **SECTION 9K.1.(e)** All changes to the budgeted allocations to the Block Grants or  
18 contingency funds and other grants related to existing Block Grants administered by the  
19 Department of Health and Human Services that are not specifically addressed in this section shall  
20 be approved by the Office of State Budget and Management. The Office of State Budget and  
21 Management shall not approve funding for new programs or activities not appropriated in this  
22 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and  
23 Management shall not approve any reduction of funds designated for subrecipients in subsection  
24 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block  
25 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget  
26 and Management shall consult with the Joint Legislative Oversight Committee on Health and  
27 Human Services for review prior to implementing any changes. In consulting, the report shall  
28 include an itemized listing of affected programs, including associated changes in budgeted  
29 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
30 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
31 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
32 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 youth in foster care  
32 or the juvenile justice system.

### 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 two million dollars (\$2,000,000) appropriated in this  
28 act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium to  
29 the Department of Health and Human Services, Division of Social Services, shall be used to  
30 continue support for the Child Advocacy Centers, and the funds are exempt from the provisions  
31 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 four hundred  
41 seventy-five thousand forty-one dollars (\$475,041) 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 and Juvenile Justice of the Department of Public  
 25 Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in  
 26 cooperation with the North Carolina Forest Service when assigning youthful offenders from the  
 27 ~~Western Youth Institution-Foothills Correctional Institution~~ 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 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF** 21 **STATE-MANAGED PROPERTIES**

22 **SECTION 10.7.(a)** The Department of Agriculture and Consumer Services' Plant  
23 Industry Division shall study and report on wildlife enhancement, invasive species control, and  
24 native habitat restoration on properties managed by the State. The Division shall include the  
25 following in its study and report:

- 26 (1) The amount of funds and other resources dedicated by each State agency land  
27 manager (including the Department of Natural and Cultural Resources, the  
28 Wildlife Resources Commission, the Department of Environmental Quality,  
29 and the Department of Agriculture and Consumer Services) to habitat  
30 management for wildlife enhancement, including, but not limited to, invasive  
31 species removal, prescribed burning, selective thinning, and native plant  
32 restoration.
- 33 (2) The potential need for each State agency land manager for additional funding  
34 or positions necessary to support wildlife enhancement, including invasive  
35 species removal, prescribed burning, selective thinning, and native plant  
36 restoration.
- 37 (3) Identification of existing federal funding sources for wildlife enhancement on  
38 State-managed properties and missed match opportunities with State  
39 resources.

40 **SECTION 10.7.(b)** The Department shall provide its report to the Joint Legislative  
41 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
42 Research Division no later than April 1, 2020.  
43

## 44 **SWINE BIOGAS**

45 **SECTION 10.9.** Of the funds appropriated in this act to the Department of  
46 Commerce for the Gas Products Service to Agriculture Fund, the sum of four hundred fifty  
47 thousand dollars (\$450,000) is allocated for the purpose of providing cost share assistance to  
48 swine farmers for the installation of anaerobic digesters to be used for the production of biogas  
49 at an eligible farm.

50 The funds shall be administered through the Agriculture Cost Share Program for  
51 Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General

1 Statutes. Notwithstanding G.S. 106-850(b)(6), participants shall be eligible for cost share of no  
2 more than seventy-five percent (75%) of that portion of the construction and equipment costs for  
3 the project in excess of four hundred forty dollars (\$440.00) per 1,000 pounds of steady state live  
4 weight of swine located at the eligible farm. The annual limit specified in G.S. 106-850(b)(6)  
5 shall not apply to funds allocated by this section, but total funding provided for any project shall  
6 not exceed one hundred thousand dollars (\$100,000) over the lifetime of the project. Any  
7 allocated funds not awarded for the purposes specified in this section by June 30, 2020, shall  
8 revert to the General Fund.

9 For purposes of this section, an "eligible farm" shall be a swine farm meeting the  
10 following criteria:

- 11 (1) The swine farm has a design capacity of less than 1,000,000 pounds steady  
12 state live weight.
- 13 (2) The swine farm has entered into a contract with a duration of 10 years or more  
14 for the purchase of the biogas produced by the anaerobic digester.

## 15 16 **INNOVATIVE LAGOON SLUDGE TREATMENT**

17 **SECTION 10.10.** Of the funds appropriated in this act to the Department of  
18 Commerce for the Gas Products Service to Agriculture Fund, the sum of four hundred fifty  
19 thousand dollars (\$450,000) is allocated for the purpose of providing cost share assistance to  
20 swine farmers for the installation of innovative swine anaerobic lagoon sludge management  
21 systems utilizing constructed wetlands as the primary system component.

22 The funds shall be administered through the Agriculture Cost Share Program for  
23 Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General  
24 Statutes. The annual limit specified in G.S. 106-850(b)(6) shall not apply to funds allocated by  
25 this section, but total funding provided for any project shall not exceed one hundred fifty  
26 thousand dollars (\$150,000) over the lifetime of the project. Any allocated funds not awarded for  
27 the purposes specified in this section by June 30, 2020, shall revert to the General Fund.

## 28 29 **HEMLOCK RESTORATION REPORT**

30 **SECTION 10.12.** The North Carolina Forest Service shall report on the hemlock  
31 restoration initiatives funded by this act. The report shall include the following with respect to  
32 each hemlock restoration initiative funded during the 2019-2021 biennium:

- 33 (1) Identification of goals and outcomes for the initiative.
- 34 (2) A description of the measures used or data collected to evaluate the efficiency  
35 and effectiveness of the initiative in reaching its desired goals and outcomes.
- 36 (3) The performance of each initiative with respect to the identified goals and  
37 outcomes.

38 The Forest Service shall provide its report on the prior fiscal year's funding to the  
39 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and  
40 the Fiscal Research Division no later than October 1 of each year in the 2019-2021 fiscal  
41 biennium.

## 42 43 **PRESCRIBED BURNING MATCHING GRANT PROGRAM**

44 **SECTION 10.13.(a)** Article 80 of Chapter 106 of the General Statutes is amended  
45 by adding a new section to read:

### 46 **"§ 106-971. Prescribed burn grants.**

47 (a) Establishment. – The Prescribed Burn Grant Program is established within the North  
48 Carolina Forest Service of the Department of Agriculture and Consumer Services. The Forest  
49 Service is responsible for administering the Program and shall issue rules setting forth the form  
50 and contents of the application, grant cycle time lines, and funding limits for individual projects  
51 and for grant recipients.

(b) Purposes. – The Program shall be used for support of prescribed burning on privately owned forestlands that will maximize the benefits set forth in this Article.

(c) Eligibility. – To be eligible for funding from the Program, prescribed burning projects must meet all of the following criteria:

- (1) The project must meet the requirements of this Article, as determined by the Forest Service.
- (2) Funds provided by the Program must be matched in an equal amount by the landowner or another non-State source of funds."

**SECTION 10.13.(b)** Notwithstanding G.S. 150B-21.1A(a), the Department of Agriculture and Consumer Services shall adopt emergency rules in accordance with G.S. 150B-21.1A to implement G.S. 106-971, as enacted by this section.

**PART XI. COMMERCE**

**COMMERCE REPORT CHANGE**

**SECTION 11.1.** G.S. 143B-434.01(b) reads as rewritten:

"(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1 of each year. The Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The Secretary shall provide copies of the Plan and each annual update to the ~~Governor and the Joint Legislative Commission on Governmental Operations.~~ Governor, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Economic Development and Global Engagement Oversight Committee. The Plan shall encompass all of the components set out in this section."

**COMMUNITY DEVELOPMENT BLOCK GRANTS**

**SECTION 11.2.(a)** Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2020, and June 30, 2021, according to the following schedule:

**COMMUNITY DEVELOPMENT BLOCK GRANT**

01. State Administration	\$1,610,278
02. Neighborhood Revitalization	10,000,000
03. Economic Development	11,000,000
04. Infrastructure	25,719,918

**TOTAL COMMUNITY DEVELOPMENT**

<b>BLOCK GRANT – 2020 Program Year</b>	<b>\$48,330,196</b>
<b>2021 Program Year</b>	<b>\$48,330,196</b>

**SECTION 11.2.(b)** If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**SECTION 11.2.(c)** Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each

1 program category under the Community Development Block Grant shall be increased by the  
2 same percentage as the increase in federal funds.

3 **SECTION 11.2.(d)** The Department of Commerce shall consult with the Joint  
4 Legislative Commission on Governmental Operations prior to reallocating Community  
5 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
6 the Director of the Budget finds either of the following conditions exist:

- 7 (1) If a reallocation is required because of an emergency that poses an imminent  
8 threat to public health or public safety, then the Director of the Budget may  
9 authorize the reallocation without consulting the Commission. The  
10 Department of Commerce shall report to the Commission on the reallocation  
11 no later than 30 days after it was authorized and shall identify in the report the  
12 emergency, the type of action taken, and how it was related to the emergency.
- 13 (2) If the State will lose federal block grant funds or receive less federal block  
14 grant funds in the next fiscal year unless a reallocation is made, then the  
15 Department of Commerce shall provide a written report to the Commission  
16 on the proposed reallocation and shall identify the reason that failure to take  
17 action will result in the loss of federal funds. If the Commission does not hear  
18 the issue within 30 days of receipt of the report, the Department may take the  
19 action without consulting the Commission.

20 **SECTION 11.2.(e)** By September 1, 2019, and September 1, 2020, the Department  
21 of Commerce shall report to the chairs of the House of Representatives Appropriations  
22 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate  
23 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint  
24 Legislative Economic Development and Global Engagement Oversight Committee; and the  
25 Fiscal Research Division on the use of Community Development Block Grant Funds  
26 appropriated in the prior fiscal year. The report shall include the following:

- 27 (1) A discussion of each of the categories of funding and how the categories were  
28 selected, including information on how a determination was made that there  
29 was a statewide need in each of the categories.
- 30 (2) Information on the number of applications that were received in each category  
31 and the total dollar amount requested in each category.
- 32 (3) A list of grantees, including the grantee's name, county, category under which  
33 the grant was funded, the amount awarded, and a narrative description of the  
34 project.

35 **SECTION 11.2.(f)** For purposes of this section, eligible activities under the category  
36 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State  
37 Administered Community Development Block Grant definition of the term "infrastructure."  
38 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the  
39 infrastructure category in subsection (a) of this section shall not be reallocated to any other  
40 category.

41 **SECTION 11.2.(g)** Throughout each year, deobligated funds arise in the various  
42 funding categories and program years of the Community Development Block Grant (CDBG)  
43 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)  
44 projects being required to repay funds. Surplus federal administrative funds in the CDBG  
45 program may vary from year to year based upon the amount of State-appropriated funds allocated  
46 and the amount of eligible in-kind funds identified.

47 **SECTION 11.2.(h)** To allow the Department of Commerce and the Department of  
48 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as  
49 they are identified throughout the program year, the following shall apply to the use of  
50 deobligated CDBG funds and surplus federal administrative funds:

- 1 (1) All surplus federal administrative funds shall be divided equally between the  
2 Departments of Commerce and Environmental Quality and shall be used as  
3 provided in subdivisions (2) and (3) of this subsection.
- 4 (2) All deobligated funds allocated to the Department of Commerce and any  
5 surplus federal administrative funds, as provided for in subdivision (1) of this  
6 subsection, may be used by the Department for all of the following:  
7 a. To issue grants in the CDBG economic development or neighborhood  
8 revitalization program category.  
9 b. For providing training and guidance to local governments relative to  
10 the CDBG program, its management, and administrative requirements.  
11 c. For any other purpose consistent with the Department's administration  
12 of the CDBG program if an equal amount of State matching funds is  
13 available.
- 14 (3) All deobligated funds allocated to the Department of Environmental Quality  
15 and any surplus federal administrative funds, as provided for in subdivision  
16 (1) of this subsection, may be used by the Department for all of the following:  
17 a. To issue grants in the CDBG infrastructure program category.  
18 b. For any other purpose consistent with the Department's administration  
19 of the CDBG program if an equal amount of State matching funds is  
20 available.  
21

## 22 GOLDEN LEAF FOUNDATION CODIFICATION AND REPORT CHANGES

23 **SECTION 11.3.(a)** Chapter 143 of the General Statutes is amended by adding a new  
24 Article 74A, to be entitled "Golden LEAF Foundation." Section 1 of S.L. 1999-2 is codified as  
25 G.S. 143-710, to be entitled "Golden LEAF Foundation." Section 2(c) of S.L. 1999-2, as  
26 amended by Section 15.10A(a) of S.L. 2013-360, is codified as G.S. 143-711, to be entitled  
27 "Board of directors." Section 3 of S.L. 1999-2 is codified as G.S. 143-712, to be entitled "Articles  
28 of incorporation; reporting." Section 4 of S.L. 1999-2 is repealed. Section 5 of S.L. 1999-2 is  
29 codified as G.S. 143-711(b). Section 6 of S.L. 1999-2, as amended by Section 6.11(d) of S.L.  
30 2011-145, Section 7(b) of S.L. 2011-391, and Section 6.4(b) of S.L. 2013-360, is codified as  
31 G.S. 143-713, to be entitled "Use of funds."

32 **SECTION 11.3.(b)** Article 74A of Chapter 143 of the General Statutes, as enacted  
33 by subsection (a) of this section, reads as rewritten:

34 "Article 74A.

35 "Golden LEAF Foundation.

### 36 "§ 143-710. Golden LEAF Foundation.

37 The creation of the nonprofit corporation Golden L.E.A.F. (Long-term Economic  
38 Advancement Foundation), Inc., ("Golden LEAF Foundation") pursuant to subparagraph VI.A.1  
39 of the Consent Decree and Final Judgment entered in that action of 98 CVS 14377 on December  
40 21, 1998, is ~~hereby~~ approved for the purposes and on the terms and conditions set forth in  
41 subparagraph VI.A.1 of the Consent Decree and Final Judgment.

### 42 "§ 143-711. Board of directors.

43 (a) The General Assembly also approves the provisions in the Consent Decree  
44 concerning the governance of the ~~nonprofit corporation~~ Golden LEAF Foundation by 15  
45 directors holding staggered, four-year terms, five directors to be appointed by the Governor of  
46 the State of North Carolina, one of whom shall be the ~~chair~~ Chair of the Rural Infrastructure  
47 Authority created in G.S. 143B-472.128, or the ~~chair's~~ Chair's designee, five by the President Pro  
48 Tempore of the North Carolina Senate, and five by the Speaker of the North Carolina House of  
49 Representatives; and that the Governor shall appoint the first Chair among ~~his~~ the Governor's  
50 appointees, and the directors shall elect their own Chair from among their number for subsequent

1 terms. Members of the General Assembly ~~may~~ shall not be appointed to serve on the board of  
2 directors while serving in the General Assembly.

3 (b) It is the intent of the General Assembly that the Governor, Speaker of the House of  
4 Representatives, and President Pro Tempore of the Senate, in appointing directors to the  
5 ~~nonprofit corporation, Golden LEAF Foundation,~~ shall, in their sole discretion, include among  
6 their appointments representatives of tobacco production, tobacco manufacturing,  
7 tobacco-related employment, health, and economic development interests, with each appointing  
8 authority selecting at least two directors from these interests. It is also the intent of the General  
9 Assembly that the appointing authorities, in appointing directors, shall appoint members that  
10 represent the geographic, gender, and racial diversity of the State.

11 **"§ 143-712. Articles of incorporation; reporting.**

12 The Attorney General shall draft articles of incorporation for the ~~nonprofit corporation~~  
13 Golden LEAF Foundation to enable the ~~nonprofit corporation Golden LEAF Foundation~~ to carry  
14 out its mission as set out in the Consent Decree. The articles of incorporation shall provide for  
15 the following:

- 16 (1) Consultation; reporting. – The ~~nonprofit corporation Golden LEAF~~  
17 Foundation shall consult with the Joint Legislative Commission on  
18 Governmental Operations ("~~Commission~~") prior to the ~~corporation's~~ board of  
19 directors (i) adopting bylaws and (ii) adopting the annual operating budget.  
20 The ~~nonprofit corporation Golden LEAF Foundation~~ shall also report on its  
21 programs and activities to the ~~Commission~~ Joint Legislative Commission on  
22 Governmental Operations, the Joint Legislative Oversight Committee on  
23 Agriculture and Natural and Economic Resources, and the Joint Legislative  
24 Economic Development and Global Engagement Oversight Committee on or  
25 before ~~March 1~~ September 15 of each fiscal year and more frequently as  
26 requested by ~~the Commission.~~ any of these entities. The report shall include  
27 ~~information on the activities and accomplishments during the fiscal year,~~  
28 ~~itemized expenditures during the fiscal year, planned activities and goals for~~  
29 ~~at least the next 12 months, and itemized anticipated expenditures for the next~~  
30 ~~fiscal year.~~ all of the following information:

- 31 a. Grants made in the prior fiscal year, including the amount, term, and  
32 purpose of the grant.  
33 b. Outcome data collected by the Golden LEAF Foundation, including  
34 the number of jobs created.  
35 c. Cumulative grant data by program and by county.  
36 d. Unaudited actual administrative expenses and grants made in the prior  
37 fiscal year.  
38 e. Current fiscal year budget, planned activities, and goals for the current  
39 fiscal year.

40 The ~~nonprofit corporation Golden LEAF Foundation~~ shall also ~~annually~~  
41 provide to the ~~Commission~~ Joint Legislative Oversight Committee on  
42 Agriculture and Natural and Economic Resources and the Joint Legislative  
43 Economic Development and Global Engagement Oversight Committee an  
44 itemized report of its administrative expenses ~~and copies of its annual report~~  
45 ~~and tax return information.~~ for the previous fiscal year by September 15 of  
46 each year, a copy of its annual audited financial statement for the previous  
47 fiscal year within 30 days of having received an audit report from an  
48 independent auditor, and a copy of its annual federal income tax return for the  
49 previous fiscal year within 30 days of filing.

- 50 (2) Public records; open meetings. – The ~~nonprofit corporation Golden LEAF~~  
51 Foundation is subject to the Open Meetings Law as provided in Article 33C

of Chapter 143 of the General Statutes and the Public Records Act as provided in Chapter 132 of the General Statutes. The ~~nonprofit corporation Golden LEAF Foundation~~ shall publish at least annually a report, available to the public and filed with the ~~Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee,~~ of every expenditure or distribution in furtherance of the public charitable purposes of the ~~nonprofit corporation Golden LEAF Foundation.~~

- (3) Transfer of assets. – The ~~nonprofit corporation may Golden LEAF Foundation~~ shall not dispose of assets pursuant to G.S. 55A-12-02 without the approval of the General Assembly.
- (4) Charter repeal. – The charter of the ~~nonprofit corporation Golden LEAF Foundation~~ may be repealed at any time by the ~~legislature General Assembly~~ pursuant to Article VIII, Section 1 of the North Carolina Constitution. The ~~nonprofit corporation may Golden LEAF Foundation~~ shall not amend its articles of incorporation without the approval of the General Assembly.
- (5) Dissolution. – The ~~nonprofit corporation Golden LEAF Foundation~~ may be dissolved pursuant to Chapter 55A of the General Statutes, by the General Assembly, or by the Court pursuant to the Consent Decree. Upon dissolution, all unencumbered assets and funds of the ~~nonprofit corporation, Golden LEAF Foundation,~~ including the right to receive future funds pursuant to ~~Section 2 of this act, funds,~~ are transferred to the Settlement Reserve Fund established pursuant to G.S. 143-16.4.

**"§ 143-713. Use of funds.**

(a) The funds under the Master Settlement Agreement, which is incorporated into the Consent Decree, shall be credited to the Settlement Reserve Fund.

(b) Any monies paid into the North Carolina State Specific Account from the Disputed Payments Account on account of the Non-Participating Manufacturers that would have been transferred to ~~The Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., the Golden LEAF Foundation~~ shall be deposited in the Settlement Reserve Fund."

**SECTION 11.3.(c)** G.S. 105-113.4C reads as rewritten:

**"§ 105-113.4C. Enforcement of Master Settlement Agreement Provisions.**

The Master Settlement Agreement between the states and the tobacco product manufacturers, incorporated by reference into the consent decree referred to in ~~S.L. 1999-2, G.S. 143-710,~~ requires each state to diligently enforce Article 37 of Chapter 66 of the General Statutes. The Office of the Attorney General and the Secretary of Revenue shall perform the following responsibilities in enforcing Article 37:

...."

**COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

**SECTION 11.4.(a)** The entities listed in subsection (b) of this section shall do the following for each year that State funds are expended:

- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

- 1 (2) Provide to the Joint Legislative Oversight Committee on Agriculture and  
2 Natural and Economic Resources; the chairs of the House of Representatives  
3 Appropriations Committee on Agriculture and Natural and Economic  
4 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
5 Natural, and Economic Resources; and the Fiscal Research Division a copy of  
6 the entity's annual audited financial statement within 30 days of issuance of  
7 the statement.

8 **SECTION 11.4.(b)** The following entities shall comply with the requirements of  
9 subsection (a) of this section:

- 10 (1) North Carolina Biotechnology Center.  
11 (2) High Point Market Authority.  
12 (3) RTI International.  
13

#### 14 **NC BIOTECHNOLOGY CENTER**

15 **SECTION 11.5.(a)** Of the funds appropriated in this act to the Department of  
16 Commerce, the sum of thirteen million six hundred thousand three hundred thirty-eight dollars  
17 (\$13,600,338) for each fiscal year in the 2019-2021 biennium shall be allocated to the North  
18 Carolina Biotechnology Center (hereinafter "Center") for the following purposes:

- 19 (1) Job creation: AgBiotech Initiative, economic and industrial development, and  
20 related activities – two million nine hundred twenty-four thousand  
21 seventy-three dollars (\$2,924,073).  
22 (2) Science and commercialization: science and technology development, Centers  
23 of Innovation, business and technology development, education and training,  
24 and related activities – eight million eight hundred thirteen thousand nineteen  
25 dollars (\$8,813,019).  
26 (3) Center operations: administration, professional and technical assistance and  
27 oversight, corporate communications, human resource management, financial  
28 and grant administration, legal, and accounting – one million eight hundred  
29 sixty-three thousand two hundred forty-six dollars (\$1,863,246).

30 **SECTION 11.5.(b)** The Center shall prioritize funding and distribution of loans over  
31 existing funding and distribution of grants.

32 **SECTION 11.5.(c)** Up to ten percent (10%) of each of the allocations in subsection  
33 (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if,  
34 in the judgment of Center management, the reallocation will advance the mission of the Center.  
35

#### 36 **MODIFY FILM GRANT**

37 **SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

#### 38 **"§ 143B-437.02A. The Film and Entertainment Grant Fund.**

39 (a) **Creation and Purpose of Fund.** – There is created in the Department of Commerce a  
40 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide  
41 funds to encourage the production of motion pictures, television shows, movies for television,  
42 productions intended for on-line distribution, and commercials and to develop the filmmaking  
43 industry within the State. The Department of Commerce shall adopt guidelines providing for the  
44 administration of the program. Those guidelines may provide for the Secretary to award the grant  
45 proceeds over a period of time, not to exceed three years. Those guidelines shall include the  
46 following provisions, which shall apply to each grant from the account:

- 47 (1) The funds are reserved for a production on which the production company has  
48 qualifying expenses of at least the following:  
49 a. For a feature-length film:  
50 1. ~~Three million dollars (\$3,000,000),~~ One million five hundred  
51 thousand dollars (\$1,500,000), if for theatrical viewing.



1 "(c) The Department shall report to the Environmental Review Commission and the Fiscal  
2 Research Division on or before ~~January 15~~ April 15 of each year on the status of solid waste  
3 management efforts in the State. The report shall ~~include~~ include all of the following:

4 ...

5 (17) ~~A report~~ Reports on the Inactive Hazardous Waste Response Act of 1987  
6 pursuant to ~~G.S. 130A-310.10(a)~~ G.S. 130A-310.10.

7 ...

8 (20) A report on the use of funds for Superfund cleanups and inactive hazardous  
9 site cleanups."

10 **SECTION 12.1.(c)** G.S. 130A-294(i) reads as rewritten:

11 "(i) The Department shall include in the status of solid waste management report required  
12 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
13 on the implementation and cost of the hazardous waste management program. The report shall  
14 include an evaluation of how well the State and private parties are managing and cleaning up  
15 hazardous waste. The report shall also include recommendations to the Governor, State agencies,  
16 and the General Assembly on ways to: improve waste management; reduce the amount of waste  
17 generated; maximize resource recovery, reuse, and conservation; and minimize the amount of  
18 hazardous waste which must be disposed of. The report shall include beginning and ending  
19 balances in the Hazardous Waste Management Account for the reporting period, total fees  
20 collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures  
21 by activities and categories for the hazardous waste management program, any recommended  
22 adjustments in annual and tonnage fees which may be necessary to assure the continued  
23 availability of funds sufficient to pay the State's share of the cost of the hazardous waste  
24 management program, and any other information requested by the General Assembly. In  
25 recommending adjustments in annual and tonnage fees, the Department may propose fees for  
26 hazardous waste generators, and for hazardous waste treatment facilities that treat waste  
27 generated on site, which are designed to encourage reductions in the volume or quantity and  
28 toxicity of hazardous waste. The report shall also include a description of activities undertaken  
29 to implement the resident inspectors program established under G.S. 130A-295.02. In addition,  
30 the report shall include an annual update on the mercury switch removal program that shall  
31 include, at a minimum, all of the following:

32 ...."

33 **SECTION 12.1.(d)** G.S. 130A-309.64(e) reads as rewritten:

34 "(e) The Department shall include in the report to be delivered to the Environmental  
35 Review Commission ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a  
36 description of the implementation of the North Carolina Scrap Tire Disposal Act under this Part  
37 for the fiscal year ending the preceding June 30. The description of the implementation of the  
38 North Carolina Scrap Tire Disposal Act shall include a list of the recipients of grants under  
39 subsection (a) of this section and the amount of each grant for the previous 12-month period. The  
40 report also shall include the amount of funds used to clean up nuisance sites under subsection (d)  
41 of this section."

42 **SECTION 12.1.(e)** G.S. 130A-309.85 reads as rewritten:

43 **"§ 130A-309.85. Reporting on the management of white goods.**

44 The Department shall include in the report to be delivered to the Environmental Review  
45 Commission ~~on or before 15 January of each year~~ pursuant to G.S. 130A-309.06(c) a description  
46 of the management of white goods in the State for the fiscal year ending the preceding 30 June.  
47 The description of the management of white goods shall include the following information:

48 ...."

49 **SECTION 12.1.(f)** G.S. 130A-309.140(a) reads as rewritten:

50 "(a) The Department shall include in the status of solid waste management report required  
51 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report

1 on the recycling of discarded computer equipment and televisions in the State under this Part.  
2 The report must include an evaluation of the recycling rates in the State for discarded computer  
3 equipment and televisions, a discussion of compliance and enforcement related to the  
4 requirements of this Part, and any recommendations for any changes to the system of collection  
5 and recycling of discarded computer equipment, televisions, or other electronic devices."

6 **SECTION 12.1.(g)** G.S. 130A-310.10 reads as rewritten:

7 **"§ 130A-310.10. Annual reports.**

8 (a) The Secretary shall include in the status of solid waste management report required  
9 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
10 on inactive hazardous sites that includes at least the following:

- 11 (1) The Inactive Hazardous Waste Sites Priority List.
- 12 (2) A list of remedial action plans requiring State funding through the Inactive  
13 Hazardous Sites Cleanup Fund.
- 14 (3) A comprehensive budget to implement these remedial action plans and the  
15 adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of  
16 ~~said these~~ plans.
- 17 (4) A prioritized list of sites that are eligible for remedial action under  
18 CERCLA/SARA together with recommended remedial action plans and a  
19 comprehensive budget to implement ~~such these~~ plans. The budget for  
20 implementing a remedial action plan under CERCLA/SARA shall include a  
21 statement as to any appropriation that may be necessary to pay the State's share  
22 of ~~such the~~ plan.
- 23 (5) A list of sites and remedial action plans undergoing voluntary cleanup with  
24 Departmental approval.
- 25 (6) A list of sites and remedial action plans that may require State funding, a  
26 comprehensive budget if implementation of these possible remedial action  
27 plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup  
28 Fund to fund the possible costs of ~~said these~~ plans.
- 29 (7) A list of sites that pose an imminent hazard.
- 30 (8) A comprehensive budget to develop and implement remedial action plans for  
31 sites that pose imminent hazards and that may require State funding, and the  
32 adequacy of the Inactive Hazardous Sites Cleanup Fund.
- 33 (8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.
- 34 (9) Any other information requested by the General Assembly or the  
35 Environmental Review Commission.

36 (a1) On or before ~~October 1~~ April 15 of each year, the Department shall report to each  
37 member of the General Assembly who has an inactive hazardous substance or waste disposal site  
38 in the member's district. This report shall include the location of each inactive hazardous  
39 substance or waste disposal site in the member's district, the type and amount of hazardous  
40 substances or waste known or believed to be located on each of these sites, the last action taken  
41 at each of these sites, and the date of that last action. The Department shall include this  
42 information in the status of solid waste management report required to be submitted pursuant to  
43 G.S. 130A-309.06(c).

44 (b) Repealed by Session Laws 2001-452, s. 2.3, effective October 28, 2001."

45 **SECTION 12.1.(h)** G.S. 130A-310.40 reads as rewritten:

46 **"§ 130A-310.40. Legislative reports.**

47 The Department shall include in the status of solid waste management report required to be  
48 submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) an evaluation  
49 of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and  
50 commercial properties. This evaluation shall include any recommendations for additional  
51 incentives or changes, if needed, to improve the effectiveness of this Part in addressing ~~such these~~

1 properties. This evaluation shall also include a report on receipts by and expenditures from the  
2 Brownfields Property Reuse Act Implementation Account."

3 **SECTION 12.1.(i)** G.S. 143-215.104U(a) reads as rewritten:

4 "(a) The Secretary shall include in the status of solid waste management report required  
5 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
6 on at least the following:

7 ...."

8 **SECTION 12.1.(j)** Section 14.22(j) of S.L. 2013-360 reads as rewritten:

9 **"SECTION 14.22.(j)** This section authorizes a Long Term Dredging Memorandum of  
10 Agreement with the U.S. Army Corps of Engineers which may last beyond the current fiscal  
11 biennium and which shall provide for all of the following:

- 12 (1) Prioritization of projects through joint consultation with the State, applicable  
13 units of local government, and the U.S. Army Corps of Engineers.
- 14 (2) Compliance with G.S. 143-215.73F. Funds in the Shallow Draft Navigation  
15 Channel Dredging Fund shall be used in accordance with that section.
- 16 (3) Annual reporting by the Department on the use of funds provided to the U.S.  
17 Army Corps of Engineers under the Long Term Dredging Memorandum of  
18 Agreement. These reports shall be made to the ~~Joint Legislative Commission~~  
19 ~~on Governmental Operations, Joint Legislative Oversight Committee on~~  
20 Agriculture and Natural and Economic Resources, the Fiscal Research  
21 Division, and the Office of State Budget and Management and shall include  
22 all of the following:
  - 23 a. A list of all projects commenced.
  - 24 b. The estimated cost of each project.
  - 25 c. The date that work on each project commenced or is expected to  
26 commence.
  - 27 d. The date that work on each project was completed or is expected to be  
28 completed.
  - 29 e. The actual cost of each project."

## 31 COLLABORATORY/GENX

32 **SECTION 12.2.** Section 13.1(g) of S.L. 2018-5 reads as rewritten:

33 **"SECTION 13.1.(g)** The North Carolina Policy Collaboratory at the University of North  
34 Carolina at Chapel Hill (Collaboratory) shall identify faculty expertise, technology, and  
35 instrumentation, including mass spectrometers, located within institutions of higher education in  
36 the State, including the Universities of North Carolina at Chapel Hill and Wilmington, North  
37 Carolina State University, North Carolina A&T State University, Duke University, and other  
38 public and private institutions, and coordinate these faculty and resources to conduct nontargeted  
39 analysis for PFAS, including GenX, at all public water supply surface water intakes and one  
40 public water supply well selected by each municipal water system that operates groundwater  
41 wells for public drinking water supplies as identified by the Department of Environmental  
42 Quality, to establish a water quality baseline for all sampling sites. The Collaboratory, in  
43 consultation with the participating institutions of higher education, shall establish a protocol for  
44 the baseline testing required by this subsection, as well as a protocol for periodic retesting of the  
45 municipal intakes and additional public water supply wells. No later than ~~December 1, 2019,~~  
46 December 1, 2020, Collaboratory shall report the results of such sampling by identifying  
47 chemical families detected at each intake to the Environmental Review Commission, the Joint  
48 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
49 Department of Environmental Quality, the Department of Health and Human Services, and the  
50 United States Environmental Protection Agency."

**SEPTAGE MANAGEMENT PROGRAM PERMITTING TIME LINE AMENDMENTS**

**SECTION 12.3.** G.S. 130A-291.1(e2) reads as rewritten:

"(e2) A properly completed application for a permit and the annual fee under this section are due by ~~4 January~~ December 15 of each year. The Department shall mail a notice of the annual fees to each permitted septage management firm and each individual who operates a septage treatment or disposal facility prior to ~~4 November~~ October 1 of each calendar year. A late fee in the amount equal to fifty percent (50%) of the annual permit fee under this section shall be submitted when a properly completed application and annual permit fee are not submitted by ~~4 January~~ January 1 following the ~~4 November~~ October 1 notice. The clear proceeds of civil penalties collected pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

**SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED FUND AMENDMENTS**

**SECTION 12.4.** G.S. 143-215.73F(b) reads as rewritten:

"(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

- (1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the ~~state~~ State located within lakes navigable and safe.
- (2) For aquatic weed control projects in waters of the State under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- ~~(3)~~ (3a) For the compensation of a beach and inlet management project manager with the Division of Coastal Management of the Department of Environmental Quality for the purpose of overseeing all For administrative support of Fund operations, limited to one hundred thousand dollars (\$100,000) in each fiscal year.
- (3b) For administrative support of activities related to beach and inlet management in the State. Funding for the position is limited to ninety-nine thousand dollars (\$99,000) in each fiscal year. State, limited to one hundred thousand dollars (\$100,000) in each fiscal year.
- (4) To provide funding for siting and acquisition of dredged disposal easement sites associated with the maintenance of the Atlantic Intracoastal Waterway between the border with the state of South Carolina and the border with the Commonwealth of Virginia, under a Memorandum of Agreement between the State and the federal government.
- (5) For assessments and data collection regarding dredge material disposal sites located in the State."

**MOUNT AIRY FUNDING CLARIFICATION**

**SECTION 12.5.** Subdivision (2) of Section 13.4 of S.L. 2018-5 reads as rewritten:

"(2) One million dollars (\$1,000,000) to the Town of Mount Airy for ~~a water and sewer line extension project.~~ water or sewer projects."

**WATER AND SEWER INFRASTRUCTURE GRANTS**

**SECTION 12.6.** Of the funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants, the following sums are allocated to the indicated local governments for the 2019-2020 fiscal year for various water and sewer infrastructure projects, including asset inventory and assessment:

- (1) Two hundred thousand dollars (\$200,000) to the Town of Four Oaks.

- 1 (2) Three million dollars (\$3,000,000) to the Town of Maysville.
- 2 (3) Five hundred thousand dollars (\$500,000) to the Town of Midland.
- 3 (4) One hundred thousand dollars (\$100,000) to the Town of Wilson's Mills.
- 4 (5) One hundred fifty thousand dollars (\$150,000) to the Town of Salemburg.
- 5 (6) One hundred fifty thousand dollars (\$150,000) to the Town of Bethel.
- 6 (7) One million dollars (\$1,000,000) to Sampson County.

## 8 WASTEWATER INFRASTRUCTURE PROJECT

9 **SECTION 12.7.** Notwithstanding G.S. 159G-22(b), fifteen million dollars  
10 (\$15,000,000) of funds appropriated in this act to the Division of Water Infrastructure for the  
11 Wastewater Reserve shall be used to provide a loan to the City of King for a wastewater system.  
12 Notwithstanding G.S. 159G-20(21) and G.S. 159G-40(b)(1), the interest rate for the loan shall  
13 be zero percent (0%).

## 15 INVESTMENT FLEXIBILITY AND RETAINED EARNINGS FOR RIPARIAN 16 BUFFER RESTORATION FUND AND RETAINED EARNINGS FOR ECOSYSTEM 17 RESTORATION FUND

18 **SECTION 12.8.(a)** G.S. 147-69.2(a) reads as rewritten:

19 "(a) This section applies to funds held by the State Treasurer to the credit of each of the  
20 following:

21 ...

22 (17n) The Riparian Buffer Restoration Fund.

23 ...."

24 **SECTION 12.8.(b)** G.S. 147-69.2(d) reads as rewritten:

25 "(d) The State Treasurer may invest funds deposited pursuant to subdivisions (17i), (17j),  
26 ~~and (17k)-(17k), (17l), and (17n)~~ of subsection (a) of this section in any of the investments  
27 authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section.  
28 The State Treasurer may require a minimum deposit, up to one hundred thousand dollars  
29 (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of  
30 participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to  
31 defray the costs of administering the funds and expenditures authorized under this section. Funds  
32 deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation  
33 Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the  
34 Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest  
35 or other investment income earned thereon shall be prorated and credited to the North Carolina  
36 Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem  
37 Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the  
38 basis of the amounts contributed to the respective Funds, figured according to sound accounting  
39 principles."

## 41 CERTAIN TIMBER SALES/NONREVERT

42 **SECTION 12.9.** Section 14.3 of S.L. 2015-241 reads as rewritten:

43 "**SECTION 14.3.** The Department of ~~Environment and Natural Resources'~~ Environmental  
44 Quality's Stewardship Program may retain revenue generated from timber harvesting on the  
45 Great Coharie property in the Conservation Grant Endowment Interest Fund ~~(6705)~~ (Fund Code  
46 64307-6705) for the purpose of restoration and stewardship of that property and these funds are  
47 hereby appropriated for that purpose. Any unused portion of this revenue remaining in the Fund  
48 on ~~June 30, 2019~~ June 30, 2021, shall revert to the General Fund."

## 50 CONSERVATION GRANT FUND CHANGES

1           **SECTION 12.10.(a)** G.S. 113A-235(a) is recodified as G.S. 113A-235(a1), and  
2 G.S. 113A-232(c) is recodified as G.S. 113A-235(a).

3           **SECTION 12.10.(b)** G.S. 113A-232, as amended by subsection (a) of this section,  
4 reads as rewritten:

5 **"§ 113A-232. Conservation Grant Fund.**

6           (a) **Fund Created.** – The Conservation Grant Fund is created within the Department of  
7 Environmental Quality. The Fund shall be administered by the Department. ~~The purpose of the~~  
8 ~~Fund is to stimulate the use of conservation easements, to improve the capacity of private~~  
9 ~~nonprofit land trust organizations to successfully accomplish conservation projects, to better~~  
10 ~~equip real estate related professionals to pursue opportunities for conservation, to increase~~  
11 ~~landowner participation in land and water conservation, and to provide an opportunity to leverage~~  
12 ~~private and other public monies for conservation easements.~~

13           (a1) **Fund Purpose.** – The purpose of the Conservation Grant Fund is to stimulate the use  
14 of conservation easements, to steward properties held by deed or conservation easement by the  
15 State, to improve the capacity of private nonprofit land trust organizations to successfully  
16 accomplish conservation projects, to better equip real estate-related professionals to pursue  
17 opportunities for conservation, to increase landowner participation in land and water  
18 conservation, and to provide an opportunity to leverage private and other public funds for  
19 conservation easements.

20           (b) **Fund Sources.** – The Conservation Grant Fund shall consist of any ~~monies-funds~~  
21 appropriated to it by the General Assembly and any ~~monies-funds~~ received from public or private  
22 sources. Unexpended ~~monies-funds~~ in the Fund that were appropriated from the General Fund  
23 by the General Assembly shall revert at the end of the fiscal year unless the General Assembly  
24 otherwise provides. Unexpended ~~monies-funds~~ in the Fund from other sources shall not revert  
25 and shall remain available for expenditure in accordance with this Article.

26           (c1) **Grant Eligibility.** – ~~State-Conservation properties, as described in G.S. 113A-235,~~  
27 State conservation land management agencies, local government conservation land management  
28 agencies, and private nonprofit land trust organizations are eligible to receive grants from the  
29 Conservation Grant Fund. Private nonprofit land trust organizations must be certified under  
30 section-Section 501(c)(3) of the Internal Revenue Code to aid in managing the land.

31           (d) **Use of Revenue.** – Revenue ~~in and investment income generated by the~~ Conservation  
32 Grant Fund may be used only for the following purposes:

33           (1) ~~The administrative costs of the Department in administering the Fund.Fund~~  
34 and stewardship program operations.

35           (2) ~~Conservation grants-Expenses related to grants, contracts, and agreements~~  
36 made in accordance with this Article.Article, including any of the following:

37           a. Reimbursement for total or partial transaction costs for a donation of  
38 real property or an interest in real property from an individual or  
39 corporation, when the Department determines either of the following:

40           1. The donor has insufficient financial ability to pay all costs or  
41 insufficient taxable income to allow these costs to be included  
42 in the donated value.

43           2. The donor has insufficient tax burdens to allow these costs to  
44 be offset by charitable deductions.

45           b. Management support, including initial baseline inventory and  
46 planning.

47           c. Monitoring compliance of conservation easements, the related use of  
48 riparian buffers, natural areas, and greenways, and the presence of  
49 ecological integrity.

- d. Education and studies on conservation properties, including information materials intended for landowners and education for staff and volunteers.
- e. Stewardship of conservation properties.
- f. Transaction costs for recipients, including legal expenses, closing and title costs, and unusual direct costs, such as overnight travel.
- g. Administrative costs.
- h. Award of grants under G.S. 113A-234.
- i. Legal expenses incurred in protecting and seeking remedies for damages to Department-held conservation properties.
- j. Acquisition of conservation properties and easements.

(3) To establish an endowment account, the interest from which will be used for a purpose described in ~~G.S. 113A-233(a)~~, this subsection. The principal of this account shall not be used for the purchase of real property or an interest in real property."

**SECTION 12.10.(c)** G.S. 113A-233 is repealed.

**SECTION 12.10.(d)** G.S. 113A-234 reads as rewritten:

**"§ 113A-234. Administration of grants.**

(a) Grant Procedures and Criteria. – The Secretary of the Department of Environmental Quality shall establish the procedures and criteria for awarding grants from the Conservation Grant Fund. The criteria shall focus grants on those areas, approaches, and techniques that are likely to provide the optimum positive effect on environmental protection. The Secretary shall make the final decision on the award of grants and shall announce the award publicly in a timely manner.

...."

**SECTION 12.10.(e)** G.S. 113A-235, as amended by subsection (a) of this section, reads as rewritten:

**"§ 113A-235. Conservation easements, properties eligible for funding.**

(a) Property Eligibility. – In order for real property or an interest in real property to be ~~the subject of~~ eligible for a grant under this Article, Article as a conservation property, the real property or interest in real property must meet all of the following conditions:

...

(a1) ~~Acquisition and Protection of Conservation Easements–Properties.~~ – Ecological systems and appropriate public use of these systems may be protected through conservation easements, including conservation agreements under Article 4 of Chapter 121 of the General Statutes, the Conservation and Historic Preservation Agreements Act, and conservation easements under the Conservation Reserve Enhancement Program. The Department may acquire conservation properties and easements by purchase, gift, or assignment, in accordance with G.S. 146-22. The Department of Environmental Quality shall work cooperatively with State and local agencies and qualified nonprofit organizations to monitor compliance with conservation easements and conservation agreements and to ensure the continued viability of the protected ecosystems. Soil and water conservation districts established under Chapter 139 of the General Statutes may acquire easements under the Conservation Reserve Enhancement Program by purchase or gift.

...."

**FUNDS FOR BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**

**SECTION 12.12.** Funds appropriated to the Division of Water Infrastructure of the Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of S.L.

1 2018-5 and deposited into the PFAS Recovery Fund may be used for the purposes set forth in  
2 G.S. 87-98.

#### 3 4 **REDIRECT PFAS RECOVERY FUNDS**

5 **SECTION 12.13.** Funds appropriated to the Division of Water Infrastructure of the  
6 Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of S.L.  
7 2018-5 and deposited into the PFAS Recovery Fund shall be transferred and reallocated for other  
8 projects as follows:

- 9 (1) Eight hundred thirty-seven thousand seven hundred fifty-five dollars  
10 (\$837,755) to the Compensatory Mitigation Fund for the purpose of dissolving  
11 the conservation easement associated with the Little Alamance Creek stream  
12 restoration project in Alamance County and held by the State of North  
13 Carolina. Any additional funds needed to dissolve the conservation easement  
14 shall be provided by the Department of Environmental Quality from funds  
15 available to the Department.
- 16 (2) Two hundred thousand dollars (\$200,000) to the Oil or Other Hazardous  
17 Substances Pollution Protection Fund established by G.S. 143-215.87 to be  
18 used by the Department of Environmental Quality for investigation and  
19 remediation of discharges of petroleum products into waters of the State that  
20 are ineligible for funding from programs addressing leaking underground  
21 storage tanks.
- 22 (3) One hundred thousand dollars (\$100,000) to provide a directed grant to  
23 MountainTrue for recreational water quality testing.
- 24 (4) Five hundred thousand dollars (\$500,000) to provide a directed grant to the  
25 Town of Maysville for construction of a public water supply well to replace a  
26 contaminated well.

#### 27 28 **DRY CLEANING SOLVENT PROGRAM EXTENSION**

29 **SECTION 12.14.(a)** G.S. 143-215.104A reads as rewritten:

##### 30 **"§ 143-215.104A. Title; sunset.**

31 This part is the "Dry-Cleaning Solvent Cleanup Act of 1997" and may be cited by that name.  
32 ~~Except as otherwise provided in this section, this~~ This part expires 1 January 2022.  
33 January 1, 2032, except with respect to all of the following:

- 34 (1) G.S. 143-215.104K ~~is not repealed~~ does not expire to the extent that it applies  
35 to liability arising from dry-cleaning solvent contamination described in a  
36 Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent  
37 Remediation Agreement entered into by the Environmental Management  
38 Commission pursuant to G.S. 143-215.104H and G.S. 143-215.104I.
- 39 (2) Any Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent  
40 Remediation Agreement in force as of ~~1 January 2012~~ January 1, 2032, shall  
41 continue to be governed by the provisions of Part 6 of Article 21A of Chapter  
42 143 of the General Statutes as though those provisions had not been repealed.
- 43 (3) G.S. 143-215.104D(b)(2) ~~is not repealed;~~ does not expire; rules adopted by  
44 the Environmental Management Commission pursuant to  
45 G.S. 143-215.104D(b)(2) shall continue in effect; and those rules may be  
46 enforced pursuant to G.S. 143-215.104P, 143-215.104Q, and 143-215.104R,  
47 which shall remain in effect for that purpose."

48 **SECTION 12.14.(b)** G.S. 105-164.44E reads as rewritten:

##### 49 **"§ 105-164.44E. Transfer to the Dry-Cleaning Solvent Cleanup Fund.**

50 (a) Transfer. – At the end of each quarter, the Secretary must transfer to the Dry-Cleaning  
51 Solvent Cleanup Fund established under G.S. 143-215.104C an amount equal to fifteen percent

1 (15%) of the net State sales and use taxes collected under G.S. 105-164.4(a)(4) during the  
2 previous fiscal year, as determined by the Secretary based on available data.

3 (b) Sunset. – This section is repealed effective ~~July 1, 2020~~ July 1, 2030."

4 **SECTION 12.14.(c)** G.S. 105-187.35 reads as rewritten:

5 "**§ 105-187.35. Sunset.**

6 This Article is repealed effective ~~January 1, 2020~~ January 1, 2030."

7  
8 **WATER/WASTEWATER PUBLIC ENTERPRISE REFORM**

9 **SECTION 12.15.(a)** G.S. 159G-20 reads as rewritten:

10 "**§ 159G-20. Definitions.**

11 The following definitions apply in this Chapter:

12 ...

13 (4a) Distressed unit. – A public water system or wastewater system operated by a  
14 local government unit exhibiting signs of failure to identify or address those  
15 financial or operating needs necessary to enable that system to become or to  
16 remain a local government unit generating sufficient revenues to adequately  
17 fund management and operations, personnel, appropriate levels of  
18 maintenance, and reinvestment that facilitate the provision of reliable water  
19 or wastewater services.

20 ...

21 (13) Local government unit. – Any of the following:

22 a. A city as defined in G.S. 160A-1.

23 b. A county.

24 c. A consolidated city-county as defined in G.S. 160B-2.

25 d. ~~A county water and sewer district created pursuant to Article 6 of~~  
26 ~~Chapter 162A of the General Statutes.~~ Any of the following entities  
27 created pursuant to Chapter 162A of the General Statutes:

28 1. A water and sewer authority created pursuant to Article 1.

29 2. A metropolitan water district created pursuant to Article 4.

30 3. A metropolitan sewerage district created pursuant to Article 5.

31 4. A metropolitan water and sewerage district created pursuant to  
32 Article 5A.

33 5. A county water and sewer district created pursuant to Article  
34 6.

35 e. ~~A metropolitan sewerage district or a metropolitan water district~~  
36 ~~created pursuant to Article 4 of Chapter 162A of the General Statutes.~~

37 f. ~~A water and sewer authority created under Article 1 of Chapter 162A~~  
38 ~~of the General Statutes.~~

39 g. A sanitary district created pursuant to Part 2 of Article 2 of Chapter  
40 130A of the General Statutes.

41 h. A joint agency created pursuant to Part 1 or Part 5 of Article 20 of  
42 Chapter 160A of the General Statutes.

43 i. A joint agency that was created by agreement between two cities and  
44 towns to operate an airport pursuant to G.S. 63-56 and that provided  
45 drinking water and wastewater services off the airport premises before  
46 1 January 1995.

47 ...

48 (22a) Viable Utility Reserve. – The Viable Utility Reserve established in  
49 G.S. 159G-22 as an account in the Water Infrastructure Fund.

50 ...."

1           SECTION 12.15.(b) G.S. 159G-22 is amended by adding two new subsections to  
2 read:

3           "(h) Viable Utility Reserve. – The Viable Utility Reserve is established as an account  
4 within the Water Infrastructure Fund. The account is established to receive appropriated State  
5 funds to be used for grants to local government units for those purposes authorized under this  
6 Article. Revenue credited to the Viable Utility Reserve is neither received from the federal  
7 government nor provided as a match for federal funds.

8           "(i) Viable Utility Accounts. – The Department is directed to establish accounts within  
9 the Viable Utility Reserve to administer grants for public water systems or wastewater systems  
10 owned by local government units."

11           SECTION 12.15.(c) G.S. 159G-30 reads as rewritten:

12           "**§ 159G-30. Department's responsibility.**

13           The Department, through the ~~Division of Water Infrastructure, Division,~~ administers loans  
14 the following:

15           (1) Loans and grants made from the CWSRF, the DWSRF, the Wastewater  
16 Reserve, and the Drinking Water Reserve and shall administer the Reserve.

17           (2) The award of funds by the State Water Infrastructure Authority from the  
18 Community Development Block Grant program to local government units for  
19 infrastructure projects.

20           (3) Grants made from the Viable Utility Reserve."

21           SECTION 12.15.(d) G.S. 159G-31 is amended by adding a new subsection to read:

22           "(d) A local government unit is eligible to apply for a grant from the Viable Utility  
23 Reserve."

24           SECTION 12.15.(e) G.S. 159G-32 is amended by adding a new subsection to read:

25           "(d) Viable Utility Reserve. – The Department is authorized to make grants from the  
26 Viable Utility Reserve to do any of the following:

27           (1) Provide physical interconnection and extension of public water or wastewater  
28 infrastructure to provide regional service.

29           (2) Rehabilitate existing public water or wastewater infrastructure.

30           (3) Decentralize an existing public water system or wastewater system into  
31 smaller viable parts.

32           (4) Fund a study of any one or more of the following:

33           a. Rates.

34           b. Asset inventory and assessment.

35           c. Merger and regionalization options.

36           (5) Fund other options deemed feasible which results in local government units  
37 generating sufficient revenues to adequately fund management and  
38 operations, personnel, appropriate levels of maintenance, and reinvestment  
39 that facilitate the provision of reliable water or wastewater services."

40           SECTION 12.15.(f) Article 2 of Chapter 159G of the General Statutes is amended  
41 by adding a new section to read:

42           "**§ 159G-34.5. Grant types available from Viable Utility Reserve.**

43           "(a) The Department is authorized to make the following types of grants from the Viable  
44 Utility Reserve:

45           (1) Asset assessment and rate study grant. – An asset inventory and assessment  
46 grant is available to inventory the existing public water or wastewater system,  
47 or both, document the condition of the inventoried infrastructure, and conduct  
48 a rate study to determine a rate structure sufficient to prevent the local  
49 government unit from becoming a distressed unit.

50           (2) Merger/regionalization feasibility grant. – A merger/regionalization grant is  
51 available to determine the feasibility of consolidating the management of

1 multiple water or wastewater systems into a single operation or to provide  
2 regional treatment or water supply and the best way of carrying out the  
3 consolidation or regionalization. The Department shall not make a grant under  
4 this subdivision for a merger or regionalization proposal that would result in  
5 a new surface water transfer regulated under G.S. 143-215.22L.

6 (3) Project grant. – A project grant is available for a portion of the costs of a public  
7 water system or wastewater system project as defined in G.S. 159G-32(d).

8 (b) A grant awarded from the Viable Utility Reserve may be awarded to a regional  
9 council of government created under Part 2 of Article 20 of Chapter 160A of the General Statutes  
10 or to a regional planning commission created under Article 19 of Chapter 153A of the General  
11 Statutes, if the Department and the Local Government Commission determine it is in the best  
12 interest of the local government unit.

13 (c) Each type of grant must be administered through a separate account within the Viable  
14 Utility Reserve."

15 **SECTION 12.15.(g)** G.S. 159G-35 reads as rewritten:

16 **"§ 159G-35. Criteria for loans and grants.**

17 (a) CWSRF and DWSRF. – Federal law determines the criteria for awarding a loan or  
18 grant from the CWSRF or the DWSRF. An award of a loan or grant from one of these accounts  
19 must meet the criteria set under federal law. The Department is directed to establish through  
20 negotiation with the United States Environmental Protection Agency the criteria for evaluating  
21 applications for loans and grants from the CWSRF and the DWSRF and the priority assigned to  
22 the criteria. The Department must incorporate the negotiated criteria and priorities in the  
23 Capitalization Grant Operating Agreement between the Department and the United States  
24 Environmental Protection Agency. The criteria and priorities incorporated in the Agreement  
25 apply to a loan or grant from the CWSRF or the DWSRF. The priority considerations in  
26 G.S. 159G-23 do not apply to a loan or grant from the CWSRF or the DWSRF.

27 (b) Certain Reserves. – The priority considerations in G.S. 159G-23 apply to a loan or  
28 grant from the Wastewater Reserve or the Drinking Water Reserve. The Department may  
29 establish by rule other criteria that apply to a loan or grant from the Wastewater Reserve or the  
30 Drinking Water Reserve.

31 (c) Viable Utility Reserve. – The Local Government Commission and the Authority shall  
32 jointly develop evaluation criteria for grants from the Viable Utility Reserve. These evaluation  
33 criteria shall be used to review applications and award grants as provided in G.S. 159G-39."

34 **SECTION 12.15.(h)** G.S. 159G-36 reads as rewritten:

35 **"§ 159G-36. Limits on loans and grants.**

36 (a) CWSRF and DWSRF. – Federal law governs loans and grants from the CWSRF and  
37 the DWSRF. An award of a loan or grant from one of these accounts must be consistent with  
38 federal law.

39 (b) Certain Reserve Cost Limit. – The amount of a loan or grant from the Wastewater  
40 Reserve or the Drinking Water Reserve may not exceed the construction costs of a project. A  
41 loan or grant from one of these Reserves is available only to the extent that other funding sources  
42 are not reasonably available to the applicant.

43 (b1) Viable Utility Reserve Cost Limit. – The amount of a grant from the Viable Utility  
44 Reserve shall not exceed the construction costs of a project. A grant from this Reserve is available  
45 only to the extent that other funding sources are not reasonably available to the applicant.

46 (c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant  
47 types made from the Wastewater Reserve or the Drinking Water Reserve to the same local  
48 government unit or nonprofit water corporation:

49 (1) The amount of loans awarded for a fiscal year may not exceed three million  
50 dollars (\$3,000,000).

- 1 (2) The amount of loans awarded for three consecutive fiscal years for targeted  
2 interest rate projects may not exceed three million dollars (\$3,000,000).  
3 (3) The amount of project grants awarded for three consecutive fiscal years may  
4 not exceed three million dollars (\$3,000,000).  
5 (4) The amount of merger/regionalization feasibility grants awarded for three  
6 consecutive fiscal years may not exceed fifty thousand dollars (\$50,000).  
7 (5) The amount of asset inventory and assessment grants awarded for three  
8 consecutive fiscal years may not exceed one hundred fifty thousand dollars  
9 (\$150,000).

10 (d) Viable Utility Reserve Recipient Limit. – Grants under the Viable Utility Reserve  
11 shall not exceed fifteen million dollars (\$15,000,000) to any single local government unit. Where  
12 two or more local government units are merging into a single utility, the total grant awarded shall  
13 not exceed thirty million dollars (\$30,000,000)."

14 **SECTION 12.15.(i)** G.S. 159G-37 reads as rewritten:

15 "**§ 159G-37. Application to CWSRF, Wastewater Reserve, DWSRF, and Drinking Water**  
16 **Reserve, Reserve, and Viable Utility Reserve.**

17 (a) Application. – An application for a loan or grant from the CWSRF, the Wastewater  
18 Reserve, the DWSRF, or the Drinking Water ~~Reserve-Reserve~~, or a grant from the Viable Utility  
19 ~~Reserve~~, must be filed with the ~~Division of Water Infrastructure of the Department- Division~~. An  
20 application must be submitted on a form prescribed by the Division and must contain the  
21 information required by the Division. An applicant must submit to the Division any additional  
22 information requested by the Division to enable the Division to make a determination on the  
23 application. An application that does not contain information required on the application or  
24 requested by the Division is incomplete and is not eligible for consideration. An applicant may  
25 submit an application in as many categories as it is eligible for consideration under this Article.

26 (b) Certification. – The ~~Division of Water Infrastructure~~ shall require all local  
27 governments applying for loans or grants for water or wastewater purposes to certify that no  
28 funds received from water or wastewater utility operations have been transferred to the local  
29 government's general fund for the purpose of supplementing the resources of the general fund.  
30 The prohibition in this section shall not be interpreted to include payments made to the local  
31 government to reimburse the general fund for expenses paid from that fund that are reasonably  
32 allocable to the regular and ongoing operations of the utility, including, but not limited to, rent  
33 and shared facility costs, engineering and design work, plan review, and shared personnel costs."

34 **SECTION 12.15.(j)** G.S. 159G-39 is amended by adding a new subsection to read:

35 "(e) Viable Utility Reserve Terms. – The Department shall not award a grant from the  
36 Viable Utility Reserve Fund unless the Local Government Commission approves the award of  
37 the grant and the terms of the grant. The Department and the Local Government Commission  
38 may, in their discretion, impose specific performance measures or conditions on any grant  
39 awarded from the Viable Utility Reserve."

40 **SECTION 12.15.(k)** Article 2 of Chapter 159G of the General Statutes is amended  
41 by adding a new section to read:

42 "**§ 159G-45. Assessment of local government units; assistance.**

43 (a) The Authority and the Local Government Commission shall develop criteria to  
44 determine how local government units should be assessed and reviewed in accordance with this  
45 section, and these criteria shall address at least all of the following:

- 46 (1) Whether the public water or wastewater system serves less than 10,000  
47 customers.  
48 (2) Whether the public water or wastewater system has an established,  
49 operational, and adequately funded program for its repair, maintenance, and  
50 management.



**"§ 162A-855. Information needed to merge or dissolve.**

(a) Prior to any action by the Environmental Management Commission under this Article, for any unit to merge or dissolve all of the following information must be supplied to the Environmental Management Commission:

- (1) The name of the unit or units to be merged or dissolved.
- (2) The names of the district board members of the unit or units to be merged or dissolved.
- (3) The proposed date of the merger or dissolution.
- (4) A map or description of the jurisdiction of the unit or units to be merged or dissolved.
- (5) The name of the entity with whom the unit or units will be merged, if applicable.
- (6) The names of the governing board members or district board members of the entity with which the unit is proposed to be merged, if applicable.
- (7) A map or description of the jurisdiction of the entity with which the unit is proposed to be merged.
- (8) Resolutions adopted by each district board or governing board requesting the merger or dissolution.
- (9) A request from each chair of a district board requesting a merger or dissolution that a representative of the Environmental Management Commission hold a public hearing in that district to discuss the proposed merger or dissolution and to receive public comment. The date, time, and place of the public hearing shall be mutually agreed to by the chair of the Environmental Management Commission and the chair of each requesting district board.
- (10) A copy of the most recent audit performed in accordance with G.S. 159-34 for the unit to be merged or dissolved.
- (11) A copy of any permits issued by the Department of Environmental Quality to the unit or units to be merged or dissolved.
- (12) A copy of any grant awarded under Article 2 of this Chapter involving the unit or units to be merged or dissolved, and any conditions thereof, if applicable.
- (13) Any other information deemed necessary by the Department of Environmental Quality, the Local Government Commission, or the Environmental Management Commission.

(b) Upon receipt of a request to dissolve or merge, the Environmental Management Commission shall provide a copy of all information submitted in accordance with this section to the Department of Environmental Quality and the Local Government Commission.

(c) Upon confirmation of the time and place of the public hearing, each district board of an affected unit and any other governing board affected shall do all of the following:

- (1) Cause notice of the public hearing to be posted, at least 30 days prior to the hearing, at the courthouse in any county within which the affected unit lies.
- (2) Publish the notice at least once a week for four successive weeks in a newspaper having general circulation in the affected unit, the first publication to be at least 30 days prior to the public hearing.
- (3) Publish notice in any other manner required by the Environmental Management Commission.

**"§ 162A-860. Merger of units.**

(a) Any unit may merge with any other unit, any county, any city, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water

1 and wastewater services off the airport premises before January 1, 1995, if the merger is a  
2 condition of receiving a grant from the Viable Utility Reserve as provided in Article 2 of Chapter  
3 159G of the General Statutes. The Environmental Management Commission shall adopt a  
4 resolution transferring the assets, liabilities, and other obligations to the entity with which the  
5 unit is being merged and dissolving the unit as provided for in this Article.

6 (b) Any unit may merge with any other unit, any county, any city, any consolidated  
7 city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the  
8 General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter  
9 160A of the General Statutes, or any joint agency that was created by agreement between two  
10 cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water  
11 and wastewater services off the airport premises before January 1, 1995, on approval by the  
12 Environmental Management Commission, upon consultation with the Department of  
13 Environmental Quality and the Local Government Commission. The Environmental  
14 Management Commission may adopt a resolution transferring the assets, liabilities, and other  
15 obligations to the entity with which the unit is being merged and dissolving the unit as provided  
16 for in this Article, if the Environmental Management Commission deems the merger in the best  
17 interest of the people of the State.

18 (c) The Environmental Management Commission shall adopt a resolution dissolving a  
19 unit and transferring the assets, liabilities, and other obligations of the unit to another unit when  
20 the procedures set forth in G.S. 162A-855 have been completed and all of the following apply:

21 (1) Both units are created pursuant to Article 5 of this Chapter.

22 (2) Both units are located in the same county.

23 (3) The jurisdiction of the units are contiguous.

24 (4) The unit to be merged and dissolved does not directly provide sewerage  
25 services to any customers.

26 (5) The unit to be merged and dissolved leases its assets to the unit with which it  
27 is proposed to be merged.

28 (6) The unit to be merged and dissolved has no outstanding debts.

29 **§ 162A-865. Dissolution of units.**

30 (a) Any unit may be dissolved, if the dissolution is a condition of a grant from the Viable  
31 Utility Reserve as provided in Article 2 of Chapter 159G of the General Statutes. The  
32 Environmental Management Commission shall adopt a resolution transferring the assets,  
33 liabilities, and other obligations as provided for in the grant conditions imposed under Article 2  
34 of Chapter 159G of the General Statutes.

35 (b) Any unit may be dissolved in order to merge that unit with any other unit, any county,  
36 any city, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article  
37 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5  
38 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by  
39 agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that  
40 provided drinking water and wastewater services off the airport premises before January 1, 1995,  
41 and establish a new entity created under the General Statutes, on approval by the Environmental  
42 Management Commission, upon consultation with the Department of Environmental Quality and  
43 the Local Government Commission. The Environmental Management Commission may adopt a  
44 resolution transferring the assets, liabilities, and other obligations to the new entity and dissolving  
45 the unit as provided for in this Article, if the Environmental Management Commission deems the  
46 merger in the best interest of the people of the State.

47 **§ 162A-870. Effective date of merger or dissolution.**

48 Upon the adoption of a resolution of merger or dissolution by the Environmental  
49 Management Commission as provided in this Article, the effective date for merger and  
50 dissolution shall be fixed as of June 30 following the adoption of the resolution or the second  
51 June 30 following adoption of the resolution.

1 **"§ 162A-875. Effect of merger or dissolution.**

2 (a) Upon adoption of the resolution of merger or dissolution by the Environmental  
3 Management Commission, all of the following shall apply on the effective date set forth in the  
4 resolution:

- 5 (1) All property, real, personal, and mixed, including accounts receivable,  
6 belonging to the dissolving unit shall be transferred, disposed of, or otherwise  
7 accounted for as provided in the resolution of merger or dissolution.
- 8 (2) All judgments, liens, rights of liens, and causes of action of any nature in favor  
9 of the dissolving unit shall vest in and remain and inure to the benefit of the  
10 merged district.
- 11 (3) All taxes, assessments, sewer charges, and any other debts, charges, or fees  
12 owing to the dissolving unit shall be owed to and collected as provided in the  
13 resolution of merger or dissolution.
- 14 (4) All actions, suits, and proceedings pending against, or having been instituted  
15 by, the dissolving unit shall not be abated by merger, but all such actions,  
16 suits, and proceedings shall be continued and completed in the same manner  
17 as if merger had not occurred, and the merged entity shall be a party to all  
18 such actions, suits, and proceedings in the place and stead of the dissolving  
19 unit and shall pay or cause to be paid any judgments rendered against the  
20 dissolving unit in any such actions, suits, or proceedings. No new process is  
21 required to be served in any such action, suit, or proceeding.
- 22 (5) All obligations of the dissolving unit, including outstanding indebtedness,  
23 shall be assumed as provided in the resolution of merger or dissolution, and  
24 all such obligations and outstanding indebtedness shall constitute obligations  
25 and indebtedness as provided in the resolution of merger or dissolution.
- 26 (6) All ordinances, rules, regulations, and policies of the dissolving unit shall  
27 continue in full force and effect until repealed or amended by the governing  
28 body of the merged entity.
- 29 (7) The dissolving unit shall be abolished and shall no longer be constituted a  
30 public body or a body politic and corporate, except for purposes of carrying  
31 into effect the provisions and intent of this section.
- 32 (8) Governance of the district shall be as specified in the resolution of merger or  
33 dissolution, which may be amended by the Environmental Management  
34 Commission as needed.

35 (b) All governing boards and district boards are authorized to take the actions and execute  
36 the documents necessary to effectuate the provisions and intent of this section."

37 **SECTION 12.15.(m)** Article 20 of Chapter 160A of the General Statutes is amended  
38 by adding a new Part to read:

39 "Part 5. Water and Wastewater Systems.

40 **"§ 160A-481.1. Definitions.**

41 The words defined in this section shall have the meanings indicated when used in this Part:

- 42 (1) Local government unit. – Defined in G.S. 159G-20.  
43 (2) Undertaking. – Defined in G.S. 160A-460.  
44 (3) Unit of local government. – Defined in G.S. 160A-460.

45 **"§ 160A-481.2. Interlocal cooperation authorized.**

46 Interlocal cooperation, as provided in Part 1 of this Article, is authorized between any local  
47 government unit and any other unit of local government in this State for any purpose. When two  
48 or more local government units agree to contract for one or more undertakings under this Part,  
49 the provisions of Part 1 of this Article apply."

50 **SECTION 12.15.(n)** The Department of Environmental Quality shall study the  
51 statutes and rules governing subbasin transfers and make recommendations as to whether the

1 statutes and rules should be amended. The study shall specifically examine whether transfers of  
2 water between subbasins within the same major river basin should continue to be required to  
3 comply with all of the same requirements under G.S. 143-215.22L as transfers of water between  
4 major river basins. In conducting this study, the Department shall consider whether the costs of  
5 complying with specific requirements, including financial costs and time, are justified by the  
6 benefits of the requirements, including the production of useful information and public notice  
7 and involvement. No later than October 1, 2019, the Department of Environmental Quality shall  
8 report its findings and recommendations to the Environmental Review Commission.

9 **SECTION 12.15.(o)** The Treasurer and Secretary of State shall study and make  
10 recommendations as to the feasibility of authorizing historical charters for units of local  
11 government that have become, or are on the brink of becoming, defunct. The study shall  
12 specifically examine whether these historical charters are needed, the impact of these charters on  
13 the bond rating of the State and its political subdivisions, and the consequences of these historical  
14 charters. No later than March 1, 2020, the Treasurer and Secretary of State shall report their  
15 findings and recommendations to the General Assembly.

16 **SECTION 12.15.(p)** Subsections (a) through (m) of this section become effective  
17 October 1, 2019. The remainder of this section is effective when it becomes law.

### 18 19 **COMMERCIAL FISHING LICENSE BUYBACK**

20 **SECTION 12.16.(a)** Notwithstanding G.S. 143-215.73F or any other provision of  
21 law to the contrary, the Division of Marine Fisheries of the Department of Environmental Quality  
22 may use up to one million dollars (\$1,000,000) in each year of the 2019-2021 fiscal biennium  
23 from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund (Fund Code  
24 24300-2182) to implement a voluntary fisheries license buyback program for holders of  
25 underutilized commercial fishing licenses. The program shall provide that any Standard  
26 Commercial Fishing Licenses repurchased with funds provided by this Section shall revert to the  
27 pool of available commercial fishing licenses established by Section 5.2 of S.L. 1997-400, as  
28 amended by Section 4.24 of S.L. 1998-225.

29 **SECTION 12.16.(b)** The Division of Marine Fisheries shall report to the Joint  
30 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
31 Fiscal Research Division as follows:

- 32 (1) No later than December 1, 2019, on its plan for the voluntary license buyback  
33 program, with consideration of a reverse auction model.
- 34 (2) No later than April 15, 2020, on interim progress in implementing the buyback  
35 program, including any required legislative changes.
- 36 (3) No later than September 1, 2020, and September 1, 2021, on activities and  
37 results of the buyback program during the prior fiscal year.

### 38 39 **DEQ ORGANIZATIONAL LAYER REFORM**

40 **SECTION 12.17.(a)** Definition. – For purposes of this section, "organizational  
41 layers" refer to the number of levels in a Department's hierarchy, from the highest to the lowest  
42 position.

43 **SECTION 12.17.(b)** Directive. – The Department of Environmental Quality shall  
44 examine its organizational structure as recommended in the Program Evaluation Division report  
45 "Most Departments' Spans of Control and Number of Organizational Layers Do Not Meet  
46 Recommended Levels" (December 12, 2016) (the PED Report). Based on this examination, and  
47 on the benchmark maximum of seven organizational layers recommended by the PED Report,  
48 the Department shall implement the following reforms:

- 49 (1) Eliminate one organizational layer no later than June 30, 2020.
- 50 (2) Eliminate a second organizational layer no later than June 30, 2021.

1           **SECTION 12.17.(c)** Study. – The Department shall report to the Joint Legislative  
2 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
3 Research Division regarding its implementation of this section no later than March 1, 2020, (with  
4 respect to the directive set forth in subdivision (b)(1) of this section) and March 1, 2021 (with  
5 respect to the directive set forth in subdivision (b)(2) of this section).  
6

#### 7 **IMPUTED RENT PILOT PROGRAM**

8           **SECTION 12.18.(a)** Notwithstanding G.S. 143C-4-3.1(e), of the funds appropriated  
9 from the State Capital and Infrastructure Fund to the Department of Environmental Quality, the  
10 sum of one million dollars (\$1,000,000) in each fiscal year of the fiscal biennium shall be  
11 allocated to the Imputed Rent Pilot Program, as established by this section.

12           **SECTION 12.18.(b)** There is established the Imputed Rent Pilot Program in which  
13 the Department of Environmental Quality shall pay to the State Capital and Infrastructure Fund  
14 the imputed rent value of the space occupied by the Department of Environmental Quality in  
15 State-owned buildings. By September 1, 2019, the Department of Administration shall determine  
16 the amount of square footage of the space occupied by the Department of Environmental Quality  
17 in State-owned buildings and shall calculate the imputed rent value per square foot by dividing  
18 one million dollars (\$1,000,000) by this amount. Quarterly thereafter, the Department of  
19 Administration shall redetermine the square footage of the space occupied by the Department of  
20 Environmental Quality in State-owned buildings.

21           **SECTION 12.18.(c)** By October 1, 2019, and quarterly thereafter, the Department  
22 of Environmental Quality shall pay to the State Capital and Infrastructure Fund the imputed rent  
23 value of the space occupied by the Department of Environmental Quality in State-owned  
24 buildings. This imputed rent value shall be based on the imputed rent value per square foot, as  
25 calculated by the Department of Administration pursuant to subsection (b) of this section,  
26 multiplied by the square footage of the space occupied by the Department of Environmental  
27 Quality in State-owned buildings, as determined by the Department of Administration in the  
28 previous month.

29           **SECTION 12.18.(d)** If, during the Imputed Rent Pilot Program, the Department of  
30 Environmental Quality reduces the amount of square footage that it occupies in State-owned  
31 buildings and thereby reduces the amount of its quarterly payments under this section, it may  
32 spend any savings in its discretion on a nonrecurring basis.

33           **SECTION 12.18.(e)** During the Imputed Rent Pilot Program, the Office of State  
34 Budget and Management, when allocating funds under G.S. 143C-8-13, shall prioritize any  
35 repairs and renovations that would facilitate the Department of Environmental Quality reducing  
36 the amount of square footage that it occupies in State-owned buildings.

37           **SECTION 12.18.(f)** The Department of Environmental Quality shall submit the  
38 following reports on the Imputed Rent Pilot Program to the chairs of the Senate Appropriations  
39 Committee, the chairs of the House of Representatives Appropriations Committee, the chairs of  
40 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the  
41 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural  
42 and Economic Resources, the Joint Legislative Oversight Committee on Agriculture and Natural  
43 and Economic Resources, and the Joint Legislative Program Evaluation Oversight Committee:

44           (1) By September 30, 2020, an interim report on the previous fiscal year.

45           (2) By September 30, 2021, a final report on the previous fiscal year.

46           **SECTION 12.18.(g)** The Imputed Rent Pilot Program shall terminate on June 30,  
47 2021.  
48

#### 49 **DELAY ANIMAL WASTE GENERAL PERMITS/STUDY**

50           **SECTION 12.19.(a)** Notwithstanding 15A NCAC 02T .0111(e), the Department of  
51 Environmental Quality, pursuant to the powers relative to general permits and to permits for

1 facilities not discharging to the surface waters of the State that are granted to the Environmental  
2 Management Commission under G.S. 143-215.1 and G.S. 143-215.10C and delegated by the  
3 Commission to the Department, shall extend the expiration of general permits AWG100000  
4 (Swine), AWG200000 (Cattle), and AWG300000 (Poultry) until October 1, 2020. Subject to the  
5 provisions of 40 Code of Federal Regulations Part 123 and of subsections (g) and (h) of 15A  
6 NCAC 02T .0111, the Department of Environmental Quality shall extend the expiration of  
7 individual certificates of coverage issued under these general permits until October 1, 2020.

8 **SECTION 12.19.(b)** The Environmental Review Commission shall study the  
9 Department of Environmental Quality's process for the development and adoption of general  
10 permits for animal waste management systems for swine, cattle, and poultry operations. The  
11 study shall specifically include consideration of whether the general permit process should  
12 comply with the Administrative Procedure Act, Chapter 150B of the General Statutes. In  
13 conducting this study, the Environmental Review Commission shall seek input from the  
14 Department of Environmental Quality; the Department of Agriculture and Consumer Services;  
15 the Office of Administrative Hearings; the College of Agriculture and Life Sciences at North  
16 Carolina State University; representatives of swine, cattle, and poultry farmers; and  
17 representatives of environmental protection and natural resource conservation groups. The  
18 Environmental Review Commission shall report its findings and recommendations, including  
19 any legislative proposals, to the 2020 Regular Session of the 2019 General Assembly upon its  
20 convening.

21 **SECTION 12.19.(c)** This section is effective when it becomes law.  
22

## 23 **REPURPOSE PRE-REGULATORY LANDFILL FUNDS AMENDMENT**

24 **SECTION 12.20.** Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L.  
25 2018-97, reads as rewritten:

26 "**SECTION 13.2.** Notwithstanding G.S. 130A-310.11(b), up to two million dollars  
27 (\$2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under  
28 G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used  
29 by the Department of Environmental Quality's Division of Waste Management to provide a  
30 matching grant to Charlotte Motor Speedway, ~~LLC-LLC~~, (CMS) for the purpose of remediation  
31 activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one  
32 dollar (\$1.00) for every ~~two non-State dollars (\$2.00)~~ one non-State dollar (\$1.00) provided in  
33 kind or otherwise, up to a maximum of two million dollars (\$2,000,000) for the matching grant  
34 described in this section. CMS may allocate all or a portion of the grant provided by this section  
35 to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an  
36 allocation shall be considered a subgrantee as defined in ~~143C-6-23~~. G.S. 143C-6-23."  
37

## 38 **REGIONAL WATER AND SEWER FUNDING**

39 **SECTION 12.21.(a)** Section 14.20A of S.L. 2016-94, as amended by Section 1 of  
40 S.L. 2017-17, reads as rewritten:

### 41 **"REGIONAL WATER AND SEWER FUNDING**

42 "**SECTION 14.20A.(a)** Of the funds appropriated to the Department of Environmental  
43 Quality, Division of Water Infrastructure, by this act, the sum of fourteen million five hundred  
44 forty-eight thousand nine hundred eighty-one dollars (\$14,548,981) shall be used to fund  
45 interconnection, extension of water and sewer lines, and related water and wastewater system  
46 modification and expansion involving the Counties of Rockingham and Guilford and the  
47 municipalities of Oak Ridge, Stokesdale, Summerfield, Reidsville, Madison, and Mayodan. Of  
48 the funds allocated by this section, no more than twenty-five percent (25%) of the funds shall be  
49 used for Guilford County and may include one or more of the municipalities listed in this section  
50 located in Guilford County, and no more than seventy-five percent (75%) shall be used for  
51 Rockingham County and may include one or more of the municipalities listed in this section

1 located in Rockingham County. The funds allocated by this section may be spent for planning,  
2 design, survey, real property acquisition, construction, repair, and any other activities necessary  
3 to improve the performance and reliability and expand the capacity and service footprint of  
4 participating water and wastewater systems in Rockingham and Guilford Counties. The Counties  
5 of Rockingham and Guilford and the municipalities participating in the interconnection and  
6 extension of water and sewer lines within each county funded by this section shall agree on the  
7 use of the funds allocated by this section through any combination of (i) interlocal agreements  
8 under Article 20 of Chapter 160A of the General Statutes that specify, at a minimum, the  
9 ownership of the water ~~lines~~-lines, sewer lines, and related infrastructure funded by this section  
10 and long-term maintenance, repair, and replacement responsibility or (ii) one or more regional  
11 water and sewer authorities under Article 1 of Chapter 162A of the General Statutes.

12 "SECTION 14.20A.(b) Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds  
13 allocated by this section shall be held in reserve by the Office of State Budget and Management  
14 and the allocations to each County shall be released when the County and one or more of the  
15 municipalities specified in subsection (a) of this section reach agreement on the funds allocated  
16 to that County by this section through interlocal agreements or the formation of regional water  
17 and sewer authorities or a combination of interlocal agreements and regional water and sewer  
18 authorities. Funds not spent or encumbered by June 30, ~~2020, 2021~~, shall be returned by the local  
19 governments or regional water and sewer authority to the Office of State Budget and  
20 Management and revert to the General Fund."

21 SECTION 12.21.(b) This section becomes effective June 30, 2019.  
22

### 23 DEQ GRANTS-IN-AID

24 SECTION 12.22.(a) Section 13.9 of S.L. 2018-5, as amended by Section 2.9 of S.L.  
25 2018-138, reads as rewritten:

#### 26 "~~DEQ GRANT-IN-AID~~GRANTS-IN-AID

27 "SECTION 13.9.(a) Of the funds appropriated in this act to the Department of  
28 Environmental Quality, Division of Water Resources, the ~~sum of five million dollars~~  
29 ~~(\$5,000,000) shall be used~~ following sums are allocated to the indicated recipients for the  
30 indicated storm resiliency purposes:

- 31 (1) Three million four hundred thousand dollars (\$3,400,000) to provide a  
32 grant-in-aid to Resource Institute, Inc., for the purpose of working with local  
33 governments on Topsail Island and engineering firms to develop, plan, or  
34 implement projects in or benefitting the Towns of Surf City and Topsail Beach  
35 intended to mitigate the impacts of future hurricanes on ~~Topsail Island~~ those  
36 local governments and their adjoining coastlines.
- 37 (2) One million six hundred thousand dollars (\$1,600,000) to the Town of North  
38 Topsail Beach for hurricane recovery projects in or benefitting the Town and  
39 its adjoining coastline.

40 "SECTION 13.9.(b) On or before October 1, 2019, ~~Resource Institute, Inc., the recipients~~  
41 of allocations under this section shall submit a report to the Joint Legislative Oversight  
42 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research  
43 Division. The report shall contain at least all of the following:

- 44 (1) A list of participating local governments and engineering firms and other  
45 partners in projects funded under this section.
- 46 (2) A list of projects funded on Topsail Island, including a summary of the costs  
47 and the scope of the project.
- 48 (3) A summary of the emerging techniques developed and implemented as a result  
49 of the efforts of the collaboration between local governments, engineering  
50 firms, and Resource Institute, Inc.

- 1 (4) Documentation of the impact on the resilience of beach nourishment projects  
2 and the number of beach nourishment projects assisted."

3 **SECTION 12.22.(b)** This section becomes effective June 30, 2019.  
4

5 **PART XIII. LABOR [RESERVED]**  
6

7 **PART XIV. NATURAL AND CULTURAL RESOURCES**  
8

9 **DNCR REPORT CHANGES**

10 **SECTION 14.1.(a)** Part 1 of Article 2 of Chapter 143B of the General Statutes is  
11 amended by adding a new section to read:

12 **"§ 143B-53.10. Annual report on fees.**

13 The Department of Natural and Cultural Resources shall submit a report by October 15 of  
14 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
15 Resources on fees charged in the previous fiscal year at all historic sites, museums, aquariums,  
16 and State parks and at the North Carolina Zoological Park and the U.S.S. North Carolina  
17 Battleship. The report shall include all of the following:

- 18 (1) For each site, the amount and type of fees charged.  
19 (2) For each site, the total amount collected by type of fee and how the funds were  
20 expended.  
21 (3) Visitor information for each site, including a breakdown of fee-paying visitors  
22 and visitors whose fees were waived, such as visitors in school groups.  
23 (4) Any fee changes and a justification for any increases or decreases.  
24 (5) Number of days the site was open to visitors.  
25 (6) Plans, if known, to change fees in the upcoming year."

26 **SECTION 14.1.(b)** G.S. 121-7.3 reads as rewritten:

27 **"§ 121-7.3. Admission and related activity fees and operating hours.**

28 The Department of Natural and Cultural Resources may charge a reasonable admission and  
29 related activity fee to the Roanoke Island Festival Park and any historic site or museum  
30 administered by the Department. Admission and related activity fees collected under this section  
31 are receipts of the Department and shall be deposited in the appropriate special fund. The revenue  
32 collected pursuant to this section shall be used only for the individual site or venue where the  
33 receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of  
34 this section. The Department is exempt from the requirements of Chapter 150B of the General  
35 Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and  
36 admission fees or related activity fees at the Roanoke Island Festival Park, historic sites, and  
37 museums. ~~The Department shall submit a report to the Joint Legislative Oversight Committee on~~  
38 ~~Agriculture and Natural and Economic Resources and the Fiscal Research Division on the~~  
39 ~~amount and purpose of a fee change within 30 days following its effective date."~~

40 **SECTION 14.1.(c)** G.S. 143B-71 reads as rewritten:

41 **"§ 143B-71. Tryon Palace Commission – creation, ~~powers~~ powers, and duties.**

42 There is hereby created the Tryon Palace Commission of the Department of Natural and  
43 Cultural Resources with the power and duty to adopt, ~~amend~~ amend, and rescind rules ~~and~~  
44 ~~regulations~~ concerning the restoration and maintenance of the Tryon Palace complex, and with  
45 other powers and duties as provided in Article 2 of Chapter 121 of the General ~~Statutes of North~~  
46 ~~Carolina, Statutes,~~ including the authority to charge reasonable admission and related activity  
47 fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes  
48 and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission  
49 fees or related activity fees at Tryon Palace Historic Sites and Gardens. ~~The Commission shall~~  
50 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and~~

1 ~~Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change~~  
 2 ~~within 30 days following its effective date."~~  
 3

4 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**  
 5 **CONFORMING CHANGE AND RULE-MAKING EXEMPTION**

6 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

7 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

8 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department  
 9 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules  
 10 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out  
 11 the provisions and purposes of this ~~Part.~~Part, including the following:

12 (1) The U.S.S. North Carolina Battleship Commission is authorized and  
 13 empowered to adopt such rules ~~and regulations~~ not inconsistent with the  
 14 management responsibilities of the Secretary of the Department provided by  
 15 Chapter 143A of the General Statutes and laws of this State and this Chapter  
 16 that may be necessary and desirable for the operation and maintenance of the  
 17 U.S.S. North Carolina as a permanent memorial and exhibit commemorating  
 18 the heroic participation of the men and women of North Carolina in the  
 19 prosecution and victory of the Second World War and for the faithful  
 20 performance and fulfillment of its duties and obligations.

21 (2) The U.S.S. North Carolina Battleship Commission shall have the power and  
 22 duty to charge reasonable admission and related activity fees for admission to  
 23 the ship and to establish standards and adopt rules ~~and regulations: (i)~~  
 24 ~~establishing and providing for a proper charge for admission to the ship; and~~  
 25 ~~(ii) for the maintenance and operation of the ship as a permanent memorial~~  
 26 ~~and exhibit.~~

27 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the  
 28 provisions of this Chapter. The Commission is exempt from the requirements  
 29 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
 30 amending, or repealing rules for operating hours and admission fees or related  
 31 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~  
 32 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~  
 33 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~  
 34 ~~amount and purpose of a fee change within 30 days following its effective~~  
 35 ~~date."~~

36 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

37 "**§ 150B-1. Policy and scope.**

38 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the  
 39 following:

40 ...

41 (23) The Department of Natural and Cultural Resources with respect to operating  
 42 hours, admission fees ~~fees,~~ or related activity fees at historic sites and  
 43 museums pursuant to G.S. 121-7.3.

44 (24) Tryon Palace Commission with respect to operating hours, admission fees  
 45 fees, or related activity fees pursuant to G.S. 143B-71.

46 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees  
 47 fees, or related activity fees pursuant to G.S. 143B-73."

49 **SYMPHONY CHALLENGE GRANT**

50 **SECTION 14.3.(a)** Of the funds appropriated in this act to the Department of Natural  
 51 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for the

1 2019-2020 fiscal year and two million dollars (\$2,000,000) in recurring funds for the 2020-2021  
2 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It  
3 is the intent of the General Assembly that the North Carolina Symphony raise at least nine million  
4 dollars (\$9,000,000) in non-State funds each year of the 2019-2021 fiscal biennium. The North  
5 Carolina Symphony cannot use funds transferred from the organization's endowment to its  
6 operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this  
7 section.

8 **SECTION 14.3.(b)** For the 2019-2020 fiscal year, the North Carolina Symphony  
9 shall receive the allocation from the Department of Natural and Cultural Resources under this  
10 section as follows:

- 11 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
12 funding, the North Carolina Symphony shall receive the sum of six hundred  
13 thousand dollars (\$600,000).
- 14 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
15 non-State funding for a total amount of six million dollars (\$6,000,000) in  
16 non-State funds, the North Carolina Symphony shall receive the sum of seven  
17 hundred thousand dollars (\$700,000).
- 18 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
19 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
20 non-State funds, the North Carolina Symphony shall receive the final sum of  
21 seven hundred thousand dollars (\$700,000) in the 2019-2020 fiscal year.

22 **SECTION 14.3.(c)** For the 2020-2021 fiscal year, the North Carolina Symphony  
23 shall receive the allocation from the Department of Natural and Cultural Resources under this  
24 section as follows:

- 25 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
26 funding, the North Carolina Symphony shall receive the sum of six hundred  
27 thousand dollars (\$600,000).
- 28 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
29 non-State funding for a total amount of six million dollars (\$6,000,000) in  
30 non-State funds, the North Carolina Symphony shall receive the sum of seven  
31 hundred thousand dollars (\$700,000).
- 32 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
33 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
34 non-State funds, the North Carolina Symphony shall receive the final sum of  
35 seven hundred thousand dollars (\$700,000) in the 2020-2021 fiscal year.

## 37 **REPORT ON ATTRACTIONS MARKETING**

38 **SECTION 14.4.(a)** The Department of Natural and Cultural Resources shall study  
39 and report on the marketing of the North Carolina Zoological Park, the North Carolina  
40 Aquariums, and the North Carolina State Museum of Natural Sciences (the "State Attractions"),  
41 including marketing conducted on behalf of the State Attractions by affiliated or independent  
42 support or friends organizations. As part of its report, the Department shall assess and provide  
43 the following for the 2018-2019 fiscal year:

- 44 (1) All public and private funds spent on marketing the State Attractions,  
45 including a breakdown of funding source and the particular marketing uses  
46 for the funds from each source.
- 47 (2) Identification of new or innovative marketing techniques of the State  
48 Attractions that could be utilized, but currently lack funding.
- 49 (3) The scope and effectiveness of cooperative or collaborative marketing  
50 activities with other State agencies or with the nonprofit corporation with

1 which the Department of Commerce contracts pursuant to  
2 G.S. 143B-431.01(b).

- 3 (4) An explanation of measures of effectiveness or reach that are used to evaluate  
4 current marketing programs, as well as effectiveness or reach data generated  
5 by those measures.

6 **SECTION 14.4.(b)** The Department shall provide its report to the Joint Legislative  
7 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
8 Research Division no later than October 15, 2019.

9  
10 **ADD MARKETING AS PERMISSIBLE USE OF NC ZOO FUND**

11 **SECTION 14.5.** G.S. 143B-135.209(a) reads as rewritten:

12 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina  
13 Zoo Fund shall be used for the following types of projects and activities at the North Carolina  
14 Zoological Park and to match private funds raised for these ~~types of projects: projects and~~  
15 activities:

- 16 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
17 construction. Funds used for repair, renovation, and expansion projects may  
18 be transferred to a capital projects fund to account for use of the funds for each  
19 project.  
20 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and  
21 support facilities (including greenhouses and temporary animal holding  
22 areas).  
23 (3) The acquisition, maintenance, or replacement of tram equipment as required  
24 to maintain adequate service to the public.  
25 (4) Marketing of the zoo.

26  
27 **STATUTORY AUTHORITY REGARDING RECREATION**

28 **SECTION 14.6.(a)** Subsections (a) and (d) of G.S. 143-323 are recodified as  
29 subsections (b) and (c) of G.S. 143B-135.60, to be entitled "Additional powers and duties of the  
30 Department regarding recreation."

31 **SECTION 14.6.(b)** G.S. 143-320(3) is repealed.

32 **SECTION 14.6.(c)** G.S. 143B-135.60, as enacted by subsection (a) of this section,  
33 reads as rewritten:

34 **"§ 143B-135.60. Additional powers and duties of the Department regarding recreation.**

35 (a) Definition. – As used in this section, "recreation" means those interests that are  
36 diversionary in character and that aid in promoting entertainment, pleasure, relaxation,  
37 instruction, and other physical, mental, and cultural developments and experiences of a leisure  
38 nature, and includes all governmental, private nonprofit, and commercial recreation forms of the  
39 recreation field and includes parks, conservation, recreation travel, the use of natural resources,  
40 wilderness, and high density recreation types and the variety of recreation interests in areas and  
41 programs which are incorporated in this range.

42 (b) Recreation. – The Department of ~~Environmental Quality~~ shall have the following  
43 powers and duties with respect to recreation:

44 ...

45 (c) Federal Assistance. – The Department, with the approval of the Governor, may apply  
46 for and accept grants from the federal government and its agencies and from any foundation,  
47 corporation, association, or individual, and may comply with the terms, conditions, and  
48 limitations of the grant, in order to accomplish any of the purposes of the Department. Grant  
49 funds shall be expended pursuant to the ~~Executive Budget Act.~~ State Budget Act. The Director of  
50 the Department's Division of Parks and Recreation is designated as the State liaison officer with  
51 respect to funding through the federal Land and Water Conservation Fund or any successor fund

1 established for similar purposes. The Secretary may designate additional personnel to assist the  
2 Director of the Division of Parks and Recreation in fulfilling the Director's responsibilities under  
3 this subsection."

#### 5 **PARTF PROJECTS**

6 **SECTION 14.7.** Of the funds appropriated in this act to the Parks and Recreation  
7 Trust Fund, nonrecurring funds for the 2019-2020 fiscal year are allocated for various projects  
8 in the following amounts:

- 9 (1) One million five hundred thousand dollars (\$1,500,000) to the North Carolina  
10 Freedom Monument Project, Inc., to build a public sculpture park on land  
11 located between the Legislative Building and the Governor's Mansion in  
12 downtown Raleigh to commemorate historic and ongoing struggles for  
13 freedom in North Carolina, and especially the enduring roles of  
14 African-Americans in the struggle for freedom in this State. Notwithstanding  
15 G.S. 143B-135.56(b)(2), these funds shall not be expended unless the North  
16 Carolina Freedom Monument Project, Inc., raises the sum of one million  
17 seven hundred thousand dollars (\$1,700,000) in non-State funds to match the  
18 funds allocated by this section.
- 19 (2) One million dollars (\$1,000,000) to the Department of Natural and Cultural  
20 Resources for stabilization or renovation of structures located on the Vade  
21 Mecum tract at Hanging Rock State Park as set forth in the July 2018 Hanging  
22 Rock State Park Expansion Master Plan.
- 23 (3) One million dollars (\$1,000,000) to provide a grant to the Town of Madison  
24 for development of the Lindsey Bridge river landing and park.
- 25 (4) Two million dollars (\$2,000,000) to the Department of Natural and Cultural  
26 Resources for the development of Pisgah View Park in Buncombe and  
27 Haywood Counties.
- 28 (5) Two million dollars (\$2,000,000) to the Department of Natural and Cultural  
29 Resources for the development of the Wilderness Gateway Trail in McDowell,  
30 Rutherford, Burke, and Catawba Counties.

#### 32 **CONSERVATION CORPS NAME CHANGE**

33 **SECTION 14.8.** G.S. 143-58.7 reads as rewritten:

34 "**§ 143-58.7. Contracts with ~~Youth~~ Conservation Corps.**

35 State departments, institutions, and agencies may contract with ~~the North Carolina Youth~~  
36 Conservation Corps North Carolina to perform trail construction and maintenance, invasive  
37 species removal, and other conservation projects in State parks, State forests, and other  
38 State-owned facilities where the projects provide direct public benefits to the citizens of the State  
39 and offer youth and young adults of the State a structured program that connects them to natural  
40 resources and teaches job skills, leadership, community service, and personal responsibility.  
41 Contracts under this section are exempt from the competitive bidding procedures described in  
42 this Article and the rules adopted under it."

#### 44 **NATURAL HERITAGE PROGRAM FEE WAIVER**

45 **SECTION 14.9.** G.S. 143B-135.272 reads as rewritten:

46 "(a) The Secretary may establish fees to defray the costs associated with any of the  
47 following:

- 48 (1) Responding to inquiries requiring customized environmental review services  
49 or the costs associated with developing, improving, or maintaining technology  
50 that supports an online interface for external users to access Natural Heritage  
51 Program data. ~~The Secretary may reduce or waive the fee established under~~

1                    ~~this subsection if the Secretary determines that a waiver or reduction of the~~  
2                    ~~fee is in the public interest.~~

- 3                    (2) Any activity authorized under G.S. 143B-135.234(10), including an inventory  
4                    of natural areas conducted under the Natural Heritage Program, conservation  
5                    and protection planning, and informational programs for owners of natural  
6                    areas, as defined in G.S. 143B-135.254.

7                    ...

8                    (c) The Secretary may reduce or waive fees established under this section if the Secretary  
9                    determines that a reduction or waiver of the fees is in the public interest or serves the purposes  
10                    declared in the Nature Preserves Act, Part 42 of Article 2 of Chapter 143B of the General  
11                    Statutes."

## 13 NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION

14                    **SECTION 14.10.(a)** G.S. 143B-135.272(b) reads as rewritten:

15                    "(b) Fees collected under this section are receipts of the Department of Natural and  
16                    Cultural Resources and shall be deposited in the ~~Clean Water Management Trust Fund~~ special  
17                    fund for the purpose of supporting the operations of the Natural Heritage Program."

18                    **SECTION 14.10.(b)** Part 42 of Article 2 of Chapter 143B of the General Statutes is  
19                    amended by adding a new section to read:

20                    "**§ 143B-135.273. Administration of the Conservation Tax Credit program.**

21                    All duties and responsibilities related to stewardship and oversight of properties and interests  
22                    for which tax credits were granted under the Conservation Tax Credit program for tax years  
23                    beginning before January 1, 2014, and previously given to the Department of Environmental  
24                    Quality or its predecessors are transferred to the Department of Natural and Cultural Resources.  
25                    The Department of Natural and Cultural Resources shall exercise the duties and responsibilities  
26                    transferred by this section through the Natural Heritage Program."

## 28 REPURPOSE CERTAIN PLANNING FUNDS

29                    **SECTION 14.11.** Funds appropriated to the Division of North Carolina Aquariums  
30                    in the North Carolina Department of Natural and Cultural Resources by Section 14.19 of S.L.  
31                    2017-57, as amended by Section 4.3 of S.L. 2017-197 and Section 4.9 of S.L. 2017-212, and  
32                    allocated for planning and permitting of a satellite aquarium area shall instead be used for the  
33                    following purposes:

- 34                    (1) Ninety-eight thousand seven hundred ninety-four dollars (\$98,794) to address  
35                    storm damage at the Core Sound Waterfowl Museum and Heritage Center in  
36                    Harkers Island, North Carolina.  
37                    (2) One hundred fifty-five thousand dollars (\$155,000) to add the home of civil  
38                    rights leader Golden Frinks to the Historic Edenton State Historic Site.

## 40 HISTORIC SITES MAINTENANCE FUNDS

41                    **SECTION 14.11A.** Funds appropriated to the Department of Natural and Cultural  
42                    Resources by this act and allocated for maintenance of State Historic Sites may be used at any  
43                    State Historic Site other than Tryon Palace, the North Carolina Transportation Museum, or the  
44                    Battleship U.S.S. North Carolina.

## 46 REPEAL OBSOLETE ONE MILLION ACRES PROGRAM

47                    **SECTION 14.11B.(a)** G.S. 113A-240(a) and (b) are recodified as  
48                    G.S. 143B-135.230(a) and (c), respectively.

49                    **SECTION 14.11B.(b)** G.S. 143B-135.230, as amended by subsection (a) of this  
50                    section, reads as rewritten:

51                    "**§ 143B-135.230. Purpose.**

1 (a) It is the intent of the General Assembly to ~~continue to~~ support and accelerate the  
 2 State's programs of land conservation and ~~protection, protection and farmland and open space~~  
 3 preservation and coordination to find means to assure and increase funding for these programs,  
 4 to support the long-term management of conservation lands acquired by the State, and to improve  
 5 the coordination, efficiency, and implementation of the various State and local land protection  
 6 programs operating in North Carolina.

7 (b) It is the further intent of the General Assembly that moneys from the Fund created  
 8 under this Part shall be used to help finance projects that enhance or restore degraded surface  
 9 waters; protect and conserve surface waters, including drinking supplies, and contribute toward  
 10 a network of riparian buffers and greenways for environmental, educational, and recreational  
 11 benefits; provide buffers around military bases to protect the military mission; acquire land that  
 12 represents the ecological diversity of North Carolina; and acquire land that contributes to the  
 13 development of a balanced State program of historic properties.

14 (c) It is the further intent of the General Assembly that the State's lands should be  
 15 protected in a manner that minimizes any adverse impacts on the ability of local governments to  
 16 carry out their broad mandates."

17 **SECTION 14.11B.(c)** Article 17 of Chapter 113A of the General Statutes, as  
 18 amended by subsection (a) of this section, is repealed.

#### 19 20 **WRC REPORT CHANGE**

21 **SECTION 14.12.** G.S. 143-250 reads as rewritten:  
 22 "**§ 143-250. Wildlife Resources Fund.**

23 ...  
 24 All moneys credited to the Wildlife Resources Fund shall be made available to carry out the  
 25 intent and purposes of this Article in accordance with plans approved by the North Carolina  
 26 Wildlife Resources Commission, and all ~~such of these funds are hereby~~ appropriated, reserved,  
 27 ~~set aside~~ aside, and made available until expended, for the enforcement and administration of this  
 28 Article, ~~Chapter 75A, Article 1, and Chapter 113, Subchapter IV of the General Statutes of North~~  
 29 ~~Carolina. Article 1 of Chapter 75A of the General Statutes, and Subchapter IV of Chapter 113 of~~  
 30 the General Statutes. No later than October 1 of each year, the Wildlife Resources Commission  
 31 shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative  
 32 Oversight Committee on Agriculture and Natural and Economic Resources on the expenditures  
 33 from the Wildlife Resources Fund during the fiscal year that ended the previous July 1 of that  
 34 year and on the planned expenditures for the current fiscal year.

35 ...."

#### 36 37 **OUTDOOR HERITAGE AMENDMENTS**

38 **SECTION 14.13.(a)** G.S. 126-5(c1) reads as rewritten:

39 "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this  
 40 Chapter shall not apply to:

41 ...  
 42 (36) Employees of the Outdoor Heritage Advisory Council."

43 **SECTION 14.13.(b)** The introductory language of Section 13A.1(a) of S.L. 2018-5  
 44 reads as rewritten:

45 "**SECTION 13A.1.(a)** ~~G.S. 143B-344.62~~ G.S. 143B-344.60 reads as rewritten:"

46 **SECTION 14.13.(c)** Funds appropriated to the Outdoor Heritage Advisory Council  
 47 by this act for grants shall not be used for the Council's administrative expenses. The Council  
 48 shall report annually on the grant program until the funds have been expended. The report shall  
 49 be submitted by April 1 of each fiscal year to the Joint Legislative Oversight Committee on  
 50 Agriculture and Natural and Economic Resources and the Fiscal Research Division, and shall

1 include, at a minimum, a listing of grantees, award amounts, and a brief description of the purpose  
2 or use of each award.

#### 3 4 **PRESCRIBED BURNING PLAN**

5 **SECTION 14.14.** The Wildlife Resources Commission, in consultation with the  
6 Department of Agriculture, shall formulate a plan to conduct prescribed burning on State lands  
7 to enhance wildlife biodiversity. The Commission shall report this plan to the Joint Legislative  
8 Oversight Committee on Agriculture and Natural and Economic Resources by March 1, 2020.

### 9 10 **PART XV. ADMINISTRATIVE OFFICE OF THE COURTS**

#### 11 12 **COLLECTION OF WORTHLESS CHECKS**

13 **SECTION 15.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
14 Department may use any balance remaining in the Collection of Worthless Checks Fund on June  
15 30, 2019, for the purchase or repair of office or information technology equipment during the  
16 2019-2020 fiscal year and may use any balance remaining in the Collection of Worthless Checks  
17 Fund on June 30, 2020, for the purchase or repair of office or information technology equipment  
18 during the 2020-2021 fiscal year. Prior to using any funds under this section, the Judicial  
19 Department shall report to the chairs of the House of Representatives and Senate Appropriations  
20 Committees on Justice and Public Safety and the Office of State Budget and Management on the  
21 equipment to be purchased or repaired and the reasons for the purchases.

#### 22 23 **E-COURTS SYSTEM**

24 **SECTION 15.2.(a)** Notwithstanding G.S. 143C-1-2(b), for the 2019-2020 fiscal  
25 year, the Judicial Department shall transfer any unexpended, unencumbered funds to Budget  
26 Code 22006-2006 to be used to implement an integrated information technology system  
27 (e-Courts) in accordance with G.S. 7A-343.2(b). The cumulative sum transferred shall not  
28 exceed three percent (3%) of the Judicial Department's certified budgets for Budget Code 12000,  
29 Administrative Office of the Courts, and Budget Code 12001, Office of Indigent Defense  
30 Services, for the 2018-2019 fiscal year.

31 **SECTION 15.2.(b)** The Administrative Office of the Courts shall report to the Joint  
32 Legislative Oversight Committee on Justice and Public Safety by October 1 of each fiscal year  
33 of the biennium all of the following information:

- 34 (1) The specific budgetary actions taken that resulted in unexpended or  
35 unencumbered funds that were transferred pursuant to subsection (a) of this  
36 section.  
37 (2) The specific fund codes impacted by the actions that resulted in unexpended  
38 or unencumbered funds.

#### 39 40 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

41 **SECTION 15.3.(a)** Notwithstanding the minimum staffing number in  
42 G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of  
43 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate  
44 positions allocated to that county. To provide accessibility for law enforcement and citizens, the  
45 clerk of superior court's office shall provide some of the services traditionally provided by the  
46 magistrates' office during some or all of the regular courthouse hours.

47 **SECTION 15.3.(b)** The Administrative Office of the Courts shall report by March  
48 1, 2020, to the chairs of the House of Representatives Appropriations Committee on Justice and  
49 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding  
50 all hires made pursuant to subsection (a) of this section.

1 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

2 **SECTION 15.6.(a)** G.S. 7A-60(a1) reads as rewritten:

3 "(a) The counties of the State are organized into prosecutorial districts, and each district  
4 has the counties and the number of full-time assistant district attorneys set forth in the following  
5 table:

6			No. of Full-Time
7	Prosecutorial		Asst. District
8	District	Counties	Attorneys
9	1	Camden, Chowan, Currituck,	<del>4</del> <u>12</u>
10		Dare, Gates, Pasquotank,	
11		Perquimans	
12	2	Beaufort, Hyde, Martin,	8
13		Tyrrell, Washington	
14	3	Pitt	12
15	4	Carteret, Craven, Pamlico	13
16	5	Duplin, Jones, Onslow,	19
17		Sampson	
18	6	New Hanover, Pender	19
19	7	Bertie, Halifax, Hertford,	11
20		Northampton	
21	8	Edgecombe, Nash, Wilson	19
22	9	Greene, Lenoir, Wayne	<del>14</del> <u>15</u>
23	10	Wake	<del>4</del> <u>2</u>
24	11	Franklin, Granville, Person	15
25		Vance, Warren	
26	12	Harnett, Lee	<del>11</del> <u>12</u>
27	13	Johnston	<del>10</del> <u>11</u>
28	14	Cumberland	25
29	15	Bladen, Brunswick, Columbus	<del>14</del> <u>15</u>
30	16	Durham	18
31	17	Alamance	12
32	18	Orange, Chatham	10
33	19	Scotland, Hoke	10
34	20	Robeson	<del>12</del> <u>13</u>
35	21	Anson, Richmond	6
36	22	Caswell, Rockingham	<del>8</del> <u>9</u>
37	23	Stokes, Surry	8
38	24	Guilford	34
39	25	Cabarrus	<del>9</del> <u>10</u>
40	26	Mecklenburg	58
41	27	Rowan	9
42	28	Montgomery, Stanly	6
43	29	Moore	5
44	30	Union	11
45	31	Forsyth	27
46	32	Alexander, Iredell	12
47	33	Davidson, Davie	12
48	34	Alleghany, Ashe, Wilkes,	9
49		Yadkin	
50	35	Avery, Madison, Mitchell,	8
51		Watauga, Yancey	

1	36	Burke, Caldwell, Catawba	1920
2	37	Randolph	10
3	38	Gaston	1516
4	39	Cleveland,	12
5		Lincoln	
6	40	Buncombe	14
7	41	McDowell, Rutherford	8
8	42	Henderson, Polk, Transylvania	9
9	43	Cherokee, Clay, Graham,	12
10		Haywood, Jackson, Macon,	
11		Swain."	

12 **SECTION 15.6.(c)** G.S. 7A-60(a1), as amended by subsection (a) of this section,  
 13 reads as rewritten:

14 "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 15 has the counties and the number of full-time assistant district attorneys set forth in the following  
 16 table:

17			No. of Full-Time
18	Prosecutorial		Asst. District
19	District	Counties	Attorneys
20	...	...	...
21	36	Burke, Caldwell	910
22	...	...	...."

23 **SECTION 15.6.(d)** Subsection (a) of this section becomes effective July 1, 2019.  
 24 Subsection (c) of this section becomes effective January 1, 2023.

25  
 26 **INNOVATIVE COURT PILOT PROJECT REPORT**

27 **SECTION 15.7.** The Administrative Office of the Courts, in conjunction with  
 28 Haywood County and Robeson County, shall report to the chairs of the Joint Legislative  
 29 Oversight Committee on Justice and Public Safety by March 1, 2020, on the results of the  
 30 innovative court pilot projects in each county.

31  
 32 **IMPLEMENT RECOMMENDATIONS MADE BY NORTH CAROLINA HUMAN**  
 33 **TRAFFICKING COMMISSION**

34 **SECTION 15.8.(a)** G.S. 14-43.13 reads as rewritten:

35 "**§ 14-43.13. Sexual servitude.**

36 (a) A person commits the offense of sexual servitude when that person knowingly or in  
 37 reckless disregard of the consequences of the action ~~subjects or maintains~~ subjects, maintains, or  
 38 obtains another in for the purposes of sexual servitude.

39 ...."

40 **SECTION 15.8.(b)** Article 27 of Chapter 14 of the General Statutes is amended by  
 41 adding a new section to read:

42 "**§ 14-208.1. Promoting travel for unlawful sexual conduct.**

43 (a) Definition. – For purposes of this section, the term "travel services" means  
 44 transportation by air, sea, or ground; hotel or other lodging accommodations; package tours, or  
 45 the provision of vouchers or coupons to be redeemed for future travel; or accommodations for a  
 46 fee, commission, or other valuable consideration.

47 (b) Offense. – A person commits the offense of promoting travel for unlawful sexual  
 48 conduct if the person sells or offers to sell travel services that the person knows to include travel  
 49 for the purpose of engaging in conduct that would constitute any one of the following offenses if  
 50 occurring within this State:

51 (1) An offense under Article 7B of Chapter 14 of the General Statutes.

- 1           (2)    Any of the following offenses involving the sexual exploitation of a minor:  
2            a.     G.S. 14-190.16.  
3            b.     G.S. 14-190.17.  
4            c.     G.S. 14-190.17A.  
5           (3)    Any of the following offenses involving indecent liberties with a minor:  
6            a.     G.S. 14-202.1.  
7            b.     G.S. 14-202.4.  
8           (4)    Any of the following prostitution offenses:  
9            a.     G.S. 14-204.  
10           b.     G.S. 14-205.1.  
11           c.     G.S. 14-205.2.  
12           d.     G.S. 14-205.3.

13       (c)    Punishment. – A violation of this section is a Class G felony."

14       **SECTION 15.8.(c)** Article 10A of Chapter 14 of the General Statutes is amended by  
15 adding a new section to read:

16       **"§ 14-43.18. Civil cause of action; damages and attorneys' fees; limitation.**

17       (a)    Cause of Action. – An individual who is a victim may bring a civil action against a  
18 person who violates this Article or a person who knowingly benefits financially or by receiving  
19 anything of value from participation in a venture which that person knew or should have known  
20 violates this Article.

21       (b)    Relief and Damages. – The victim may seek and the court may award any or all of  
22 the following types of relief:

23           (1)   An injunction to enjoin continued violation of this Article.

24           (2)   Compensatory damages, which include the following:

25            a.     The greater of (i) the gross income or value to the defendant of the  
26 victim's labor or (ii) the value of the victim's labor as guaranteed under  
27 the Minimum Wage Law and overtime provisions of the Fair Labor  
28 Standards Act (FLSA).

29            b.     Any costs reasonably incurred by the victim for medical care,  
30 psychological treatment, temporary housing, transportation, and any  
31 other services designed to assist a victim in recovering from any  
32 injuries or loss resulting from a violation of this Article.

33           (3)   General damages for noneconomic losses.

34       (c)    Attorneys' Fees. – The court may award to the plaintiff and assess against the  
35 defendant the reasonable costs and expenses, including attorneys' fees, of the plaintiff in bringing  
36 an action pursuant to this section. If the court determines that the plaintiff's action is frivolous, it  
37 may award to the defendant and assess against the plaintiff the reasonable costs and expenses,  
38 including attorneys' fees, of the defendant in defending the action brought pursuant to this  
39 section.

40       (d)    Stay Pending Criminal Action. – Any civil action filed under this section shall be  
41 stayed during the pendency of any criminal action arising out of the same occurrence in which  
42 the plaintiff is the victim. The term "criminal action" includes investigation and prosecution and  
43 is pending until final adjudication in the trial court.

44       (e)    Statute of Limitations. – No action may be maintained under subsection (a) of this  
45 section unless it is commenced no later than either of the following:

46           (1)   10 years after the cause of action arose.

47           (2)   10 years after the victim reaches 18 years of age if the victim was a minor at  
48 the time of the alleged offense.

49       (f)    Jury Trial. – Parties to a civil action brought pursuant to this section shall have the  
50 right to a jury trial as provided under G.S. 1A-1, Rules of Civil Procedure."

51       **SECTION 15.8.(d)** G.S. 15A-145.6(b) reads as rewritten:

1       "(b) A person who has been convicted of a prostitution offense may file a petition in the  
2 court of the county where the person was convicted for expunction of the prostitution offense  
3 from the person's criminal record provided that all the following criteria are met:

- 4       (1) The person has not previously been convicted of any violent felony or violent  
5 misdemeanor under the laws of the United States or the laws of this State or  
6 any other state.
- 7       (2) The person satisfies any one of the following criteria:
- 8       a. ~~The person's participation in the prostitution offense was a result of~~  
9 ~~having been a trafficking victim under G.S. 14-43.11 (human~~  
10 ~~trafficking) or G.S. 14-43.13 (sexual servitude) or a victim of a severe~~  
11 ~~form of trafficking under the federal Trafficking Victims Protection~~  
12 ~~Act (22 U.S.C. § 7102(13)).~~
- 13       b. The person has no prior convictions for a prostitution offense and at  
14 least three years have passed since the date of conviction or the  
15 completion of any active sentence, period of probation, and  
16 post-release supervision, whichever occurs later.
- 17       c. The person received was discharged, and the charge was dismissed  
18 upon completion of a conditional discharge pursuant to under  
19 G.S. 14-204(b)."

20       **SECTION 15.8.(e)** Article 5 of Chapter 15A of the General Statutes is amended by  
21 adding a new section to read:

22 **"§ 15A-145.9. Expunctions of certain offenses committed by human trafficking victims.**

23       (a) Definition. – For purposes of this section, the following terms apply:

24       (1) Nonviolent offense. – Any misdemeanor or felony except the following:

- 25       a. A Class A through G felony.
- 26       b. An offense that includes assault as an essential element of the offense.
- 27       c. An offense requiring registration pursuant to Article 27A of Chapter  
28 14 of the General Statutes, whether or not the person is currently  
29 required to register.
- 30       d. Any of the following sex-related or stalking offenses:  
31 G.S. 14-27.25(b), 14-27.30(b), 14-190.7, 14-190.8, 14-190.9, 14-202,  
32 14-208.11A, 14-208.18, 14-277.3A, or 14-321.1.
- 33       e. An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any  
34 offense for which punishment was determined pursuant to  
35 G.S. 14-3(c).
- 36       f. An offense under G.S. 14-401.16.
- 37       g. A traffic offense.
- 38       h. Any offense that is an attempt to commit an offense described in  
39 sub-subdivisions a. through g. of this subdivision.

40       (2) Trafficking victim. – A person that meets the definition for the term "victim"  
41 set forth in G.S. 14-43.10 or a victim of a severe form of trafficking under the  
42 federal Trafficking Victims Protection Act (22 U.S.C. § 7102(13)).

43       (b) Expunction Authorized. – A person who has been convicted of a nonviolent offense  
44 may file a petition in the court of the county where the person was convicted for expunction of  
45 the nonviolent offense from the person's criminal record if the court finds that the person was  
46 coerced or deceived into committing the offense as a direct result of having been a trafficking  
47 victim.

48       (c) Petition Requirements. – The petition shall contain all of the following:

- 49       (1) An affidavit by the petitioner that the petitioner: (i) is a victim of human  
50 trafficking, (ii) was coerced or deceived into committing the offense as a direct

1 result of the person's status as a trafficking victim, and (iii) has been of good  
2 moral character since the date of conviction of the offense in question.

3 (2) A statement that the petition is a motion in the cause in the case wherein the  
4 petitioner was convicted.

5 (3) An application on a form approved by the Administrative Office of the Courts  
6 requesting and authorizing a search by the Department of Public Safety for  
7 any outstanding warrants. The application shall be filed with the clerk of  
8 superior court. The clerk of superior court shall forward the application to the  
9 Department of Public Safety, which shall conduct the search and report its  
10 findings to the court.

11 (4) An affidavit by the petitioner that no restitution orders or civil judgments  
12 representing amounts ordered for restitution entered against the petitioner are  
13 outstanding.

14 (d) Service of Petition. – The petition shall be served upon the district attorney of the  
15 court wherein the case was tried resulting in conviction. The district attorney shall have 30 days  
16 thereafter in which to file any objection thereto and shall be duly notified as to the date of the  
17 hearing of the petition.

18 (e) Issues for Consideration. – The court in which the petition was filed may take the  
19 following steps and may consider the following issues in rendering a decision upon a petition for  
20 expunction of records of an offense under this section:

21 (1) Call upon a probation officer for additional investigation or verification of the  
22 petitioner's conduct during the period since the date of conviction of the  
23 offense in question.

24 (2) Review any other information the court deems relevant, including, but not  
25 limited to, affidavits or other testimony provided by law enforcement officers,  
26 district attorneys, or licensed social workers.

27 (f) Restoration of Status. – The court shall order that the person be restored, in the  
28 contemplation of the law, to the status the person occupied before the arrest or indictment or  
29 information if the court finds all of the following after a hearing:

30 (1) The criteria set out in subsection (b) of this section are satisfied.

31 (2) The petitioner has remained of good moral character.

32 (3) The petitioner has no outstanding warrants.

33 (4) The petitioner has no outstanding restitution orders or civil judgments  
34 representing amounts ordered for restitution entered against the petitioner.

35 (g) Effect. – No person as to whom an order has been entered pursuant to subsection (f)  
36 of this section shall be held thereafter under any provision of any laws to be guilty of perjury or  
37 otherwise giving a false statement by reason of that person's failure to recite or acknowledge the  
38 arrest, indictment, information, trial, or conviction. Persons required by State law to obtain a  
39 criminal history record check on a prospective employee shall not be deemed to have knowledge  
40 of any convictions expunged under this section.

41 (h) Law Enforcement Certification. – Persons pursuing certification under the provisions  
42 of Article 1 of Chapter 17C or 17E of the General Statutes, however, shall disclose all convictions  
43 to the certifying Commission regardless of whether or not the convictions were expunged  
44 pursuant to the provisions of this section.

45 (i) Records Expunged. – The court shall also order that the conviction of the offenses be  
46 expunged from the records of the court and direct all law enforcement agencies bearing record  
47 of the same to expunge their records of the conviction. The clerk shall notify State and local  
48 agencies of the court's order as provided in G.S. 15A-150.

49 (j) Additional Records Expunged. – Any other applicable State or local government  
50 agency shall expunge from its records entries made as a result of the conviction ordered expunged  
51 under this section. The agency shall also reverse any administrative actions taken against a person

1 whose record is expunged under this section as a result of the charges or convictions expunged.  
 2 This subsection shall not apply to the Department of Justice for DNA records and samples stored  
 3 in the State DNA Database and the State DNA Databank.

4 (k) Costs Waived. – The costs of expunging the records shall not be taxed against the  
 5 petitioner."

6 **SECTION 15.8.(f)** G.S. 15A-151.5(a) reads as rewritten:

7 "(a) Notwithstanding any other provision of this Article, the Administrative Office of the  
 8 Courts shall make all confidential files maintained under G.S. 15A-151 electronically available  
 9 to all prosecutors of this State if the criminal record was expunged on or after July 1, 2018, under  
 10 any of the following:

11 ...

12 (7a) G.S. 15A-145.8. Expunction of records of certain offenses committed by  
 13 human trafficking victims.

14 ...."

15 **SECTION 15.8.(g)** G.S. 15A-1415(b) reads as rewritten:

16 "(b) The following are the only grounds which the defendant may assert by a motion for  
 17 appropriate relief made more than 10 days after entry of judgment:

18 ...

19 (10) The defendant was convicted of a ~~first offense of prostitution under G.S.~~  
 20 ~~14-204, and the court did not discharge the defendant and dismiss the charge~~  
 21 ~~pursuant to G.S. 14-204(b);~~ nonviolent offense as defined in G.S. 15A-145.9;  
 22 the defendant's participation in the offense was a result of having been a victim  
 23 of human trafficking under G.S. 14-43.11, sexual servitude under  
 24 G.S. 14-43.13, or the federal Trafficking Victims Protection Act (22 U.S.C. §  
 25 7102(13)); and the defendant seeks to have the conviction vacated."

26 **SECTION 15.8.(h)** G.S. 15A-1416.1 reads as rewritten:

27 **"§ 15A-1416.1. Motion by the defendant to vacate ~~prostitution~~ a nonviolent offense**  
 28 **conviction for sex-~~human~~ trafficking victim.**

29 (a) A motion for appropriate relief seeking to vacate a conviction for ~~prostitution~~ a  
 30 nonviolent offense based on the grounds set out in G.S. 15A-1415(b)(10) shall be filed in the  
 31 court where the conviction occurred. The motion may be filed at any time following the entry of  
 32 a verdict or finding of ~~guilty under G.S. 14-204.~~ guilty. Any motion for appropriate relief filed  
 33 under this section shall state why the facts giving rise to this motion were not presented to the  
 34 trial court and shall be made with due diligence after the defendant has ceased to be a victim of  
 35 such trafficking or has sought services for victims of such offenses, subject to reasonable  
 36 concerns for the safety of the defendant, family members of the defendant, or other victims of  
 37 such trafficking that may be jeopardized by the bringing of such motion or for other reasons  
 38 consistent with the purpose of this section. ~~Reasonable notice of the~~ The motion shall be  
 39 contemporaneously served upon the State; the district attorney in the prosecutorial district in  
 40 which the conviction was entered. The district attorney shall have 30 days thereafter in which to  
 41 file any objection thereto and shall be duly notified as to the date of the hearing of the motion.

42 (b) The court may grant the motion if, in the discretion of the court, the defendant has  
 43 demonstrated, by the preponderance of the evidence, that the violation was a direct result of the  
 44 defendant having been a victim of human trafficking or sexual servitude. ~~servitude and that the~~  
 45 offense would not have been committed but for the defendant having been a victim of human  
 46 trafficking or sexual servitude. Evidence of such may include any of the following documents  
 47 listed in subdivisions (1) through ~~(3)-(4)~~ of this subsection; alternatively, the court may consider  
 48 such other evidence as it deems of sufficient credibility and probative value in determining  
 49 whether the defendant is a trafficking victim:

- 1 (1) Certified records of federal or State court proceedings which demonstrate that  
 2 the defendant was a victim of a person charged with an offense under  
 3 G.S. 14-43.11, G.S. 14-43.13, or under 22 U.S.C. Chapter 78.  
 4 (2) Certified records of "approval notices" or "enforcement certifications"  
 5 generated from federal immigration proceedings available to such victims.  
 6 (3) A sworn statement from a trained professional staff of a victim services  
 7 organization, an attorney, a member of the clergy, or a medical or other  
 8 professional from whom the defendant has sought assistance in addressing the  
 9 trauma associated with being trafficked.  
 10 (4) A sworn statement or affidavit from a federal, State, or local law enforcement  
 11 officer who investigated the violation of G.S. 14-43.11, G.S. 14-43.13, or the  
 12 federal Trafficking Victims Protection Act, as stated within the defendant's  
 13 motion.

14 ...

15 (d) A previous or subsequent conviction shall not affect a person's eligibility for relief  
 16 under this section."

17 **SECTION 15.8.(i)** Subsection 15.8(c) of this section becomes effective July 1, 2019.  
 18 The remainder of this section becomes effective on December 1, 2019.

19  
 20 **EXPAND CIRCUMSTANCES UNDER WHICH EMERGENCY JUDGE MAY BE**  
 21 **ASSIGNED BY THE CHIEF JUSTICE OF THE NORTH CAROLINA SUPREME**  
 22 **COURT**

23 **SECTION 15.9.(a)** G.S. 7A-52(a) reads as rewritten:

24 "(a) Judges of the district court and judges of the superior court who have not reached the  
 25 mandatory retirement age specified in G.S. 7A-4.20, but who have retired under the provisions  
 26 of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed five years  
 27 of creditable service, may apply as provided in G.S. 7A-53 to become emergency judges of the  
 28 court from which they retired. From the commissioned emergency district, superior, and special  
 29 superior court judges, the Chief Justice of the Supreme Court shall create two lists of active  
 30 emergency judges and two lists of inactive emergency judges. For emergency superior and  
 31 special superior court judges, the active list shall be limited to a combined total of 10 emergency  
 32 judges; all other emergency superior and special superior court judges shall be on an inactive list.  
 33 For emergency district court judges, the active list shall be limited to 25 emergency judges; all  
 34 other emergency district court judges shall be on an inactive list. There is no limit to the number  
 35 of emergency judges on either inactive list. In the Chief Justice's discretion, emergency judges  
 36 may be added or removed from their respective active and inactive lists, as long as the respective  
 37 numerical limits on the active lists are observed. The Chief Justice is requested to consider  
 38 geographical distribution in assigning emergency judges to an active list but may utilize any  
 39 factor in determining which emergency judges are assigned to an active list. The Chief Justice of  
 40 the Supreme Court may order any emergency district, superior, or special superior court judge  
 41 on an active list who, in his opinion, is competent to perform the duties of a judge, to hold regular  
 42 or special sessions of the court from which the judge retired, as needed. Order of assignment  
 43 shall be in writing and entered upon the minutes of the court to which such emergency judge is  
 44 assigned. An emergency judge shall only be assigned in the event of a:

- 45 (1) Death of a sitting judge.  
 46 (2) Disability or medical leave of absence of a sitting judge.  
 47 (3) Recall to active military duty of a sitting judge.  
 48 (4) Retirement or removal of a sitting judge.  
 49 (5) Court case-management emergency-emergency or disaster declaration made  
 50 pursuant to G.S. 166A-19.3(3).

- (6) Assignment by the Chief Justice of a Rule 2.1 exceptional case to an emergency judge.
- (7) Court coverage need created by holdover sessions, administrative responsibilities of the chief district court judge, or cases in which a judge has a conflict or judicial educational responsibilities."

**SECTION 15.9.(b)** This section is effective when it becomes law.

**ADDITIONAL DISTRICT COURT JUDGES**

**SECTION 15.10.(a)** G.S. 7A-133 reads as rewritten:

**"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
		Martin
		Beaufort
2	4	Tyrrell
		Hyde
		Washington
		Pitt
3A	5	Craven
3B	6	Pamlico
		Carteret
4	8 <del>9</del>	Sampson
		Duplin
		Jones
		Onslow
		New Hanover
		Pender
5	9	Northampton
		Bertie
		Hertford
6	4	Halifax
		Nash
		Edgecombe
7	7	Wilson
		Wayne
		Greene
8	6	Lenoir
		Granville
9	5	(part of Vance
		see subsection (b))
		Franklin

1			Person
2	9B	2	Warren
3			(part of Vance
4			see subsection (b))
5			
6	10A	3	(part of Wake
7			see subsection (b))
8	10B	3	(part of Wake
9			see subsection (b))
10	10C	3	(part of Wake
11			see subsection (b))
12	10D	<del>6</del> <u>5</u>	(part of Wake
13			see subsection (b))
14	10E	3	(part of Wake
15			see subsection (b))
16	10F	3	(part of Wake
17			see subsection (b))
18	11	11	Harnett
19			Johnston
20			Lee
21	12	10	Cumberland
22	13	6	Bladen
23			Brunswick
24			Columbus
25	14	<del>7</del> <u>6</u>	Durham
26	15A	4	Alamance
27	15B	5	Orange
28			Chatham
29	16A	4	Scotland
30			Anson
31			Richmond
32	16B	5	Robeson
33	17A	4	Caswell
34			Rockingham
35	17B	4	Stokes
36			Surry
37	18	14	Guilford
38	19A	<del>5</del> <u>6</u>	Cabarrus
39	19B	5	Randolph
40	19C	5	Rowan
41	19D	4	Hoke, Moore
42	20A	3	Montgomery, Stanly
43	20B	<del>4</del> <u>2</u>	(part of Union
44			see subsection (b))
45	20C	2	(part of Union
46			see subsection (b))
47	20D	1	Union
48	21	11	Forsyth
49	22A	<del>5</del> <u>6</u>	Alexander
50			Iredell
51	22B	6	Davidson

1			Davie
2	23	4	Alleghany
3			Ashe
4			Wilkes
5			Yadkin
6	24	4	Avery
7			Madison
8			Mitchell
9			Watauga
10			Yancey
11	25	<u>9</u> 10	Burke
12			Caldwell
13			Catawba
14			
15	26A	3	(part of Mecklenburg
16			see subsection (b))
17	26B	3	(part of Mecklenburg
18			see subsection (b))
19	26C	2	(part of Mecklenburg
20			see subsection (b))
21	26D	2	(part of Mecklenburg
22			see subsection (b))
23	26E	3	(part of Mecklenburg
24			see subsection (b))
25	26F	3	(part of Mecklenburg
26			see subsection (b))
27	26G	2	(part of Mecklenburg
28			see subsection (b))
29	26H	3	(part of Mecklenburg
30			see subsection (b))
31	27A	7	Gaston
32	27B	6	Cleveland
33			Lincoln
34	28	7	Buncombe
35	29A	<u>3</u> 4	McDowell
36			Rutherford
37	29B	4	Henderson
38			Polk
39			Transylvania
40	30	6	Cherokee
41			Clay
42			Graham
43			Haywood
44			Jackson
45			Macon
46			Swain.

...."

**SECTION 15.10.(b)** Section 2(b) of S.L. 2018-14 reads as rewritten:

"**SECTION 2.(b)** In order to implement the district court districts as enacted by this section, the following shall apply:

- 1 (1) Judges in the following districts, as set out in this section, shall take office on  
 2 January 1, 2019, with elections in 2018, and every four years thereafter, to be  
 3 held accordingly:  
 4 a. District 10A – one judge.  
 5 b. District 10B – one judge.  
 6 c. District 10D – three judges.  
 7 d. District 10E – two judges.  
 8 e. District 10F – one judge.  
 9 f. District 26A – three judges.  
 10 g. District 26B – one judge.  
 11 h. District 26E – two judges.  
 12 i. District 26F – two judges.  
 13 j. District 26G – one judge.  
 14 (2) Judges in the following districts, as set out in this section, shall take office on  
 15 January 1, 2021, with elections in 2020, and every four years thereafter, to be  
 16 held accordingly:  
 17 a. District 10A – two judges.  
 18 b. District 10B – two judges.  
 19 c. District 10C – three judges.  
 20 d. District 10D – ~~three~~ two judges.  
 21 e. District 10E – one judge.  
 22 f. District 10F – two judges.  
 23 g. District 26B – two judges.  
 24 h. District 26C – two judges.  
 25 i. District 26D – two judges.  
 26 j. District 26E – one judge.  
 27 k. District 26F – one judge.  
 28 l. District 26G – one judge.  
 29 m. District 26H – three judges."

30 **SECTION 15.10.(c)** Subsection 15.10(b) of this section becomes effective July 1,  
 31 2019. Subsection 15.10(a) of this section becomes effective January 1, 2021, and elections  
 32 conducted in 2020 shall be conducted in accordance with the judgeships created in subsection  
 33 15.10(a) of this section.  
 34

35 **MODIFY CERTAIN FEES/ESTATES/IN REM FORECLOSURES/MARRIAGE**  
 36 **CEREMONIES**

37 **SECTION 15.11.(a)** G.S. 7A-307 reads as rewritten:  
 38 "**§ 7A-307. Costs in administration of estates.**

39 (a) In the administration of the estates of decedents, minors, incompetents, of missing  
 40 persons, in the administration of trusts under wills and under powers of attorney, in trust  
 41 proceedings under G.S. 36C-2-203, in estate proceedings under G.S. 28A-2-4, in power of  
 42 attorney proceedings under G.S. 32C-1-116(a), and in collections of personal property by  
 43 affidavit, the following costs shall be assessed:  
 44

45 (2b) Notwithstanding subdivisions (1) and (2) of this subsection, ~~no costs shall be~~  
 46 the only cost assessed when the estate is administered or settled pursuant to  
 47 G.S. 28A-25-6.G.S. 28A-25-6 shall be a fee of twenty dollars (\$20.00) to be  
 48 assessed upon filing of the application.  
 49

- 50 (b1) The clerk shall assess the following miscellaneous fees:  
 51 (1) Filing and indexing a will with no probate

1	- first page .....	\$ 1.00
2	- each additional page or fraction thereof .....	25
3	(2) Issuing letters to fiduciaries, per letter over five letters issued .....	1.00
4	(3) Inventory of safe deposits of a decedent, per box, per day .....	15.00
5	(4) Taking a deposition .....	10.00
6	(5) Docketing and indexing a will probated in another county in the State	
7	- first page .....	6.00
8	- each additional page or fraction thereof .....	25
9	(6) Hearing petition for year's allowance to surviving spouse or child, in cases not	
10	assigned to a magistrate, and allotting the same .....	<del>8.00</del> <u>20.00</u>

11 ...."

12 SECTION 15.11.(b) G.S. 7A-309 reads as rewritten:

13 "§ 7A-309. Magistrate's special fees.

14 The following special fees shall be collected by the magistrate and remitted to the clerk of  
15 superior court for the use of the State in support of the General Court of Justice:

16	(1) Performing marriage ceremony	<del>\$20.00</del> <u>\$50.00</u>
17	(2) Hearing petition for year's allowance to surviving spouse or	
18	child, issuing notices to commissioners, allotting the same, and	
19	making return	<del>8.00</del> <u>20.00</u>
20	(3) Taking a deposition	10.00
21	(4) Proof of execution or acknowledgment of any instrument	2.00
22	(5) Performing any other statutory function not incident to a civil	
23	or criminal action	\$ 2.00."

24 SECTION 15.11.(c) G.S. 7A-308(a) reads as rewritten:

25 "(a) The following miscellaneous fees and commissions shall be collected by the clerk of  
26 superior court and remitted to the State for the support of the General Court of Justice:

27	(1) Foreclosure under power of sale in deed of trust or mortgage.....	\$300.00
28	If the property is sold under the power of sale, an additional amount	
29	will be charged, determined by the following formula: forty-five	
30	cents (.45) per one hundred dollars (\$100.00), or major fraction	
31	thereof, of the final sale price. If the amount determined by the	
32	formula is less than ten dollars (\$10.00), a minimum ten dollar	
33	(\$10.00) fee will be collected. If the amount determined by the	
34	formula is more than five hundred dollars (\$500.00), a maximum	
35	five hundred-dollar (\$500.00) fee will be collected.	
36	(1a) <u>In rem foreclosures conducted under G.S. 105-375, if the property is sold</u>	
37	<u>under execution.....</u>	<u>\$300.00</u>

38 ...."

39 SECTION 15.11.(d) G.S. 105-375 reads as rewritten:

40 "§ 105-375. In rem method of foreclosure.

41 ...

42 (b) Docketing Certificate of Taxes as Judgment. – In lieu of following the procedure set  
43 forth in G.S. 105-374, the governing body of any taxing unit may direct the tax collector to file  
44 with the clerk of superior court, no earlier than 30 days after the tax liens were advertised, a  
45 certificate showing the following: the name of the taxpayer as defined in G.S. 105-273(17), for  
46 each parcel on which the taxing unit has a lien for unpaid taxes, together with the amount of  
47 taxes, penalties, interest, and costs that are a lien thereon; the year or years for which the taxes  
48 are due; and a description of the property sufficient to permit its identification by parol testimony.  
49 The fees for docketing and indexing the certificate assessed pursuant to G.S. 7A-308(a)(11) shall  
50 be payable to the clerk of superior court at the time the taxes are collected or the property is sold.

51 ...

1 (i1) Fee. – The fee assessed in G.S. 7A-308(a)(1a) shall be payable to the clerk of superior  
2 court out of the sale proceeds at the time the property is sold.

3 ...."

4 **SECTION 15.11.(e)** G.S. 28A-25-6(f) reads as rewritten:

5 "(f) If no administrator has been appointed, the clerk of superior court ~~shall~~shall, upon  
6 motion of the clerk or upon the application of an interested party, disburse the money received  
7 under this section for the following purposes and in the following order:

8 (1) To pay the surviving spouse's year's allowance and children's year's allowance  
9 assigned in accordance with ~~law~~law.

10 (2), (3) Repealed by Session Laws 1981, c. 383, s. 3.

11 (4) All other claims shall be disbursed according to the order set out in  
12 G.S. 28A-19-6.

13 Notwithstanding the foregoing provisions of this subsection, the clerk shall pay, out of funds  
14 provided the deceased pursuant to G.S. 111-18 and Part 3 of Article 2 of Chapter 108A of the  
15 General Statutes of North Carolina, any lawful claims for care provided by an adult care home  
16 to the deceased, incurred not more than 90 days prior to the deceased's death. After the death of  
17 a spouse who died intestate and after the disbursements have been made in accordance with this  
18 subsection, the balance in the clerk's hands belonging to the estate of the decedent shall be paid  
19 to the surviving spouse, and if there is no surviving spouse, the clerk shall pay it to the heirs in  
20 proportion to their respective interests."

21 **SECTION 15.11.(f)** Subsections (a) and (b) of this section become effective January  
22 1, 2020, and apply to petitions filed on or after that date. Subsections (c) and (d) of this section  
23 become effective October 1, 2019, and apply to execution sales conducted on or after that date.

## 24 **RESTORE ADMINISTRATIVE POSITIONS/SUPREME COURT**

25 **SECTION 15.12.(a)** Notwithstanding the Committee Report described in Section  
26 42.2 of this act, the net appropriation for Budget Code 12000, Fund Code 1200 (Appellate  
27 Courts), is increased by two hundred sixty-six thousand nine hundred fifty-three dollars  
28 (\$266,953) in recurring funds in both years of the 2019-2021 fiscal biennium.

29 **SECTION 15.12.(b)** Pursuant to subsection (a) of this section, the Administrative  
30 Office of the Courts shall retain position numbers 65024918 (Supreme Court Administrative  
31 Council), 60005341 (Research Assistant II), and 65025745 (Supreme Court Staff Attorney).

32 **SECTION 15.12.(c)** Notwithstanding the Committee Report described in Section  
33 42.2 of this act, the net appropriation for Budget Code 12000, Fund Code 1100 (Administration),  
34 is decreased by two hundred sixty-six thousand nine hundred fifty-three dollars (\$266,953) in  
35 recurring funds in both years of the 2019-2021 fiscal biennium.

36 **SECTION 15.12.(d)** Pursuant to subsection (c) of this section, the Administrative  
37 Office of the Courts shall eliminate position numbers 60005013 (Applications Analyst  
38 Programmer III), 60005100 (Applications Analyst Programmer III), and 60005117 (Applications  
39 Analyst Programmer III).

## 40 **FUNDING FOR ADDITIONAL DA INVESTIGATOR**

41 **SECTION 15.13.** Notwithstanding the Committee Report described in Section 42.2  
42 of this act, the net appropriation and FTE for Budget Code 12000, Fund Code 1600 (Special  
43 Assistant United States Attorneys), are reduced by seventy-eight thousand eighty-seven dollars  
44 (\$78,087) in recurring funds and one FTE in both years of the fiscal biennium 2019-2021 and  
45 three thousand eight hundred sixty-five dollars (\$3,865) in nonrecurring funds in the 2019-2020  
46 fiscal year. The net appropriation for Budget Code 12000, Fund Code 1600 (District Attorneys)  
47 is increased by seventy-eight thousand eighty-seven dollars (\$78,087) in recurring funds and one  
48 FTE in both years of the fiscal biennium 2019-2021 and three thousand eight hundred sixty-five  
49 FTE in both years of the fiscal biennium 2019-2021 and three thousand eight hundred sixty-five  
50

1 dollars (\$3,865) in nonrecurring funds in the 2019-2020 fiscal year to be used to fund an  
2 additional District Attorney Investigator Position for Prosecutorial District 7.  
3

#### 4 **PART XVI. INDIGENT DEFENSE SERVICES**

#### 5 6 **COURT COSTS FOR SUPPORT OF INDIGENT DEFENSE/REPORT/MODIFY** 7 **APPOINTED COUNSEL FEE APPLICATIONS**

8 **SECTION 16.3.(a)** G.S. 7A-455.1 reads as rewritten:

9 **"§ 7A-455.1. Appointment fee in criminal cases.**

10 (a) In every criminal case in which counsel is appointed at the trial level, the judge shall  
11 order the defendant to pay to the clerk of court an appointment fee of ~~sixty dollars (\$60.00)-~~  
12 seventy-five dollars (\$75.00). No fee shall be due unless the person is convicted.

13 (b) The mandatory ~~sixty dollar (\$60.00)-~~seventy-five dollar (\$75.00) fee may not be  
14 remitted or revoked by the court and shall be added to any amounts the court determines to be  
15 owed for the value of legal services rendered to the defendant and shall be collected in the same  
16 manner as attorneys' fees are collected for such representation.

17 (c) Repealed by Session Laws 2005-250 s. 3, effective August 4, 2005.

18 (d) Inability, failure, or refusal to pay the appointment fee shall not be grounds for  
19 denying appointment of counsel, for withdrawal of counsel, or for contempt.

20 (e) The appointment fee required by this section shall be assessed only once for each  
21 attorney appointment, regardless of the number of cases to which the attorney was assigned. An  
22 additional appointment fee shall not be assessed if the charges for which an attorney was  
23 appointed were reassigned to a different attorney.

24 (f) Of each appointment fee collected under this section, the sum of ~~fifty-five dollars~~  
25 (~~\$55.00~~)seventy dollars (\$70.00) shall be credited to the Indigent Persons' Attorney Fee Fund  
26 and the sum of five dollars (\$5.00) shall be credited to the Court Information Technology Fund  
27 under G.S. 7A-343.2. These fees shall not revert.

28 (g) The Office of Indigent Defense Services shall adopt rules and develop forms to  
29 govern implementation of this section."

30 **SECTION 16.3.(b)** G.S. 7A-304(a) reads as rewritten:

31 "(a) In every criminal case in the superior or district court, wherein the defendant is  
32 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
33 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
34 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
35 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
36 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a),  
37 (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or  
38 costs without providing notice and opportunity to be heard by all government entities directly  
39 affected. The court shall provide notice to the government entities directly affected of (i) the date  
40 and time of the hearing and (ii) the right to be heard and make an objection to the remission or  
41 waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be  
42 made to the government entities affected by first-class mail to the address provided for receipt of  
43 court costs paid pursuant to the order.

44 ...

45 (3c) For legal representation to indigent defendants and others entitled to counsel  
46 under North Carolina law, the sum of two dollars (\$2.00) to be remitted to the  
47 Office of Indigent Defense Services.

48 ...."

49 **SECTION 16.3.(c)** The Office of Indigent Defense Services and the Administrative  
50 Office of the Courts shall update all appointed counsel fee application forms in order to provide  
51 space for the itemization of time spent on appointed cases.

1           **SECTION 16.3.(d)** The Office of Indigent Defense Services shall report to the chairs  
2 of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2020,  
3 regarding the implementation of rate increases to the Private Assigned Counsel Fund and  
4 modifications to appointed counsel fee application forms.

5           **SECTION 16.3.(e)** Subsections (a) and (b) of this section become effective  
6 December 1, 2019, and apply to costs assessed on or after that date. Subsection (c) of this section  
7 becomes effective December 1, 2019, and applies to all appointed counsel fee application forms  
8 submitted on or after that date.

## 9 10 **PART XVII. JUSTICE**

### 11 12 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

13           **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill  
14 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be  
15 construed to require the termination of sworn personnel or to affect North Carolina State Crime  
16 Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of  
17 this section and who continue to meet the sworn status retention standards mandated by the North  
18 Carolina Criminal Justice Education and Standards Commission.

### 19 20 **REQUIRE TESTING OF ALL SEXUAL ASSAULT EXAMINATION KITS**

21           **SECTION 17.2.(a)** This act shall be known and may be cited as "The Standing Up  
22 for Rape Victims (SURVIVOR) Act of 2019."

23           **SECTION 17.2.(b)** Article 13 of Chapter 15A of the General Statutes is amended  
24 by adding a new section to read:

#### 25 **"§ 15A-266.5A. Statewide sexual assault examination kit testing protocol.**

26           (a) Legislative Intent. – The General Assembly finds that deoxyribonucleic acid (DNA)  
27 evidence is a powerful law enforcement tool that can identify unknown suspects, create case  
28 linkages, connect crimes to known perpetrators, and exonerate the innocent. Timely testing is  
29 vital to solve cases, punish offenders, bring justice to victims, and prevent future crimes. It is the  
30 intent of the General Assembly that every sexual assault examination kit reported to law  
31 enforcement in this State be tested and eliminate the inventory of untested sexual assault  
32 examination kits located statewide. The purpose of this section is to address the manner in which  
33 sexual assault examination kits are processed and the protocol for testing the statewide inventory  
34 of untested sexual assault examination kits identified pursuant to the findings of the statewide  
35 audit completed pursuant to Section 17.7 of S.L. 2017-57.

36           (b) Definitions. – The following definitions apply in this section:

37           (1) CODIS. – As defined in G.S. 15A-266.2.

38           (2) Collecting agency. – Any agency, program, center, or other entity that collects  
39 a sexual assault examination kit.

40           (3) State DNA database. – As defined in G.S. 15A-266.2.

41           (4) Reported sexual assault examination kit. – A sexual assault examination kit  
42 collected from a person who consented to the collection of the sexual assault  
43 examination kit and has consented to participate in the criminal justice process  
44 by reporting the crime to law enforcement.

45           (5) Unfounded sexual assault examination kit. – A reported sexual assault  
46 examination kit, whereupon completion of the investigation it was concluded  
47 by the investigating law enforcement agency, based on clear and convincing  
48 evidence, that a crime did not occur.

49           (6) Unreported sexual assault examination kit. – A sexual assault examination kit  
50 collected from a person who consented to the collection of the sexual assault

1 examination kit, but has not consented to participate in the criminal justice  
2 process.

3 (c) Notification and Submission Requirements for Kits Completed On or After July 1,  
4 2019. – Any collecting agency that collects a sexual assault examination kit completed on or after  
5 July 1, 2019, shall preserve the kit according to guidelines established under G.S. 15A-268(a2)  
6 and notify the appropriate law enforcement agency as soon as practicable, but no later than 24  
7 hours after the collection occurred. A law enforcement agency notified under this subsection  
8 shall do all of the following:

9 (1) Take custody of a sexual assault examination kit from the collecting agency  
10 that collected the kit within seven days of receiving notification. The law  
11 enforcement agency that takes custody of a kit under this subdivision shall  
12 retain and preserve the kit in accordance with the requirements of  
13 G.S. 15A-268.

14 (2) Submit a reported sexual assault examination kit to the State Crime  
15 Laboratory, or a laboratory approved by the State Crime Laboratory, not more  
16 than 45 days after taking custody of the reported sexual assault examination  
17 kit.

18 (3) Submit an unreported sexual assault examination kit to the Department of  
19 Public Safety not more than 45 days after taking custody of the unreported  
20 sexual assault examination kit. The Department of Public Safety shall store  
21 any kit it receives under this subdivision pursuant to the authority set forth in  
22 G.S. 143B-601(13).

23 (d) Notification and Submission Requirements for Kits Completed On or Before January  
24 1, 2018. – Any law enforcement agency that possesses a sexual assault examination kit completed  
25 on or before January 1, 2018, shall do the following:

26 (1) Establish a review team that may consist of prosecutors, active or retired law  
27 enforcement officers, sexual assault nurse examiners, victim advocacy  
28 groups, and representatives from a forensic laboratory. The review team  
29 required under this subdivision shall be established as soon as practicable, but  
30 no later than three months after the effective date of this section.

31 (2) Utilize the review team established under subdivision (1) of this subsection to  
32 survey the law enforcement agency's entire untested sexual assault  
33 examination kit inventory and conduct a case review to determine each sexual  
34 assault examination kit's testing priority. The survey and review required  
35 under this subdivision shall be completed as soon as practicable, but no later  
36 than six months after the effective date of this section. The review required  
37 under this subdivision shall consider each of the following factors in  
38 determining the submission priority of a sexual assault examination kit:

39 a. Investigative and evidentiary value for the individual case.

40 b. CODIS potential to link profiles and identify possible serial offenders.

41 c. Potential for victim participation in the investigation and prosecution.

42 d. Potential value for admission as evidence under Rule 404(b) of the  
43 North Carolina Rules of Evidence.

44 e. Age and health of victim.

45 f. Potential for exculpatory value for a convicted person.

46 g. Any other factor the review team deems to be relevant.

47 (3) Upon determination by the review team that a sexual assault examination kit  
48 is of priority status and not subject to subsection (e) of this section, the law  
49 enforcement agency shall notify the State Crime Laboratory, or a laboratory  
50 approved by the State Crime Laboratory, of the sexual assault examination kit  
51 and submit a request for testing of the sexual assault examination kit. The law

1 enforcement agency shall continue the process set forth in subdivisions (2)  
2 and (3) of this subsection until all untested sexual assault examination kits  
3 eligible for submission within its inventory have been submitted for testing.  
4 The following untested sexual assault examinations kits are not eligible for  
5 submission for testing under this subdivision:

6 a. Unreported sexual assault examination kits. Unreported sexual assault  
7 examination kits shall be sent within 45 days of the review required  
8 under subdivision (2) of this subsection to the Department of Public of  
9 Safety for storage pursuant to the authority set forth in  
10 G.S. 143B-601(13).

11 b. Sexual assault examination kits that have been confirmed as  
12 unfounded sexual assault examination kits after a comprehensive case  
13 review by the law enforcement agency and complete review by the  
14 review team established under subdivision (1) of this subsection. The  
15 law enforcement agency shall track within the agency the number of  
16 sexual assault examination kits which are concluded to be unfounded  
17 along with a brief summary indicating the information and evidence  
18 supporting the determination of an unfounded sexual assault  
19 examination kit. If the law enforcement agency receives any  
20 information or evidence that creates investigative or evidentiary value  
21 for testing the unfounded sexual assault examination kit, the law  
22 enforcement agency shall send the unfounded sexual assault  
23 examination kit to the State Crime Laboratory, or a laboratory  
24 approved by the State Crime Laboratory, as soon as practicable.

25 c. Sexual assault examination kits in which (i) a criminal prosecution has  
26 resulted in conviction, (ii) the convicted person does not seek DNA  
27 testing, and (iii) the convicted person's DNA profile is already in  
28 CODIS.

29 (e) Submission Requirements for Other Kits. – Sexual assault examination kits that are  
30 not subject to the requirements of subsections (c) or (d) of this section shall be submitted to the  
31 State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, as soon as  
32 practicable.

33 (f) Testing Requirements for Accepted Kits. – As soon as practicable after receiving a  
34 written request for testing of a sexual assault examination kit subject to subsection (d) of this  
35 section, the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory,  
36 shall notify the submitting law enforcement agency of the request's approval and provide  
37 shipment instructions for the sexual assault examination kit. The State Crime Laboratory, or a  
38 laboratory approved by the State Crime Laboratory, shall pursue DNA analysis of any sexual  
39 assault examination kit accepted from a law enforcement agency under this section to develop  
40 DNA profiles that are eligible for entry into CODIS and the State DNA Database pursuant to  
41 G.S. 15A-266.5 and G.S. 15A-266.7. The State CODIS System Administrator, or the  
42 Administrator's designee, shall enter a DNA profile developed under this subsection into the  
43 CODIS database pursuant to G.S. 15A-266.8 and into the State DNA Database, provided that the  
44 testing of the sexual assault examination kit resulted in an eligible DNA profile.

45 (g) Lack of Compliance. – Lack of compliance with the requirements set forth in this  
46 section shall not result in any of the following:

47 (1) Constituting grounds upon which a person may challenge in any hearing, trial,  
48 or other court proceeding the validity of DNA evidence in any criminal or  
49 civil proceeding.

50 (2) Justification for the exclusion of evidence generated from a sexual assault  
51 examination kit.

1           (3)    Providing a person who is accused or convicted of committing a crime against  
2                    a victim a basis to request that the person's case be dismissed or conviction set  
3                    aside, or providing a cause of action or civil claim.

4           (h)    Sexual Assault Response and Training. – The Department of Justice, the North  
5            Carolina Coalition Against Sexual Assault, the North Carolina Victims Assistance Network, and  
6            the Conference of District Attorneys shall jointly develop and provide response and training  
7            programs to law enforcement and their sexual assault examination kit review teams regarding  
8            sexual assault investigations, including victim interactions and kit collection, storage, tracking,  
9            and testing."

10           **SECTION 17.2.(c)** G.S. 15A-266.8 is amended by adding a new subsection to read:

11           "(d)    A law enforcement agency that receives an actionable CODIS hit on a submitted DNA  
12            sample shall provide electronic notice to the State Crime Laboratory as follows:

13                   (1)    Detailing any arrest of a person made in connection with the CODIS hit, no  
14                    later than 15 days after the arrest.

15                   (2)    Detailing any conviction of a person resulting from the CODIS hit, no later  
16                    than 15 days from the date of conviction."

17           **SECTION 17.2.(d)** The State Crime Lab shall report to the Joint Legislative  
18 Oversight Committee on Justice and Public Safety by March 1, 2020, on the use of funds  
19 appropriated in this act to test sexual assault evidence collection kits.

20           **SECTION 17.2.(e)** This section is effective when it becomes law and applies to  
21 CODIS hits received on or after that date.

## 22

### 23 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM ELIGIBILITY**

24           **SECTION 17.3.(a)** G.S. 17C-20 reads as rewritten:

25           "**§ 17C-20. Definitions.**

26           As used in this Article, the following definitions apply:

27                   ...

28                   (5)    Eligible county. – A county with a population of less than 75,000-125,000  
29                    according to the latest federal decennial ~~census~~-census or a county designated  
30                    as a development tier one area pursuant to G.S. 143B-437.08, or both.

31                   ...."

32           **SECTION 17.3.(b)** This section is effective when it becomes law and applies to  
33 Criminal Justice Fellows Program recipients selected on or after that date.

## 34

### 35 **PART XVIII. PUBLIC SAFETY**

#### 36

#### 37 **JPS GRANT REPORTING**

38           **SECTION 18.1.** The Department of Public Safety, the Department of Justice, and  
39 the Judicial Department shall each report by May 1 of each year to the chairs of the House of  
40 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
41 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
42 for receipt by those departments. The report shall include information on the amount of grant  
43 funds received or preapproved for receipt by each department, the use of the funds, the State  
44 match expended to receive the funds, and the period to be covered by each grant. If a department  
45 intends to continue the program beyond the end of the grant period, that department shall report  
46 on the proposed method for continuing the funding of the program at the end of the grant period.  
47 Each department shall also report on any information it may have indicating that the State will  
48 be requested to provide future funding for a program presently supported by a local grant.

#### 49

#### 50 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

1           **SECTION 18.2.(a)** Notwithstanding any other provision of law, the Office of State  
2 Budget and Management shall not transfer any positions, personnel, or funds from the  
3 Department of Public Safety to any other State agency during the 2019-2021 fiscal biennium  
4 unless the transfer was included in the base budget for one or both fiscal years of the biennium.

5           **SECTION 18.2.(b)** This section becomes effective July 1, 2019. If any transfers that  
6 violate this section were made in fiscal year 2018-2019, prior to this section becoming effective,  
7 those transfers shall be rescinded within 15 days of this section becoming effective.

## 8 9 **CODIFY LAPSED SALARY REPORT**

10           **SECTION 18.3.** Part 1 of Article 13 of Chapter 143B of the General Statutes is  
11 amended by adding a new section to read:

### 12 **"§ 143B-605. Lapsed salary reports.**

13           (a) The Department of Public Safety shall report the following information to the chairs  
14 of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the  
15 House of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
16 Appropriations Committee on Justice and Public Safety:

17           (1) The amount of lapsed salary generated by fund code for the previous six  
18 months.

19           (2) An itemized accounting of the use of lapsed salary funds including:

20           a. Fund code.

21           b. Current certified budget.

22           c. Annual projected expenditure.

23           d. Annual projected shortfall.

24           e. Amount of lapsed salary funds transferred to date.

25           (b) The reports shall be submitted by February 1 and August 1 of each year. The August  
26 report shall also include an annual accounting of this information for the previous fiscal year."

## 27 28 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

29           **SECTION 18.6.(a)** Creation of Receipt-Supported Positions Authorized. – The State  
30 Capitol Police may contract with State agencies for the creation of receipt-supported positions to  
31 provide security services to the buildings occupied by those agencies.

32           **SECTION 18.6.(b)** Annual Report Required. – No later than September 1 of each  
33 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
34 Justice and Public Safety the following information for the fiscal year in which the report is due:

35           (1) A list of all positions in the State Capitol Police. For each position listed, the  
36 report shall include at least the following information:

37           a. The position type.

38           b. The agency to which the position is assigned.

39           c. The source of funding for the position.

40           (2) For each receipt-supported position listed, the contract and any other terms of  
41 the contract.

42           **SECTION 18.6.(c)** Additional Reporting Required Upon Creation of  
43 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
44 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
45 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
46 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the  
47 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
48 to this section shall include at least all of the following information:

49           (1) The position type.

50           (2) The agency to which the position is being assigned.

51           (3) The position salary.

1 (4) The total amount of the contract.

2 (5) The terms of the contract.

3 **SECTION 18.6.(d)** Format of Reports. – Reports submitted pursuant to this section  
4 shall be submitted electronically and in accordance with any applicable General Assembly  
5 standards.

#### 7 **USE OF SEIZED AND FORFEITED PROPERTY**

8 **SECTION 18.7.(a)** Seized and forfeited assets transferred to the Department of  
9 Justice or to the Department of Public Safety during the 2019-2021 fiscal biennium pursuant to  
10 applicable federal law shall be credited to the budget of the recipient department and shall result  
11 in an increase of law enforcement resources for that department. The Department of Public Safety  
12 and the Department of Justice shall each make the following reports to the chairs of the House  
13 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
14 Appropriations Committee on Justice and Public Safety:

15 (1) A report upon receipt of any assets.

16 (2) A report that shall be made prior to use of the assets on their intended use and  
17 the departmental priorities on which the assets may be expended.

18 (3) A report on receipts, expenditures, encumbrances, and availability of these  
19 assets for the previous fiscal year, which shall be made no later than  
20 September 1 of each year.

21 **SECTION 18.7.(b)** The General Assembly finds that the use of seized and forfeited  
22 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
23 of real property, repair of buildings where the repair includes structural change, and construction  
24 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
25 Therefore, the Department of Justice and the Department of Public Safety are prohibited from  
26 using these assets for such purposes without the prior approval of the General Assembly.

27 **SECTION 18.7.(c)** Nothing in this section prohibits State law enforcement agencies  
28 from receiving funds from the United States Department of Justice, the United States Department  
29 of the Treasury, and the United States Department of Health and Human Services.

30 **SECTION 18.7.(d)** The Joint Legislative Oversight Committee on Justice and Public  
31 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized  
32 and forfeited assets. The Committee shall report its findings and recommendations prior to the  
33 convening of the 2020 Regular Session of the 2019 General Assembly.

#### 35 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

36 **SECTION 18.8.** The Department of Public Safety may continue to contract with The  
37 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds  
38 for minimum security female inmates during the 2019-2021 fiscal biennium. The Center for  
39 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House  
40 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
41 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the  
42 average daily inmate population compared to bed capacity using the same methodology as that  
43 used by the Department of Public Safety.

#### 45 **INMATE CONSTRUCTION PROGRAM**

46 **SECTION 18.9.** Article 3 of Chapter 148 of the General Statutes is amended by  
47 adding a new section to read:

##### 48 **"§ 148-32.3. Inmate Construction Program.**

49 Notwithstanding any other provision of law, but subject to the provisions of this Article, the  
50 State Construction Office may utilize inmates in the custody of the Division of Adult Correction  
51 of the Department of Public Safety through the Inmate Construction Program for repair and

1 renovation projects on State-owned facilities, with priority given to Department of Public Safety  
2 construction projects. State agencies utilizing the Inmate Construction Program shall reimburse  
3 the Division of Adult Correction of the Department of Public Safety for the cost of transportation,  
4 custody, and wages for the inmate crews."

## 6 STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT

7 **SECTION 18.10.** G.S. 148-32.1(b2) reads as rewritten:

8 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program  
9 shall provide for the housing of misdemeanants from all counties serving sentences imposed for  
10 a period of more than 90 days and for all sentences imposed for impaired driving under  
11 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement  
12 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall  
13 address methods for the placement and transportation of inmates and reimbursement to counties  
14 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants  
15 from that county or from other counties pursuant to the Program may enter into a written  
16 agreement with the Division of Adult Correction and Juvenile Justice to do so.

17 The North Carolina Sheriffs' Association shall:

18 (1) Report no later than the fifteenth day of each month to the Office of State  
19 Budget and Management and the Fiscal Research Division on the Statewide  
20 Misdemeanant Confinement Program. Each monthly report shall include all  
21 of the following:

- 22 a. The daily population delineated by misdemeanant or DWI monthly  
23 housing.
- 24 b. The cost of housing prisoners under the Program.
- 25 c. The cost of transporting prisoners under the Program.
- 26 d. Personnel costs.
- 27 e. Inmate medical care costs.
- 28 f. The number of counties that volunteer to house inmates under the  
29 Program.
- 30 g. The administrative costs paid to the Sheriffs' Association and to the  
31 Department of Public Safety.

32 (2) Report no later than October 1 of each year to the chairs of the House of  
33 Representatives Appropriations Committee on Justice and Public Safety and  
34 the Senate Appropriations Committee on Justice and Public Safety and the  
35 Joint Legislative Oversight Committee on Justice and Public Safety on the  
36 Statewide Misdemeanant Confinement Program. The report shall include the  
37 following with respect to the prior fiscal year:

- 38 a. The cost of housing prisoners by county under the Program.
- 39 b. The cost of transporting prisoners by county under the Program.
- 40 c. Personnel costs by county.
- 41 d. Inmate medical care costs by county.
- 42 e. The number of counties that volunteer to house inmates under the  
43 Program.
- 44 f. The administrative costs paid to the Sheriffs' Association and to the  
45 Department of Public Safety."

## 47 INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND 48 EQUIPMENT PURCHASES SECTIONS

49 **SECTION 18.11.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected  
50 for the Interstate Compact Fund during the 2019-2021 fiscal biennium may be used by the  
51 Division of Adult Correction of the Department of Public Safety during the 2019-2021 fiscal

1 biennium to provide training programs and equipment purchases for the Section of Community  
2 Corrections, but only to the extent sufficient funds remain available in the Fund to support the  
3 mission of the Interstate Compact Program.

4 **SECTION 18.11.(b)** No later than October 1 of each fiscal year, the Department of  
5 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public  
6 Safety on the amount of funds used pursuant to this section and for what purposes the funds were  
7 used.

#### 8 9 **NURSE STAFFING AT STATE PRISONS REPORT**

10 **SECTION 18.12.(a)** The Department of Public Safety shall report the following  
11 information to the Joint Legislative Oversight Committee on Justice and Public Safety by  
12 February 1, 2020, and by February 1, 2021:

- 13 (1) The total number of permanent nursing positions allocated to the Department,  
14 the number of filled positions, the number of positions that have been vacant  
15 for more than six months, and information regarding the location of both filled  
16 and vacant positions.
- 17 (2) The extent to which temporary contract services are being used to staff vacant  
18 nursing positions, the method for funding the contract services, and any cost  
19 differences between the use of permanent employees versus contract  
20 employees.
- 21 (3) A progress report on the implementation of its plan to (i) reduce the use of  
22 contract services to provide nursing in State prisons and (ii) attract and retain  
23 qualified nurses for employment in permanent positions in State prisons.

24 **SECTION 18.12.(b)** Notwithstanding any other provision of law, the Department of  
25 Public Safety may, in its discretion and subject to the approval of the Office of State Budget and  
26 Management, convert funds appropriated for contractual nursing services to permanent nursing  
27 positions when it is determined to promote security, generate cost savings, or improve health care  
28 quality. The Department shall report on any such conversions to the Fiscal Research Division.

#### 29 30 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

31 **SECTION 18.13.** The Department of Public Safety, Division of Adult Correction,  
32 shall report the following information to the Joint Legislative Oversight Committee on Justice  
33 and Public Safety by February 1, 2020, and by February 1, 2021:

- 34 (1) The number of Division employees charged with the commission of a criminal  
35 offense committed in a State prison and during the employee's work hours.  
36 The information shall be provided by State facility and shall specify the  
37 offense charged and the outcome of the charge.
- 38 (2) The number of employees disciplined, demoted, or separated from service due  
39 to personal misconduct. To the extent it does not disclose confidential  
40 personnel records, the information shall be organized by type of misconduct,  
41 nature of corrective action taken, and outcome of the corrective action.
- 42 (3) The hiring and screening process, including any required credentials or skills,  
43 criminal background checks, and personality assessments. The information  
44 shall also include the process the Division uses to verify the information  
45 provided by an applicant.

#### 46 47 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

48 **SECTION 18.14.** Of the funds appropriated in this act for the Statewide  
49 Misdemeanant Confinement Program:

- 50 (1) The sum of five hundred thousand dollars (\$500,000) shall be transferred each  
51 fiscal year of the 2019-2021 biennium to the North Carolina Sheriffs'

1 Association, Inc., a nonprofit corporation, to support the Program and for  
2 administrative and operating expenses of the Association and its staff.

- 3 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
4 allocated each fiscal year of the 2019-2021 biennium to the Division of Adult  
5 Correction for its administrative and operating expenses for the Program.  
6

## 7 PRISON REFORM REPORT

8 **SECTION 18.15.** The Department of Public Safety (Department) shall report  
9 quarterly beginning November 1, 2019, and continuing quarterly until the end of the 2019-2021  
10 fiscal biennium, to the Joint Legislative Oversight Committee on Justice and Public Safety on  
11 the Department's prison reform initiatives, including:

- 12 (1) All modifications to Department rules, policies, and procedures related to  
13 disciplinary actions against correctional officers and other correctional staff.  
14 (2) All modifications to Department rules, policies, and procedures related to  
15 disciplinary actions against inmates.  
16 (3) The amount, content, quality, and frequency of staff training.  
17 (4) Modifications to inmate work assignments, including assessments of the  
18 appropriateness of particular work assignments based on inmate  
19 classification.  
20 (5) Facility infrastructure improvements made to emergency communication,  
21 location tracking capabilities, and installation of additional cameras.  
22 (6) Increased availability of staff personal safety equipment and institutional  
23 safety equipment.  
24 (7) Adequacy of staffing of prison facilities and actions taken to increase staffing  
25 levels.  
26 (8) Actions taken to increase retention efforts of staff.  
27 (9) Changes to the hiring and orientation processes and procedures for  
28 correctional officers.  
29 (10) Methods used to prevent delivery of contraband items to prisoners, including  
30 illegal drugs and mobile phones, and an evaluation or summary of the  
31 effectiveness of the methods.  
32 (11) Modifications to housing capacity to meet prison staffing requirements.  
33

## 34 PLAN TO ADDRESS STANDARD OPERATING CAPACITY OF THE DIVISION OF 35 ADULT CORRECTION AND JUVENILE JUSTICE

36 **SECTION 18.16.(a)** The Department of Public Safety shall develop a long-term plan  
37 to meet Standard Operating Capacity requirements of the Division of Adult Correction and  
38 Juvenile Justice. The long-term plan shall, at a minimum, include the following:

- 39 (1) An analysis of the required staffing to meet Standard Operating Capacity  
40 requirements.  
41 (2) Recommendations for reopening closed facilities.  
42 (3) Recommendations for constructing new facilities.

43 **SECTION 18.16.(b)** The Department of Public Safety shall submit its long-term  
44 plan required under subsection (a) of this section to the Joint Legislative Oversight Committee  
45 on Justice and Public Safety no later than December 1, 2019.  
46

## 47 REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL 48 EXPENSES

49 **SECTION 18.17.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety  
50 may use funds available to the Department for the 2019-2021 fiscal biennium to reimburse  
51 counties for the cost of housing convicted inmates, parolees, and post-release supervisees

1 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may  
2 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,  
3 2019, the Department shall report quarterly to the chairs of the Joint Legislative Oversight  
4 Committee on Justice and Public Safety and the chairs of the House of Representatives  
5 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
6 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for  
7 prisoners awaiting transfer.

#### 8 9 **STAFFING FOR LONG-TERM CARE FACILITY**

10 **SECTION 18.17A.(a)** The Secretary of the Department of Public Safety shall  
11 transfer funding for 22 custody positions vacant one year or longer for the operation of the Central  
12 Prison Long-Term Care Facility. In addition, the Secretary shall reallocate vacant health care  
13 positions totaling no more than one million seven hundred fifty thousand dollars (\$1,750,000) to  
14 staff the Central Prison Long-Term Care Facility. The reallocation shall be made according to  
15 the following priorities, but the Secretary shall have discretion to select positions from either  
16 subdivision (1) or (2) of this subsection, or both, according to the overall needs of the adult  
17 correctional system:

- 18 (1) All vacant health care-related positions.
- 19 (2) Any position that has been vacant for more than one year.

20 **SECTION 18.17A.(b)** The Secretary shall have the discretion to create additional  
21 positions from savings achieved through the one million dollar (\$1,000,000) reduction in the  
22 purchased services and supplies accounts to operate the Long-Term Care Facility.

23 **SECTION 18.17A.(c)** The Department shall report by November 1, 2019, to the  
24 Joint Legislative Oversight Committee on Justice and Public Safety on the implementation of  
25 this section. The report shall specify for each reallocated position (i) the type of position and (ii)  
26 the amount of time the position had been vacant.

#### 27 28 **DOT CONTRACT OF INMATE LITTER CREW**

29 **SECTION 18.17B.** After the issuance of a request for information (RFI) and receipt  
30 of bids by the Department of Transportation for litter pickup on State highways and roads, the  
31 Department of Transportation shall first offer the contract to the Division of Adult Correction  
32 upon the same terms and conditions as the most favorable bid received by the Department of  
33 Transportation from a suitable contractor. The Division of Adult Correction shall have 30 days  
34 to accept or decline the offered contract.

#### 35 36 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

37 **SECTION 18.18.(a)** Funds appropriated in this act to the Department of Public  
38 Safety for the 2019-2021 fiscal biennium for community program contracts, that are not required  
39 for or used for community program contracts, may be used only for the following:

- 40 (1) Other statewide residential programs that provide Level 2 intermediate  
41 dispositional alternatives for juveniles.
- 42 (2) Statewide community programs that provide Level 2 intermediate  
43 dispositional alternatives for juveniles.
- 44 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
45 Prevention Councils which provide Level 2 intermediate dispositional  
46 alternatives for juveniles.
- 47 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
48 intermediate dispositional alternatives for juveniles listed in  
49 G.S. 7B-2506(13) through (23).

50 **SECTION 18.18.(b)** Funds appropriated by this act to the Department of Public  
51 Safety for the 2019-2021 fiscal biennium for community programs may not be used for staffing,

1 operations, maintenance, or any other expenses of youth development centers or detention  
2 facilities.

3 **SECTION 18.18.(c)** The Department of Public Safety shall submit an electronic  
4 report by October 1 of each year of the 2019-2021 fiscal biennium on all expenditures made in  
5 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of  
6 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
7 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.  
8 The report shall include all of the following: an itemized list of the contracts that have been  
9 executed, the amount of each contract, the date the contract was executed, the purpose of the  
10 contract, the number of juveniles that will be served and the manner in which they will be served,  
11 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized  
12 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.  
13

#### 14 **RADIOLOGICAL EMERGENCY PLANNING**

15 **SECTION 18.21.(a)** G.S. 166A-29 reads as rewritten:

16 **"§ 166A-29. Emergency planning; charge.**

17 (a) Every person, firm, corporation or municipality who is licensed to construct or who  
18 is operating a fixed nuclear facility for the production of electricity shall pay to the Department  
19 of Public Safety an annual fee of at least thirty thousand dollars (\$30,000) for each fixed nuclear  
20 facility which is located within this State or has a Plume Exposure Pathway Emergency Planning  
21 Zone of which any part is located within this State. This fee is to be applied to the costs of  
22 planning and implementing emergency response activities as are required by the Federal  
23 Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid ~~no~~  
24 ~~later than July 31 of each year.~~ on a schedule set by the Department of Public Safety. This  
25 minimum fee may be increased from time to time as the costs of such planning and  
26 implementation increase. Such increases shall be by agreement between the State and the  
27 licensees or operators of the fixed nuclear facilities.

28 (b) Every person, firm, corporation or municipality who is licensed to construct or who  
29 is operating a fixed nuclear facility for the production of electricity shall pay to the Department  
30 of Public Safety, for the use of the Radiation Protection Section of the Division of ~~Public Health~~  
31 Health Service Regulation of the Department of Health and Human Services, an annual fee of at  
32 least thirty-six thousand dollars (\$36,000) for each fixed nuclear facility that is located within  
33 this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is  
34 located within this State. This fee shall be applied only to the costs of planning and implementing  
35 emergency response activities as required by the Federal Emergency Management Agency for  
36 the operation of nuclear facilities. This fee is to be paid ~~no later than July 31 of each year.~~ on a  
37 schedule set by the Department of Public Safety.

38 ...."

39 **SECTION 18.21.(b)** This section becomes effective July 1, 2019, and applies to fees  
40 assessed on or after that date.

#### 41 **PART XIX. ADMINISTRATION**

#### 42 **DOA/MANAGE STATE PORTFOLIO OF REAL PROPERTY & UPDATE** 43 **E-PROCUREMENT SYSTEM**

44 **SECTION 19.1.(a)** Notwithstanding the provisions of G.S. 66-58.12(c), the sum of  
45 one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2019-2020  
46 fiscal year transferred in this act from the E-Commerce Fund in the Department of Administration  
47 Budget Code 24100, Fund Code 2514, to the Department of Administration Budget Code 14100,  
48 Fund Code 1412, shall be used to develop a real estate information system as required by Section  
49 31.2 of S.L. 2018-5.  
50  
51

- 1           **SECTION 19.1.(b)** For purposes of updating the E-Procurement System (hereinafter  
2 "System"), the Department of Administration shall do all of the following:  
3           (1) Create a detailed plan for updating the System, including:  
4               a. The ways in which the System will be improved.  
5               b. The itemized costs of the improvements.  
6               c. The length of time it will take to make the improvements.  
7           (2) No later than October 1, 2019, submit a report on the detailed plan required  
8 by subdivision (1) of this subsection to the Joint Legislative Oversight  
9 Committee on General Government.  
10           (3) No later than October 1, 2019, submit a report on the detailed plan required  
11 by subdivision (1) of this subsection to the State Chief Information Officer for  
12 review and approval as provided in G.S. 143B-1322(c)(14).  
13

## 14 **PROCUREMENT SIMPLIFICATION AND INCREASED ACCOUNTABILITY**

15           **SECTION 19.2.(a)** G.S. 143-52.1 reads as rewritten:

### 16 **"§ 143-52.1. Award recommendations; State Purchasing Officer action.**

17           (a) Award Recommendation. – When the dollar value of a contract to be awarded under  
18 Article 3 of Chapter 143 of the General Statutes exceeds the benchmark established pursuant to  
19 G.S. 143-53.1, an award recommendation shall be submitted to the State Purchasing Officer for  
20 approval or other action. The State Purchasing Officer shall promptly notify the agency or  
21 institution making the recommendation, or for which the purchase is to be made, of the action  
22 taken.

23           (b) through (d) Repealed by Session Laws 2013-234, s. 4, effective July 3, 2013.

24           (e) Reporting. – The State Procurement Officer shall provide a monthly report of all  
25 contract awards greater than ~~twenty-five thousand dollars (\$25,000)~~ the benchmark established  
26 under G.S. 143-53.1 approved through the Division of Purchase and Contract to the Cochairs of  
27 the Joint Legislative Committee on Governmental Operations. The report shall include the  
28 amount of the award, the award recipient, the using agency, and a short description of the nature  
29 of the award."

30           **SECTION 19.2.(b)** G.S. 143-53 reads as rewritten:

### 31 **"§ 143-53. Rules.**

32           (a) The Secretary of Administration may adopt rules governing the following:

33           (1) Prescribing the routine and procedures to be followed in canvassing bids and  
34 awarding contracts, and for reviewing decisions made pursuant thereto, and  
35 the decision of the reviewing body shall be the final administrative review.  
36 The Division of Purchase and Contract shall review and decide a protest on a  
37 contract valued at ~~twenty-five thousand dollars (\$25,000) or more~~ an amount  
38 that exceeds the benchmark established under G.S. 143-53.1. The Secretary  
39 shall adopt rules or criteria governing the review of and decision on a protest  
40 on a contract ~~of less than twenty-five thousand dollars (\$25,000)~~ valued at or  
41 below the benchmark established under G.S. 143-53.1 by the agency that  
42 awarded the contract.

43           ...

44           (5) Prescribing conditions under which purchases and contracts for the purchase,  
45 installment or lease-purchase, rental or lease of goods and services may be  
46 entered into by means other than competitive bidding, including, but not  
47 limited to, negotiation, reverse auctions, and acceptance of electronic bids.  
48 Notwithstanding the provisions of subsections (a) and (b) of this section, any  
49 waiver of competition for the purchase, rental, or lease of goods and services  
50 is subject to prior review by the Secretary, if the expenditure exceeds ~~ten~~  
51 ~~thousand dollars (\$10,000)~~ the benchmark established under G.S. 143-53.1.

1 The Division may levy a fee, not to exceed one dollar (\$1.00), for review of  
2 each waiver application.

3 ...."

4 **SECTION 19.2.(c)** G.S. 143-53.1 reads as rewritten:

5 **"§ 143-53.1. Setting of benchmarks; increase by Secretary.**

6 (a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to  
7 competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to  
8 rule making by the Secretary of Administration for competitive bidding shall promote  
9 compliance with the principles of procurement efficiency, transparency, and fair competition to  
10 obtain the State's business. For State departments, institutions, and agencies, except the President  
11 of The University of North Carolina or a special responsibility constituent institution of The  
12 University of North Carolina and community colleges, the benchmark shall not be greater than  
13 one hundred thousand dollars (\$100,000). For the President of The University of North Carolina  
14 or a special responsibility constituent institution of The University of North Carolina, the  
15 benchmark prescribed in this section is as provided in G.S. 116-31.10. For community colleges,  
16 the benchmark prescribed in this section is as provided in G.S. 115D-58.14.

17 ...."

18 **SECTION 19.2.(d)** G.S. 143-57 reads as rewritten:

19 **"§ 143-57. Purchases of articles in certain emergencies.**

20 In case of any emergency or pressing need arising from unforeseen causes including but not  
21 limited to delay by contractors, delay in transportation, breakdown in machinery, or unanticipated  
22 volume of work, the Secretary of Administration shall have power to obtain or authorize  
23 obtaining in the open market any necessary supplies, materials, equipment, printing or services  
24 for immediate delivery to any department, institution or agency of the State government. A report  
25 on the circumstances of such emergency or need and the transactions thereunder shall be made a  
26 matter of record promptly thereafter. If the expenditure exceeds ~~ten thousand dollars (\$10,000),~~  
27 the benchmark established under G.S. 143-53.1, the report shall also be made promptly thereafter  
28 to the Division of Purchase and Contract."

29 **SECTION 19.2.(e)** This section is effective when it becomes law and applies to  
30 contracts entered into on or after that date.

## 31 **VACANT POSITION ELIMINATION FLEXIBILITY AND REPORT**

32 **SECTION 19.3.** Notwithstanding any provision of this act to the contrary, the  
33 Department of Administration, Department of Insurance, Department of Revenue, Department  
34 of State Treasurer, State Board of Elections, and Office of the Governor shall meet the personal  
35 services reduction by eliminating positions, either vacant or filled, for each year of the 2019-2021  
36 fiscal biennium. By October 1, 2019, and October 1, 2020, each of the agencies listed in this  
37 section shall submit a report to the Joint Legislative Oversight Committee on General  
38 Government, the House of Representatives Appropriations Subcommittee on General  
39 Government, the Senate Appropriations Committee on General Government and Information  
40 Technology, and the Fiscal Research Division on the actions taken to achieve the budgeted  
41 reduction for vacant position eliminations for the fiscal year. The report shall include a list of  
42 each alternative position eliminated, along with its position number, title, and the amount of  
43 salary and fringe benefits associated with each position.

## 44 **PART XX. ADMINISTRATIVE HEARINGS [RESERVED]**

## 45 **PART XXI. AUDITOR [RESERVED]**

## 46 **PART XXII. BUDGET AND MANAGEMENT**

**FUNDS FOR EASTERN TRIAD WORKFORCE DEVELOPMENT**

**SECTION 22.2.** The sum of four million five hundred thousand dollars (\$4,500,000) in nonrecurring funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, for each year of the 2019-2021 fiscal biennium for the Triad Workforce Solutions Collaborative shall be allocated each fiscal year as follows:

(1)	Alamance County	\$875,000
(2)	Guilford County	\$2,250,000
(3)	Rockingham County	\$625,000
(4)	Randolph County	\$750,000.

**PLAN FOR RESULTS FIRST BENEFIT-COST ANALYSIS OF DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS**

**SECTION 22.3.** By January 15, 2020, the Office of State Budget and Management (OSBM) shall submit to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division a plan to conduct, as part of North Carolina's Results First project, a benefit-cost analysis of all Department of Health and Human Services (Department) programs funded by State appropriations. OSBM shall include in the plan required by this section (i) an inventory of all Department programs funded by State appropriations and (ii) an estimate of the cost to conduct the Results First benefit-cost analysis for each Department program funded by State appropriations. The Department shall cooperate with the OSBM in OSBM's development of the plan required by this section.

**PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS  
[RESERVED]****PART XXIV. CONTROLLER****OVERPAYMENTS AUDIT**

**SECTION 24.1.(a)** During the 2019-2021 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

**SECTION 24.1.(b)** Of the funds appropriated in this act from the Special Reserve Account 24172, and for each year of the 2019-2021 fiscal biennium, two hundred fifty thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

**SECTION 24.1.(c)** The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue.

**PART XXV. ELECTIONS****BOARD OF ELECTIONS/REPORT ON POST-ELECTION AUDITS**

**SECTION 25.1.** After conducting a post-election audit, the Board of Elections shall produce a report which summarizes the audit, including the rationale for and the findings of the audit. The report shall be submitted to the Joint Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee on General Government within 10 business days of the date the audit is completed.

**PART XXVI. GENERAL ASSEMBLY [RESERVED]****PART XXVII. GOVERNOR [RESERVED]****PART XXVIII. HOUSING FINANCE AGENCY [RESERVED]****PART XXIX. INSURANCE****INSURANCE REGULATORY FEE**

**SECTION 29.1.** The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2020 calendar year.

**PART XXX. INSURANCE – INDUSTRIAL COMMISSION****INDUSTRIAL COMMISSION USE ELECTRONIC MAIL TO SEND DECISIONS**

**SECTION 30.1.(a)** G.S. 143-293 reads as rewritten:

**"§ 143-293. Appeals to Court of Appeals.**

Either the claimant or the State may, within 30 days after receipt of the decision and order of the full Commission, to be sent by ~~registered or certified~~ registered, certified, or electronic mail, but not thereafter, appeal from the decision of the Commission to the Court of Appeals. Such appeal shall be for errors of law only under the same terms and conditions as govern appeals in ordinary civil actions, and the findings of fact of the Commission shall be conclusive if there is any competent evidence to support them. The appellant shall cause to be prepared a statement of the case as required by the rules of the Court of Appeals. A copy of this statement shall be served on the respondent within 45 days from the entry of the appeal taken; within 20 days after such service, the respondent shall return the copy with ~~his~~ the respondent's approval or specified amendments endorsed or attached; if the case be approved by the respondent, it shall be filed with the clerk of the Court of Appeals as a part of the record; if not returned with objections within the time prescribed, it shall be deemed approved. The ~~chairman~~ chair of the Industrial Commission shall have the power, in the exercise of ~~his~~ the chair's discretion, to enlarge the time in which to serve statement of case on appeal and exceptions thereto or counterstatement of case.

If the case on appeal is returned by the respondent with objections as prescribed, or if a countercase is served on appellant, the appellant shall immediately request the ~~chairman~~ chair of the Industrial Commission to fix a time and place for settling the ~~case before him~~ case. If the appellant delays longer than 15 days after the respondent serves ~~his~~ the countercase or exceptions to request the ~~chairman~~ chair to settle the case on appeal, and delays for such period to ~~mail~~ mail, as provided in this section, the case and countercase or exceptions to the ~~chairman~~ chair, then the exceptions filed by the respondent shall be allowed; or the countercase served ~~by him~~ shall constitute the case on appeal; but the time may be extended by agreement of counsel.

The ~~chairman~~ chair shall forthwith notify the attorneys of the parties to appear before ~~him~~ the chair for that purpose at a certain time and place, which time shall not be more than 20 days from the receipt of the request. At the time and place stated, the ~~chairman~~ chair of the Industrial Commission or ~~his~~ the chair's designee shall settle and sign the case and deliver a copy to the attorneys of each party. The appellant shall within five days thereafter file it with the clerk of the Court of Appeals, and if ~~he~~ the appellant fails to do so the respondent may file ~~his~~ the respondent's copy.

No appeal bond or supersedeas bond shall be required of State departments or agencies."

**SECTION 30.1.(b)** This section becomes effective July 1, 2019, and applies to decisions and orders sent on or after that date.

**PART XXXI. LIEUTENANT GOVERNOR [RESERVED]****PART XXXII. MILITARY AND VETERANS AFFAIRS****DMVA/TECHNICAL AMENDMENT TO DELETE OBSOLETE LANGUAGE FROM  
STATUTE REGULATING SCHOLARSHIPS**

**SECTION 32.1.** G.S. 143B-1225 reads as rewritten:

**"§ 143B-1225. Scholarship.**

(a) A scholarship granted pursuant to this Part shall consist of the following benefits in either a State or private educational institution:

...

(4) No educational assistance shall be afforded a child under this Part after the end of an eight-year period beginning on the date the scholarship is first awarded. ~~Those persons who have been granted a scholarship under this Part prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, 2010.~~ Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years.

...."

**AMEND RESIDENCY REQUIREMENT FOR QUALIFIED VETERANS ELIGIBLE TO  
BE BURIED IN STATE VETERANS' CEMETERIES**

**SECTION 32.2.(a)** G.S. 65-43 reads as rewritten:

**"§ 65-43. Definitions.**

For purposes of this Article, the following definitions shall apply, unless the context requires otherwise:

...

(3) A "qualified veteran" means a veteran who meets the requirements of sub-subdivisions a. and b. of this subdivision:

a. A veteran who served an honorable military service or who served a period of honorable nonregular service and is any of the following:

1. A veteran who is entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended.
2. A veteran who would have been entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended, but for the fact that the person was under 60 years of age.
3. A veteran who is eligible for interment in a national cemetery under 38 U.S.C. § 2402, as amended.

b. Who is a legal resident of North Carolina:

- ~~1. At the time of death, or~~
2. For a period of at least 10 ~~years,~~ years immediately prior to death, or
3. At the time ~~he or she~~ the veteran entered the Armed Forces of the United States."

**SECTION 32.2.(b)** This section is effective when it becomes law, and applies to burials on or after that date.

**VETERANS AFFAIRS COMMISSION/AWARDING OF SERVICE MEDALS**

1           **SECTION 32.4.** G.S. 143B-1220 reads as rewritten:

2   "**§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

3       There is hereby created the Veterans' Affairs Commission of the Department of Military and  
4   Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and  
5   duties, as delegated by the Secretary of Military and Veterans Affairs:

6       ...

7       (3)    To promulgate rules and regulations concerning the awarding of scholarships  
8       for children of North Carolina veterans as provided by this Article. The  
9       Commission shall make rules and regulations consistent with the provisions  
10      of this Article. All rules and regulations not inconsistent with the provisions  
11      of this Chapter heretofore adopted by the State Board of Veterans' Affairs  
12      shall remain in full force and effect unless and until repealed or superseded by  
13      action of the Veterans' Affairs Commission. All rules and regulations adopted  
14      by the Commission shall be enforced by the Department of Military and  
15      Veterans Affairs; and

16      (4)    ~~To promulgate rules concerning the awarding of the North Carolina Services~~  
17      ~~Medal to all veterans who have served in any period of war as defined in 38~~  
18      ~~U.S.C. § 101. The award shall be self financing; those who wish to be awarded~~  
19      ~~the medal shall pay a fee to cover the expenses of producing the medal and~~  
20      ~~awarding the medal. All rules adopted by the Commission with respect to the~~  
21      ~~North Carolina Services Medal shall be implemented and enforced by the~~  
22      ~~Department of Military and Veterans Affairs; and~~

23      (5)    To advise the Secretary on any matter the Secretary may refer to it."

24  
25   **FUNDS FOR NC VETERANS MEMORIAL PAVILION SHALL NOT REVERT**

26       **SECTION 32.5.(a)** Notwithstanding any provision of S.L. 2017-57, or of the  
27   Committee Report described in Section 39.2 of that act to the contrary, the sum of two hundred  
28   fifty thousand dollars (\$250,000) in nonrecurring funds for the 2017-2018 fiscal year  
29   appropriated in that act to the Department of Military and Veterans Affairs for the construction  
30   of public facilities at the North Carolina Veterans Memorial Pavilion in Broadway, North  
31   Carolina shall not revert on June 30, 2019, as required by Section 6.13(c) of that act, but shall  
32   remain available for expenditure until June 30, 2020.

33       **SECTION 32.5.(b)** This section becomes effective June 30, 2019.

34  
35   **PART XXXIII. REVENUE**

36  
37   **DOR/ELIMINATE VACANT POSITIONS**

38       **SECTION 33.1.** The Department of Revenue shall eliminate a sufficient number of  
39   permanent or temporary vacant positions funded through the Collections Assistance Fee to  
40   generate a recurring annual savings of five hundred thousand dollars (\$500,000) for each year of  
41   the 2019-2021 fiscal biennium. The Department shall report on the eliminated positions to the  
42   Joint Legislative Oversight Committee on General Government by October 1, 2019.

43  
44   **DOR TAX FRAUD ANALYTICS**

45       **SECTION 33.2.(a)** Of the funds appropriated in this act to the Department of  
46   Revenue, the sum of four million four hundred thousand dollars (\$4,400,000) in nonrecurring  
47   funds for the 2019-2020 fiscal year shall be used to continue and expand the Department's tax  
48   fraud analysis contract. These funds shall be used as follows:

49      (1)    Three million three hundred thousand dollars (\$3,300,000) to pay for fraud  
50      detection analytics and information reporting.

- 1 (2) One million one hundred thousand dollars (\$1,100,000) for hosting  
2 infrastructure.

3 **SECTION 33.2.(b)** The Department of Revenue shall continue to coordinate with  
4 the Government Data Analytics Center (GDAC) and utilize the subject matter expertise and  
5 technical infrastructure available through existing GDAC public-private partnerships for fraud  
6 detection analytics and infrastructure.

7  
8 **PART XXXIV. SECRETARY OF STATE [RESERVED]**

9  
10 **PART XXXV. TREASURER**

11  
12 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR**  
13 **FIREFIIGHTERS' DEATH BENEFITS**

14 **SECTION 35.1.(a)** G.S. 143-166.2 reads as rewritten:

15 **"§ 143-166.2. Definitions.**

16 The following definitions apply in this Article:

17 ...

- 18 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

19 ...

- 20 e. When the death of a firefighter occurs as a direct and proximate result  
21 of any of the following cancers that are occupationally related to  
22 firefighting, that firefighter is presumed to have been killed in the line  
23 of duty:

- 24 1. Mesothelioma.  
25 2. Testicular cancer.  
26 3. ~~Intestinal cancer.~~ Cancer of the small intestine.  
27 4. Esophageal cancer.  
28 5. Oral cavity cancer.  
29 6. Pharynx cancer.

30 ...."

31 **SECTION 35.1.(b)** This section is effective when it becomes law and applies to  
32 deaths occurring on or after that date.

33  
34 **TECHNICAL CHANGES TO THE STATE AND LOCAL RETIREMENT SYSTEMS**

35 **SECTION 35.2.(a)** G.S. 128-21 is amended by adding a new subdivision to read:

36 "(8a) "Duly acknowledged" means notarized, including electronic notarization, or  
37 verified through an identity authentication service approved by the  
38 Department of State Treasurer."

39 **SECTION 35.2.(b)** G.S. 135-1 is amended by adding a new subdivision to read:

40 "(8a) "Duly acknowledged" means notarized, including electronic notarization, or  
41 verified through an identity authentication service approved by the  
42 Department of State Treasurer."

43  
44 **PART XXXVI. GENERAL GOVERNMENT**

45  
46 **DEPARTMENT OF ADMINISTRATION**

47 **SECTION 36.1.(a)** G.S. 116D-4 reads as rewritten:

48 **"§ 116D-4. Minority and historically underutilized business participation.**

49 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in  
50 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued  
51 under this section. The following State agencies shall monitor compliance with this requirement

1 and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General  
2 Government by January 1 of each year on the participation by minority businesses in these  
3 projects. The State Construction Office, Department of Administration, shall monitor compliance  
4 with regard to projects funded by the proceeds of university improvement general obligation  
5 bonds and notes and special obligation bonds and notes; the Board of Governors of The  
6 University of North Carolina shall provide the State Construction Office any information  
7 required by the State Construction Office to monitor compliance. The Community Colleges  
8 System Office shall monitor compliance with regard to projects funded by the proceeds of  
9 community college general obligation bonds and notes.

10 ...."

11 **SECTION 36.1.(b)** G.S. 143-48 reads as rewritten:

12 "**§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**  
13 **contractors, physically handicapped contractors, and women contractors;**  
14 **purpose; required annual reports.**

15 ...

16 (d) The Department of Administration shall collect and compile the data described in this  
17 section and report it annually to the ~~General Assembly~~ Joint Legislative Oversight Committee  
18 on General Government.

19 ...."

20 **SECTION 36.1.(c)** G.S. 143-128.3 reads as rewritten:

21 "**§ 143-128.3. Minority business participation administration.**

22 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of  
23 Administration, Office of Historically Underutilized Business, the following with respect to each  
24 building project:

25 ...

26 The reports shall be in the format and contain the data prescribed by the Secretary of  
27 Administration. The University of North Carolina and the State Board of Community Colleges  
28 shall report quarterly and all other public entities shall report semiannually. The Secretary of the  
29 Department of Administration shall make reports every six months to the Joint Legislative  
30 Committee on Governmental Operations and the Joint Legislative Oversight Committee on  
31 General Government on information reported pursuant to this subsection.

32 ...

33 (c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative  
34 Oversight Committee on General Government and other State agencies ways to improve the  
35 effectiveness and efficiency of the State capital facilities development, minority business  
36 participation program and good faith efforts in utilizing minority businesses as set forth in  
37 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased  
38 utilization of minority businesses.

39 (d) The Secretary shall appoint an advisory board to develop recommendations to  
40 improve the recruitment and utilization of minority businesses. The Secretary, with the input of  
41 its advisory board, shall review the State's programs for promoting the recruitment and utilization  
42 of minority businesses involved in State capital projects and shall recommend to the ~~General~~  
43 ~~Assembly~~ Joint Legislative Oversight Committee on General Government, the State  
44 Construction Office, The University of North Carolina, and the community colleges system  
45 changes in the terms and conditions of State laws, rules, and policies that will enhance  
46 opportunities for utilization of minority businesses on these projects. The Secretary shall provide  
47 guidance to these agencies on identifying types of projects likely to attract increased participation  
48 by minority businesses and breaking down or combining elements of work into economically  
49 feasible units to facilitate minority business participation.

50 ...

1 (g) ~~The~~ Annually, on or before September 1, beginning September 1, 2019, the Secretary  
 2 shall report findings and ~~recommendations~~ recommendations, as required under this section  
 3 section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before~~  
 4 June 1, beginning June 1, 2002, and the Joint Legislative Oversight Committee on General  
 5 Government and shall post the report findings and recommendations on the Department's Web  
 6 site."

7 **SECTION 36.1.(d)** G.S. 143-341 reads as rewritten:

8 **"§ 143-341. Powers and duties of Department.**

9 The Department of Administration has the following powers and duties:

10 ...

11 (8) General Services:

12 ...

13 i. To establish and operate a central motor fleet and such subsidiary  
 14 related facilities as the Secretary may deem necessary, and to that end:

15 ...

16 11. To report annually to the ~~General Assembly~~ Joint Legislative  
 17 Oversight Committee on General Government on any rules  
 18 adopted, amended or repealed under sub-sub-subdivisions 3.,  
 19 7., or 7a. of this sub-subdivision.

20 ...

21 (12) Report on Vehicles Managed. – Beginning on September 1, 2019, and  
 22 semiannually thereafter, the Department of Administration shall provide a  
 23 report to the Joint Legislative Oversight Committee on General Government  
 24 and the Joint Legislative Oversight Committee on Justice and Public Safety  
 25 on the status of all motor vehicles managed by the Department of  
 26 Administration for the Department of Public Safety. The report shall include  
 27 all of the following information:

28 a. The number of motor vehicles managed by the Department of  
 29 Administration for the Department of Public Safety.

30 b. The condition of each motor vehicle, including the mileage on each  
 31 motor vehicle.

32 c. The average amount of time taken to repair or replace a motor vehicle.

33 d. The number and condition of any backup motor vehicles managed by  
 34 the Department of Administration and available for use by the  
 35 Department of Public Safety, including the location and condition of  
 36 each motor vehicle."

37 **SECTION 36.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

38 **SECTION 36.1.(f)** G.S. 143-341.2 reads as rewritten:

39 **"§ 143-341.2. Proactive management of State-owned and State-leased real property**  
 40 **portfolio.**

41 (a) Duties of the Department of Administration. – The Department of Administration  
 42 shall have the following powers and duties:

43 ...

44 (7) Reporting. – The Department of Administration shall make the following  
 45 reports:

46 a. No later than December 1, 2018, and every five years thereafter, the  
 47 Department shall report the following to the Joint Legislative  
 48 Commission on Governmental Operations, ~~to~~ the Joint Legislative  
 49 Oversight Committee on General Government, the Fiscal Research  
 50 Division of the General Assembly, and ~~to~~ the Program Evaluation  
 51 Division of the General Assembly:

1 1. The plan developed pursuant to subdivision (1) of this  
2 subsection.

3 2. A summary of the performance measurement procedures  
4 developed pursuant to subdivision (2) of this subsection.

5 b. If any State agency fails to submit the information required by  
6 subdivision (b)(1) of this section, the Department shall report the  
7 failure to the chairs of the Joint Legislative Commission on  
8 ~~Governmental Operations~~ Operations, the Joint Legislative Oversight  
9 Committee on General Government, and to the chairs of the Joint  
10 Legislative Program Evaluation Oversight Committee within 30 days.

11 c. No later than December 1, 2019, and each year thereafter, the  
12 Department shall report to the Joint Legislative Commission on  
13 ~~Governmental Operations, to the~~ Joint Legislative Oversight  
14 Committee on General Government, the Fiscal Research Division of  
15 the General Assembly, and to the Program Evaluation Division of the  
16 General Assembly on the State's portfolio of real property. This report  
17 shall include at least the following information:

18 ...."

19 **SECTION 36.1(g)** G.S. 143-747 reads as rewritten:

20 **"§ 143-747. Council of Internal Auditing.**

21 ...

22 (c) The Council shall:

23 ...

24 (12) ~~Issue an annual report including, but not limited to, No later than November~~  
25 1 of each year, issue a report that shall include, but not be limited to, service  
26 efforts and accomplishments of State agency internal auditors and to propose  
27 proposed legislation for consideration by the Governor and General  
28 Assembly. The annual report shall be prepared by the Office of State Budget  
29 and Management and shall be submitted to the Joint Legislative Oversight  
30 Committee on General Government."

31 **SECTION 36.1(h)** G.S. 143B-394.16(b) reads as rewritten:

32 "(b) Report. – The Commission shall report its findings and recommendations, including  
33 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight  
34 Committee on General Government no later than April 1 each year."

35 **SECTION 36.1(i)** G.S. 143B-394.21 is amended by adding a new subsection to  
36 read:

37 "(c) The North Carolina Council for Women shall report on the quarterly distributions of  
38 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs  
39 of the General Government Appropriations Committee within five business days of distribution.  
40 The report shall include the date, amount, and recipients of the fund disbursements. The report  
41 shall also include any eligible programs which are ineligible to receive funding during the relative  
42 reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

43 **SECTION 36.1(j)** G.S. 143B-409 reads as rewritten:

44 **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

45 The Commission shall prepare a written annual report giving an account of its proceedings,  
46 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~  
47 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.  
48 The report will become a matter of public record and will be maintained in the State Historical  
49 Archives. It may also be furnished to such other persons or agencies as the Commission may  
50 deem proper."

51 **SECTION 36.1(k)** G.S. 143B-410 reads as rewritten:

1 **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**  
 2 **staff.**

3 Fiscal records shall be kept by the Secretary of Administration. The audit report will become  
 4 a part of the annual report and will be submitted in accordance with the regulations governing  
 5 preparation and submission of the annual report. The Commission shall submit the annual report  
 6 to the Joint Legislative Oversight Committee on General Government."

7 **SECTION 36.1.(l)** G.S. 143B-411.2 reads as rewritten:

8 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**  
 9 **purpose or creation; powers and duties.**

10 The purpose of the Council is to study on a continuing basis the relationship between the  
 11 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of  
 12 concern to the State or the Tribe. It shall be the duty of the Council:

- 13 (1) Identify existing and potential conflicts between the State of North Carolina  
 14 and the Eastern Band of Cherokee ~~Indians;~~Indians.
- 15 (2) Propose State and federal legislation and agreements between the State of  
 16 North Carolina and the Cherokee Tribe to resolve existing and potential  
 17 ~~conflicts;~~conflicts.
- 18 (3) To study and make recommendations concerning any issue referred to the  
 19 Council by any official of the Eastern Band of the Cherokee, the State of North  
 20 Carolina, or the government of Haywood, Jackson, Swain, Graham, or  
 21 Cherokee Counties.
- 22 (4) Study other issues of mutual concern to the Eastern Band of the  
 23 ~~Cherokee;~~Cherokee.
- 24 ~~(5) Make a report with recommendations as needed, but not less often than~~  
 25 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~  
 26 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~  
 27 ~~Cherokee."~~

28 **SECTION 36.1.(m)** The North Carolina Farmworker Council, enacted as Part 26 of  
 29 Article 9 of Chapter 143B of the General Statutes, is repealed.

30 **SECTION 36.1.(n)** This section becomes effective July 1, 2019, and applies to  
 31 reports submitted on or after that date.

32  
 33 **ETHICS COMMISSION**

34 **SECTION 36.2.(a)** G.S. 138A-10 reads as rewritten:

35 **"§ 138A-10. Powers and duties.**

- 36 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:  
 37 ...  
 38 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight  
 39 Committee on General Government and the Governor on the Commission's  
 40 activities and generally on the subject of public disclosure, ethics, and  
 41 conflicts of interest, including recommendations for administrative and  
 42 legislative action, as the Commission deems appropriate.

43 ...."

44 **SECTION 36.2.(b)** This section becomes effective July 1, 2019, and applies to  
 45 reports submitted on or after that date.

46  
 47 **OFFICE OF STATE HUMAN RESOURCES**

48 **SECTION 36.3.(a)** G.S. 143-583 reads as rewritten:

49 **"§ 143-583. Model program; technical assistance; reports.**

50 ...

1 (c) The Office of State Human Resources shall report annually to the Joint Legislative  
2 Commission on Governmental Operations and the Joint Legislative Oversight Committee on  
3 General Government on the safety, health, and workers' compensation activities of State  
4 agencies, compliance with this Article, and the fines levied against State agencies pursuant to  
5 Article 16 of Chapter 95 of the General Statutes."

6 **SECTION 36.3.(b)** This section becomes effective July 1, 2019, and applies to  
7 reports submitted on or after that date.

## 8 9 OFFICE OF STATE AUDITOR

10 **SECTION 36.4.(a)** G.S. 147-64.11 reads as rewritten:

### 11 "§ 147-64.11. Review of office.

12 The Auditor may, on ~~his~~the Auditor's own initiative and as often as ~~he~~the Auditor deems  
13 necessary, or as requested by the General ~~Assembly~~Assembly or the Joint Legislative Oversight  
14 Committee on General Government, cause to be made a quality review audit of the operations of  
15 ~~his~~the office. Such a "peer review" shall be conducted in accordance with standards prescribed  
16 by the accounting profession. Upon the recommendation of the Joint Legislative Commission on  
17 Governmental Operations may contract with an independent public accountant, qualified  
18 management consultant, or other professional person to conduct a financial and compliance,  
19 economy and efficiency, and program result audit of the State Auditor."

20 **SECTION 36.4.(b)** G.S. 147-64.6 reads as rewritten:

### 21 "§ 147-64.6. Duties and responsibilities.

22 ...  
23 (b) The duties of the Auditor are independently to examine into and make findings of fact  
24 on whether State agencies:

25 ...  
26 (6) Are adhering to statutory requirements that include conditions precedent,  
27 classifications, and similar eligibility or qualifying standards to assure that  
28 statutory intent is carried out while the requirements are in effect.

29 (c) The Auditor ~~shall be~~is responsible for the following acts and activities:

30 ...  
31 (22) Verification audits for compliance with statutory requirements, with or  
32 without advance notice to the organization or State agency being audited,  
33 which may be initiated at the discretion of the Auditor or as requested by the  
34 Governor or General Assembly.

35 ...  
36 (e) Access to Records. – The Auditor may examine the accounts and records of any  
37 organization or State agency relating to a verification audit for compliance with a statutory  
38 condition precedent, classification, or other similar eligibility or qualifying standard."

## 39 OFFICE OF STATE BUDGET AND MANAGEMENT

40 **SECTION 36.5.(a)** Article 6 of Chapter 143C of the General Statutes is amended by  
41 adding a new section to read:

### 42 **"§ 143C-6-13. Results first annual report.**

43 By October 1 of each year, the Office of State Budget and Management shall submit an  
44 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative  
45 Oversight Committee on General Government, and Joint Legislative Program Evaluation  
46 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in  
47 crafting policy and budget decisions. The report may include recommendations for legislation."

48 **SECTION 36.5.(b)** Section 26.3(c) of S.L. 2017-57 is repealed.

49 **SECTION 36.5.(c)** G.S. 143C-6-23 reads as rewritten:

### 50 **"§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

1 ...  
 2 (h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~  
 3 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall report  
 4 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~  
 5 ~~Division on~~ post online at regular intervals a list of all grantees or subgrantees that failed to  
 6 comply with this section with respect to grant funds received in the prior fiscal year."

7 **SECTION 36.5.(d)** G.S. 143-194 is repealed.  
 8

## 9 OFFICE OF STATE CONTROLLER

10 **SECTION 36.6.** G.S. 143B-426.39 reads as rewritten:

11 "**§ 143B-426.39. Powers and duties of the State Controller.**

12 The State Controller shall:

13 ...  
 14 (12a) Prepare and submit to the Joint Legislative Commission on Governmental  
 15 Operations, the Joint Legislative Oversight Committee on General  
 16 Government, and the Fiscal Research Division at the end of each quarter a  
 17 report on the revenue deposited in Special Reserve Account 24172 and the  
 18 disbursement of that revenue.

19 ...."

## 20 STATE BOARD OF ELECTIONS

21 **SECTION 36.7.(a)** G.S. 66-58 reads as rewritten:

22 "**§ 66-58. Sale of merchandise or services by governmental units.**

23 ...  
 24 (c) The provisions of subsection (a) shall not prohibit:

25 ...  
 26 (17) The sale by the ~~Bipartisan~~ State Board of Elections and ~~Ethics Enforcement~~  
 27 to political committees and candidate committees of computer software  
 28 designed by or for the ~~Bipartisan~~ State Board of Elections and ~~Ethics~~  
 29 ~~Enforcement~~ to provide a uniform system of electronic filing of the campaign  
 30 finance reports required by ~~Article 23 of Chapter 163A~~ Article 22A of Chapter  
 31 163 of the General Statutes and to facilitate the State Board's monitoring of  
 32 compliance with that Article. ~~This computer software for electronic filing of~~  
 33 ~~campaign finance reports shall not exceed a cost of one hundred dollars~~  
 34 ~~(\$100.00) to any political committee or candidate committee without the~~  
 35 ~~Bipartisan State Board of Elections and Ethics Enforcement first notifying in~~  
 36 ~~writing the Joint Legislative Commission on Governmental Operations."~~

37 **SECTION 36.7.(b)** G.S. 163-165.9 reads as rewritten:

38 "**§ 163-165.9. Voting systems: powers and duties of county board of elections.**

39 ...  
 40 (b) After the acquisition of any voting system, the county board of elections shall comply  
 41 with any requirements of the State Board of Elections regarding training and support of the voting  
 42 system by completing all of the following:

43 ...  
 44 (2) The county board of elections shall annually maintain software license and  
 45 maintenance agreements necessary to maintain the warranty of its voting  
 46 system. A county board of elections may employ qualified personnel to  
 47 maintain a voting system in lieu of entering into maintenance agreements  
 48 necessary to maintain the warranty of its voting system. State Board of  
 49 Elections is not required to provide routine maintenance to any county board  
 50 of elections that does not maintain the warranty of its voting system. If the  
 51

1 State Board of Elections provides any maintenance to a county that has not  
2 maintained the warranty of its voting system, the county shall reimburse the  
3 State for the cost. The State Board of Elections shall ~~annually~~ report annually  
4 by January 15 to the House and Senate Committees on Appropriations, to the  
5 Fiscal Research Division, to the Joint Legislative Oversight Committee on  
6 General Government, and to the Joint Legislative Commission on  
7 Governmental Operations on implementation of this subdivision. If requested  
8 by the county board of elections, the State Board of Elections may enter into  
9 contracts on behalf of that county under this subdivision, but such contracts  
10 must also be approved by the county board of elections. Any contract entered  
11 into under this subdivision shall be paid from non-State funds. Neither a  
12 county nor the State Board of Elections shall enter into any contract with any  
13 vendor for software license and maintenance agreements unless the vendor  
14 agrees to (i) operate a training program for qualification of county personnel  
15 under this subsection with training offered within the State of North Carolina  
16 and (ii) not dishonor warranties merely because the county is employing  
17 qualified personnel to maintain the voting system as long as the county:  
18 ...."

19 **SECTION 36.7.(c)** Subsection (b) of this section becomes effective July 1, 2019,  
20 and applies to reports submitted on or after that date.

## 21 HOUSING FINANCE AGENCY

22 **SECTION 36.8.(a)** G.S. 122A-5.14 reads as rewritten:

### 23 "§ 122A-5.14. Home Protection Program and Fund.

24 ...  
25 ~~(d) Annual Report.—By April 1 of each year, the Agency shall report to the House~~  
26 ~~Appropriations Subcommittee on General Government and Senate Appropriations~~  
27 ~~Subcommittee on General Government and Information Technology on the effectiveness of the~~  
28 ~~Program in accomplishing its purposes and provide any other information the Agency determines~~  
29 ~~is pertinent or that the General Assembly requests."~~

30 **SECTION 36.8.(b)** G.S. 122A-5.15 reads as rewritten:

### 31 "§ 122A-5.15. Workforce Housing Loan Program.

32 ...  
33 (d) By February 1 of each year, the Agency shall report to the Joint Legislative  
34 Commission on Governmental ~~Operations—Operations,~~ the Joint Legislative Oversight  
35 Committee on General Government, and the Fiscal Research Division on the number of loans  
36 made under this section, the amount of each loan, and whether the low-income housing  
37 development is located in a low-, moderate-, or high-income county, as designated by the  
38 Agency."

39 **SECTION 36.8.(c)** G.S. 122A-16 reads as rewritten:

### 40 "§ 122A-16. Oversight by committees of General Assembly; annual reports.

41 (a) The Finance Committee of the House of Representatives and the Finance Committee  
42 of the Senate shall exercise continuing oversight of the Agency in order to assure that the Agency  
43 is effectively fulfilling its statutory purpose; provided, however, that nothing in this Chapter shall  
44 be construed as required by the Agency to receive legislative approval for the exercise of any of  
45 the powers granted by this Chapter. The Agency shall, promptly following the close of each fiscal  
46 year, submit an annual report of its activities for the preceding year to the Governor, the Office  
47 of State Budget and Management, State Auditor, the aforementioned committees of the General  
48 Assembly and the Local Government Commission. Each such report shall set forth a complete  
49 operating and financial statement of the Agency during such year. The Agency shall cause an  
50 audit of its books and accounts to be made at least once in each year by an independent certified  
51

1 public accountant and the cost thereof may be paid from any available moneys of the Agency.  
2 The Agency shall ~~on January 1 and July 1 at the end of each fiscal year~~ submit a written report  
3 of its activities to the Joint Legislative Commission on Governmental ~~Operations-Operations~~  
4 and the Joint Legislative Oversight Committee on General Government. The Agency shall also  
5 at the end of each fiscal year submit a written report of its budget expenditures by line item to  
6 the Joint Legislative Commission on Governmental ~~Operations-Operations~~ and the Joint  
7 Legislative Oversight Committee on General Government.

8 (b) The Agency shall report to the Joint Legislative Oversight Committee on General  
9 Government at the end of each fiscal year concerning the status of the HOME Program and shall  
10 include in the report information on priorities met, types of activities funded, and types of  
11 activities not funded.

12 (c) The Agency shall report to the Joint Legislative Oversight Committee on General  
13 Government at the end of each fiscal year describing the operation of the Emergency Program to  
14 Reduce Home Foreclosures established in S.L. 2008-226 until the funds are completely disbursed  
15 from the State Home Foreclosure Prevention Trust Fund. Information in the report shall be  
16 presented in aggregate form and may include the number of clients helped, the effectiveness of  
17 the funds in preventing home foreclosures, and recommendations for further efforts needed to  
18 reduce foreclosures. The report shall also provide any other aggregated information the Agency  
19 determines is pertinent or the Joint Legislative Oversight Committee on General Government  
20 requests."

21 **SECTION 36.8.(d)** Section 298(a) of Chapter 321 of the Session Laws of 1993 reads  
22 as rewritten:

23 "(a) Funds appropriated in this act to the Department of Commerce for the federal HOME  
24 Program shall be transferred to the Housing Finance Agency in the Office of the Governor and  
25 shall be used by the Agency to match federal funds appropriated for the HOME Program. In  
26 allocating State funds appropriated to match federal HOME Program funds, the Agency shall  
27 give priority to HOME Program projects, as follows:

- 28 (1) First priority to projects that are located in counties designated as severely  
29 distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
- 30 (2) Second priority to projects that benefit persons and families whose incomes  
31 are fifty percent (50%) or less of the median family income for the local area,  
32 with adjustments for family size, according to the latest figures available from  
33 the U.S. Department of Housing and Urban Development.

34 ~~The Housing Finance Agency shall report to the General Assembly by April 1 of each year~~  
35 ~~concerning the status of the HOME Program and shall include in the report information on~~  
36 ~~priorities met, types of activities funded, and types of activities not funded."~~

37 **SECTION 36.8.(e)** Section 5 of S.L. 2008-226, as amended by Section 2.17(f) of  
38 S.L. 2012-79, is repealed.

39 **SECTION 36.8.(f)** This section becomes effective July 1, 2019, and applies to  
40 reports submitted on or after that date.

## 41 DEPARTMENT OF INSURANCE

42 **SECTION 36.9.(a)** G.S. 58-2-120 reads as rewritten:

43 **"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

44 The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~  
45 the Joint Legislative Oversight Committee on General Government any change or changes that  
46 in the Commissioner's opinion should be made in the laws relating to insurance and other subjects  
47 pertaining to the Department."  
48

49 **SECTION 36.9.(b)** G.S. 58-42-45 reads as rewritten:

50 **"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

51 ...

1 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,  
 2 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~  
 3 ~~and to Committee~~, the Joint Legislative Commission on Governmental ~~Operations~~ Operations,  
 4 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall  
 5 provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or  
 6 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

7 **SECTION 36.9.(c)** G.S. 58-79-20 reads as rewritten:

8 "**§ 58-79-20. Inspection of premises; dangerous material removed.**

9 The Commissioner of Insurance, or the chief of fire department or chief of police where there  
 10 is no chief of fire department, or the city or county building inspector, electrical inspector, heating  
 11 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of  
 12 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of  
 13 such officers find in any building or upon any premises overcrowding in violation of occupancy  
 14 limits established pursuant to the North Carolina State Building Code, combustible material or  
 15 inflammable conditions dangerous to the safety of such building or premises they shall order the  
 16 same to be removed or remedied, and this order shall be forthwith complied with by the owner  
 17 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,  
 18 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be  
 19 at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's  
 20 authority the order of the officer above named is revoked it remains in force and must be forthwith  
 21 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building  
 22 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an  
 23 immediate investigation as to the presence of combustible material or the existence of  
 24 inflammable conditions in any building or upon any premises under their jurisdiction upon  
 25 complaint of any person having an interest in such building or premises or property adjacent  
 26 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and  
 27 make such inspections alone or in company with the local officer. The Commissioner shall  
 28 submit annually, as early as consistent with full and accurate preparation, and not later than the  
 29 first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article,  
 30 and it shall be embodied in ~~his~~ the report to the ~~General Assembly~~ Joint Legislative Oversight  
 31 Committee on General Government."

32 **SECTION 36.9.(d)** G.S. 58-87-1 reads as rewritten:

33 "**§ 58-87-1. Volunteer Fire Department Fund.**

34 ...

35 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
 36 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
 37 have been made. This report must contain the following:

38 ...."

39 **SECTION 36.9.(e)** G.S. 58-87-5 reads as rewritten:

40 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

41 ...

42 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
 43 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
 44 have been made. This report must contain the following:

45 ...."

46 **SECTION 36.9.(f)** G.S. 58-92-15(n) reads as rewritten:

47 "(n) The Commissioner shall review the effectiveness of this section and report every three  
 48 years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government  
 49 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the  
 50 effectiveness of this Article. The report and legislative recommendations shall be submitted no  
 51 later than June 30 following the conclusion of each three-year period."

1           **SECTION 36.9.(g)** This section becomes effective July 1, 2019, and applies to  
2 reports submitted on or after that date.

3  
4 **INDUSTRIAL COMMISSION**

5           **SECTION 36.10.(a)** G.S. 97-78 reads as rewritten:

6 "**§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,**  
7 **and other staff assistance; annual report.**

8           ...

9           (e) No later than October 1 of each year, the Commission shall publish annually for free  
10 distribution a report of the administration of this Article, together with such recommendations as  
11 the Commission deems advisable. No later than October 1 of each year, the Commission shall  
12 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~  
13 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~  
14 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~  
15 ~~on Agriculture and Natural and Economic Resources.~~ General Government, the Senate  
16 Appropriations Committee on General Government and Information Technology, and the House  
17 Appropriations Committee on General Government.

18           (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2020, the  
19 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

20           ...

21           (g) The Commission shall demonstrate its success in implementing its strategic plan  
22 under subsection (f) of this section by including all of the following in its annual report under  
23 subsection (e) of this section:

24           (1) The total number of claims made during the preceding ~~calendar~~ fiscal year,  
25 the total number of claims in which compliance was not timely made, and, for  
26 each claim, the date the claim was filed, the date by which compliance was  
27 required, the date of actual compliance, and any sanctions or other remedial  
28 action imposed by the Commission.

29           (2) The total number of requests for, and disputes involving, medical  
30 compensation under G.S. 97-25 in which final disposition was not made  
31 within 75 days of the filing of the motion with the Commission, and, for each  
32 such request or dispute, the date the motion or other initial pleading was filed,  
33 the date on which final disposition was ~~made and, where reasonably~~  
34 ~~ascertainable, the date on which any ordered medical treatment was actually~~  
35 ~~provided.~~ made."

36           **SECTION 36.10.(b)** G.S. 143-788(b) reads as rewritten:

37 "**§ 143-788. Section powers and duties.**

38           ...

39           (b) No later than October 1 of each year, the Section shall publish annually to the Office  
40 of the Governor and to the Joint Legislative Commission on Governmental Operations a report  
41 of the administration of this Article, together with any recommendations as the Section deems  
42 advisable. This report shall include, at a minimum, the number of reports of employee  
43 misclassification received, the number of cases referred to each State agency, the number and  
44 amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed and, where~~  
45 ~~reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies~~  
46 ~~collected, and the number of cases referred to each State agency collected."~~

47           **SECTION 36.10.(c)** This section becomes effective July 1, 2019, and applies to  
48 reports submitted on or after that date.

49  
50 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

51           **SECTION 36.11.(a)** G.S. 144-9 reads as rewritten:

1 **"§ 144-9. Retirement of a flag of the United States of America or the State of North**  
 2 **Carolina.**

3 ...

4 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or  
 5 otherwise damaged flag of the United States of America or the State of North Carolina from a  
 6 citizen of the State and shall make arrangements for its respectful disposal. The Division shall  
 7 establish a flag retirement program to encourage citizens to send in or drop off such flags at the  
 8 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and  
 9 may establish other locations for flag drop-off as it deems appropriate. The Division shall  
 10 advertise the flag retirement program on its Web site and by printed posters placed at all flag  
 11 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~  
 12 ~~report the number of flags received under the program to the Joint Legislative Committee on~~  
 13 ~~Governmental Operations.~~

14 ...."

15 **SECTION 36.11.(b)** G.S. 143B-1300(a) reads as rewritten:

16 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
 17 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee  
 18 on General Government on the activities of the State Veterans Homes Program. This report shall  
 19 contain an accounting of all monies received and expended, statistics on residents in the homes  
 20 during the year, recommendations to the Secretary, the Governor, and the General Assembly as  
 21 to the program, and such other matters as may be deemed pertinent."

22 **SECTION 36.11.(c)** G.S. 143B-1310 reads as rewritten:

23 **"§ 143B-1310. Commission established; purpose; transaction of business.**

24 ...

25 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
 26 during each quarter and shall provide a report on military affairs to the Secretary of Military and  
 27 Veterans Affairs ~~and to the General Assembly Affairs and the Joint Legislative Oversight~~  
 28 Committee on General Government at least every six months. Prior to the start of a Regular  
 29 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~  
 30 Legislative Oversight Committee on General Government with recommendations, if any, for  
 31 legislation. Priority actions or issues may be submitted at any time.

32 ...."

33 **SECTION 36.11.(d)** This section becomes effective July 1, 2019, and applies to  
 34 reports submitted on or after that date.

35 **DEPARTMENT OF REVENUE**

36 **SECTION 36.12.(a)** G.S. 105-256 reads as rewritten:

37 **"§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**  
 38 **progress.**

39 (a) Publications. – The Secretary shall prepare and publish the following:

40 ...

41 (6) On an annual basis, a report on the quality of services provided to taxpayers  
 42 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer  
 43 education. The report must be submitted to the Joint Legislative Commission  
 44 on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight  
 45 Committee on General Government.

46 ...

47 (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual  
 48 report on the Department's activities listed in this subdivision. The report must  
 49 be submitted to the Joint Legislative Commission on Governmental  
 50

1                    ~~Operations~~ Operations, to the Joint Legislative Oversight Committee on  
2                    General Government, and to the Revenue Laws Study Committee.

3                    ...."

4                    **SECTION 36.12.(b)** This section becomes effective July 1, 2019, and applies to  
5 reports submitted on or after that date.

6  
7 **SECRETARY OF STATE**

8                    **SECTION 36.13.(a)** G.S. 64-1.1 is repealed.

9                    **SECTION 36.13.(b)** G.S. 147-54.5 reads as rewritten:

10 **"§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**  
11 **use of the Fund.**

12                    ...

13                    (f) Beginning January 1, 1997, the Department of the Secretary of State shall report  
14 annually to the ~~General Assembly's Fiscal Research Division and to of the General Assembly,~~  
15 the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint  
16 Legislative Oversight Committee on General Government on the expenditures from the Investor  
17 Protection and Education Trust Fund and on the effectiveness of investor awareness education  
18 efforts of the Department of the Secretary of State."

19                    **SECTION 36.13.(c)** This section becomes effective July 1, 2019, and applies to  
20 reports submitted on or after that date.

21  
22 **DEPARTMENT OF STATE TREASURER**

23                    **SECTION 36.14.(a)** G.S. 147-68 reads as rewritten:

24 **"§ 147-68. To receive and disburse moneys; to make reports.**

25                    ...

26                    ~~(d2) After consulting with the Select Committee on Information Technology and the Joint~~  
27 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~  
28 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~  
29 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~  
30 ~~Department's investment banking operations system, retirement payroll systems, and other~~  
31 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~  
32 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~  
33 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~  
34 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~  
35 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~

36                    ...."

37                    **SECTION 36.14.(b)** G.S. 147-69.2A reads as rewritten:

38 **"§ 147-69.2A. Investments; special funds held by the State Treasurer.**

39                    ...

40                    (b) Organization and Reporting. – All documents of the Governor or the State Treasurer  
41 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any  
42 applicable provisions of the General Statutes protecting confidential information.

43                    The State Treasurer and the Governor shall jointly develop and adopt an investment policy  
44 statement for the Fund.

45                    The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts  
46 of interests such that (i) the designees of the State Treasurer and Governor who selected the  
47 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,  
48 and (iii) the third-party investment management firm's employees selecting or overseeing Fund  
49 investments do not provide services for compensation (as an employee, consultant, or otherwise),  
50 within two years after the end of their service to the Fund, to any entity in which an investment  
51 from the Fund was made.

1 By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a  
2 report to the Governor, the Office of State Budget and Management, the Joint Legislative  
3 Commission on Governmental Operations, and the Fiscal Research Division on investments  
4 made from the Fund and any return on investment. This report shall be made for the Fund in lieu  
5 of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).

6 ...."

7 **SECTION 36.14.(c)** G.S. 147-69.3 reads as rewritten:

8 "**§ 147-69.3. Administration of State Treasurer's investment programs.**

9 ...

10 (i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment  
11 Officer to the Joint Legislative Commission on Governmental ~~Operations~~ Operations and the  
12 Joint Legislative Oversight Committee on General Government by October 1 of each year.

13 ...."

14 **SECTION 36.14.(d)** G.S. 147-69.12 reads as rewritten:

15 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

16 (a) No later than the tenth day of February, May, August, and November of each year,  
17 the State Treasurer shall report on all investments for which the State Treasurer is in any way  
18 ~~responsible.~~ responsible, including investments made from The Escheat Fund and return on  
19 investment as provided in G.S. 147-69.2A. The State Treasurer's quarterly report shall include  
20 each of the following:

21 ...

22 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~  
23 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,  
24 with a summary of the receipts and payments of the treasury during the preceding fiscal year,  
25 and so far as practicable an account of the same down to the termination of the current calendar  
26 year.

27 ...."

28 **SECTION 36.14.(e)** G.S. 147-86.45 is repealed.

29 **SECTION 36.14.(f)** G.S. 147-86.62 is repealed.

30 **SECTION 36.14.(g)** G.S. 147-86.84 is repealed.

31 **SECTION 36.14.(h)** This section becomes effective July 1, 2019, and applies to  
32 reports submitted on or after that date.

## 33 **PART XXXVII. INFORMATION TECHNOLOGY**

### 34 **CJLEADS REPORT CHANGE**

35 **SECTION 37.1.** Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads  
36 as rewritten:

37 "**SECTION 6A.4.(a)** ~~The Office of the State Controller, in cooperation with the State Chief~~  
38 ~~Information Officer, Officer~~ shall:

39 ...

40 "**SECTION 6A.4.(b)** ~~The Office of the State Controller~~ State Chief Information Officer shall  
41 administer CJLEADS with the assistance of a Leadership Council consisting of:

42 ...

43 "**SECTION 6A.4.(e)** Agencies shall use existing resources and shall not charge the ~~Office~~  
44 ~~of the State Controller~~ Department of Information Technology to provide required support for  
45 CJLEADS.

46 ...."

### 47 **CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS**

48 **SECTION 37.2.(a)** G.S. 143B-1350(i) reads as rewritten:  
49

1       "(i) Exceptions. – In addition to permitted waivers of competition, the requirements of  
2 competitive bidding shall not apply to information technology contracts and procurements:

3           (1) In cases of pressing need or emergency arising from a security incident.

4           (2) In the use of master licensing or purchasing agreements governing the  
5 Department's acquisition of proprietary intellectual property.

6           (3) In the procurement of cybersecurity and infrastructure security products,  
7 consistent with Best Value procurement principles as provided in  
8 G.S. 143-135.9."

9       **SECTION 37.2.(b)** This section is effective when it becomes law and applies to  
10 product procurement occurring on or after that date.

## 11 12 **COMMUNITY COLLEGES SYSTEM TRANSITION**

13       **SECTION 37.3.(a)** G.S. 143B-1325(d) reads as rewritten:

14       "(d) Report on Transition Planning. – ~~The Community College System Office, the~~  
15 ~~Department of Public Instruction, Instruction~~ and the Bipartisan State Board of Elections and  
16 Ethics Enforcement shall work with the State CIO to plan their transition to the Department. The  
17 information technology transfer and consolidation from the Department of Revenue to the  
18 Department shall not take place until the Secretary of the Department of Revenue determines that  
19 the system and data security of the Department meets the heightened security standards required  
20 by the federal government for purposes of sharing taxpayer information. By October 1, 2018, the  
21 Department of Public Instruction and the Bipartisan State Board of Elections and Ethics  
22 Enforcement, in conjunction with the State CIO, shall report to the Joint Legislative Oversight  
23 Committee on Information Technology and the Fiscal Research Division on their respective  
24 transition plans. ~~By October 1, 2019, the Community College System Office, in conjunction with~~  
25 ~~the State CIO, shall report to the Joint Legislative Oversight Committee on Information~~  
26 ~~Technology and the Fiscal Research Division on its transition plan."~~

27       **SECTION 37.3.(b)** The Community College System Office shall enter into a  
28 memorandum of understanding with the Department of Information Technology with respect to  
29 coordinating information technology systems and policies. By October 1, 2019, the Community  
30 College System Office, in conjunction with the State CIO, shall report to the Joint Legislative  
31 Oversight Committee on Information Technology and the Fiscal Research Division on the  
32 memorandum of understanding.

## 33 34 **E-PROCUREMENT SYSTEM FUNDS**

35       **SECTION 37.4.** Notwithstanding any provision of law to the contrary, the State  
36 Chief Information Officer (SCIO) shall provide for the replacement of the State's e-procurement  
37 system for State agencies, departments, and institutions, and the approval of the SCIO is required  
38 for all expenditures from the reserve established in this act for that purpose.

## 39 40 **PART XXXVIII. SALARIES AND BENEFITS**

### 41 42 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 43 **INCREASES/EFFECTIVE JULY 1, 2019, AND JULY 1, 2020**

44       **SECTION 38.1.(a)** Effective July 1, 2019, except as provided by subsection (b) of  
45 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
46 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
47 position on June 30, 2019, is awarded:

48           (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
49 of annual salary in the 2019-2020 fiscal year.

50           (2) Any salary adjustment otherwise allowed or provided by law.

1           **SECTION 38.1.(a1)** Effective July 1, 2020, except as provided by subsection (b) of  
 2 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
 3 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
 4 position on June 30, 2020, is awarded:

- 5           (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
 6 of annual salary in the 2020-2021 fiscal year.
- 7           (2) Any salary adjustment otherwise allowed or provided by law.

8           **SECTION 38.1.(b)** For the 2019-2021 fiscal biennium, the following persons are  
 9 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this  
 10 section:

- 11           (1) Employees of local boards of education.
- 12           (2) Local community college employees.
- 13           (3) Employees of The University of North Carolina.
- 14           (4) Law enforcement officers paid according to Section 38.17 of this act.
- 15           (5) Clerks of superior court compensated under G.S. 7A-101.

16           **SECTION 38.1.(c)** Part-time employees shall receive the increases authorized by  
 17 this section on a prorated and equitable basis.

18           **SECTION 38.1.(d)** No eligible State-funded employee shall be prohibited from  
 19 receiving the full salary increases provided in this section solely because the employee's salary  
 20 after applying the legislative increase is above the maximum of the salary range prescribed by  
 21 the State Human Resources Commission.

22  
 23 **GOVERNOR AND COUNCIL OF STATE**

24           **SECTION 38.2.(a)** Effective July 1, 2019, G.S. 147-11(a) reads as rewritten:

25           "(a) The salary of the Governor shall be ~~one hundred forty-seven thousand two hundred~~  
 26 ~~eighty-seven dollars (\$147,287)~~ one hundred fifty thousand nine hundred sixty-nine dollars  
 27 (\$150,969) annually, payable monthly."

28           **SECTION 38.2.(a1)** Effective July 1, 2020, G.S. 147-11(a), as amended by  
 29 subsection (a) of this section, reads as rewritten:

30           "(a) The salary of the Governor shall be ~~one hundred fifty thousand nine hundred sixty-~~  
 31 ~~nine dollars (\$150,969)~~ one hundred fifty-four thousand seven hundred forty-three dollars  
 32 (\$154,743) annually, payable monthly."

33           **SECTION 38.2.(b)** Effective July 1, 2019, the annual salaries for members of the  
 34 Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$133,365
Attorney General	133,365
Secretary of State	133,365
State Treasurer	133,365
State Auditor	133,365
Superintendent of Public Instruction	133,365
Agriculture Commissioner	133,365
Insurance Commissioner	133,365
Labor Commissioner	133,365

45           **SECTION 38.2.(b1)** Effective July 1, 2020, the annual salaries for members of the  
 46 Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$136,699
Attorney General	136,699
Secretary of State	136,699
State Treasurer	136,699

1	State Auditor	136,699
2	Superintendent of Public Instruction	136,699
3	Agriculture Commissioner	136,699
4	Insurance Commissioner	136,699
5	Labor Commissioner	136,699

**CERTAIN EXECUTIVE BRANCH OFFICIALS**

**SECTION 38.3.(a)** Effective July 1, 2019, the annual salaries, payable monthly, for the following executive branch officials for the 2019-2020 fiscal year are as follows:

	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
11	Chairman, Alcoholic Beverage	
12	Control Commission	\$119,758
13	State Controller	166,758
14	Commissioner of Banks	134,410
15	Chair, Board of Review, Division	
16	of Employment Security	131,842
17	Members, Board of Review,	
18	Division of Employment Security	130,230
19	Chairman, Parole Commission	131,842
20	Full-Time Members of the Parole Commission	121,900
21	Chairman, Utilities Commission	149,451
22	Members of the Utilities Commission	134,410
23	Executive Director, North Carolina	
24	Agricultural Finance Authority	116,625

**SECTION 38.3.(a1)** Effective July 1, 2020, the annual salaries, payable monthly, for the following executive branch officials for the 2020-2021 fiscal year are as follows:

	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
29	Chairman, Alcoholic Beverage	
30	Control Commission	\$122,752
31	State Controller	170,927
32	Commissioner of Banks	137,770
33	Chair, Board of Review, Division	
34	of Employment Security	135,138
35	Members, Board of Review,	
36	Division of Employment Security	133,486
37	Chairman, Parole Commission	135,138
38	Full-Time Members of the Parole Commission	124,948
39	Chairman, Utilities Commission	153,187
40	Members of the Utilities Commission	137,770
41	Executive Director, North Carolina	
42	Agricultural Finance Authority	119,541

**JUDICIAL BRANCH**

**SECTION 38.4.(a)** Effective July 1, 2019, the annual salaries, payable monthly, for the following judicial branch officials for the 2019-2020 fiscal year are as follows:

	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
49	Chief Justice, Supreme Court	\$156,915
50	Associate Justice, Supreme Court	152,843

1	Chief Judge, Court of Appeals	150,425
2	Judge, Court of Appeals	146,521
3	Judge, Senior Regular Resident Superior Court	142,568
4	Judge, Superior Court	138,617
5	Chief Judge, District Court	125,973
6	Judge, District Court	122,020
7	Chief Administrative Law Judge	123,066
8	District Attorney	134,048
9	Assistant Administrative Officer of the Courts	129,086
10	Public Defender	134,048
11	Director of Indigent Defense Services	138,158

12           **SECTION 38.4.(a1)** Effective July 1, 2020, the annual salaries, payable monthly,  
13 for the following judicial branch officials for the 2020-2021 fiscal year are as follows:  
14

15	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
16	Chief Justice, Supreme Court	\$160,838
17	Associate Justice, Supreme Court	156,664
18	Chief Judge, Court of Appeals	154,186
19	Judge, Court of Appeals	150,184
20	Judge, Senior Regular Resident Superior Court	146,132
21	Judge, Superior Court	142,082
22	Chief Judge, District Court	129,122
23	Judge, District Court	125,071
24	Chief Administrative Law Judge	126,143
25	District Attorney	137,399
26	Assistant Administrative Officer of the Courts	132,313
27	Public Defender	137,399
28	Director of Indigent Defense Services	141,612

29           **SECTION 38.4.(b)** The district attorney or public defender of a judicial district, with  
30 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
31 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
32 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
33 or assistant public defenders in that district, for the 2019-2020 fiscal year, do not exceed eighty  
34 thousand five hundred seventy-nine dollars (\$80,579) and the minimum salary of any assistant  
35 district attorney or assistant public defender is at least forty-three thousand two hundred  
36 forty-eight dollars (\$43,248), effective July 1, 2019.

37           **SECTION 38.4.(b1)** The district attorney or public defender of a judicial district,  
38 with the approval of the Administrative Officer of the Courts or the Commission on Indigent  
39 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant  
40 public defenders, respectively, in that district such that the average salaries of assistant district  
41 attorneys or assistant public defenders in that district, for the 2020-2021 fiscal year, do not exceed  
42 eighty-two thousand five hundred ninety-three dollars (\$82,593) and the minimum salary of any  
43 assistant district attorney or assistant public defender is at least forty-four thousand three hundred  
44 twenty-nine dollars (\$44,329), effective July 1, 2020.  
45

#### 46 **CLERKS OF SUPERIOR COURT**

47           **SECTION 38.5.(a)** Effective July 1, 2019, G.S. 7A-101 reads as rewritten:

#### 48 **"§ 7A-101. Compensation.**

49           (a) The clerk of superior court is a full-time employee of the State and shall receive an  
50 annual salary, payable in equal monthly installments, based on the ~~population of the county as~~  
51 ~~determined in subsection (a1) of this section,~~ number of State-funded assistant and deputy clerks

of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
<u>0-19</u>	<u>\$95,000</u>
<u>20-29</u>	<u>105,000</u>
<u>30-49</u>	<u>115,000</u>
<u>50-99</u>	<u>125,000</u>
<u>100 and above</u>	<u>127,500.</u>

<u>Population</u>	<u>Annual Salary</u>
<u>Less than 100,000</u>	<u>\$90,972</u>
<u>100,000 to 149,999</u>	<u>101,831</u>
<u>150,000 to 249,999</u>	<u>112,690</u>
<u>250,000 and above</u>	<u>123,554</u>

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office.

(a1) For purposes of subsection (a) of this section, the population of a county for any fiscal year shall be the population for the beginning of that fiscal year as reported by the Office of State Budget and Management to the Administrative Office of the Courts prior to the beginning of that fiscal year.

(b) The clerk shall receive no fees or commission by virtue of his ~~the clerk's~~ office. The salary set forth in this section is the clerk's sole official ~~compensation, but if, on June 30, 1975,~~ the salary of a particular clerk, by reason of previous but no longer authorized merit increments, is higher than that set forth in the table, that higher salary shall not be reduced during his ~~continuance in office.~~ compensation.

(c) In lieu of merit and other increment raises paid to regular State employees, a clerk of superior court shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the clerk's annual salary payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four percent (24%) after 25 years of service. Service shall mean service in the elective position of clerk of superior court, as an assistant clerk of court and as a supervisor of clerks of superior court with the Administrative Office of the Courts and shall not include service as a deputy or acting clerk. Service shall also mean service as a justice, judge, or magistrate of the General Court of Justice or as a district attorney."

**SECTION 38.5.(b)** Effective July 1, 2020, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
<u>0-19</u>	<del>\$95,000</del> <u>\$97,375</u>
<u>20-29</u>	<del>105,000</del> <u>107,625</u>
<u>30-49</u>	<del>115,000</del> <u>117,875</u>
<u>50-99</u>	<del>125,000</del> <u>128,125</u>
<u>100 and above</u>	<del>127,500.</del> <u>130,688."</u>

**ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

**SECTION 38.6.(a)** Effective July 1, 2019, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	<del>61,162</del> <u>62,691</u>

Deputy Clerks	Annual Salary
Minimum	\$31,200
Maximum	<del>48,034</del> <u>49,235</u> ."

**SECTION 38.6.(a1)** Effective July 1, 2020, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	<del>62,691</del> <u>64,258</u>

Deputy Clerks	Annual Salary
Minimum	\$31,200
Maximum	<del>49,235</del> <u>50,466</u> ."

**MAGISTRATES**

**SECTION 38.7.(a)** Effective July 1, 2019, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary	
	Minimum	Maximum
Entry Rate	<del>\$38,620</del>	<u>\$39,586</u>
Step 1	<del>\$40,309</del>	<u>\$42,508</u>
Step 2	<del>\$43,297</del>	<u>\$45,660</u>
Step 3	<del>\$46,459</del>	<u>\$48,997</u>
Step 4	<del>\$50,248</del>	<u>\$52,997</u>
Step 5	<del>\$54,814</del>	<u>\$57,814</u>
Step 6	<del>\$59,929</del>	<u>\$63,212</u> ."

**SECTION 38.7.(a1)** Effective July 1, 2020, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$39,586</del> \$40,576
Step 1	<del>\$42,508</del> \$43,571
Step 2	<del>\$45,660</del> \$46,802
Step 3	<del>\$48,997</del> \$50,222
Step 4	<del>\$52,997</del> \$54,322
Step 5	<del>\$57,814</del> \$59,259
Step 6	<del>\$63,212</del> \$64,792."

**LEGISLATIVE EMPLOYEES**

**SECTION 38.8.(a)** Effective July 1, 2019, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2019, shall be legislatively increased by two and one-half percent (2.5%).

**SECTION 38.8.(a1)** Effective July 1, 2020, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2020, shall be legislatively increased by two and one-half percent (2.5%).

**SECTION 38.8.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

**SECTION 38.9.(a)** Effective July 1, 2019, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred eleven one hundred seven dollars (\$111,107)~~, one hundred thirteen thousand eight hundred eighty-five dollars (\$113,885), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

**SECTION 38.9.(a1)** Effective July 1, 2020, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred thirteen thousand eight hundred eighty-five dollars (\$113,885)~~, one hundred sixteen thousand seven hundred thirty-two dollars (\$116,732), payable monthly. Each principal

1 clerk shall also receive such additional compensation as approved by the Speaker of the House  
 2 of Representatives or the President Pro Tempore of the Senate, respectively, for additional  
 3 employment duties beyond those provided by the rules of their House. The Legislative Services  
 4 Commission shall review the salary of the principal clerks prior to submission of the proposed  
 5 operating budget of the General Assembly to the Governor and shall make appropriate  
 6 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
 7 shall be by amendment to this paragraph."  
 8

9 **SERGEANTS-AT-ARMS AND READING CLERKS**

10 **SECTION 38.10.(a)** Effective July 1, 2019, G.S. 120-37(b) reads as rewritten:

11 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~  
 12 ~~hundred thirty eight dollars (\$438.00)~~ four hundred forty-nine dollars (\$449.00) per week plus  
 13 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
 14 at the rate provided for members of the General Assembly for one round trip only from their  
 15 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General  
 16 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
 17 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
 18 shall serve during sessions only."

19 **SECTION 38.10.(a1)** Effective July 1, 2020, G.S. 120-37(b), as amended by  
 20 subsection (a) of this section, reads as rewritten:

21 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~  
 22 ~~hundred forty nine dollars (\$449.00)~~ four hundred sixty dollars (\$460.00) per week plus  
 23 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
 24 at the rate provided for members of the General Assembly for one round trip only from their  
 25 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General  
 26 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
 27 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
 28 shall serve during sessions only."  
 29

30 **COMMUNITY COLLEGES**

31 **SECTION 38.11.(a)** For the 2019-2021 fiscal biennium, the community college  
 32 boards of trustees may provide personnel a salary increase pursuant to the policies adopted by  
 33 the State Board of Community Colleges. Funds for compensation increases may be used for any  
 34 one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii)  
 35 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant  
 36 to policies adopted by the State Board of Community Colleges. The State Board of Community  
 37 Colleges shall report to the General Assembly and the Fiscal Research Division on the use of  
 38 these funds by no later than March 1, 2020, and March 1, 2021.

39 **SECTION 38.11.(b)** Effective July 1, 2019, the minimum salaries for nine-month,  
 40 full-time curriculum community college faculty for the 2019-2021 fiscal biennium are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$37,581
Associate Degree or Equivalent	38,103
Bachelor's Degree	40,371
Master's Degree or Education Specialist	42,382
Doctoral Degree	45,282

41  
 42  
 43  
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 46  
 47  
 48 No full-time faculty member shall earn less than the minimum salary for his or her  
 49 education level.

50 The pro rata hourly rate of the minimum salary for each education level shall be used  
 51 to determine the minimum salary for part-time faculty members.

**UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 38.12.** For the 2019-2021 fiscal biennium, the Board of Governors of The University of North Carolina may provide employees with salary increases pursuant to the policies adopted by the Board. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board of Governors of The University of North Carolina shall report to the General Assembly and the Fiscal Research Division on the compensation increases awarded by no later than March 1, 2020, and March 1, 2021.

**STATE AGENCY TEACHERS**

**SECTION 38.13.** Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

**MOST STATE EMPLOYEES**

**SECTION 38.14.** Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2019, and June 30, 2020, shall be legislatively increased as provided by Section 38.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

**ALL STATE-SUPPORTED PERSONNEL**

**SECTION 38.15.(a)** The legislative salary increases provided by this act in each year of the 2019-2021 fiscal biennium do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July 1, 2020, respectively, that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

**SECTION 38.15.(b)** This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

**USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

**SECTION 38.16.(a)** The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases and employee benefits in amounts set forth in the Committee Report that accompanies this act. The Office of State Budget and Management shall ensure that those funds are used only for the purposes of legislatively mandated salary increases and employee benefits.

**SECTION 38.16.(b)** If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

1           **SECTION 38.16.(c)** Funds appropriated for legislatively mandated salary and  
2 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
3 to provide salary increases in excess of those required by the General Assembly, or to increase  
4 the budgeted salary of filled positions to the minimum of the position's respective salary range.

5           **SECTION 38.16.(d)** Any funds appropriated for legislatively mandated salary and  
6 benefits increases in excess of the amounts required to implement the increases shall be credited  
7 to the Pay Plan Reserve.

8           **SECTION 38.16.(e)** No later than May 1, 2020, for the 2019-2020 fiscal year, and  
9 subsequently May 1, 2021, for the 2020-2021 fiscal year, the Office of State Budget and  
10 Management shall report to the Joint Legislative Commission on Governmental Operations and  
11 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary  
12 increases and employee benefits. This report shall include at least the following information for  
13 each State agency for each year of the biennium:

- 14           (1) The total amount of funds that the agency received for legislatively mandated  
15 salary increases and employee benefits.
- 16           (2) The total amount of funds transferred from the agency to other State agencies  
17 pursuant to subsection (b) of this section. This section of the report shall  
18 identify the amounts transferred to each recipient State agency.
- 19           (3) The total amount of funds used by the agency for legislatively mandated salary  
20 increases and employee benefits.
- 21           (4) The amount of funds credited to the Pay Plan Reserve.

## 22 23 **LAW ENFORCEMENT PAY/STATE HIGHWAY PATROL/STATE BUREAU OF** 24 **INVESTIGATION/ALCOHOL LAW ENFORCEMENT**

25           **SECTION 38.17.(a)** In order to maintain an experience-based pay structure  
26 progression, the entry-level annual salary of members of the State Highway Patrol, agents of the  
27 State Bureau of Investigation, and officers of Alcohol Law Enforcement is set in the amount of  
28 forty-five thousand one hundred dollars (\$45,100) for the 2019-2020 fiscal year and forty-six  
29 thousand two hundred twenty-eight dollars (\$46,228) for the 2020-2021 fiscal year.

30           **SECTION 38.17.(b)** During the 2019-2021 fiscal biennium, the State Bureau of  
31 Investigation may pay salaries in excess of the scheduled amounts for supervisory  
32 responsibilities.

33           **SECTION 38.17.(c)** During the 2019-2021 fiscal biennium, Alcohol Law  
34 Enforcement may pay salaries in excess of the scheduled amounts for supervisory  
35 responsibilities.

## 36 37 **SBI/ALE PAY SCHEDULE**

38           **SECTION 38.17A.** Of the funds appropriated to the Department of Public Safety for  
39 the 2019-2020 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated to  
40 establish a pay schedule for law enforcement officers in the State Bureau of Investigation (SBI)  
41 and Alcohol Law Enforcement (ALE) that (i) increases the annual beginning officer salary to  
42 forty-five thousand one hundred dollars (\$45,100) and (ii) sets a stepped progression from  
43 beginning officer pay to sixty-five thousand eight hundred seven dollars (\$65,807) over a period  
44 of six years by providing increases of six and one-half percent (6.5%) per year. These funds shall  
45 not be used to adjust the pay of other SBI or ALE employees. The pay schedule shall be adjusted  
46 to effectuate any future across-the-board legislative or other authorized salary increases. The  
47 State Human Resources Commission shall provide technical assistance to the SBI and ALE upon  
48 request.

## 49 50 **PAY PLAN RESERVE/LAW ENFORCEMENT OFFICERS**

51           **SECTION 38.18.** G.S. 143C-4-9(a) reads as rewritten:

1       "(a)    Creation. – The Pay Plan Reserve is established within the General Fund. The General  
2 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other  
3 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to  
4 fund statutory and scheduled pay expenses authorized by:

- 5           (1)    ~~G.S. 20-187.3~~G.S. 20-187.3, for troopers of the State Highway Patrol  
6                compensated pursuant to an experience-based salary schedule.
- 7           (2)    G.S. 7A-102.
- 8           (3)    G.S. 7A-171.1.
- 9           (4)    Teacher Salary Schedule, as enacted by the General Assembly.
- 10          (5)    Pay Plans for Principals and Assistant Principals, as enacted by the General  
11                Assembly.
- 12          (6)    The Act, for the law enforcement officers of the State Bureau of Investigation  
13                and Alcohol Law Enforcement."

#### 14 15 **CONTINUE CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL**

16       **SECTION 38.19.** Until otherwise provided by the General Assembly, whenever an  
17 employee is in a Correctional Officer position assigned to a lower custody level facility and the  
18 employee is required to staff a higher custody level facility for any period of time, the employee  
19 shall receive a pay differential applied to their base salary for the period of time the employee  
20 worked at the higher custody level facility, as follows:

- 21           (1)    For employees assigned to minimum custody facilities that are required to  
22                staff medium custody facilities, the pay differential is ten percent (10%).
- 23           (2)    For employees assigned to medium custody facilities that are required to staff  
24                close custody facilities, the pay differential is ten percent (10%).
- 25           (3)    For employees assigned to minimum custody facilities that are required to  
26                staff close custody facilities, the pay differential is twenty percent (20%).

#### 27 28 **CORRECTIONAL FACILITY HIGH-NEED SALARY SUPPLEMENTS**

29       **SECTION 38.19A.(a)** Employees of the Department of Public Safety (Department)  
30 serving in high-need correctional facilities having the highest numbers of vacant positions are  
31 eligible to receive flat-dollar salary supplements, payable monthly, for up to a two-year period.

32       **SECTION 38.19A.(b)** The base supplement rate shall be an amount calculated by  
33 the Department based on the requirements of this section. The minimum base supplement rate  
34 that shall be provided to employees serving in a high-need correctional facility is two thousand  
35 five hundred dollars (\$2,500) annually.

36       **SECTION 38.19A.(c)** There are three levels of high-need correctional facilities  
37 based upon the facility's respective staffing difficulty:

- 38           (1)    Level I – If the correctional facility has had a vacancy rate of at least twenty  
39                percent (20%) for at least 12 months in the prior biennium, employees  
40                assigned to this facility shall receive a salary supplement equal to the base  
41                supplement rate.
- 42           (2)    Level II – If the correctional facility has had a vacancy rate of at least  
43                twenty-five percent (25%) for at least 12 months in the prior biennium,  
44                employees assigned to this facility shall receive a salary supplement equal to  
45                twice the base supplement rate.
- 46           (3)    Level III – If the correctional facility has had a vacancy rate of at least thirty  
47                percent (30%) for at least 12 months in the prior biennium, employees  
48                assigned to this facility shall receive a salary supplement equal to three times  
49                the base supplement rate.

50       **SECTION 38.19A.(d)** The salary supplement rates assigned to each high-need  
51 correctional facility at the beginning of each fiscal biennium by the Department shall remain in

1 effect for the facility throughout the respective fiscal biennium. The Department shall  
2 re-designate high-need facilities at the beginning of each subsequent fiscal biennium based on  
3 the criteria in subsections (b) and (c) of this section.

4 **SECTION 38.19A.(e)** The Department may exclude a facility from eligibility to  
5 prioritize larger supplements to greater-need facilities or if the vacancy rate does not accurately  
6 reflect a facility's actual staffing needs. The Department may assign a lower level to a facility if  
7 the assignment would more accurately reflect the facility's needs. The Department shall not  
8 provide supplements in facilities that do not meet the minimum criteria specified in subsection  
9 (c) of this section.

10 **SECTION 38.19A.(f)** Funds appropriated for high-need facility salary supplements  
11 may only be expended for that purpose. At the end of each fiscal year, any remaining funding  
12 appropriated for the supplements shall be distributed proportionally to employees at high-need  
13 facilities who were employed at a designated facility for the entire fiscal year.

14 **SECTION 38.19A.(g)** Notwithstanding G.S. 135-1(7a), the supplements awarded  
15 pursuant to this section are not compensation under Article 1 of Chapter 135 of the General  
16 Statutes, the Teachers' and State Employees' Retirement System.

## 17 18 **COUNCIL OF STATE AND CERTAIN AGENCIES/FLEXIBILITY**

19 **SECTION 38.19B.** G.S. 126-5 is amended by adding a new subsection to read:

20 "(c15) Notwithstanding any provision of this Chapter to the contrary, the Council of State,  
21 the executive branch departments, the Community College System Office, the Office of the State  
22 Controller, and The University of North Carolina are each authorized to do the following:

- 23 (1) Classify or reclassify their positions according to the classification system  
24 established by the State Human Resources Commission (SHRC) as long as  
25 the employee meets the minimum requirements of the classification.  
26 (2) Set salaries for their employees within the salary ranges for the respective  
27 position classification established by the SHRC.

28 Any nonlegislatively mandated salary increase, position reclassification, or reallocation  
29 received by an employee that is authorized by an agency head under the authority granted by this  
30 section may be reduced or rescinded, prospectively, by action of a subsequent agency head for  
31 nondisciplinary reasons."

## 32 33 **REPORT ON USE OF LAPSED SALARY FUNDS**

34 **SECTION 38.21A.** Article 6 of Chapter 143C of the General Statutes is amended by  
35 adding a new section to read:

36 **"§ 143C-6-9.5. Report on use of lapsed salary funds.**

37 (a) The Office of State Budget and Management (OSBM) in conjunction with State  
38 agencies, as defined in G.S. 143C-1-1(d)(24), shall report on the use of lapsed salary funds at the  
39 end of each fiscal year. State agencies shall report to the OSBM on the use of lapsed salary,  
40 including all of the following:

- 41 (1) The total amount of accrued lapsed salary funds by funding source.  
42 (2) The total number of full-time equivalent positions comprising the lapsed  
43 salary funds.  
44 (3) The total expenditure of lapsed salaries by purpose.  
45 (4) The legal authorization to expend lapsed salary funds.

46 (b) The OSBM shall report by October 1 of each year on the use of lapsed salary funds  
47 to the Joint Legislative Oversight Committees on Health and Human Services; Education; Justice  
48 and Public Safety; Transportation; Information Technology; General Government; and  
49 Agriculture and Natural and Economic Resources and the Fiscal Research Division."

## 50 51 **SALARY-RELATED CONTRIBUTIONS**

1           **SECTION 38.22.(a)** Effective for the 2019-2021 fiscal biennium, required employer  
 2 salary-related contributions for employees whose salaries are paid from department, office,  
 3 institution, or agency receipts shall be paid from the same source as the source of the employee's  
 4 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in  
 5 part from department, office, institution, or agency receipts, required employer salary-related  
 6 contributions may be paid from the General Fund or Highway Fund only to the extent of the  
 7 proportionate part paid from the General Fund or Highway Fund in support of the salary of the  
 8 employee, and the remainder of the employer's requirements shall be paid from the source that  
 9 supplies the remainder of the employee's salary. The requirements of this section as to the source  
 10 of payment are also applicable to payments on behalf of the employee for hospital medical  
 11 benefits, longevity pay, unemployment compensation, accumulated leave, workers'  
 12 compensation, severance pay, separation allowances, and applicable disability income benefits.

13           **SECTION 38.22.(b)** Effective July 1, 2019, the State's employer contribution rates  
 14 budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020  
 15 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 16 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 17 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 18 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
22 Retirement	12.97%	12.97%	6.84%	33.60%	26.46%
23 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
24 Death	0.16%	0.16%	0.00%	0.00%	0.00%
25 Retiree Health	6.52%	6.52%	6.52%	6.52%	6.52%
26 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
27					
28 <b>Total Contribution</b>					
29 <b>Rate</b>	19.75%	24.75%	13.46%	40.12%	32.98%

30           The rate for teachers and State employees and State law enforcement officers includes  
 31 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

32           **SECTION 38.22.(c)** Effective July 1, 2020, the State's employer contribution rates  
 33 budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021  
 34 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 35 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 36 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 37 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
41 Retirement	14.36%	14.36%	6.84%	36.00%	29.00%
42 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
43 Death	0.16%	0.16%	0.00%	0.00%	0.00%
44 Retiree Health	6.78%	6.78%	6.78%	6.78%	6.78%
45 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
46					
47 <b>Total Contribution</b>					
48 <b>Rate</b>	21.40%	26.40%	13.72%	42.78%	35.78%

49           The rate for teachers and State employees and State law enforcement officers includes  
 50 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

1           **SECTION 38.22.(d)** Effective July 1, 2019, the maximum annual employer  
2 contributions, payable monthly, by the State for each covered employee or retiree for the  
3 2019-2020 fiscal year to the State Health Plan for Teachers and State Employees are (i) for  
4 Medicare-eligible employees and retirees, four thousand nine hundred thirty-four dollars  
5 (\$4,934) and (ii) for non-Medicare-eligible employees and retirees, six thousand three hundred  
6 forty-nine dollars (\$6,349).

7           **SECTION 38.22.(e)** Effective July 1, 2020, the maximum annual employer  
8 contributions, payable monthly, by the State for each covered employee or retiree for the  
9 2020-2021 fiscal year to the State Health Plan for Teachers and State Employees are (i) for  
10 Medicare-eligible employees and retirees, five thousand one hundred thirty-two dollars (\$5,132)  
11 and (ii) for non-Medicare-eligible employees and retirees, six thousand six hundred three dollars  
12 (\$6,603).

### 13 **REHIRE HIGH-NEED TEACHERS**

14           **SECTION 38.25.(a)** Article 20 of Chapter 115C of the General Statutes is amended  
15 by adding a new section to read:

#### 16 **"§ 115C-302.4. High-need retired teachers.**

17           **(a) Definitions.** – The following definitions apply in this section:

18           **(1) High-need retired teacher.** – A beneficiary of the Teachers' and State  
19 Employees' Retirement System of North Carolina who meets both of the  
20 following requirements:

21           **a.** Retired on or before February 1, 2019, after attaining (i) the age of at  
22 least 65 with five years of creditable service, (ii) the age of at least 60  
23 with 25 years of creditable service, or (iii) 30 years of creditable  
24 service.

25           **b.** Is reemployed by a local board of education to teach at a high-need  
26 school.

27           **(2) High-need school.** – A school that, at any point on or after July 1, 2017, meets  
28 one of the following criteria:

29           **a.** Is a Title I school. As used in this sub-subdivision, a Title I school is a  
30 school identified under Part A of Title I of the Elementary and  
31 Secondary Education Act of 1965, as amended.

32           **b.** Receives an overall school performance grade of D or F, as calculated  
33 by the State Board of Education pursuant to G.S. 115C-83.15(d).

34           **(3) STEM.** – Science, technology, engineering, and mathematics.

35           **(b) Salary Level.** – A high-need retired teacher shall be compensated as follows:

36           **(1)** Except as provided in subdivision (2) of this subsection, a high-need retired  
37 teacher shall be paid on the first step of the teacher salary schedule.

38           **(2)** If a high-need retired teacher serves as a teacher in any of the following  
39 licensure areas, he or she shall be paid on the sixth step of the teacher salary  
40 schedule:

41           **a.** STEM.

42           **b.** Special education.

43           **(c) No State Salary Supplements or Increase in Salary.** – A high-need retired teacher shall  
44 not receive any State salary supplement or State bonus. A high-need retired teacher shall not  
45 move beyond the salary steps prescribed by subsection (b) of this section, regardless of the length  
46 of time spent as a high-need retired teacher.

47           **(d) Local Salary Supplement.** – A high-need retired teacher shall receive any local salary  
48 supplements that are given to employees of the local board of education.

49           **(e) Term of Contract.** – A contract between the local board of education and a high-need  
50 retired teacher shall be for a term of no more than one school year.

1       (f) Identification of STEM and Special Education Licensure Areas. – The Superintendent  
2 of Public Instruction shall identify and provide to each local school administrative unit a list of  
3 STEM and special education licensure areas that qualify for reemployment pursuant to  
4 subdivision (b)(2) of this section. Local school administrative units shall make the list of STEM  
5 and special education licensure areas available to high-need retired teachers."

6       **SECTION 38.25.(b)** G.S. 135-3(8) is amended by adding a new sub-subdivision to  
7 read:

8           "g. Notwithstanding sub-subdivisions c. and d. of this subdivision, the  
9 computation of postretirement earnings of a beneficiary under this  
10 subdivision, who retired on or before February 1, 2019, and who has  
11 been retired at least six months, shall not include earnings while the  
12 beneficiary is employed to teach as a high-need retired teacher, as  
13 defined under G.S. 115C-302.4(a)(1). The Department of Public  
14 Instruction shall certify to the Retirement System that a beneficiary is  
15 employed to teach by a local board of education as a high-need retired  
16 teacher, as defined under G.S. 115C-302.4(a)(1).

17           Beneficiaries employed under this sub-subdivision are not entitled  
18 to any benefits otherwise provided under this Chapter as a result of this  
19 period of employment."

20       **SECTION 38.25.(c)** G.S. 135-3(8)c1. reads as rewritten:

21           "c1. Within 90 days of the end of each month in which a beneficiary is  
22 reemployed under the provisions of ~~sub-subdivision~~ sub-subdivisions  
23 c. and g. of this subdivision, each employer shall provide a report for  
24 that month on each reemployed beneficiary, including the terms of the  
25 reemployment, the date of the reemployment, and the amount of the  
26 monthly compensation. If such a report is not received within the  
27 required 90 days, the Board may assess the employer with a penalty of  
28 ten percent (10%) of the compensation of the unreported reemployed  
29 beneficiaries during the months for which the employer did not report  
30 the reemployed beneficiaries, with a minimum penalty of twenty-five  
31 dollars (\$25.00). If after being assessed a penalty, an employer  
32 provides clear and convincing evidence that the failure to report  
33 resulted from a lack of oversight or some other event beyond the  
34 employer's control and was not a deliberate attempt to omit the  
35 reporting of reemployed beneficiaries, the Board may reduce the  
36 penalty to not less than two percent (2%) of the compensation of the  
37 unreported reemployed beneficiaries during the months for which the  
38 employer failed to report, with a minimum penalty of twenty-five  
39 dollars (\$25.00). Upon receipt by the employer of notice that a penalty  
40 has been assessed under this sub-subdivision, the employer shall remit  
41 the payment of the penalty to the Retirement System, in one lump sum,  
42 no later than 90 days from the date of the notice."

43       **SECTION 38.25.(d)** G.S. 135-1(10) reads as rewritten:

44       "(10) "Employee" shall mean all full-time employees, agents or officers of the State  
45 of North Carolina or any of its departments, bureaus and institutions other than  
46 educational, whether such employees are elected, appointed or employed:  
47 Provided that the term "employee" shall not include any person who is a  
48 member of the Consolidated Judicial Retirement System, any member of the  
49 ~~General Assembly or Assembly~~, any part-time or temporary ~~employee-~~  
50 employee, or any high-need retired teacher as defined under  
51 G.S. 115C-302.4(a)(1). Notwithstanding any other provision of law,

1 "employee" shall include all employees of the General Assembly except  
2 participants in the Legislative Intern Program, pages, and beneficiaries in  
3 receipt of a monthly retirement allowance under this Chapter who are  
4 reemployed on a temporary basis. "Employee" also includes any participant  
5 whose employment is interrupted by reason of service in the Uniformed  
6 Services, as that term is defined in section 4303(16) of the Uniformed Services  
7 Employment and Reemployment Rights Act, Public Law 103-353, if that  
8 participant was an employee at the time of the interruption; if the participant  
9 does not return immediately after that service to employment with a covered  
10 employer in this System, then the participant shall be deemed "in service" until  
11 the date on which the participant was first eligible to be separated or released  
12 from his or her involuntary military service. In all cases of doubt, the Board  
13 of Trustees shall determine whether any person is an employee as defined in  
14 this Chapter. "Employee" shall also mean every full-time civilian employee  
15 of the North Carolina National Guard who is employed pursuant to section  
16 709 of Title 32 of the United States Code and paid from federal appropriated  
17 funds, but held by the federal authorities not to be a federal employee:  
18 Provided, however, that the authority or agency paying the salaries of such  
19 employees shall deduct or cause to be deducted from each employee's salary  
20 the employee's contribution in accordance with applicable provisions of  
21 G.S. 135-8 and remit the same, either directly or indirectly, to the Retirement  
22 System; coverage of employees described in this sentence shall commence  
23 upon the first day of the calendar year or fiscal year, whichever is earlier, next  
24 following the date of execution of an agreement between the Secretary of  
25 Defense of the United States and the Adjutant General of the State acting for  
26 the Governor in behalf of the State, but no credit shall be allowed pursuant to  
27 this sentence for any service previously rendered in the above-described  
28 capacity as a civilian employee of the North Carolina National Guard:  
29 Provided, further, that the Adjutant General, in the Adjutant General's  
30 discretion, may terminate the Retirement System coverage of the  
31 above-described North Carolina National Guard employees if a federal  
32 retirement system is established for such employees and the Adjutant General  
33 elects to secure coverage of such employees under such federal retirement  
34 system. Any full-time civilian employee of the North Carolina National Guard  
35 described above who is now or hereafter may become a member of the  
36 Retirement System may secure Retirement System credit for such service as  
37 a North Carolina National Guard civilian employee for the period preceding  
38 the time when such employees became eligible for Retirement System  
39 coverage by paying to the Retirement System an amount equal to that which  
40 would have constituted employee contributions if the employee had been a  
41 member during the years of ineligibility, plus interest. Employees of State  
42 agencies, departments, institutions, boards, and commissions who are  
43 employed in permanent job positions on a recurring basis must work at least  
44 30 hours per week for nine or more months per calendar year in order to be  
45 covered by the provisions of this ~~subdivision~~ subdivision, except that no  
46 high-need retired teacher as defined under G.S. 115C-302.4(a)(1) shall be  
47 considered an employee. On and after August 1, 2001, a person who is a  
48 nonimmigrant alien and who otherwise meets the requirements of this  
49 subdivision shall not be excluded from the definition of "employee" solely  
50 because the person holds a temporary or time-limited visa."

51 **SECTION 38.25.(e)** G.S. 135-48.40(b)(1a) reads as rewritten:

1           "(1a) All retirees who (i) are employed by an employing unit that elects to be  
2           covered by this subdivision, (ii) do not qualify for coverage under subdivision  
3           (1) of this subsection, and (iii) are determined to be "full-time" by their  
4           employing unit in accordance with section 4980H of the Internal Revenue  
5           Code and the applicable regulations, as ~~amended~~. amended, or are high-need  
6           retired teachers, as defined under G.S. 115C-302.4(a)(1). The employing unit  
7           shall pay the employer premiums for retirees who enroll under this  
8           subdivision."

9           **SECTION 38.25.(f)** The State Treasurer shall seek a private letter ruling from the  
10          Internal Revenue Service to determine if the provisions of this section relating to the computation  
11          of postretirement earnings of retired teachers jeopardize the status of the Teachers' and State  
12          Employees' Retirement System.

13          **SECTION 38.25.(g)** If the Internal Revenue Service determines that the provisions  
14          of G.S. 135-3(8)g., as enacted by this section, relating to the computation of postretirement  
15          earnings of retired teachers jeopardize the status of the Teachers' and State Employees'  
16          Retirement System of North Carolina under the Internal Revenue Code, then this section is  
17          repealed 30 days from receipt of that determination by the State Treasurer. Upon receipt of that  
18          determination, the State Treasurer shall notify the Revisor of Statutes of the determination and  
19          the date of receipt. Within three business days of receipt of the determination, the State Treasurer  
20          shall notify all local school administrative units of the repeal of this section and shall publicly  
21          notice the receipt of this information on the Department of State Treasurer's Web site. Within  
22          three business days of receipt of the notice from the State Treasurer, a local school administrative  
23          unit shall notify all high-need retired teachers employed by its local board of education of the  
24          repeal of this section.

25          **SECTION 38.25.(h)** Notwithstanding any other provision of law to the contrary, in  
26          order to pay costs associated with the administration of the provisions of this section, the  
27          Retirement Systems Division of the Department of State Treasurer may increase receipts from  
28          the retirement assets of the Teachers' and State Employees' Retirement System or pay costs  
29          associated with the administration directly from the retirement assets. Costs associated with the  
30          administration of the provisions of this section shall not exceed fifty thousand dollars (\$50,000)  
31          to obtain the private letter ruling from the Internal Revenue Service required under subsection (f)  
32          of this section.

33          **SECTION 38.25.(i)** Any beneficiary that is employed to teach by a local board of  
34          education as a high-need retired teacher, as defined in G.S. 115C-302.4(a)(1), shall not be eligible  
35          to elect into a position that would lead him or her to be eligible to accrue any additional benefits  
36          under G.S. 135-3(8). Any failure of a local board of education or a beneficiary to comply with  
37          the foregoing shall be corrected by the Retirement System as it determines may be appropriate  
38          under State and federal law. Any costs of the correction, as determined by the Retirement System,  
39          shall be the sole responsibility of the local board of education and shall be transferred to the  
40          Pension Accumulation Fund under G.S. 135-8, under rules adopted by the Board of Trustees.

41          **SECTION 38.25.(j)** This section expires June 30, 2021.

#### 42 43          **AMEND SPECIAL INSURANCE BENEFITS PLAN OFFERINGS**

44          **SECTION 38.26.** G.S. 143-166.60(d)(1) is repealed.

#### 45 46          **PART XXXIX. CAPITAL**

#### 47 48          **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

49          **SECTION 39.1.** The appropriations made by the 2019 General Assembly for capital  
50          improvements are for constructing, repairing, or renovating State buildings, utilities, and other  
51          capital facilities, for acquiring sites for them where necessary, for acquiring buildings and land

1 for State government purposes and other purposes as set forth in G.S. 143C-4-3.1, and shall be  
 2 disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any  
 3 State department, institution, or agency until an allotment has been approved by the Governor as  
 4 Director of the Budget. The allotment shall be approved only after full compliance with the State  
 5 Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts  
 6 for projects to be financed in whole or in part with self-liquidating appropriations, the Director  
 7 of the Budget shall approve the elements of the method of financing of those projects, including  
 8 the source of funds, interest rate, and liquidation period. Provided, however, that if the Director  
 9 of the Budget approves the method of financing a project, the Director shall report that action to  
 10 the Joint Legislative Commission on Governmental Operations at its next meeting.

11 Where direct capital improvement appropriations include the purpose of furnishing  
 12 fixed and movable equipment for any project, those funds for equipment shall not be subject to  
 13 transfer into construction accounts except as authorized by the Director of the Budget. The  
 14 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and  
 15 approved by the Director of the Budget prior to commitment of funds.

16 Capital improvement projects authorized by the 2019 General Assembly shall be  
 17 completed, including fixed and movable equipment and furnishings, within the limits of the  
 18 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided  
 19 in this act. Capital improvement projects authorized by the 2019 General Assembly for the design  
 20 phase only shall be designed within the scope of the project as defined by the approved cost  
 21 estimate filed with the Director of the Budget, including costs associated with site preparation,  
 22 demolition, and movable and fixed equipment. Amounts contracted for projects authorized by  
 23 the General Assembly cannot exceed the total project cost authorization.

24 Disbursement of funds from the State Capital and Infrastructure Fund for projects  
 25 authorized by an act of the General Assembly shall be made only as needed to initiate or advance  
 26 a capital project. Funds authorized for any particular project shall remain in the State Capital and  
 27 Infrastructure Fund until such time as disbursement is necessary to satisfy a financial obligation  
 28 for that project.

29  
 30 **CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS**  
 31 **APPROPRIATIONS**

32 **SECTION 39.2.(a)** The following agency capital improvement projects have been  
 33 assigned a project code for reference to allocations in this Part and for intended project support  
 34 by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Projects</b>	<b>Project Code</b>
38 Department of Agriculture and Consumer Services	
39 Eaddy Building—Addition & Renovation	DACS19-1
40 Tidewater Research Station—Swine Unit Replacements	DACS19-2
41 Mountain Island State Forest—Improvements	DACS19-3
42 NCFS—County Offices	DACS19-4
43	
44 Department of Environmental Quality	
45 Water Resources Development Projects	DEQ-WRD19
46	
47 Department of Administration	
48 DHHS/Dix Campus Relocation	DOA19-1
49 State Gov't. Complex Chiller Plant	DOA19-2
50	
51 Department of Information Technology	

1	Eastern Data Center Improvements	DIT19-1
2	Western Data Center Improvements	DIT19-2
3	Rural Broadband/GREAT Program	DIT19-3
4		
5	Department of Natural and Cultural Resources	
6	NC Museum of History Renovation/Addition	DNCR19-1
7	Fort Fisher—New Visitor Center	DNCR19-3
8	NC Zoo—Asia Continent Animal Exhibit	DNCR19-4
9	NC Zoo—Australia Continent Exhibit	DNCR19-5
10	NC Zoo—Parking/Trams	DNCR19-6
11	Thomas Day House	DNCR19-9
12	Historical Commission Signage/Monuments	DNCR19-10
13		
14	Department of Public Safety	
15	Perquimans YDC—Raise the Age Renovations	DPS19-1
16	Alcoholism & Chemical Dependency Program—	
17	Black Mountain Modular Classrooms	DPS19-3
18	State Highway Patrol—	
19	Renovate Troop B	DPS19-9
20	Raise the Age—Juvenile Detention Beds	DPS19-10
21	Prison Information Technology Security	DPS19-11
22	National Guard—	
23	Federal Match Funding Pool	NG19-1
24		
25	General Assembly	
26	Committee Renovations/Elevator Repair	NCGA19-1
27		
28	The University of North Carolina	
29	Western Carolina University—	
30	Steam Plant Project	UNC/WCU19-1
31	University of North Carolina at Wilmington—	
32	Dobo Hall Renovation	UNC/WIL19-1
33	North Carolina Central University—	
34	Lee Biology, Phase 2	UNC/NCC19-1
35	North Carolina State University—	
36	S.T.E.M. Building	UNC/NCS19-1
37	Apiculture Facility	UNC/NCS19-2
38	Elizabeth City State University—	
39	Library Replacement	UNC/ECS19-1
40	HVAC System	UNC/ECS19-2
41	Chiller	UNC/ECS19-3
42	Fayetteville State University	
43	Dormitory Demolition and Removal	UNC/FSU19-1
44		
45	Repairs and Renovations	R&R19
46	New Facility Operating Costs	OPS19-1
47	Project Reserve	PR19
48	Carolina Museum of the Marine	DG19-1
49		

50                   **SECTION 39.2.(b)** Of the funds remaining in the State Capital and Infrastructure  
51 Fund after allocation to the Growing Rural Economies with Access to Technology program, it is

1 the intent of the General Assembly to allocate funds for capital needs for local school  
 2 administrative units, community colleges, State agencies, and The University of North Carolina  
 3 through the 2028-2029 fiscal year in accordance with the following intended distribution  
 4 percentages each fiscal year:

- 5 (1) Twenty-five percent (25%) to local school administrative units.
- 6 (2) Seven and one-half percent (7.5%) to community colleges.
- 7 (3) Thirty-seven and one-half percent (37.5%) to State agencies.
- 8 (4) Thirty percent (30%) to The University of North Carolina.

9 **SECTION 39.2.(c)** This subsection authorizes the following capital projects and  
 10 allocates funding in the 2019-2021 fiscal biennium based upon projected cash flow needs for the  
 11 authorized projects. The authorizations provided in this subsection represent the maximum  
 12 amount of funding from the State Capital and Infrastructure Fund that may be expended on each  
 13 project. An additional action by the General Assembly is required to increase the maximum  
 14 authorization for any of the projects listed.

15 In each fiscal year, the Office of State Budget and Management may reallocate  
 16 appropriations from the State Capital and Infrastructure Fund between projects to meet cash flow  
 17 requirements for a project, provided that the following criteria are met:

- 18 (1) If the project for which funds have been appropriated in this Part is for one of  
 19 the constituent institutions of The University of North Carolina, then  
 20 unencumbered funds may be allocated from another project for a constituent  
 21 institution of The University of North Carolina for which funds have been  
 22 appropriated.
- 23 (2) If the project for which funds have been appropriated in this Part is for a State  
 24 agency that is not The University of North Carolina, then unencumbered funds  
 25 may be allocated from another project for a State agency for which funds have  
 26 been appropriated.
- 27 (3) The amount disbursed will not exceed amounts appropriated from the State  
 28 Capital and Infrastructure Fund.
- 29 (4) The amount disbursed on any project cannot exceed the amount authorized  
 30 for that project.
- 31 (5) The amount reallocated cannot be used to expand the scope of the project.

32 There is allocated from the State Capital and Infrastructure Fund for the 2019-2021  
 33 fiscal biennium the following amounts for capital improvement project codes, as defined in  
 34 subsection (a) of this section:

35  
 36 **Capital Improvements –**

37 <b>State Capital and</b>	<b>Total</b>		
38 <b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>2019-2020</b>	<b>2020-2021</b>
39			
40 DACS19-1	\$967,000	\$967,000	–
41 DACS19-2	1,429,000	1,429,000	–
42 DACS19-3	1,500,000	1,500,000	–
43 DACS19-4	7,314,000	7,314,000	–
44 DEQ-WRD19	N/A	11,007,000	–
45 DOA19-1	250,000,000	17,000,000	\$60,000,000
46 DOA19-2	12,523,000	12,523,000	–
47 DIT19-1	5,741,000	5,741,000	–
48 DIT19-2	3,150,000	2,127,040	1,022,960
49 DIT19-3	N/A	15,000,000	15,000,000
50 DNCR19-1	60,000,000	30,000,000	30,000,000
51 DNCR19-3	8,000,000	8,000,000	–

1	DNCR19-4	20,014,500	2,001,450	5,003,625
2	DNCR19-5	20,000,000	–	2,000,000
3	DNCR19-6	4,900,000	4,900,000	–
4	DNCR19-9	625,000	625,000	–
5	DNCR19-10	2,500,000	2,500,000	–
6	DPS19-1	1,731,000	1,731,000	–
7	DPS19-3	1,013,000	1,013,000	–
8	DPS19-9	2,152,000	2,152,000	–
9	DPS19-10	2,000,000	2,000,000	–
10	DPS19-11	2,448,102	2,448,102	–
11	NG19-1	N/A	2,000,000	–
12	NCGA19-1	2,097,635	2,097,635	–
13	UNC/WCU19-1	16,500,000	16,500,000	–
14	UNC/WIL19-1	10,000,000	10,000,000	–
15	UNC/NCC19-1	8,100,000	8,100,000	–
16	UNC/NCS19-1	80,000,000	8,000,000	20,000,000
17	UNC/NCS19-2	2,000,000	2,000,000	–
18	UNC/ECS19-1	32,000,000	3,200,000	8,000,000
19	UNC/ECS19-2	4,000,000	4,000,000	–
20	UNC/ECS19-3	2,000,000	2,000,000	–
21	UNC/FSU19-1	2,500,000	2,500,000	–
22	DG19-1	20,000,000	–	20,000,000

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**SECTION 39.2.(d)** Of the funds in the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium, it is the intent of the General Assembly to make the following allocations to the following agencies for repairs and renovations pursuant to G.S. 143C-8-13:

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- (1) Any funds remaining from the amount allocated to The University of North Carolina, as reflected in subdivision (b)(4) of this section, from the State Capital and Infrastructure Fund that are not allocated to a project described in this Part shall be allocated for repairs and renovations at the constituent institutions of The University of North Carolina, as determined by the Board of Governors.
- (2) Forty-five percent (45%) of the amount allocated to State agencies, as reflected in subdivision (b)(3) of this section, from the State Capital and Infrastructure Fund shall be allocated for repairs and renovations for State agencies, excluding The University of North Carolina.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

**SECTION 39.2.(e)** Notwithstanding G.S. 143C-4-3.1(e), funds allocated from the State Capital and Infrastructure Fund may be used for the following purposes:

- (1) The Growing Rural Economies with Access to Technology program established in G.S. 143B-1373.
- (2) Supplementary funding for the State Construction Office staff.
- (3) Department of Environmental Quality Imputed Rent Pilot Program.
- (4) Department of Environmental Quality Water Resources Development Projects.
- (5) Directed grants allocated in this Part.

**SECTION 39.2.(f)** Funds allocated under this section that may be expended on projects where the recipient intends or expects to receive insurance proceeds or State or federal

1 aid or assistance shall be used only to the extent that funds received from the settlement of a  
 2 claim for loss or damage covered under the recipient's applicable insurance policy, or other aid  
 3 or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

4 **SECTION 39.2.(g)** For project code UNC/NCS19-1, North Carolina State  
 5 University shall commit to providing funding of at least eighty million dollars (\$80,000,000)  
 6 from non-State sources on or before June 30, 2021, as a match for the intended State allocations  
 7 totaling eighty million dollars (\$80,000,000) for the project.

8 **SECTION 39.2.(h)** Notwithstanding G.S. 143C-4-3.1(e), there is allocated from the  
 9 State Capital and Infrastructure Fund the following amounts for capital improvement projects at  
 10 local school administrative units in this State in the aggregate amount of one billion six hundred  
 11 seventy million dollars (\$1,670,000,000). Funds allocated pursuant to this section shall be used  
 12 for the purpose of issuing allotted proceeds to local school administrative units for new  
 13 construction or rehabilitation of existing facilities and repairs and renovations in accordance with  
 14 the following:

<b><u>Local School Administrative Unit</u></b>	<b><u>Proceeds Allotment</u></b>
16 Alamance-Burlington	\$21,294,622
17 Alexander County	\$13,230,949
18 Alleghany County	\$10,473,788
19 Anson County	\$12,524,766
20 Ashe County	\$11,038,717
21 Asheboro City	\$ 5,149,023
22 Asheville City	\$ 3,106,049
23 Avery County	\$10,685,985
24 Beaufort County	\$12,901,655
25 Bertie County	\$11,653,901
26 Bladen County	\$13,051,347
27 Brunswick County	\$14,442,550
28 Buncombe County	\$16,811,506
29 Burke County	\$17,713,605
30 Cabarrus County	\$20,154,473
31 Caldwell County	\$17,238,897
32 Camden County	\$10,893,280
33 Carteret County	\$12,891,780
34 Caswell County	\$11,785,241
35 Catawba County	\$12,545,084
36 Chapel Hill-Carrboro	\$10,633,195
37 Chatham County	\$13,132,848
38 Cherokee County	\$11,522,961
39 Clay County	\$10,449,438
40 Cleveland County	\$18,851,070
41 Clinton City	\$ 4,930,087
42 Columbus County	\$11,828,696
43 Craven County	\$15,875,889
44 Cumberland County	\$35,308,238
45 Currituck County	\$11,430,758
46 Dare County	\$11,851,323
47 Davidson County	\$17,444,480
48 Davie County	\$12,181,321
49 Duplin County	\$17,367,512
50 Durham County	\$21,507,286

1	Edenton/Chowan	\$10,976,887
2	Edgecombe County	\$14,592,503
3	Elkin City	\$ 1,792,193
4	Forsyth County	\$28,951,539
5	Franklin County	\$15,424,124
6	Gaston County	\$23,958,610
7	Gates County	\$11,224,644
8	Graham County	\$10,451,388
9	Granville County	\$15,551,809
10	Greene County	\$12,680,847
11	Guilford County	\$35,136,184
12	Halifax County	\$ 5,624,181
13	Harnett County	\$25,936,121
14	Haywood County	\$12,531,394
15	Henderson County	\$14,705,534
16	Hertford County	\$12,042,814
17	Hickory City	\$ 3,229,688
18	Hoke County	\$17,800,955
19	Hyde County	\$10,209,761
20	Iredell-Statesville	\$14,838,254
21	Jackson County	\$11,306,223
22	Johnston County	\$33,664,136
23	Jones County	\$10,535,333
24	Kannapolis City	\$ 3,541,397
25	Lee County	\$15,403,201
26	Lenoir County	\$15,456,245
27	Lexington City	\$ 2,818,887
28	Lincoln County	\$14,115,213
29	Macon County	\$11,549,727
30	Madison County	\$10,893,475
31	Martin County	\$12,088,080
32	McDowell County	\$13,771,110
33	Mecklenburg County	\$61,521,541
34	Mitchell County	\$10,732,581
35	Montgomery County	\$11,994,501
36	Moore County	\$14,441,506
37	Mooresville City	\$ 4,359,921
38	Mount Airy City	\$ 2,504,513
39	Nash-Rocky Mount	\$19,304,614
40	New Hanover County	\$19,169,999
41	Newton-Conover	\$ 2,364,510
42	Northampton County	\$11,160,418
43	Onslow County	\$21,202,578
44	Orange County	\$ 6,261,089
45	Pamlico County	\$10,434,828
46	Pasquotank County	\$13,284,407
47	Pender County	\$15,188,856
48	Perquimans County	\$10,633,223
49	Person County	\$11,948,392
50	Pitt County	\$23,208,329
51	Polk County	\$10,732,946

1	Randolph County	\$18,437,712
2	Richmond County	\$15,631,932
3	Roanoke Rapids City	\$ 6,531,967
4	Robeson County	\$31,146,001
5	Rockingham County	\$17,620,351
6	Rowan-Salisbury	\$20,195,269
7	Rutherford County	\$15,413,835
8	Sampson County	\$13,520,561
9	Scotland County	\$14,784,928
10	Stanly County	\$15,000,814
11	Stokes County	\$13,643,606
12	Surry County	\$11,971,234
13	Swain County	\$10,825,184
14	Thomasville City	\$ 2,089,110
15	Transylvania County	\$11,199,777
16	Tyrrell County	\$10,419,921
17	Union County	\$24,407,066
18	Vance County	\$14,843,723
19	Wake County	\$66,568,676
20	Warren County	\$10,895,195
21	Washington County	\$10,942,805
22	Watauga County	\$11,631,474
23	Wayne County	\$22,198,277
24	Weldon City	\$ 2,045,361
25	Whiteville City	\$ 4,797,783
26	Wilkes County	\$15,382,456
27	Wilson County	\$16,540,718
28	Yadkin County	\$13,393,578
29	Yancey County	\$10,767,157

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**SECTION 39.2.(i)** There is created within the Department of Public Instruction the K-12 Building Fund as a capital project fund. Proceeds disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities, repairs and renovations, building of technology infrastructure, and the purchase of measures to ensure building security. Projects for facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated. In order to receive the proceeds for projects for new construction, a county that is a development tier three area, as defined in G.S. 143B-437.08 shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds in the amount of one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds. No matching funds shall be required for proceeds intended for rehabilitation of existing facilities and repairs and renovations.

The Department of Public Instruction shall develop a priority list of projects and capital needs to administer the proceeds from the K-12 Building Fund and shall prioritize projects according to greatest need and the ability for disbursed funds to be expended and projects completed expeditiously. Notwithstanding any other provision of law to the contrary, funds allocated to a local school administrative unit that is not in compliance with the class size requirements in G.S. 115C-301 shall be used solely for capital expenditures needed to obtain compliance with the class size requirements. Allocations from the fund shall not be used to retire

1 debt existing prior to July 1, 2019. The amount distributed to any single local school  
2 administrative unit shall not exceed the amount listed in the allocation schedule in subsection (h)  
3 of this section.

4 **SECTION 39.2.(j)** Notwithstanding G.S. 143C-4-3.1(e), there is allocated from the  
5 State Capital and Infrastructure Fund the following amounts for capital improvement projects at  
6 community colleges in this State in the aggregate amount of five hundred million dollars  
7 (\$500,000,000). Funds allocated pursuant to this section shall be used for the purpose of issuing  
8 allotted proceeds to community colleges for new construction or rehabilitation of existing  
9 facilities and repairs and renovations in accordance with the following:

<u>Community College</u>	<u>Proceeds Allotment</u>
12 Alamance CC	\$10,404,137
13 Asheville-Buncombe TCC	\$10,832,609
14 Beaufort County CC	\$ 5,438,050
15 Bladen CC	\$ 4,613,322
16 Blue Ridge CC	\$ 3,807,924
17 Brunswick CC	\$ 2,986,417
18 Caldwell CC and TI	\$ 9,055,900
19 Cape Fear CC	\$13,087,725
20 Carteret CC	\$ 4,424,054
21 Catawba Valley CC	\$11,344,038
22 Central Carolina CC	\$13,146,520
23 Central Piedmont CC	\$20,000,000
24 Cleveland CC	\$ 9,957,947
25 Coastal Carolina CC	\$11,087,921
26 College of the Albemarle	\$ 8,356,814
27 Craven CC	\$ 7,555,443
28 Davidson County CC	\$ 8,852,940
29 Durham TCC	\$ 8,110,363
30 Edgecombe CC	\$ 7,100,393
31 Fayetteville TCC	\$20,000,000
32 Forsyth TCC	\$19,097,609
33 Gaston College	\$11,807,948
34 Guilford TCC	\$20,000,000
35 Halifax CC	\$ 3,927,123
36 Haywood CC	\$ 2,759,295
37 Isothermal CC	\$ 6,562,386
38 James Sprunt CC	\$ 4,120,420
39 Johnston CC	\$ 6,699,305
40 Lenoir CC	\$15,499,088
41 Martin CC	\$ 2,870,440
42 Mayland CC	\$ 5,019,243
43 McDowell TCC	\$ 2,848,694
44 Mitchell CC	\$ 4,452,243
45 Montgomery CC	\$ 2,437,941
46 Nash CC	\$10,160,907
47 Pamlico CC	\$ 1,601,938
48 Piedmont CC	\$ 3,933,566
49 Pitt CC	\$19,049,284
50 Randolph CC	\$ 7,101,198
51 Richmond CC	\$ 9,864,521

1	Roanoke Chowan CC	\$ 2,905,878
2	Robeson CC	\$ 8,591,991
3	Rockingham CC	\$ 5,776,318
4	Rowan-Cabarrus CC	\$16,531,609
5	Sampson CC	\$ 6,820,114
6	Sandhills CC	\$ 6,514,063
7	Southeastern CC	\$ 8,782,065
8	South Piedmont CC	\$ 7,287,246
9	Southwestern CC	\$ 6,579,300
10	Stanly CC	\$ 7,352,482
11	Surry CC	\$10,338,095
12	Tri-County CC	\$ 2,694,058
13	Vance-Granville CC	\$ 9,690,554
14	Wake TCC	\$20,000,000
15	Wayne CC	\$11,990,772
16	Western Piedmont CC	\$ 5,173,074
17	Wilkes CC	\$ 7,226,840
18	Wilson CC	\$ 5,769,875

19

20           **SECTION 39.2.(k)** There is created within the Community Colleges System Office  
 21 the Community Colleges Building Fund as a capital project fund. Proceeds disbursed from the  
 22 Fund shall be used for new construction or rehabilitation of existing facilities, repairs and  
 23 renovations, building of technology infrastructure, and the purchase of measures to ensure  
 24 building security. Projects for facilities for centralized administration, trailers, relocatable  
 25 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such  
 26 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life  
 27 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or  
 28 rehabilitated. The Community Colleges System Office shall develop a priority list of projects and  
 29 capital needs to administer the proceeds from the Community Colleges Building Fund and shall  
 30 prioritize projects according to greatest need and the ability for disbursed funds to be expended  
 31 and projects completed expeditiously. Allocations from the fund shall not be used to retire debt  
 32 existing prior to July 1, 2019. The amount distributed to any single community college shall not  
 33 exceed the amount listed in the allocation schedule in subsection (j) of this section. No matching  
 34 funds shall be required for allocations to community colleges under this section.

35           **SECTION 39.2.(l)** The Department of Administration shall select land located in  
 36 Granville County suitable for the relocation of the Department of Health and Human Services  
 37 facilities at the Dix Campus in Raleigh.

38           **SECTION 39.2.(m)** Notwithstanding any provision of the Committee Report  
 39 described in Section 42.2 of this act to the contrary, the total amount of funds in the Project  
 40 Reserve (Fund Code 2ddd) in the State Capital and Infrastructure Fund shall be reduced by the  
 41 sum of eight million five hundred thousand dollars (\$8,500,000) in nonrecurring funds for the  
 42 2019-2020 fiscal year.

43

#### 44 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

45           **SECTION 39.3.** It is the intent of the General Assembly to fund capital improvement  
 46 projects on a cash flow basis and to plan for future project funding based upon projected  
 47 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed  
 48 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for  
 49 the projects listed in future years. The following schedule lists capital improvement projects that  
 50 will begin or be completed in fiscal years outside of the 2019-2021 fiscal biennium and estimated  
 51 amounts (in thousands) needed for completion of those projects:

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Project Code	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
DOA19-1	17,000	60,000	54,500	66,000	52,500	–
DNCR19-4	2,001.45	5,003.625	8,005.8	5,003.625	–	–
DNCR19-5	–	2,000	5,000	8,000	5,000	–
UNC/ECS19-1	3,200	8,000	12,800	8,000	–	–
UNC/NCS19-1	8,000	20,000	32,000	20,000	–	–
OPS19-1	–	–	1,500	1,500	1,500	1,500

**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.

Name of Project	2019-2020
(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
(2) Carolina Beach CSRM	–
(3) Kure Beach CSRM	14,000
(4) Wrightsville Beach CSRM	–
(5) Ocean Isle CSRM	–
(6) Planning Assistance to Communities	38,000
(7) Wilmington Harbor DA Maintenance	6,550,000
(8) Morehead City Maintenance	1,500,000
(9) Surf City/North Topsail CSRM (Pre-Constr./Design)	148,000
(10) West Onslow CSRM (Pre-Constr./Design)	148,000
(11) NRCS EQIP/Stream Restoration	1,500,000
(12) State-Local Projects (WRD Grant Pgm.)	2,320,000
(13) Bogue Banks CSRM	–
(14) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods. (50/50)	333,000
(15) Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)	619,000
(16) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	73,000
(17) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
(18) B. Everette Jordan Reservoir Water Supply	119,000
(19) Swannanoa Flood Mitigation Project	637,000
(20) North Topsail Beach Shoreline Protection – Phase 2	500,000
<b>TOTALS</b>	<b>\$16,024,000</b>

**SECTION 39.4.(b)** It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the eleven million seven thousand dollars (\$11,007,000) allocated for water resources development projects in this section. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
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1	(1)	Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
2	(2)	Morehead City Maintenance	1,500,000
3	(3)	Kure Beach CSRM	315,000
4	(4)	Wrightsville Beach CSRM	2,206,000
5	(5)	Carolina Beach CSRM	686,000
6	(6)	Ocean Isle CSRM	1,040,000
7	(7)	Planning Assistance to Communities	38,000
8	(8)	Surf City/North Topsail CSRM (Pre-Constr./Design)	255,000
9	(9)	West Onslow CSRM (Pre-Constr./Design)	220,000
10	(10)	Neuse River-Goldsboro Sec. 1135, CAP, Project Mods. (50/50)	333,000
11	(11)	Concord Streams, Sec. 206, CAP, Ecosystem Restoration,	
12		Stricker Branch, Constr. (65/35)	1,023,000
13	(12)	Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	2,219,000
14	(13)	Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
15	(14)	B. Everette Jordan Reservoir Water Supply	119,000
16	(15)	North Topsail Beach Shoreline Protection – Phase 2	1,500,000
17	<b>TOTALS</b>		<b>\$12,979,000</b>

18  
19 **SECTION 39.4.(c)** Where the actual costs are different from the estimated costs  
20 under subsection (a) of this section, the Department may adjust the allocations among projects  
21 as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted  
22 State funds cannot be used during the 2019-2020 fiscal year or if the projects funded under  
23 subsection (a) of this section are accomplished at a lower cost, the Department may use the  
24 resulting fund availability to fund any of the following:

- 25 (1) U.S. Army Corps of Engineers project feasibility studies.
- 26 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and  
27 require State matching funds in the 2019-2020 fiscal year.
- 28 (3) State-local water resources development projects.

29 Funds subject to this subsection that are not expended or encumbered for the purposes  
30 set forth in subdivisions (1) through (3) of this subsection shall revert to the State Capital and  
31 Infrastructure Fund at the end of the 2019-2020 fiscal year.

32 **SECTION 39.4.(d)** The Department shall submit semiannual reports on the use of  
33 these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and  
34 Economic Resources, the Fiscal Research Division, and the Office of State Budget and  
35 Management on or before March 1 and September 1. Each report shall include all of the  
36 following:

- 37 (1) All projects listed in this section.
- 38 (2) The estimated cost of each project.
- 39 (3) The date that work on each project began or is expected to begin.
- 40 (4) The date that work on each project was completed or is expected to be  
41 completed.
- 42 (5) The actual cost of the project.

43 The semiannual reports also shall show those projects advanced in schedule, those  
44 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the  
45 State Capital and Infrastructure Fund.

46 **SECTION 39.4.(e)** Notwithstanding any provision of law to the contrary, funds  
47 appropriated for a water resources development project shall be used to provide no more than  
48 fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to  
49 funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium  
50 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds

1 for water resources development projects. The limitation on fund usage contained in this  
 2 subsection applies only to projects in which a local government or local governments participate.

3 **SECTION 39.4.(f)** Notwithstanding subsection (e) of this section, of the funds  
 4 allocated for State-Local Projects in this section, the Department shall allocate the following  
 5 sums for the following projects, for which no local match is required:

- 6 (1) One hundred thousand dollars (\$100,000) for the French Broad Paddle Trail.
- 7 (2) One hundred thousand dollars (\$100,000) for the Watauga Paddle Trail.
- 8 (3) One hundred fifty thousand dollars (\$150,000) for Green River access.
- 9 (4) One hundred thousand dollars (\$100,000) for removal of Wards Mill Dam in  
 10 Watauga County.
- 11 (5) One hundred thousand dollars (\$100,000) for Scotland County Soil and Water  
 12 District for repairs to Fair Lake Dam.

13  
 14 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

15 **SECTION 39.5.(a)** The General Assembly authorizes the following capital projects  
 16 to be funded with receipts or from other non-General Fund and non-State Capital and  
 17 Infrastructure Fund sources available to the appropriate department:

18 <b>Name of Project</b>	19 <b>Amount of Non-General Fund</b>	
	20 <b>Funding Authorized</b>	
	21 <b>FY 2019-2020</b>	22 <b>FY 2020-2021</b>
23 Department of Natural and Cultural Resources		
24 NC Zoo–Gift Shop Material Warehouse	\$300,000	–
25 Department of Agriculture and Consumer Services		
26 State Farmers Market Restaurant	1,250,000	–
27 Piedmont Triad Farmers Market Restaurant	200,000	–
28 State Fairgrounds Improvements	1,000,000	–
29 State Research Stations–Irrigation Improvements	200,000	–
30 State Research Stations–Pesticide Storage & Mixing	200,000	–
31 State Research Stations–Poultry Facilities Improvements	1,500,000	–
32 State Research Stations–Animal Feed & Grain Storage	250,000	–
33 Department of Military and Veteran Affairs		
34 Fayetteville Veterans Home Sprinklers	3,553,000	–
35 Wake County Veterans Home	5,208,500	–
36 Forsyth County Veterans Home	5,208,500	–
37 Department of Public Safety		
38 Stonewall Jackson YDC Classroom & Kennel	677,000	–
39 Correction Enterprises–		
40 Lanesboro Sewing Plant	388,877	–
41 Scotland Food Packaging Plant	248,451	–
42 Wildlife Resources Commission		
43 Land Acquisition	8,000,000	8,000,000
44 McKinney Lake Residence	275,000	–
45 McCoy Road	325,000	–
46 New Bern Depot Boat Storage	250,000	–
47 Sandhills Depot Pole Shed	175,000	–
48 District 7 Storage Building–Wilkesboro	125,000	–
49 Sykes Depot Greenhouse	–	150,000
50 New Shooting Ranges	–	1,000,000
51 Marion Aquaculture Building	330,000	–
McKinney Hatchery Building	–	650,000

1	Caswell Depot Storage Building	–	400,000
2	Rhems Depot Storage Building	–	200,000
3	Troy Depot Replacement	–	750,000
4	Boating Access Repair & Renovation	900,000	900,000

5  
6 **TOTAL AMOUNT OF NON-GENERAL**  
7 **FUND CAPITAL PROJECTS**  
8 **AUTHORIZED**

\$42,280,359      \$24,014,960

9  
10      **SECTION 39.5.(b)** From funds deposited with the State Treasurer in a capital  
11 improvement account to the credit of the Department of Agriculture and Consumer Services  
12 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2019-2020  
13 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2020-2021 fiscal year  
14 shall be transferred to the Department of Agriculture and Consumer Services to be used,  
15 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article  
16 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as  
17 land appraisals, land surveys, title searches, and environmental studies, and for the management  
18 of the plant conservation program preserves owned by the Department.  
19

20 **NATIONAL GUARD PROJECTS**

21      **SECTION 39.6.(a)** The Office of State Budget and Management may allocate from  
22 the State Capital and Infrastructure Fund to the Department of Public Safety funds needed to  
23 provide a State match for federal funds for projects included in the latest Armory and Facilities  
24 Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities  
25 damaged during Hurricane Florence, and designated by the Adjutant General of the North  
26 Carolina National Guard in an amount not exceeding two million dollars (\$2,000,000) during the  
27 2019-2020 fiscal year.

28      **SECTION 39.6.(b)** No later than June 1, 2021, and every two years thereafter, the  
29 Department shall report on the use of these funds to the Joint Legislative Commission on  
30 Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office  
31 of State Budget and Management. Each report shall include all of the following:

- 32      (1) The status of all projects undertaken pursuant to this section.
- 33      (2) The estimated total cost of each project.
- 34      (3) The date that work on each project began or is expected to begin.
- 35      (4) The date that work on each project was completed or is expected to be  
36 completed.
- 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  
42 **REPORTING ON CAPITAL PROJECTS**

43      **SECTION 39.7.(a)** Article 8 of Chapter 143C of the General Statutes is amended by  
44 adding the following new section to read:

45 **"§ 143C-8-14. Capital project reporting.**

46      (a) Definitions. – The following definitions apply in this section:

- 47      (1) Capital project. – Any capital improvement, as that term is defined in  
48 G.S. 143C-1-1, that is not complete by July 1, 2019, and that is funded in  
49 whole or in part with State funds, including receipts, non-General Fund  
50 sources, or statutorily or constitutionally authorized indebtedness of any kind.

- 1           (2)    Construction phase. – The status of a particular capital project as described  
2           using the terms customarily employed in the design and construction  
3           industries.
- 4           (3)    New capital project. – A capital project that has been authorized by an act of  
5           the General Assembly in the most recent Current Operations Appropriations  
6           Act.
- 7       (b)    Reporting. – The following reports are required:
- 8           (1)    By October 1 and April 1 of each year, the following reports shall be submitted  
9           to the Joint Legislative Oversight Committee on Capital Improvements and  
10          the Fiscal Research Division:
- 11          a.     The Office of State Budget and Management shall report on the status  
12          of agency capital projects funded from the State Capital and  
13          Infrastructure Fund or other State funds.
- 14          b.     Each State agency shall report on the status of agency capital projects  
15          funded from non-State funds.
- 16          (2)    Beginning January 1, and quarterly thereafter, each State agency shall report  
17          on the status of agency capital projects to the Office of State Budget and  
18          Management.
- 19       (c)    Report Contents. – The reports required by subsection (b) of this section shall include  
20       at least the following information about every agency capital project:
- 21           (1)    The current construction phase of the project.
- 22           (2)    The anticipated time line from the current construction phase to project  
23           completion.
- 24           (3)    Information about expenditures that have been made in connection with the  
25           project, regardless of source of the funds expended.
- 26           (4)    Information about the adequacy of funding to complete the project, including  
27           estimates of how final expenditures will relate to initial estimates of  
28           expenditures, and whether or not scope reductions will be necessary in order  
29           to complete the project within its budget.
- 30           (5)    For new capital projects only, an estimate of the operating costs for the project  
31           for the first five fiscal years of its operation.
- 32       (d)    Additional Requirements. – In addition to the other reports required by this section,  
33       the State Construction Office shall submit a report on April 1 of each year to the Joint Legislative  
34       Oversight Committee on Capital Improvements and the Fiscal Research Division that contains  
35       the following:
- 36           (1)    The status of the Facilities Condition Assessment Program (FCAP), including  
37           (i) summary information about the average length of time that passes between  
38           FCAP assessments for an average State building, (ii) detailed information  
39           about when the last FCAP assessment was for each State building complex,  
40           and (iii) detailed information about the condition and repairs and renovations  
41           needs of each State building complex.
- 42           (2)    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, including (i) summary information about the workload of the Office  
46           during the previous quarter, including information about the average length of  
47           time spent by the State Construction Office on each major function it performs  
48           that is related to capital project approval, and (ii) detailed information about  
49           the amount of time spent engaged in those functions for each project that the  
50           State Construction Office worked on during the previous quarter."  
51

**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. 143C-8-12(a) reads as rewritten:

"(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve any of the following:

- (1) Expenditures to plan a capital improvement project of The University of North Carolina, the planning for which is to be funded entirely with non-General Fund money.
- (2) Expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund money.
- (3) A change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund money.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund."

**SECTION 39.8.(c)** G.S. 143C-3-3(b) reads as rewritten:

"(b) University of North Carolina System Request. – Notwithstanding the requirement in G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent institutions of The University of North Carolina, budget requests of the University shall be subject to all of the following:

- (1) Repairs and renovations requests, capital fund requests, and information technology requests shall comply with subsections (c), (d), and (e) of this section.
- (2) The University of North Carolina shall not make a capital funds request proposing to construct a new facility, expand the building area (square feet) of an existing facility, or rehabilitate an existing facility to accommodate new or expanded uses unless the University has completed advanced planning through schematic design of the project with funds other than General Fund appropriations. For purposes of this subdivision, "funds other than General Fund appropriations" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund."

**SECTION 39.8.(d)** G.S. 143C-4-3.1 reads as rewritten:

**"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

...

(b) Creation and Source of Funds. – There is established in the General Fund the State Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be maintained as a special fund and administered by the Office of State Budget and Management to carry out the provisions of this section. With the exception of debt service obligations, appropriations from the Fund may be administered by other State agencies as deemed necessary

1 by the Office of State Budget and Management. Interest accruing from the monies in the Fund  
2 shall be credited to the Fund. The Fund shall consist of the following sources of funding:

- 3 (1) One-fourth of any unreserved fund balance, as determined on a cash basis,  
4 remaining in the General Fund at the end of each fiscal year.
- 5 (2) Four percent (4%) of the net State tax revenues that are deposited in the  
6 General Fund during the fiscal year.
- 7 (3) All monies appropriated by the General Assembly for the purposes of General  
8 Fund capital improvements, as defined in G.S. 143C-1-1(d).
- 9 (4) All interest and investment earnings received on monies in the Fund.
- 10 (5) Any other funds, as directed by the General Assembly.

11 ...

12 (e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
13 obligations ~~of the State, supported by the General Fund.~~ In addition to meeting the State's debt  
14 service obligations, obligations supported by the General Fund, monies in the Fund may be used  
15 for the following purposes:

16 ...

17 (f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be  
18 available for expenditure only upon an act of appropriation by the General Assembly.

19 (g) Unexpended Funds. – Funds appropriated for a project that are unspent and  
20 unencumbered upon completion of the project shall revert to the Fund."

21 **SECTION 39.8.(e)** The recurring appropriation to the Growing Rural Economies  
22 with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on  
23 June 30, 2029.

24 **SECTION 39.8.(f)** G.S. 143-341(3)b1. reads as rewritten:

25 "b1. To certify that a statement of needs pursuant to G.S. 143C-3-3, other  
26 than for a project of The University of North Carolina for which  
27 advance planning has not been completed, is feasible. For purposes of  
28 this sub-subdivision, "feasible" means that the proposed project is  
29 sufficiently defined in overall scope; building program; site  
30 development; detailed design, construction, and equipment budgets;  
31 and comprehensive project scheduling so as to reasonably ensure that  
32 it may be completed with the amount of funds requested. At the  
33 discretion of the General Assembly, advanced planning funds may be  
34 appropriated in support of this certification. This sub-subdivision shall  
35 not apply to requests for appropriations ~~of less than one hundred~~  
36 ~~thousand dollars (\$100,000) below the formal project limit, as set by~~  
37 the State Building Commission."

### 39 DHHS PRIVATE DEVELOPMENT CHANGES

40 **SECTION 39.12.(a)** The Department of Administration may issue a request for  
41 proposal pursuant to G.S. 143-128.1C(b) for a development contract to design and construct the  
42 new Department of Health and Human Services Administrative Complex while undertaking  
43 planning associated with funds appropriated in this act. For the purposes of this complex only,  
44 the Department may accept submissions for review that include less than fifty percent (50%)  
45 financing, but not less than thirty percent (30%) financing, as defined in G.S. 143-128.1C(a)(4).

46 **SECTION 39.12.(b)** G.S. 111-42(c) of the General Statutes reads as rewritten:

47 "(c) "State property or State building" means building and land owned, leased, or  
48 otherwise controlled by the State, exclusive of schools, colleges and universities, the North  
49 Carolina State Fair, farmers markets and agricultural centers, the Legislative Office Building,  
50 ~~and the State Legislative Building.~~ Building, and the new Health and Human Services  
51 Administrative Complex."

1           **SECTION 39.12.(c)** Article 3 of Chapter 111 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 111-47.5. Food service within the Capitol Complex.**

4           Notwithstanding any other provision of this Article, the Department of Health and Human  
5 Services may operate or contract for the operation of food or vending services at State property  
6 or State facilities allocated to the Department of Administration. The net proceeds of revenue  
7 generated by food and vending services at the State property or State facilities by the agency or  
8 a vendor with whom the agency has contracted shall be credited to the Division of Services for  
9 the Blind of the Department and Health and Human Services for the purposes specified in  
10 G.S. 111-43. Nothing in this section shall be construed to remove an exemption granted under  
11 State law for State property or State buildings, as defined in G.S. 111-42(c)."

12           **SECTION 39.12.(d)** G.S. 66-58(c)(4) reads as rewritten:

13           "(4) The operation of ~~lunch counters by the Department of Health and Human~~  
14 ~~Services as blind enterprises of the type operated on January 1, 1951, in State~~  
15 ~~buildings in the City of Raleigh.~~ food and vending services pursuant to Article  
16 3 of Chapter 111 of the General Statutes."

17           **SECTION 39.12.(e)** G.S. 146-29.1 is amended by adding a new subsection to read:

18           "(i) This section shall not apply to leases entered into by the Department of Health and  
19 Human Services for food and vending services pursuant to Article 3 of Chapter 111 of the  
20 General Statutes."

21  
22 **PART XL. TRANSPORTATION**

23  
24 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

25           **SECTION 40.1.(a)** Subsections (b) and (c) of Section 34.1 of S.L. 2018-5 are  
26 repealed.

27           **SECTION 40.1.(b)** The General Assembly authorizes and certifies anticipated  
28 revenues for the Highway Fund as follows:

29	For Fiscal Year 2021-2022	\$ 2,436 million
30	For Fiscal Year 2022-2023	\$ 2,473 million
31	For Fiscal Year 2023-2024	\$ 2,506 million
32	For Fiscal Year 2024-2025	\$ 2,605 million

33           **SECTION 40.1.(c)** The General Assembly authorizes and certifies anticipated  
34 revenues for the Highway Trust Fund as follows:

35	For Fiscal Year 2021-2022	\$ 1,689 million
36	For Fiscal Year 2022-2023	\$ 1,727 million
37	For Fiscal Year 2023-2024	\$ 1,760 million
38	For Fiscal Year 2024-2025	\$ 1,811 million

39           **SECTION 40.1.(d)** The Department of Transportation, in collaboration with the  
40 Office of State Budget and Management, shall develop a four-year revenue forecast. The first  
41 fiscal year in the four-year revenue forecast shall be the 2025-2026 fiscal year. The four-year  
42 revenue forecast developed under this subsection shall be used (i) to develop the four-year cash  
43 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation  
44 Improvement Program, and (iii) by the Department of the State Treasurer to compute  
45 transportation debt capacity.

46  
47 **CONTINGENCY FUNDS**

48           **SECTION 40.2.** The funds appropriated in this act to the Department of  
49 Transportation, Construction – Contingency Fund Code for the 2019-2021 fiscal biennium shall  
50 be allocated statewide for rural or small urban highway improvements and related transportation  
51 enhancements to public roads and public facilities, industrial access roads, railroad infrastructure,

1 and spot safety projects, including pedestrian walkways that enhance highway safety. Projects  
 2 funded pursuant to this section require prior approval by the Secretary of Transportation. Funds  
 3 allocated under this section shall not revert at the end of the applicable fiscal year but shall remain  
 4 available until expended. The use of funds that do not revert under this section is not restricted  
 5 to the fiscal year in which the funds were allocated.

6  
 7 **CAPITAL, REPAIRS, AND RENOVATIONS**

8 **SECTION 40.3.** The funds appropriated in this act from the Highway Fund to the  
 9 Department of Transportation for the 2019-2021 fiscal biennium for capital, repairs, and  
 10 renovations are allocated as follows:

11 <b>Capital – Highway Fund</b>	<b>2019-2020</b>	<b>2020-2021</b>
12 Polk Maintenance Shop Replacement	\$1,738,882	\$0
13 Ocracoke Ferry Quarters	\$833,000	\$0
14 Currituck Maintenance & Storage	\$1,044,340	\$0
15 Northampton Equipment Shop	\$0	\$3,000,000
16 <b>Repairs and Renovations – Highway Fund</b>		
17 Statewide Roof Repairs/Replacement	\$1,050,000	\$1,050,000
18 Statewide Demolition of Obsolete Buildings	\$350,000	\$350,000
19 Statewide Water and Sewer	\$525,000	\$525,000
20 Statewide Asbestos Abatement	\$350,000	\$350,000
21 Statewide ADA Compliance	\$525,000	\$525,000
22 Statewide Small Office Repair and Renovation	\$1,225,000	\$1,452,500
23 Statewide Security Upfits	\$280,000	\$350,000
24 Replace 20 Rooftop HVAC Units at Century Center	\$105,000	\$105,000
25 Art Museum Basement Concrete Repair	\$175,000	\$0

26  
 27 **TRANSPORTATION EMERGENCY RESERVE**

28 **SECTION 40.3A.(a)** Article 2A of Chapter 136 of the General Statutes is amended  
 29 by adding a new section to read:

30 **"§ 136-44.2E. Transportation Emergency Reserve.**

31 (a) Creation. – The Transportation Emergency Reserve (Emergency Reserve) is  
 32 established as a special fund in the Department of Transportation.

33 (b) Use of Funds. – In each fiscal year, funds credited to the Emergency Reserve shall be  
 34 available for expenditure for providing relief and assistance from the effects of an emergency  
 35 only upon appropriation by the General Assembly.

36 (c) Transfer of Funds to Emergency Reserve. – Notwithstanding G.S. 136-44.2, and  
 37 subject to the limitations set forth in subsection (d) of this section, each fiscal year the Department  
 38 of Transportation shall transfer to the Emergency Reserve fifty percent (50%) of the year-end  
 39 credit balance in the Highway Fund. The Office of State Budget and Management shall verify  
 40 that the transfer required by this subsection has occurred.

41 (d) Limitations. – Except as otherwise provided in this subsection, the amount required  
 42 under subsection (c) of this section shall not exceed the sum of twenty-five million dollars  
 43 (\$25,000,000). The total amount of funds in the Emergency Reserve at any time shall not exceed  
 44 the sum of one hundred million dollars (\$100,000,000). If the amount required under subsection  
 45 (c) of this section would cause the Emergency Reserve to exceed the one hundred million dollar  
 46 (\$100,000,000) limitation set forth in this subsection, the amount required under subsection (c)  
 47 of this section shall be reduced accordingly.

48 (e) Evaluation of Emergency Reserve. – The Office of State Budget and Management  
 49 and the Department of Transportation shall jointly conduct a biennial study and develop a  
 50 methodology to determine the minimum necessary amount for the Emergency Reserve and shall  
 51 report this amount to the House of Representatives Appropriations Committee on Transportation.

1 the Senate Appropriations Committee on the Department of Transportation, and the Fiscal  
2 Research Division no later than February 1 of the first year of the applicable biennium.

3 (f) Reimbursements from Federal Government. – The Department of Transportation  
4 shall deposit into the Emergency Reserve any funds the Department receives from the federal  
5 government that are reimbursements for expenditures from the Emergency Reserve related to  
6 providing relief and assistance from the effects of an emergency. Funds deposited under this  
7 subsection shall be used in accordance with the requirements of this section.

8 (g) Definition. – For purposes of this section, the term "emergency" is as defined in  
9 G.S. 166A-19.3."

10 **SECTION 40.3A.(b)** This section becomes effective July 1, 2019. The initial  
11 transfer from the year-end credit balance in the Highway Fund to the Transportation Emergency  
12 Reserve shall occur on July 1, 2020.

### 13 14 **END NORTH CAROLINA RAILROAD DIVIDEND**

15 **SECTION 40.3B.(a)** G.S. 124-5.1 reads as rewritten:

16 "~~§ 124-5.1. North Carolina Railroad Company dividends deposited to Highway Fund.~~The  
17 Freight Rail & Rail Crossing Safety Improvement Fund.

18 ~~Any dividends of the North Carolina Railroad Company received by the State shall be~~  
19 ~~deposited into the~~The Freight Rail & Rail Crossing Safety Improvement Fund is a fund within  
20 the Highway Fund and administered by the Rail Division of the Department of Transportation.  
21 The Fund shall be used for the enhancement of freight rail service, short-line railroad assistance,  
22 and railroad-roadway crossing safety, which may include the following project types:

- 23 (1) Track and associated infrastructure improvements for freight service.
- 24 (2) Grade crossing protection, elimination, and hazard removal.
- 25 (3) Signalization improvements.
- 26 (4) Assistance for projects to improve rail access to industrial, port, and military  
27 facilities and for freight intermodal facility improvements, provided that  
28 funding assistance under this subdivision shall be subject to the same limits as  
29 that for short-line railroads under G.S. 136-44.39.
- 30 (5) Corridor protection and reactivation.
- 31 (6) Subject to federal or other state law, improvements to rail lines and corridors  
32 in this State and through portions of a bordering state for the purpose of  
33 connecting with the national railroad system.
- 34 (7) Other short-line railroad projects.

35 The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway  
36 crossing safety projects approved as part of the Transportation Improvement Program."

37 **SECTION 40.3B.(b)** G.S. 124-18 is repealed.

### 38 39 **REPORT ON MPO AND RPO VOTING POWER DISTRIBUTION**

40 **SECTION 40.4A.** By March 15, 2020, the Department of Transportation shall  
41 submit a report containing the following information to the Joint Legislative Transportation  
42 Oversight Committee and the Fiscal Research Division:

- 43 (1) The process used and guidelines followed by Metropolitan Planning  
44 Organizations and Rural Transportation Planning Organizations in  
45 determining how to distribute voting power among their voting members.
- 46 (2) Other state laws to determine if and how other states regulate the distribution  
47 of voting power among the voting members of Metropolitan Planning  
48 Organizations and Rural Transportation Planning Organizations.
- 49 (3) Methods to ensure regional governance under a weighted voting structure.
- 50 (4) Quorum determination by members present instead of by weighted vote.

- 1 (5) Methods to accomplish redesignation in which each municipality has equal
- 2 voting power.
- 3 (6) Any other topic or issue the Department determines to be relevant to the
- 4 report.

5  
6 **AIRPORT FUNDING**

7 **SECTION 40.5.(a)** Commercial Airport Allocations. – Of the funds appropriated in  
8 this act to the Department of Transportation for Commercial Airports, the following sums in  
9 nonrecurring funds shall be allocated as follows:

10 <b>Commercial Airport</b>	<b>2019-2020</b>	<b>2020-2021</b>
11 Raleigh-Durham International Airport	\$1,139,670	\$1,139,670
12 Albert J. Ellis Airport	\$5,368,314	\$5,368,314
13 Asheville Regional Airport	\$7,368,314	\$7,368,314
14 Coastal Carolina Regional Airport	\$4,368,314	\$4,368,314
15 Concord Regional Airport	\$3,368,314	\$3,368,314
16 Piedmont Triad International Airport	\$11,368,315	\$11,368,315
17 Pitt-Greenville Airport	\$3,368,314	\$3,368,314
18 Wilmington International Airport	\$7,368,314	\$7,368,314

19 **SECTION 40.5.(b)** General Airport Allocations. – Of the funds appropriated in this  
20 act to the Department of Transportation for General Airport Improvements, the following sums  
21 in nonrecurring funds shall be allocated as follows:

22 <b>General Airport</b>	<b>2019-2020</b>	<b>2020-2021</b>
23 Johnston Regional Airport	\$2,650,000	\$2,500,000
24 Lee County Executive Airport	\$1,500,000	\$0
25 Laurinburg-Maxton Airport	\$4,000,000	\$4,000,000
26 Statesville Regional Airport	\$250,000	\$0
27 Cape Fear Regional Jetport	\$350,000	\$150,000
28 Gastonia Municipal Airport	\$250,000	\$250,000
29 Rockingham County NC Shiloh Airport	\$500,000	\$0

30 **SECTION 40.5.(c)** Permissible Uses, Reporting, and Return of Funds. – Each airport  
31 receiving funds under this section may use the funds allocated to it under this section to (i) fund  
32 improvements to the airport and (ii) pay debt service or related financing costs and expenses on  
33 revenue bonds or notes issued by the airport. The Department of Transportation shall not allocate  
34 funds to an airport under this section until that airport has provided a report outlining how the  
35 airport will use the funds in conformance with the purposes of the program. No later than 45 days  
36 from the date the Department receives the report required under this subsection, the Department  
37 shall make a determination whether the intended use of the funds matches the purposes of the  
38 program and, if so, allocate funds under this section to the compliant airport. An airport that  
39 receives funds under this section shall return the funds to the Department if the funds are in the  
40 possession or control of the airport and not expended or encumbered by August 31 of the year  
41 following the fiscal year in which the Department makes the allocation. All funds returned to the  
42 Department under this section, or retained by the Department for failure of an airport to submit  
43 a report under this subsection, shall be credited to the fund from which they were appropriated  
44 and shall remain unexpended and unencumbered until appropriated by the General Assembly.

45 **SECTION 40.5.(d)** Limitation. – Notwithstanding any provision of law to the  
46 contrary, the allocation of funds under this section, the enactment of this section, and the issuance  
47 of bonds or notes by the airports in reliance thereon shall not in any manner constitute a pledge  
48 of the full faith and credit and taxing power of the State. A security interest shall not be granted  
49 in funds allocated under this section.

50 **SECTION 40.5.(e)** Report. – The Department of Transportation shall provide a  
51 report on the use or uses by each airport of funds allocated to the airport under this section. The

1 Department shall submit the report required under this subsection each year of the 2019-2021  
2 fiscal biennium by March 15 to the Joint Legislative Transportation Oversight Committee and  
3 the Fiscal Research Division.  
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, except for the  
10 purpose of retirement and health benefits.

11 **SECTION 40.7.(b)** The Department shall report to the Joint Legislative Oversight  
12 Committee on Transportation the amount allocated to each division or unit no more than 30 days  
13 after an allocation has occurred.  
14

#### 15 **TRANSFER CERTAIN PUBLIC CONTRACTING AUTHORITY TO DOT**

16 **SECTION 40.7A.(a)** Article 2 of Chapter 136 of the General Statutes is amended by  
17 adding a new section to read:

##### 18 **"§ 136-28.1A. Department of Transportation public contracts.**

19 Contracts for construction or repair of buildings, the purchase of apparatus, supplies,  
20 materials, or equipment, or maintenance services, without regard to the expenditure amount, shall  
21 not be subject to the jurisdiction of the Department of Administration, but shall be advertised and  
22 let by the Department of Transportation in the manner required by Articles 3 and 8 of Chapter  
23 143 of the General Statutes. Upon request, the Department of Administration shall provide  
24 assistance to the Department of Transportation in advertising and letting contracts under this  
25 section."

26 **SECTION 40.7A.(b)** G.S. 143-134(a) reads as rewritten:

27 "(a) This Article applies to the ~~Department of Transportation and the Department of Public~~  
28 ~~Safety except in the construction of roads, bridges and their approaches; Safety;~~ provided  
29 however, that whenever the Director of the Budget determines that the repair or construction of  
30 a building ~~by the Department of Transportation or by the Department of Public Safety~~ can be  
31 done more economically through use of ~~employees of the Department of Transportation and/or~~  
32 ~~prison inmates~~ than by letting the repair or building construction to contract, the provisions of  
33 this Article shall not apply to the repair or construction. This Article applies to the Department  
34 of Transportation only as provided in G.S. 136-28.1A."  
35

#### 36 **PURCHASE AND MAINTENANCE OF ELLERBE REST AREA**

37 **SECTION 40.7B.(a)** Notwithstanding Article 6 of Chapter 146 of the General  
38 Statutes and any other provision of law to the contrary, of the funds appropriated in this act to  
39 the Department of Transportation (Department), the Department shall purchase the real property  
40 and buildings located in Richmond County at 2509 U.S. Highway 220 North, also known as the  
41 Ellerbe Rest Area, for a commercially reasonable price from the Town of Ellerbe.

42 **SECTION 40.7B.(b)** Upon the purchase of the Ellerbe Rest Area, the Department  
43 shall maintain the Ellerbe Rest Area, erect signage to notify the traveling public of its location,  
44 and update applicable Department publications and its Web site.  
45

#### 46 **BRIDGE NAMING**

47 **SECTION 40.8.** Notwithstanding any provision of law to the contrary, the  
48 Department of Transportation shall designate the bridges described in the subdivisions below as  
49 follows:

- 1 (1) The bridge over Stanley Creek on Black Snake Road between Millman Road  
2 and Chestnut Street Extension located in the Town of Stanley in Gaston  
3 County as the "Lance Corporal Nicholas S. O'Brien, U.S.M.C. Bridge."  
4 (2) The bridge over Deep River on S. Carbonton Road between Harrington Road  
5 and Alston House Road located in Moore County as the "Corporal J. Ralph  
6 Holder Bridge."  
7

## 8 CODIFY MOBILITY/MODERNIZATION FUND

9 SECTION 40.9.(a) Chapter 136 of the General Statutes is amended by adding a new  
10 Article to read:

11 "Article 14C.

12 "Mobility/Modernization Fund.

### 13 **"§ 136-189.20. Spot Mobility Program.**

14 (a) Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,  
15 forty percent (40%) of the funds shall be used for a Spot Mobility Program that shall be managed  
16 by the State Traffic Engineer of the Department of Transportation. The purpose of the Spot  
17 Mobility Program is to provide funding for small projects that will reduce traffic congestion and  
18 vehicular delay times. The Department shall develop a quantitative, evidence-based formula to  
19 use in selecting projects to receive funding from the Spot Mobility Program. At a minimum, the  
20 Department shall consider all of the following in developing the formula required by this section:

- 21 (1) The travel-time savings resulting from the proposed project.  
22 (2) Reductions to motor vehicle queues resulting from the proposed project.  
23 (3) The service life of the proposed project.  
24 (4) The benefit-cost ratio of the proposed project.

25 (b) In selecting projects to receive funding from the Spot Mobility Program, the  
26 Department shall give preference to projects that will improve access from the State highway  
27 system to a school. For purposes of this section, the term "school" means any facility engaged in  
28 the educational instruction of children in any grade or combination of grades from kindergarten  
29 through the twelfth grade at which attendance satisfies the compulsory attendance law and  
30 includes charter schools as authorized under G.S. 115C-218.5.

### 31 **"§ 136-189.21. Economic development; small construction; industrial access.**

32 Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, twelve  
33 percent (12%) of the funds shall be used for the following purposes:

- 34 (1) For prioritized transportation improvements and infrastructure that expedite  
35 commercial growth as well as either job creation or job retention.  
36 (2) For small construction projects recommended by the Chief Engineer in  
37 consultation with the Chief Operating Officer and approved by the Secretary  
38 of Transportation. Funds used in accordance with this subdivision shall be  
39 allocated equally among the 14 Highway Divisions for small construction  
40 projects.  
41 (3) To use for the development and expansion of access roads to industrial  
42 facilities.

### 43 **"§ 136-189.22. High-impact and low-cost construction projects.**

44 Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,  
45 forty-eight percent (48%) of the funds shall be used for construction projects that are high impact  
46 and low cost. The funds shall be allocated equally among the 14 Highway Divisions. Projects  
47 funded under this section include intersection improvement projects, minor widening projects,  
48 and operational improvement projects. The Department shall develop a quantitative,  
49 evidence-based formula to use in selecting projects to receive funding under this section. At a  
50 minimum, the Department shall consider all of the following in developing the formula required  
51 by this section:

- 1 (1) The average daily traffic volume of a roadway and whether the proposed
- 2 project will generate additional traffic.
- 3 (2) Any restrictions on a roadway.
- 4 (3) Any safety issues with a roadway.
- 5 (4) The condition of the lanes, shoulders, and pavement on a roadway.
- 6 (5) The site distance and radius of any intersection on a roadway.

7 **"§ 136-189.23. Annual report.**

8 The Department shall submit to the Joint Legislative Transportation Oversight Committee  
9 and to the Fiscal Research Division an annual report beginning March 1, 2020, detailing (i) the  
10 types of projects funded under this Article and (ii) the total amount of funding allocated to each  
11 project funded under this Article."

12 **SECTION 40.9.(b)** Conforming Repeal. – Subsections (a) through (d) of Section  
13 34.7 of S.L. 2017-57 are repealed.

14  
15 **DMV/HEARINGS UNIT ALIGNMENT**

16 **SECTION 40.12.(a)** Revised Budget. – The Office of State Budget and  
17 Management, in consultation with the Division of Motor Vehicles, shall adjust the Hearing Unit's  
18 certified budget for the 2019-2020 fiscal year to correctly align total requirements and receipts  
19 to reflect the requirement set forth in Section 34.9 of S.L. 2014-100, as amended by Section  
20 29.30A of S.L. 2015-241, Section 34.32 of S.L. 2017-57, and Section 34.23 of S.L. 2018-5, that  
21 all functions, activities, and personnel associated with administering and conducting the hearings  
22 be fully receipt-supported from the fee proceeds collected by the Hearings Unit. This adjustment  
23 shall be completed by October 1, 2019.

24 **SECTION 40.12.(b)** Report. – The Division of Motor Vehicles is required to report  
25 on any organizational changes occurring October 1, 2018, through October 1, 2019, to the Joint  
26 Legislative Transportation Oversight Committee, the House of Representatives Appropriations  
27 Committee on Transportation, the Senate Appropriations Committee on the Department of  
28 Transportation, and the Fiscal Research Division. This report shall be submitted by November 1,  
29 2019, and shall include the following:

- 30 (1) The role and responsibilities of each full-time equivalent (FTE) moved in or  
31 out of Fund Code 1304.
- 32 (2) The budgeted salary and benefits of each FTE moved in or out of Fund Code  
33 1304.
- 34 (3) Justification of movement in or out of Fund Code 1304.
- 35 (4) Funding source before and after move, including Fund Code.
- 36 (5) The certified budget for the 2019-2020 fiscal year with total requirements,  
37 receipts, and FTEs.

38  
39 **DMV/ONLINE PERFORMANCE DASHBOARD TO INCLUDE DMV**  
40 **REGISTRATIONS OF HYBRID AND ELECTRIC VEHICLES**

41 **SECTION 40.13.(a)** Expand Performance Dashboard. – The Department of  
42 Transportation shall expand its performance dashboard available on the Department's home page  
43 of the Department's Web site to track the following information about the Division of Motor  
44 Vehicles:

- 45 (1) The number of conventional hybrid vehicle new registrations issued per  
46 month and year-to-date.
- 47 (2) The number of conventional hybrid vehicle registrations renewed per month  
48 and year-to-date.
- 49 (3) The total number of conventional hybrid vehicles currently registered.
- 50 (4) The number of plug-in hybrid vehicle new registrations issued per month and  
51 year-to-date.

- 1 (5) The number of plug-in hybrid vehicle registrations renewed per month and  
2 year-to-date.  
3 (6) The total number of plug-in hybrid vehicles currently registered.  
4 (7) The number of plug-in electric vehicle new registrations issued per month and  
5 year-to-date.  
6 (8) The number of plug-in electric vehicle registrations renewed per month and  
7 year-to-date.  
8 (9) The total number of plug-in electric vehicles currently registered.

9 **SECTION 40.13.(b)** Definitions. – For purposes of this section: (i) a "conventional  
10 hybrid vehicle" means a vehicle that uses both a motor fuel engine and an electric motor that  
11 cannot be plugged in and recharged, (ii) a "plug-in hybrid vehicle" means a vehicle that uses both  
12 a motor fuel engine and an electric motor with a battery that may be recharged by plugging into  
13 an outlet or charging station, and (iii) a "plug-in electric vehicle" means a vehicle that exclusively  
14 uses an on-board battery that may be recharged by plugging into an outlet or charging station.

15 **SECTION 40.13.(c)** Implementation Date. – The expansion of the Department's  
16 performance dashboard required under subsection (a) of this section shall be completed by  
17 October 1, 2019.

18  
19 **DMV/REDUCE NUMBER OF YEARS FOR A VEHICLE TO QUALIFY FOR AN**  
20 **ANTIQUÉ REGISTRATION PLATE**

21 **SECTION 40.14.(a)** G.S. 20-79.4(b)(94) reads as rewritten:

22 "(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least ~~35~~  
23 ~~old~~ 30 years old measured from the date of manufacture. The plate for an  
24 historic vehicle shall bear the word "Antique" unless the vehicle is a model  
25 year 1943 or older. The plate for a vehicle that is a model year 1943 or older  
26 shall bear the word "Antique" or the words "Horseless Carriage", at the option  
27 of the vehicle owner."

28 **SECTION 40.14.(b)** This section becomes effective July 1, 2019, and applies to  
29 applications for Historic Vehicle Owner registration plates made on or after that date.

30  
31 **DMV/RFP FOR NEW OFFICE SPACE FOR DMV RALEIGH STATE LICENSE PLATE**  
32 **AGENCY AND REPORTS RELATED TO MOVE FROM NEW BERN AVENUE**  
33 **BUILDING**

34 **SECTION 40.17.(a)** The Department of Administration (Department) is directed to  
35 review the inventory of State-owned office space in the City of Raleigh for purposes of relocating  
36 the Division of Motor Vehicles State License Plate Agency located on New Bern Avenue. If by  
37 November 1, 2019, the Department is unable to locate suitable office space, the Department shall  
38 issue a request for proposal (RFP) within 30 days seeking new office space for lease or purchase  
39 for the State License Plate Agency. The geographic scope of the RFP shall be the City of Raleigh.

40 **SECTION 40.17.(b)** By March 15, 2020, the Department, in consultation with the  
41 Division of Motor Vehicles (Division), shall submit a report to the Joint Legislative  
42 Transportation Oversight Committee, the House of Representatives Appropriations Committee  
43 on Transportation, the Senate Appropriations Committee on the Department of Transportation,  
44 and the Fiscal Research Division containing the following information: (i) results of the review  
45 of State-owned office space in the City of Raleigh suitable for the State License Plate Agency,  
46 (ii) the RFP issued and a summary of all responses to the RFP, and (iii) the estimated cost to  
47 relocate the State License Plate Agency.

48 **SECTION 40.17.(c)** At least 30 days prior to approval by the Council of State of the  
49 lease or purchase of new office space for the State License Plate Agency, the Department of  
50 Administration shall submit a report detailing the agreement to the Joint Legislative  
51 Transportation Oversight Committee, the House of Representatives Appropriations Committee

1 on Transportation, the Senate Appropriations Committee on the Department of Transportation,  
2 and the Fiscal Research Division.

3 **SECTION 40.17.(d)** By January 15, 2021, the Division shall submit a report to the  
4 Joint Legislative Transportation Oversight Committee, the House of Representatives  
5 Appropriations Committee on Transportation, the Senate Appropriations Committee on the  
6 Department of Transportation, and the Fiscal Research Division containing the following  
7 information: (i) an itemized list of expenses associated with the Division Headquarters relocation,  
8 (ii) an itemized list of expenses associated with State License Plate Agency relocation, and (iii)  
9 lease rates and agreements for both locations.

#### 10 11 **DMV/TOWN OF MARSHALL**

12 **SECTION 40.18.** The Division of Motor Vehicles shall reopen a Division office in  
13 the Town of Marshall, with the same hours of operation and services the office had provided  
14 before it closed, by September 1, 2019.

#### 15 16 **ELECTRIC/PLUG-IN HYBRID VEHICLE REGISTRATION FEES**

17 **SECTION 40.18A.(a)** G.S. 20-87(13) reads as rewritten:

18 "(13) Additional fee for certain electric vehicles. – At the time of an initial  
19 registration or registration renewal, the owner of a plug-in electric vehicle that  
20 is not a low-speed vehicle and that does not rely on a nonelectric source of  
21 power shall pay a fee in the amount of ~~one hundred thirty dollars (\$130.00)~~  
22 two hundred thirty dollars (\$230.00) in addition to any other required  
23 registration fees."

24 **SECTION 40.18A.(b)** G.S. 20-87 is amended by adding a new subdivision to read:

25 "(14) Additional fee for plug-in hybrid vehicles. – At the time of an initial  
26 registration or registration renewal, the owner of a plug-in hybrid vehicle shall  
27 pay a fee in the amount of one hundred fifteen dollars (\$115.00) in addition to  
28 any other required registration fees. For purposes of this subdivision, a plug-in  
29 hybrid vehicle is one that is capable of being propelled solely by electricity  
30 drawn from a battery that can be recharged from an external source of  
31 electricity but is also capable of using motor fuel to propel the vehicle."

32 **SECTION 40.18A.(c)** G.S. 20-4.02 reads as rewritten:

33 **"§ 20-4.02. ~~Quadrennial adjustment~~ Adjustment of certain fees and rates.**

34 (a) Quadrennial Adjustment for Inflation. – Beginning July 1, 2020, and every four years  
35 thereafter, the Division shall adjust the fees and rates imposed pursuant to the statutes listed in  
36 this subsection for inflation in accordance with the Consumer Price Index computed by the  
37 Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this  
38 subsection shall be rounded to the nearest cent and all other adjustments under this subsection  
39 shall be rounded to the nearest twenty-five cents (25¢):

40 ...

41 (11) G.S. 20-87, except for the additional fee set forth in G.S. 20-87(6) for private  
42 motoreycles, motorcycles, G.S. 20-87(13) for electric vehicles, and  
43 G.S. 20-87(14) for plug-in hybrid vehicles.

44 ...

45 (b1) Annual Adjustment of Registration Fees for Electric and Hybrid Vehicles. –  
46 Beginning January 1, 2021, and every year thereafter, the Division shall adjust the registration  
47 fee imposed by G.S. 20-87(13) and G.S. 20-87(14) pursuant to the following formula. The  
48 registration fee shall be the amount for the preceding calendar year, multiplied by a percentage.  
49 The percentage is one hundred percent (100%) plus or minus the sum of the following:

50 (1) The percentage change in population for the applicable calendar year, as  
51 estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

1           (2)    The annual percentage change in the Consumer Price Index for All Urban  
2           Consumers, multiplied by twenty-five percent (25%). For purposes of this  
3           subdivision, "Consumer Price Index for All Urban Consumers" means the  
4           United States city average for energy index contained in the detailed report  
5           released in the October prior to the applicable calendar year by the Bureau of  
6           Labor Statistics of the United States Department of Labor, or data determined  
7           by the Secretary to be equivalent.

8           ...

9           (d)    Consultation and Publication. – At least 90 days prior to making an adjustment  
10          pursuant to subsection (a) and subsection (b1) of this section, and notwithstanding any provision  
11          of G.S. 12-3.1 to the contrary, the Division shall (i) consult with the Joint Legislative  
12          Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate  
13          Appropriations Committee on Department of Transportation and the House of Representatives  
14          Appropriations Committee on Transportation, and (iii) publish notice of the fees that will be in  
15          effect in the offices of the Division and on the Division's Web site.

16          ...."

17                **SECTION 40.18A.(d)** Section 4 of S.L. 2016-120 reads as rewritten:

18                "**SECTION 4.** Section 1 of this act becomes effective July 1, 2020. Sections 2 and 3 of this  
19                act become effective October 1, 2016. The remainder of this act is effective when it becomes  
20                law."

21                **SECTION 40.18A.(e)** Section 9 of S.L. 2018-42 reads as rewritten:

22                "**SECTION 9.** Sections 6 and 7 of this act are effective when they become law and apply to  
23                any tax or tax increase with an effective date on or after that date. Section 8 of this act becomes  
24                effective July 1, 2020. Except as otherwise provided, the remainder of this act is effective when  
25                it becomes law."

26                **SECTION 40.18A.(f)** Subsections (a) and (b) of this section become effective  
27                January 1, 2020, and apply to the registration of vehicles purchased, sold, transferred, leased, or  
28                due for renewal on or after that date. The remainder of this section becomes effective July 1,  
29                2020.

## 30 31 **DMV/ADJUSTMENT OF LPA COMPENSATION**

32                **SECTION 40.18B.(a)** G.S. 20.63(h) reads as rewritten:

33                "(h)    Commission Contracts for Issuance of Plates and Certificates. – All registration  
34                plates, registration certificates, and certificates of title issued by the Division, outside of those  
35                issued from the office of the Division located in Wake, Cumberland, or Mecklenburg Counties  
36                and those issued and handled through the United States mail, shall be issued insofar as practicable  
37                and possible through commission contracts entered into by the Division for the issuance of the  
38                plates and certificates in localities throughout North Carolina, including military installations  
39                within this State, with persons, firms, corporations or governmental subdivisions of the State of  
40                North Carolina. The Division shall make a reasonable effort in every locality, except as noted  
41                above, to enter into a commission contract for the issuance of the plates and certificates and a  
42                record of these efforts shall be maintained in the Division. In the event the Division is  
43                unsuccessful in making commission contracts, it shall issue the plates and certificates through  
44                the regular employees of the Division. Whenever registration plates, registration certificates, and  
45                certificates of title are issued by the Division through commission contract arrangements, the  
46                Division shall provide proper supervision of the distribution. Nothing contained in this subsection  
47                allows or permits the operation of fewer outlets in any county in this State than are now being  
48                operated.

49                The terms of a commission contract entered under this subsection shall specify the duration  
50                of the contract and either include or incorporate by reference standards by which the Division  
51                may supervise and evaluate the performance of the commission contractor. The duration of an

1 initial commission contract may not exceed eight years and the duration of a renewal commission  
2 contract may not exceed two years. The Division may award monetary performance bonuses, not  
3 to exceed an aggregate total of ninety thousand dollars (\$90,000) annually, to commission  
4 contractors based on their performance.

5 The amount of compensation payable to a commission contractor is determined on a per  
6 transaction basis. The collection of the highway use tax and the removal of an inspection stop are  
7 each considered a separate transaction for which ~~one dollar and thirty cents (\$1.30)~~ one dollar  
8 and forty-three cents (\$1.43) compensation shall be paid. The issuance of a limited registration  
9 "T" sticker and the collection of property tax are each considered a separate transaction for which  
10 compensation at the rate of one dollar and thirty cents (\$1.30) and one dollar and eight cents  
11 (\$1.08) respectively, shall be paid by counties and municipalities as a cost of the combined motor  
12 vehicle registration renewal and property tax collection system. The performance at the same  
13 time of one or more of the transactions below is considered a single transaction for which ~~one~~  
14 ~~dollar and forty-six cents (\$1.46)~~ one dollar and sixty-one cents (\$1.61) compensation shall be  
15 paid:

- 16 (1) Issuance of a registration plate, a registration card, a registration sticker, or a  
17 certificate of title.

18 ...."

19 **SECTION 40.18B.(b)** This section becomes effective July 1, 2019, and applies to  
20 transactions on or after that date.

## 21 **FERRY/PASSENGER FERRY FUNDS**

22 **SECTION 40.19.** The Department of Transportation, Ferry Division, may enter into  
23 a contract to lease a passenger ferry vessel for operation between Hatteras and Ocracoke from  
24 May 20, 2019, to September 5, 2019, without complying with the provisions of Article 8 of  
25 Chapter 143 of the General Statutes, G.S. 136-28.1, or any other provision of law to the contrary.  
26 Of the funds appropriated in this act to the Department, any lease entered into pursuant to this  
27 section shall not exceed one million dollars (\$1,000,000).  
28

## 29 **FERRY TOLL STUDY**

30 **SECTION 40.19A.(a)** The Department of Transportation shall study the feasibility  
31 of raising ferry tolls for nonresidents. The study shall consider the following:

- 32 (1) The permissibility under the United States Constitution and any other  
33 applicable law of charging higher ferry tolls to nonresidents than to residents.  
34 If permissible, a summary of the legal justification the Department may need  
35 to provide and any legal restrictions that may apply.  
36 (2) An analysis of the current number, and future projection, of nonresidents that  
37 use North Carolina ferries by ferry route and feasibility of creating a  
38 differential of tolls for resident and nonresident users.  
39 (3) An analysis of the cost of toll collection for each route versus revenues  
40 collected.  
41 (4) Exploration of different toll collection methods and streamlining current toll  
42 collection processes.  
43 (5) Any other topic or issue the Department determines to be relevant to the study.

44 **SECTION 40.19A.(b)** By March 15, 2020, the Department shall report its findings  
45 from the study, including any legislative recommendations, to the chairs of the Joint Legislative  
46 Transportation Oversight Committee and the Fiscal Research Division.  
47

## 48 **REPORT ON FUNDS APPROPRIATED FOR USE ON RAIL INFRASTRUCTURE**

49 **SECTION 40.21.(a)** On or before March 1, 2020, the Department of Transportation  
50 shall submit an itemized report detailing the use of the funds appropriated in this act for the  
51

1 Piedmont locomotives and cars to the Joint Legislative Transportation Oversight Committee, the  
 2 House of Representatives Appropriations Committee on Transportation, the Senate  
 3 Appropriations Committee on the Department of Transportation, and the Fiscal Research  
 4 Division. The report shall include the overhaul policy for locomotives, a locomotives overhaul  
 5 schedule with budget requirements, and amount of funds expended and committed for overhaul  
 6 activities.

7 **SECTION 40.21.(b)** On or before March 1, 2020, the Department of Transportation  
 8 shall submit an itemized report detailing the use of the funds appropriated in this act for the train  
 9 station maintenance needs to the Joint Legislative Transportation Oversight Committee, the  
 10 House of Representatives Appropriations Committee on Transportation, the Senate  
 11 Appropriations Committee on the Department of Transportation, and the Fiscal Research  
 12 Division. The report shall include the eligibility requirements of stations, methodology in  
 13 allocating funds to stations, allowed uses of funds, and amount of funds expended and committed  
 14 for projects.

## 15

### 16 FUNDS FOR SELMA UNION STATION DEPOT

17 **SECTION 40.22.** Of the funds appropriated in this act to the Department of  
 18 Transportation for train station maintenance, the sum of two hundred fifty-seven thousand five  
 19 hundred dollars (\$257,500) in nonrecurring funds shall be allocated to the Selma Union Station  
 20 Depot for train station maintenance.

## 21

### 22 PART XLI. FINANCE

#### 23

#### 24 INCREASE STANDARD DEDUCTION

25 **SECTION 41.1.(a)** G.S. 105-153.5(a)(1) reads as rewritten:

26 "(1) Standard deduction amount. – The standard deduction amount is zero for a  
 27 person who is not eligible for a standard deduction under section 63 of the  
 28 Code. For all other taxpayers, the standard deduction amount is equal to the  
 29 amount listed in the table below based on the taxpayer's filing status:

30 <b>Filing Status</b>	<b>Standard Deduction</b>
31 Married, filing jointly/surviving spouse	<del>\$20,000</del> \$21,000
32 Head of Household	<del>15,000</del> 15,750
33 Single	<del>10,000</del> 10,500
34 Married, filing separately	<del>10,000</del> 10,500."

35 **SECTION 41.1.(b)** This section is effective for taxable years beginning on or after  
 36 January 1, 2021.

#### 37

#### 38 INCOME EXCLUSION FOR IRA DISTRIBUTIONS TO CHARITIES BY TAXPAYERS

#### 39 AGE 70 1/2 OR OLDER

40 **SECTION 41.2.(a)** G.S. 105-153.5(a)(2)a. reads as rewritten:

41 "a. Charitable Contribution. – The amount allowed as a deduction for  
 42 charitable contributions under section 170 of the Code for that taxable  
 43 year. For taxable years ~~beginning on or after 2014, 2014 through 2018,~~  
 44 a taxpayer who elected to take the income exclusion under section  
 45 408(d)(8) of the Code for a qualified charitable distribution from an  
 46 individual retirement plan by a person who has attained the age of 70  
 47 1/2 may deduct the amount that would have been allowed as a  
 48 charitable deduction under section 170 of the Code had the taxpayer  
 49 not elected to take the income exclusion."

50 **SECTION 41.2.(b)** G.S. 105-153.5(c2)(3) reads as rewritten:

1           "(3) For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ the taxpayer  
2           must add the amount excluded from the taxpayer's gross income for a qualified  
3           charitable distribution from an individual retirement plan by a person who has  
4           attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this  
5           subdivision is to decouple from the income exclusion available under federal  
6           tax law."

7           **SECTION 41.2.(c)** This section is effective when it becomes law.

## 9           **FRANCHISE TAX CHANGES**

10           **SECTION 41.3.(a)** G.S. 105-120.2(b) and (c) read as rewritten:

11           "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the  
12           Secretary of Revenue, at the time the return is due, the greater of the following:

13           (1) A franchise or privilege tax at the rate ~~of one dollar and fifty cents (\$1.50) set~~  
14           in G.S. 105-122(d2) per one thousand dollars (\$1,000) of the amount  
15           determined under subsection (a) of this section, but in section. In no case shall  
16           the tax be more than one hundred fifty thousand dollars (\$150,000) nor less  
17           than two hundred dollars (\$200.00).

18           (2) If the tax calculated under this subdivision exceeds the tax calculated under  
19           subdivision (1) of this subsection, then the tax is levied at the rate ~~of one dollar~~  
20           ~~and fifty cents (\$1.50) set in G.S. 105-122(d2) per one thousand dollars~~  
21           (\$1,000) on the greater of the following: the total actual investment in tangible  
22           property in this State of such corporation as computed under G.S. 105-122(d).

23           a. ~~Fifty five percent (55%) of the appraised value as determined for ad~~  
24           ~~valorem taxation of all the real and tangible personal property in this~~  
25           ~~State of each such corporation plus the total appraised value of~~  
26           ~~intangible property returned for taxation of intangible personal~~  
27           ~~property as computed under G.S. 105-122(d).~~

28           b. ~~The total actual investment in tangible property in this State of such~~  
29           ~~corporation as computed under G.S. 105-122(d).~~

30           (c) For purposes of this section, a "holding company" is a corporation that satisfies at  
31           least one of the following conditions:

32           (1) It has no assets other than ownership interests in corporations in which it  
33           owns, directly or indirectly, more than fifty percent (50%) of the outstanding  
34           voting stock or voting capital interests.

35           (2) It receives during its taxable year more than eighty percent (80%) of its gross  
36           income from corporations in which it owns directly or indirectly more than  
37           fifty percent (50%) of the outstanding voting stock, voting capital interests, or  
38           ownership interests.

39           (3) It owns copyrights, patents, or trademarks that represent more than eighty  
40           percent (80%) of its total assets, or receives royalties and license fees that  
41           represent more than eighty percent (80%) of its gross income, and it is one  
42           hundred percent (100%) directly owned by a corporation that meets all of the  
43           following conditions:

44           a. Is a manufacturer, as defined by NAICS codes 31 through 33.

45           b. Generates revenues in excess of five billion dollars (\$5,000,000,000)  
46           for income tax purposes from goods that it manufactures.

47           c. Includes in its net worth, as determined under G.S. 105-122(b), an  
48           investment in a subsidiary that owns copyrights, patents, or  
49           trademarks."

50           **SECTION 41.3.(b)** G.S. 105-122(d)(2) is repealed.

51           **SECTION 41.3.(c)** G.S. 105-122(d2) reads as rewritten:

1       "(d2) Tax Rate. – For an electric power company or a company that is a member of a  
2 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)  
3 of the company's tax base as determined under subsection (d) of this section. For purposes of this  
4 subsection, the term "electric power company" has the same meaning as defined in  
5 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more  
6 members that is an electric power company.

7       ~~For a C Corporation,~~ For all other C Corporations, as defined in G.S. 105-130.2, ~~the~~ the tax  
8 rate is ~~one dollar and fifty cents (\$1.50)~~ one dollar and twenty-nine cents (\$1.29) per one thousand  
9 dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section.  
10 For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00)  
11 for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under  
12 subsection (d) of this section and ~~one dollar and fifty cents (\$1.50)~~ one dollar and twenty-nine  
13 cents (\$1.29) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars  
14 (\$1,000,000).

15       In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

16       **SECTION 41.3.(d)** G.S. 105-122(d2), as amended by subsection (c) of this section,  
17 reads as rewritten:

18       "(d2) Tax Rate. – For an electric power company or a company that is a member of a  
19 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)  
20 of the company's tax base as determined under subsection (d) of this section. For purposes of this  
21 subsection, the term "electric power company" has the same meaning as defined in  
22 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more  
23 members that is an electric power company.

24       For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is ~~one dollar and~~  
25 ~~twenty-nine cents (\$1.29)~~ ninety-six cents (\$0.96) per one thousand dollars (\$1,000) of the  
26 corporation's tax base as determined under subsection (d) of this section. For an S Corporation,  
27 as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million  
28 dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this  
29 section and ~~one dollar and twenty-nine cents (\$1.29)~~ ninety-six cents (\$0.96) per one thousand  
30 dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000).

31       In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

32       **SECTION 41.3.(e)** G.S. 105-122(d2), as amended by subsections (c) and (d) of this  
33 section, reads as rewritten:

34       "~~(d2) Tax Rate. – For an electric power company or a company that is a member of a~~  
35 ~~qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)~~  
36 ~~of the company's tax base as determined under subsection (d) of this section. For purposes of this~~  
37 ~~subsection, the term "electric power company" has the same meaning as defined in G.S. 105-~~  
38 ~~130.4(s3) and the term "qualified group" means an affiliated group that has one or more members~~  
39 ~~that is an electric power company.~~

40       ~~For all other C Corporations,~~ For a C Corporation, as defined in G.S. 105-130.2, the tax rate  
41 is ninety-six cents (\$0.96) per one thousand dollars (\$1,000) of the corporation's tax base as  
42 determined under subsection (d) of this section. For an S Corporation, as defined in  
43 G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars  
44 (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and  
45 ninety-six cents (\$0.96) per one thousand dollars (\$1,000) of its tax base that exceeds one million  
46 dollars (\$1,000,000).

47       In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

48       **SECTION 41.3.(f)** Subsections (a) through (c) of this section are effective for taxable  
49 years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax  
50 reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is  
51 effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation

1 of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of  
2 this section is effective for taxable years beginning on or after January 1, 2027, and applicable to  
3 the calculation of franchise tax reported on the 2026 and later corporate income tax returns.  
4 Except as otherwise provided, this section is effective when it becomes law.

5  
6 **USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX**  
7 **APPORTIONMENT**

8 **SECTION 41.4.(a)** G.S. 105-130.4 reads as rewritten:

9 **"§ 105-130.4. Allocation and apportionment of income for corporations.**

10 ...

11 (l) ~~(4)~~Sales Factor. – The sales factor is a fraction, the numerator of which is the total  
12 sales of the corporation in this State during the income year, and the denominator of which is the  
13 total sales of the corporation everywhere during the income year. Notwithstanding any other  
14 provision under this Part, the receipts from any casual sale of property shall be excluded from  
15 both the numerator and the denominator of the sales factor. Where a corporation is not taxable in  
16 another state on its apportionable income but is taxable in another state only because of  
17 nonapportionable income, all sales shall be treated as having been made in this State.

18 Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market  
19 for a receipt cannot be determined, the state or states of assignment shall be reasonably  
20 approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts  
21 of a sale are to be assigned through the use of a method of reasonable approximation, the receipts  
22 must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided  
23 by this section, a taxpayer's market for receipts is in this State as provided below:

24 (1) In the case of sale, rental, lease, or license of real property, if and to the extent  
25 the property is located in this State.

26 (2) In the case of rental, lease, or license of tangible personal property, if and to  
27 the extent the property is located in this State.~~Sales of tangible personal~~  
28 ~~property are in this State if the property is received in this State by the~~  
29 ~~purchaser. In the case of delivery of goods by common carrier or by other~~  
30 ~~means of transportation, including transportation by the purchaser, the place~~  
31 ~~at which the goods are ultimately received after all transportation has been~~  
32 ~~completed shall be considered as the place at which the goods are received by~~  
33 ~~the purchaser. Direct delivery into this State by the taxpayer to a person or~~  
34 ~~firm designated by a purchaser from within or without the State shall~~  
35 ~~constitute delivery to the purchaser in this State.~~

36 (3) In the case of sale of tangible personal property, if and to the extent the  
37 property is received in this State by the purchaser. In the case of delivery of  
38 goods by common carrier or by other means of transportation, including  
39 transportation by the purchaser, the place at which the goods are ultimately  
40 received after all transportation has been completed is considered the place at  
41 which the goods are received by the purchaser. Direct delivery into this State  
42 by the taxpayer to a person or firm designated by a purchaser from within or  
43 without the State constitutes delivery to the purchaser in this State.~~Other sales~~  
44 ~~are in this State if any of the following occur:~~

45 a. ~~The receipts are from real or tangible personal property located in this~~  
46 ~~State, and includes receipts from incidental services sold as part of, or~~  
47 ~~in connection with, the sale of tangible personal property in this State.~~

48 b. ~~The receipts are from intangible property and are received from~~  
49 ~~sources within this State.~~

50 e. ~~The receipts are from services and the income-producing activities are~~  
51 ~~in this State. For the purposes of this subdivision, an~~

1 ~~"income producing activity" means an activity directly performed by~~  
2 ~~the taxpayer or its agents for the ultimate purpose of generating the~~  
3 ~~sale of the service. Receipts from income producing activities~~  
4 ~~performed within and without this State are attributed to this State in~~  
5 ~~proportion to the income producing activities performed in this State~~  
6 ~~to total income producing activities performed everywhere that~~  
7 ~~generate the sale of service.~~

8 (4) In the case of sale of a service, if and to the extent the service is delivered to  
9 a location in this State.

10 (5) In the case of intangible property that is rented, leased, or licensed, if and to  
11 the extent the property is used in this State. Intangible property utilized in  
12 marketing a good or service to a consumer is "used in this State" if that good  
13 or service is purchased by a consumer who is in this State.

14 (6) In the case of intangible property that is sold, if and to the extent the property  
15 is used in this State. A contract right, government license, or similar intangible  
16 property that authorized the holder to conduct a business activity in a specific  
17 geographic area is "used in this State" if the geographic area includes all or  
18 part of this State. Receipts from a sale of intangible property that is contingent  
19 on the productivity, use, or disposition of the intangible property shall be  
20 treated as receipts from the rental, lease, or licensing of the intangible property  
21 as provided under subdivision (5) of this subsection. All other receipts from a  
22 sale of intangible property shall be excluded from the numerator and  
23 denominator of the sales factor.

24 (1) Broadcasters. – A broadcaster's market for receipts is in this State as provided in  
25 G.S. 105-130.4A. For purposes of this section, the term "broadcaster" has the same meaning as  
26 defined in G.S. 105-130.4A.

27 (2) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4B.  
28 For purposes of this section, the term "bank" has the same meaning as defined in  
29 G.S. 105-130.4B.

30 ....

31 (s2) Pipeline Company. – Receipts from the transportation or transmission of a  
32 petroleum-based liquids pipeline or natural gas by a company subject to rate regulation by the  
33 Federal Energy Regulatory Commission shall be apportioned by multiplying the income by a  
34 fraction, the numerator of which is the number of barrel miles-traffic units in this State during  
35 the tax year and the denominator of which is the total number of barrel miles-traffic units  
36 everywhere during the tax year. For purposes of this section, the term "barrel mile" means one  
37 barrel of liquid property transported one mile."traffic unit" means one or more of the following:

38 (1) Barrel mile. – One barrel of liquid property transported one mile.

39 (2) Cubic foot mile. – One cubic foot of gaseous property transported one mile.

40 (s3) Electric Power Company. – All apportionable income of an electric power company  
41 shall be apportioned by a fraction, the numerator of which is the average value of the real and  
42 tangible personal property owned or rented and used in this State by the electric power company  
43 during the income year and the denominator of which is the average value of all the real and  
44 tangible personal property owned or rented and used by the electric power company during the  
45 income year. For purposes of this subsection, the term "electric power company" is a company,  
46 including any of its wholly owned noncorporate limited liability companies, primarily engaged  
47 in the business of supplying electricity for light, heat, current, or power to persons in this State  
48 and that is subject to control of one or more of the following entities: the North Carolina Utilities  
49 Commission or the Federal Energy Regulatory Commission.

50 For purposes of this subsection, the average value of real and tangible personal property  
51 owned or rented by an electric power company is determined as follows:

- 1           (1)    The average value of property shall be determined by averaging the values at  
2           the beginning and end of the income year, but in all cases the Secretary may  
3           require the averaging of monthly or other periodic values during the income  
4           year if reasonably required to reflect properly the average value of the  
5           corporation's property.
- 6           (2)    An electric power company that ceases its operations in this State before the  
7           end of its income year because of its intention to dissolve or to relinquish its  
8           certificate of authority, or because of a merger, conversion, or consolidation,  
9           or for any other reason whatsoever shall use the real estate and tangible  
10          personal property values as of the first day of the income year and the last day  
11          of its operations in this State in determining the average value of property, but  
12          the Secretary may require averaging of monthly or other periodic values  
13          during the income year if reasonably required to reflect properly the average  
14          value of the electric power company's property.
- 15          (3)    Property owned by an electric power company is valued at its original cost.
- 16          (4)    Property rented by an electric power company is valued at eight times the net  
17          annual rental rate.
- 18          (5)    Net annual rental rate is the annual rental rate paid by an electric power  
19          company less any annual rental rate received by the electric power company  
20          from sub-rentals except that sub-rentals shall not be deducted when they  
21          constitute apportionable income.
- 22          (6)    Any property under construction and any property the income from which  
23          constitutes nonapportionable income shall be excluded from the computation  
24          of the average value of an electric power company's real and tangible personal  
25          property.

26          ....

27          (t3)    State Net Loss Apportionment Election. – Notwithstanding subsection (l)(4) of this  
28          section, a taxpayer with a State net loss balance as of the end of its 2019 taxable year may elect  
29          to apportion receipts from services based on the percentage of its income-producing activities  
30          performed in this State. The election must be made on the 2020 tax year return and must be in  
31          the form prescribed by the Secretary and contain any supporting documentation the Secretary  
32          may require. The election is binding and irrevocable until the earlier of the tax year in which (i)  
33          the existing State net loss balance is fully utilized or (ii) all of the existing State net loss balance  
34          has expired, as determined by applying the limitations set forth in G.S. 105-130.8A(b). A  
35          taxpayer must apportion receipts from services in accordance with subsection (l)(4) of this  
36          section for tax years beginning on and after the tax year that the existing State net loss is fully  
37          utilized.

38          For purposes of this subsection, a taxpayer's State net loss balance is the total amount of State  
39          net losses computed under G.S. 105-130.8A for taxable years beginning before January 1, 2020,  
40          and available to carry forward to taxable years beginning on or after January 1, 2020. A State net  
41          loss balance does not include a State net loss created in a taxable year beginning on or after  
42          January 1, 2020. A State net loss created in a taxable year beginning on or after January 1, 2020,  
43          must be determined using the apportionment rules in G.S. 105-130.4(l)."

44          **SECTION 41.4.(b)** Part 1 of Article 4 of Chapter 105 of the General Statutes is  
45          amended by adding a new section to read:

46          "**§ 105-130.4A. Market-based sourcing for broadcasters.**

47          (a)    Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply  
48          to this section:

- 49               (1)    Audience factor. – The factor determined by the ratio provided in this  
50               subdivision. The ratio is as follows:

- 1           a. Television station. – The ratio that the viewing audience located in this  
2           State for a television station bears to the total viewing audience for a  
3           television station.
- 4           b. Radio station. – The ratio that the listening audience in this State for a  
5           radio station bears to the total listening audience for a radio station.
- 6           c. Cable or satellite program and channel broadcasts. – The ratio that the  
7           subscribers for a cable or satellite system located in this State bears to  
8           the total subscribers of a cable or satellite system. If the number of  
9           subscribers cannot be accurately determined from the books and  
10           records maintained by the taxpayer, the ratio shall be determined on  
11           the basis of the applicable year's subscription statistics located in  
12           published surveys, provided the source selected is consistently used  
13           from year to year for this purpose.
- 14           (2) Broadcast. – The transmission of audio or video programming, directly or  
15           indirectly, to viewers and listeners by any other method of communication or  
16           combination of methods.
- 17           (3) Broadcaster. – A person that provides audio or video programming to  
18           customers in this State by digital or analog means in exchange for one or more  
19           of the following: advertising receipts, subscriber fees, license, rent, or similar  
20           fees. The term includes a television or radio station licensed by the Federal  
21           Communications Commission, including network-owned or affiliated  
22           stations, a television or radio broadcast network, a cable program network, a  
23           distributor of audio or video programming, a cable system operator, and  
24           satellite system operator.
- 25           (4) Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.
- 26           (5) Release or in release. – The placing of film or radio programming into service.  
27           A film or radio program is placed into service when it is first broadcast to the  
28           primary audience for entertainment, educational, commercial, artistic, or other  
29           purposes. Each episode of a television or radio series is placed in service when  
30           it is first broadcast. A program is not placed in service merely because it is  
31           completed and therefore in a condition or state of readiness and availability  
32           for broadcast or merely because it is previewed to prospective sponsors or  
33           purchasers.
- 34           (6) Rent. – License fees or other payments or consideration provided in exchange  
35           for the broadcast or other use of television or radio programming.
- 36           (7) Subscriber. – The individual residence or other outlet that is the ultimate  
37           recipient of the transmission of the audio or video programming.
- 38           (b) Reasonable Approximation. – If the audience factor for a receipt cannot be  
39           determined, the state or states of assignment shall be reasonably approximated. If a taxpayer is  
40           delivering advertising or licensed content directly or indirectly to a known list of subscribers, the  
41           taxpayer shall reasonably approximate the receipts attributable to this State's market using a  
42           percentage that reflects the ratio of North Carolina subscribers to the total number of subscribers.  
43           If the taxpayer is delivering advertising or licensed content through an intermediary and does not  
44           have access to the list of subscribers, the taxpayer shall reasonably approximate the receipts  
45           attributable to this State's market using a percentage that reflects the ratio of the North Carolina  
46           population to the total population in the specific geographic area where the advertisement or  
47           licensed content is materially used. Unless the taxpayer provides substantial evidence to the  
48           contrary, the area where the advertisement or licensed content is materially used does not include  
49           areas outside the United States. If the taxpayer is able to show with substantial evidence that the  
50           advertisement or licensed content is materially used in a city within a foreign country, then the  
51           population of that city may be included in the population ratio calculation. If the taxpayer is able

1 to show with substantial evidence that the advertisement or license content is materially used  
2 throughout a foreign county, then the population of that foreign country may be included in the  
3 population ratio calculation. In a case where the specified rules of reasonable approximation fail  
4 to reasonably approximate the percentage of receipts attributable to this State's market, the  
5 Department may authorize an alternate approach that reflects an attempt to obtain the most  
6 accurate assignment of receipts.

7 (c) Market for Receipts. – The receipts factor of a broadcaster is a fraction, the numerator  
8 of which is the sum of the broadcaster's gross receipts from sources within the State and the  
9 denominator of which is the sum of the broadcaster's gross receipts from transactions and activity  
10 in the regular course of its trade or business everywhere. Advertising gross receipts and license  
11 fees for audio or video programming in release are attributable to this State in accordance with  
12 the audience factor in this State. Gross receipts from subscriber fees, rents, sales, or similar  
13 charges from audio or video programming in release are attributable to this State based on the  
14 amount of subscriber or other fees paid by customers in this State. A sale of audio or video  
15 programming on tangible media is sourced to this State as sales of tangible personal property."

16 **SECTION 41.4.(c)** Part 1 of Article 4 of Chapter 105 of the General Statutes is  
17 amended by adding a new section to read:

18 "**§ 105-130.4B. Market-based sourcing for banks.**

19 (a) Definitions. – The definitions in G.S. 105-130.4 apply to this section and the  
20 following definitions apply to this section:

- 21 (1) Bank. – Defined in G.S. 105-130.7B.
- 22 (2) Billing address. – The location indicated in the books and records of the  
23 taxpayer on the first day of the taxable year, or on the date in the taxable year  
24 when the customer relationship began, as the address where any notice,  
25 statement, or billing relating to the customer's account is mailed.
- 26 (3) Borrower, cardholder, or payor located in this State. – A borrower, credit  
27 cardholder, or payor whose billing address is in this State.
- 28 (4) Card issuer's reimbursement fee. – The fee a taxpayer receives from a  
29 merchant's bank because one of the persons to whom the taxpayer has issued  
30 a credit, debit, or similar type of card has charged merchandise or services to  
31 the card.
- 32 (5) Credit card. – A card, or other means of providing information, that entitles  
33 the holder to charge the cost of purchases, or a cash advance against a line of  
34 credit.
- 35 (6) Debit card. – A card, or other means of providing information, that enables  
36 the holder to charge the cost of purchases, or a cash withdrawal, against the  
37 holder's bank account or a remaining balance on the card.
- 38 (7) Loan. – Any extension of credit resulting from direct negotiations between the  
39 taxpayer and its customer, and/or the purchase, in whole or in part, of such an  
40 extension of credit from another. The term includes participations,  
41 syndications, and leases treated as loans for federal income tax purposes.
- 42 (8) Loan secured by real property. – A loan or other obligation of which fifty  
43 percent (50%) or more of the aggregate value of the collateral used to secure  
44 the loan or other obligation, when valued at fair market value as of the time  
45 the original loan or obligation was incurred, was real property.
- 46 (9) Merchant discount. – The fee, or negotiated discount, charged to a merchant  
47 by the taxpayer for the privilege of participating in a program whereby a  
48 credit, debit, or similar type of card is accepted in payment for merchandise  
49 or services sold to the cardholder, net of any cardholder chargeback and  
50 unreduced by any interchange transaction or issuer reimbursement fee paid to  
51 another for charges or purchased made by its cardholder.

1           (10) Participation. – An extension of credit in which an undivided ownership  
2 interest is held on a prorate basis in a single loan or pool of loans and related  
3 collateral. In a loan participation, the credit originator initially makes the loan  
4 and then subsequently resells all or a portion of it to other lenders. The  
5 participation may or may not be known to the borrower.

6           (11) Payor. – The person who is legally responsible for making payment to the  
7 taxpayer.

8           (12) Real property owned. – Real property (i) on which the taxpayer may claim  
9 depreciation for federal income tax purposes, or (ii) to which the taxpayer  
10 holds legal title and on which no other person may claim depreciation for  
11 federal income tax purposes or could claim depreciation if subject to federal  
12 income tax. Real property does not include coin, currency, or property  
13 acquired in lieu of or pursuant to a foreclosure.

14           (13) Syndication. – An extension of credit in which two or more persons fund and  
15 each person is at risk only up to a specified percentage of the total extension  
16 of credit or up to a specified dollar amount.

17           (14) Tangible personal property owned. – Tangible personal property (i) on which  
18 the taxpayer may claim depreciation for federal income tax purposes or (ii) to  
19 which the taxpayer holds legal title and on which no other person may claim  
20 depreciation for federal income tax purposes could claim depreciation if  
21 subject to federal income tax. Tangible personal property does not include  
22 coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

23           (15) Transportation property. – Vehicles and vessels capable of moving under their  
24 own power as well as any equipment or containers attached to such property.  
25 Examples of transportation property include aircraft, trains, water vessels,  
26 motor vehicles, rolling stock, barges, and trailers.

27           (b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is  
28 the total receipts of the taxpayer in this State during the income year, and the denominator of  
29 which is the total receipts of the taxpayer everywhere during the income year. The method of  
30 calculating receipts for purposes of the denominator is the same as the method used in  
31 determining receipts for purposes of the numerator. The receipts factor includes only those  
32 receipts described herein that are apportionable income for the taxable year. Notwithstanding any  
33 other provision under this Part, the receipts from the following are excluded from both the  
34 numerator and the denominator of the receipts factor:

35           (1) Receipts from a casual sale of property.

36           (2) Receipts exempt from taxation.

37           (3) The portion of receipts realized from the sale or maturity of securities or other  
38 obligations that represents a return of principal.

39           (4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a)  
40 and (3b) and dividends excluded for federal tax purposes.

41           (5) The portion of receipts from financial swaps and other similar financial  
42 derivatives that represent the notional principal amount that generates the cash  
43 flow traded in the swap agreement.

44           (c) Receipts from the Sale, Lease, or Rental of Real Property. – The numerator of the  
45 receipts factor includes receipts from the sale, lease, or rental of real property owned by the  
46 taxpayer if the property is located within this State or receipts from the sublease of real property  
47 if the property is located within this State.

48           (d) Receipts from the Sale, Lease, or Rental of Tangible Personal Property. – The method  
49 for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

50           (1) Tangible personal property. – Except as provided in subdivision (2) of this  
51 subsection, the numerator of the receipts factor includes receipts from the sale,

1 lease, or rental of tangible personal property owned by the taxpayer if the  
2 property is located within this State when it is first placed in service by the  
3 lessee.

4 (2) Transportation property. – Receipts from the lease or rental of transportation  
5 property owned by the taxpayer are included in the numerator of the receipts  
6 factor to the extent that the property is used in this State. The extent an aircraft  
7 will be deemed to be used in this State and the amount of receipts that is to be  
8 included in the numerator of this State's receipts factor is determined by  
9 multiplying all the receipts from the lease or rental of the aircraft by a fraction,  
10 the numerator of which is the number of landings of the aircraft in this State  
11 and the denominator of which is the total number of landings of the aircraft.  
12 If the extent of the use of any transportation property within this State cannot  
13 be determined, then the property will be deemed to be used wholly in the state  
14 in which the property has its principal base of operations. A motor vehicle will  
15 be deemed to be used wholly in the state in which it is registered.

16 (e) Interest, Fees, and Penalties from Loans Secured by Real Property. – The numerator  
17 of the receipts factor includes interest, fees, and penalties from loans secured by real property if  
18 the property is located within this State. If the property is located both within this State and one  
19 or more other states, the receipts described in this subsection are included in the numerator of the  
20 receipts factor if more than fifty percent (50%) of the fair market value of the real property is  
21 located within this State. If more than fifty percent (50%) of the fair market value of the real  
22 property is not located within any one state, then the receipts described in this subsection are  
23 included in the numerator of the receipts factor if the borrower is located in this State. The  
24 determination of whether the real property securing a loan is located within this State is made as  
25 of the time the original agreement was made and any and all subsequent substitutions of collateral  
26 are disregarded.

27 (f) Interest, Fees, and Penalties from Loans Not Secured by Real Property. – The  
28 numerator of the receipts factor includes interest, fees, and penalties from loans not secured by  
29 real property if the borrower is located in this State.

30 (g) Net Gains from the Sale of Loans. – The numerator of the receipts factor includes net  
31 gains from the sale of loans. Net gains from the sale of loans include income recorded under the  
32 coupon stripping rules of section 1286 of the Code. The amount of net gains from the sale of  
33 loans that is included in the numerator is determined as follows:

34 (1) Secured by real property. – The amount of net gains, but not less than zero,  
35 from the sale of loans secured by real property is determined by multiplying  
36 the net gains by a fraction, the numerator of which is the amount included in  
37 the numerator of the receipts factor pursuant to subsection (e) of this section,  
38 and the denominator of which is the total amount of interest, fees, and  
39 penalties from loans secured by real property.

40 (2) Not secured by real property. – The amount of net gains, but not less than zero,  
41 from the sale of loans not secured by real property is determined by  
42 multiplying the net gains by a fraction, the numerator of which is the amount  
43 included in the numerator of the receipts factor pursuant to subsection (f) of  
44 this section, and the denominator of which is the total amount of interest, fees,  
45 and penalties from loans not secured by real property.

46 (h) Receipts from Interest, Fees, and Penalties from Cardholders. – The numerator of the  
47 receipts factor includes interest, fees, and penalties charged to credit, debit, or similar  
48 cardholders, including annual fees and overdraft fees, if the cardholder is located in this State.

49 (i) Receipts from ATM Fees. – The numerator of the receipts factor includes receipts  
50 from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this  
51 State. The receipts factor includes all ATM fees that are not forwarded directly to another bank.

1 Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to  
2 subsection (l) of this section.

3 (j) Net Gains from the Sale of Credit Card Receivables. – The numerator of the receipts  
4 factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied  
5 by a fraction, the numerator of which is the amount included in the numerator of the receipts  
6 factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's  
7 total amount of interest, fees, and penalties charged to cardholders.

8 (k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the  
9 following:

10 (1) Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement  
11 fees if the payor is located in this State.

12 (2) Receipts from merchant's discount. – Receipts from a merchant discount if the  
13 payor is located in this State.

14 (3) Loan servicing fees. – Receipts from loan servicing fees if the payor is located  
15 in this State.

16 (4) Receipts from services. – Receipts from services not otherwise apportioned  
17 under this section if the payor is located in this State.

18 (5) Receipts from investment assets and activity and trading assets and activity. –  
19 Receipts from one or more of the following:

20 a. Interest and dividends from investment assets and activities and  
21 trading assets and activities if the payor is located in this State.

22 b. Net gains and other income, but not less than zero, from investment  
23 assets and activities and trading assets and activities multiplied by a  
24 fraction, the numerator of which is the amount included in the  
25 numerator of the receipts factor pursuant to sub-subdivision a. of this  
26 subdivision, and the denominator of which is the taxpayer's total  
27 amount of interest and dividends from investment assets and activities  
28 and trading assets and activities.

29 (l) All Other Receipts. – All other receipts not specifically enumerated in this section are  
30 included in the numerator of the receipts factor if the payor is located in this State."

31 **SECTION 41.4.(d)** G.S. 105-122(c1) reads as rewritten:

32 "(c1) Apportionment. – A corporation that is doing business in this State and in one or more  
33 other states must apportion its net worth to this State. A corporation must use the apportionment  
34 method set out in subdivision (1) of this subsection unless the Department has authorized it to  
35 use a different method under subdivision (2) of this subsection. A taxpayer that has made an  
36 election under G.S. 105-130.4(t3) must use the apportionment method set out in subdivision (1)  
37 of this subsection as if the election had not been made, unless the Department has authorized a  
38 different method under subdivision (2) of this subsection. The portion of a corporation's net worth  
39 determined by applying the appropriate apportionment method is considered the amount of net  
40 worth the corporation uses in its business in this State:

41 ...."

42 **SECTION 41.4.(e)** The Utilities Commission shall adjust the rates for public  
43 utilities, excluding water public utilities with less than two hundred thousand dollars (\$200,000)  
44 in annual operating revenues, for the tax changes in subsection (a) of this section. Each utility  
45 shall calculate the cumulative net effect of the tax changes and file the calculations with proposed  
46 rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of  
47 the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected  
48 in the utility's books and records required by the tax changes shall be deferred and reflected in  
49 customer rates in either the utility's next rate case or earlier if deemed appropriate by the  
50 Commission.

1           **SECTION 41.4.(f)** Under Section 38.4 of S.L. 2016-94, the Department of Revenue  
2 adopted and submitted to the Rules Review Commission rules regarding the implementation and  
3 administration of market-based sourcing principles based on legislation proposed in that section.  
4 The Department adopted the rules on January 4, 2017, and submitted the rules to the Rules  
5 Review Commission on January 18, 2017. The Rules Review Commission approved the rules  
6 and delivered to the Codifier of Rules on February 16, 2017. Pursuant to Section 38.4(b) of S.L.  
7 2016-94, the Codifier of Rules did not enter the rules into the Administrative Code. The Codifier  
8 of Rules is hereby directed by the General Assembly to enter the rules into the Administrative  
9 Code on the effective date of this act, and the rules apply to taxable years beginning on or after  
10 January 1, 2020.

11           **SECTION 41.4.(g)** Subsections (a) through (d) of this section are effective for  
12 taxable years beginning on or after January 1, 2020. The remainder of this section is effective  
13 when it becomes law.

## 14 **MARKETPLACE FACILITATORS TO COLLECT SALES TAX**

15           **SECTION 41.5.(a)** G.S. 105-164.3 reads as rewritten:

### 16 **"§ 105-164.3. Definitions.**

17           The following definitions apply in this Article:

- 18           ...
- 19           (20a) Marketplace. – A physical or electronic place, forum, platform, application,  
20 or other method by which a marketplace seller sells or offers to sell items, the  
21 delivery of or first use of which is sourced to this State.
- 22           (20b) Marketplace-facilitated sale. – The sale of an item by a marketplace facilitator  
23 on behalf of a marketplace seller that occurs through a marketplace.
- 24           (20c) Marketplace facilitator. – A person that, directly or indirectly and whether  
25 through one or more affiliates, does both of the following:
- 26           a.       Lists or otherwise makes available for sale a marketplace seller's items  
27 through a marketplace owned or operated by the marketplace  
28 facilitator.
- 29           b.       Does one or more of the following:
- 30                   1.       Collects the sales price or purchase price of a marketplace  
31 seller's items or otherwise processes payment.
- 32                   2.       Makes payment processing services available to purchasers for  
33 the sale of a marketplace seller's items.
- 34           (20d) Marketplace seller. – A person that sells or offers to sell items through a  
35 marketplace regardless of any of the following:
- 36           a.       Whether the person has a physical presence in this State.
- 37           b.       Whether the person is registered as a retailer in this State.
- 38           c.       Whether the person would have been required to collect and remit  
39 sales and use tax had the sales not been made through a marketplace.
- 40           d.       Whether the person would not have been required to collect and remit  
41 sales and use tax had the sales not been made through a marketplace.
- 42           ...."

43           **SECTION 41.5.(b)** G.S. 105-164.8(b), as amended by S.L. 2019-6, reads as  
44 rewritten:

45           "(b) Remote Sales. – A retailer who makes a remote sale is engaged in business in this  
46 State and is subject to the tax levied under this Article if at least one of the following conditions  
47 is met:

- 48           ...
- 49           (3) The retailer solicits or transacts business in this State by employees,  
50 independent contractors, agents, or other representatives, whether the remote  
51

1 sales ~~thus~~ subject to taxation by this State result from or are related in any  
 2 other way to the solicitation or transaction of business. A retailer is presumed  
 3 to be soliciting or transacting business by an independent contractor, agent, or  
 4 other representative if the retailer enters into an agreement with a resident of  
 5 this State under which the ~~resident, person,~~ for a commission or other  
 6 consideration, directly or indirectly refers potential customers, whether by a  
 7 link on an Internet Web site or otherwise, to the retailer. This presumption  
 8 applies only if the cumulative gross receipts from sales by the retailer to  
 9 purchasers in this State who are referred to the retailer by all ~~residents persons~~  
 10 with this type of agreement with the retailer is in excess of ten thousand dollars  
 11 (\$10,000) during the preceding four quarterly periods. This presumption may  
 12 be rebutted by proof that the ~~resident person~~ with whom the retailer has an  
 13 agreement did not engage in any solicitation in the State on behalf of the seller  
 14 that would satisfy the nexus requirement of the United States Constitution  
 15 during the four quarterly periods in question.

16 ...

17 (9) ~~The retailer, with respect to retailer makes remote sales into North Carolina~~  
 18 ~~sourced to this State, including sales as a marketplace seller, for the previous~~  
 19 ~~or the current calendar year, had one or more year that meet either of the~~  
 20 ~~following:~~

- 21 a. Gross sales in excess of one hundred thousand dollars (\$100,000).  
 22 b. Two hundred or more separate transactions.

23 (10) The retailer is a marketplace facilitator that makes sales, including all  
 24 marketplace-facilitated sales for all marketplace sellers, sourced to this State  
 25 for the previous or the current calendar year that meet either of the following:

- 26 a. Gross sales in excess of one hundred thousand dollars (\$100,000).  
 27 b. Two hundred or more separate transactions."

28 **SECTION 41.5.(c)** Part 2 of Article 5 of Chapter 105 of the General Statutes is  
 29 amended by adding a new section to read:

30 **"§ 105-164.4J. Marketplace-facilitated sales.**

31 (a) Scope. – This section applies to a marketplace facilitator that makes sales, including  
 32 all marketplace-facilitated sales for all marketplace sellers, sourced to this State for the previous  
 33 or the current calendar year that meet either of the following:

- 34 (1) Gross sales in excess of one hundred thousand dollars (\$100,000).  
 35 (2) Two hundred or more separate transactions.

36 (b) Payment of Tax. – A marketplace facilitator that meets the threshold in subsection (a)  
 37 of this section is considered the retailer of each marketplace-facilitated sale it makes and is liable  
 38 for collecting and remitting the sales and use tax on all such sales. A marketplace facilitator is  
 39 required to comply with the same requirements and procedures as all other retailers registered or  
 40 who are required to be registered to collect and remit sales and use tax in this State. A marketplace  
 41 facilitator is required to collect and remit sales tax as required by this section regardless of  
 42 whether a marketplace seller for whom it makes a marketplace-facilitated sale meets any of the  
 43 following conditions:

- 44 (1) Has a physical presence in this State.  
 45 (2) Is required to be registered to collect and remit sales and use tax in this State.  
 46 (3) Would have been required to collect and remit sales and use tax in this State  
 47 had the sale not been made through a marketplace.  
 48 (4) Would not have been required to collect and remit sales and use tax in this  
 49 State had the sale not been made through a marketplace.

50 (c) Report. – A marketplace facilitator must provide or make available to each  
 51 marketplace seller the information listed in this subsection with respect to marketplace-facilitated

1 sales that are made on behalf of the marketplace seller and that are sourced to this State. The  
2 information may be provided in any format and shall be provided or made available no later than  
3 10 days after the end of each calendar month. The required information to be provided or made  
4 available to each marketplace seller is as follows:

5 (1) Gross sales.

6 (2) The number of separate transactions.

7 (d) Refund of Tax. – If a purchaser receives a refund on any portion of the sales price  
8 from a marketplace facilitator who collected and remitted the tax on the retail sale, the provisions  
9 of G.S. 105-164.11A(a) apply.

10 (e) Class Actions. – No class action may be brought against a marketplace facilitator in  
11 any court of this State on behalf of customers arising from or in any way related to an  
12 overpayment of sales or use tax collected on facilitated sales by a marketplace facilitator,  
13 regardless of whether that claim is characterized as a tax refund claim. Nothing in this subsection  
14 affects a customer's right to seek a refund as provided under G.S. 105-164.11.

15 (f) Agreements. – Nothing in this section shall be construed to interfere with the ability  
16 of a marketplace facilitator and a marketplace seller to enter into an agreement with each other  
17 regarding the fulfillment of the requirements of this Article, except that an agreement may not  
18 require a marketplace seller to collect and remit sales and use tax on marketplace-facilitated sales.

19 (g) Use Tax Obligation. – Nothing in this section affects the obligation of any purchaser  
20 to remit use tax for any taxable transaction for which a marketplace facilitator does not collect  
21 and remit sales or use tax.

22 (h) Limitation. – This section does not apply to an accommodation facilitator, an  
23 admission facilitator, or a service contract facilitator whose collection and remittance  
24 requirements are set out in G.S. 105-164.4F, 105-164.4G, and 105-164.4I, respectively."

25 **SECTION 41.5.(d)** G.S. 105-164.3 reads as rewritten:

26 **"§ 105-164.3. Definitions.**

27 The following definitions apply in this Article:

28 (1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a  
29 similar lodging facility for occupancy by an individual.

30 (1a) Accommodation facilitator. – A person that contracts, either directly or  
31 indirectly, with a provider of an accommodation to perform, either directly or  
32 indirectly, one or more of the activities listed in this subdivision. The term  
33 includes a real estate broker as defined in G.S. 93A-2. The activities are:

34 a. Market the accommodation and accept payment or collect credit card  
35 or other payment information for the rental of the accommodation.

36 b. List the accommodation for rental on a forum, platform, or other  
37 application for a fee or other consideration.

38 ...."

39 **SECTION 41.5.(e)** G.S. 105-164.4F reads as rewritten:

40 **"§ 105-164.4F. Accommodation rentals.**

41 (a) Definition.—The following definitions apply in this section:

42 (1) Accommodation.—A hotel room, a motel room, a residence, a cottage, or a  
43 similar lodging facility for occupancy by an individual.

44 (2) Facilitator.—A person who is not a rental agent and who contracts with a  
45 provider of an accommodation to market the accommodation and to accept  
46 payment from the consumer for the accommodation.

47 (3) Rental agent.—The term includes a real estate broker, as defined in G.S.  
48 93A 2.

49 (b) Tax. – The gross receipts derived from the rental of an accommodation are taxed at  
50 the general rate set in G.S. 105-164.4. Gross receipts derived from the rental of an  
51 accommodation include the sales price of the rental of the accommodation. The sales price of the

1 rental of an accommodation is determined as if the rental were a rental of tangible personal  
2 property. The sales price of the rental of an accommodation ~~marketed~~made by a ~~an~~  
3 accommodation facilitator includes any charges designated as facilitation fees and any other  
4 charges or fees, by whatever name called, charged by the accommodation facilitator to the  
5 purchaser of the accommodation that are necessary to complete the rental. The tax is due and  
6 payable by the retailer in accordance with G.S. 105-164.16.

7 (b1) Retailer. – Except as otherwise provided in subsection (c) of this section, the retailer  
8 of the rental of an accommodation is one or more of the persons listed below that collects the  
9 payment, or a portion of the payment, for the rental of the accommodation. The retailer is liable  
10 for reporting and remitting the tax due on the portion of the gross receipts derived from the rental  
11 of the accommodation that the retailer collects. The retailer may be one or more of the following:

12 (1) The provider of the accommodation.

13 (2) An accommodation facilitator.

14 (c) Certain Accommodation Facilitator Transactions. – ~~A facilitator must report to the~~  
15 ~~retailer with whom it has a contract the sales price a consumer pays to the facilitator for an~~  
16 ~~accommodation rental marketed by the facilitator. A retailer must notify a facilitator when an~~  
17 ~~accommodation rental marketed by the facilitator is completed, and the~~ This subsection applies  
18 only to an accommodation facilitator that is operated by or on behalf of a hotel or a hotel  
19 corporation, that facilitates the rental of hotel accommodations solely for the hotel or the hotel  
20 corporation's owned or managed hotels and franchisees, and that collects payment, or a portion  
21 of the payment, for the rental of an accommodation. An accommodation facilitator subject to this  
22 subsection is not considered the retailer of the rental of the accommodation. The accommodation  
23 facilitator must send the retailer the portion of the sales price the facilitator owes the retailer and  
24 the tax due on the sales price-price, or the portion of the sales price, the accommodation facilitator  
25 collected no later than 10 days after the end of each calendar month. A ~~An accommodation~~  
26 ~~facilitator that does not send the retailer the tax due on the sales price-price, or the portion of the~~  
27 ~~sales price the accommodation facilitator collected, is liable for the amount of tax the~~  
28 ~~accommodation facilitator fails to send. A~~ An accommodation facilitator is not liable for tax sent  
29 to a retailer but not remitted by the retailer to the Secretary. Tax payments received by a retailer  
30 from a ~~an accommodation facilitator are held in trust by the retailer for remittance to the~~  
31 ~~Secretary. A retailer that receives a tax payment from a~~ an accommodation facilitator must remit  
32 the amount received to the Secretary. A retailer is not liable for tax due but not received from a  
33 an accommodation facilitator. ~~The requirements imposed by this section on a retailer and a~~  
34 ~~facilitator are considered terms of the contract between the retailer and the facilitator.~~

35 (c1) Accommodation Facilitator Report. – An accommodation facilitator must file with  
36 the Secretary an annual report by March 31 of each year for the prior calendar year for  
37 accommodation rentals it makes. The annual report must be provided in electronic format and  
38 include the property owner's name, the property owner's mailing address, the physical location  
39 of the accommodation, and gross receipts information for the rentals.

40 (d) Rental Agent. – ~~A person who, by written contract, agrees to be the rental agent for~~  
41 ~~the provider of an accommodation is considered a retailer under this Article and is liable for the~~  
42 ~~tax imposed by this section. The liability of a rental agent for the tax imposed by this section~~  
43 ~~relieves the provider of the accommodation from liability.~~

44 (e) Exemptions. – The tax imposed by this section does not apply to the following:

45 (1) A private residence, cottage, or similar accommodation that is rented for fewer  
46 than 15 days in a calendar year ~~other than a private residence, cottage, or~~  
47 ~~similar accommodation listed with a real estate broker or agent.~~ unless the  
48 rental of the accommodation is made by an accommodation facilitator.

49 (2) An accommodation supplied to the same person for a period of 90 or more  
50 continuous days.

1 (3) An accommodation arranged or provided to a person by a school, camp, or  
2 similar entity where a tuition or fee is charged to the person for enrollment in  
3 the school, camp, or similar entity."

4 **SECTION 41.5.(f)** G.S. 160A-215(c) reads as rewritten:

5 "(c) Collection. – A retailer who is required to remit to the Department of Revenue the  
6 State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room  
7 occupancy tax to the taxing city on and after the effective date of the levy of the room occupancy  
8 tax. The room occupancy tax applies to the same gross receipts as the State sales tax on  
9 accommodations and is calculated in the same manner as that tax. ~~A rental agent or a facilitator,~~  
10 ~~as defined in G.S. 105-164.4F,~~ An accommodation facilitator, as defined in G.S. 105-164.3, has  
11 the same responsibility and liability under the room occupancy tax as the ~~rental agent or~~  
12 accommodation facilitator has under the State sales tax on accommodations.

13 If a taxable accommodation is furnished as part of a package, the bundled transaction  
14 provisions in G.S. 105-164.4D apply in determining the sales price of the taxable  
15 accommodation. If those provisions do not address the type of package offered, the person  
16 offering the package may determine an allocated price for each item in the package based on a  
17 reasonable allocation of revenue that is supported by the person's business records kept in the  
18 ordinary course of business and calculate tax on the allocated price of the taxable  
19 accommodation.

20 A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a  
21 retailer are held in trust for and on account of the taxing city.

22 The taxing city shall design and furnish to all appropriate businesses and persons in the city  
23 the necessary forms for filing returns and instructions to ensure the full collection of the tax. An  
24 operator of a business who collects a room occupancy tax may deduct from the amount remitted  
25 to the taxing city a discount equal to the discount the State allows the retailer for State sales and  
26 use tax."

27 **SECTION 41.5.(g)** G.S. 153A-155(c) reads as rewritten:

28 "(c) Collection. – A retailer who is required to remit to the Department of Revenue the  
29 State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room  
30 occupancy tax to the taxing county on and after the effective date of the levy of the room  
31 occupancy tax. The room occupancy tax applies to the same gross receipts as the State sales tax  
32 on accommodations and is calculated in the same manner as that tax. ~~A rental agent or a~~  
33 ~~facilitator, as defined in G.S. 105-164.4F,~~ An accommodation facilitator, as defined in  
34 G.S. 105-164.3, has the same responsibility and liability under the room occupancy tax as the  
35 ~~rental agent or accommodation~~ facilitator has under the State sales tax on accommodations.

36 If a taxable accommodation is furnished as part of a package, the bundled transaction  
37 provisions in G.S. 105-164.4D apply in determining the sales price of the taxable  
38 accommodation. If those provisions do not address the type of package offered, the person  
39 offering the package may determine an allocated price for each item in the package based on a  
40 reasonable allocation of revenue that is supported by the person's business records kept in the  
41 ordinary course of business and calculate tax on the allocated price of the taxable  
42 accommodation.

43 A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a  
44 retailer are held in trust for and on account of the taxing county.

45 The taxing county shall design and furnish to all appropriate businesses and persons in the  
46 county the necessary forms for filing returns and instructions to ensure the full collection of the  
47 tax. A retailer who collects a room occupancy tax may deduct from the amount remitted to the  
48 taxing county a discount equal to the discount the State allows the retailer for State sales and use  
49 tax."

50 **SECTION 41.5.(h)** G.S. 105-164.3 reads as rewritten:

51 "**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

- ...
  - (1b) 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.
  - (1c) Admission 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.
  - ...
    - (1f) 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.
  - ...
    - (9a) 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.
      - c. 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.

...."

**SECTION 41.5.(i)** 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.~~

- 1 e. ~~A museum, a cultural site, a garden, an exhibit, a show, or a similar~~  
 2 ~~attraction.~~  
 3 d. ~~A guided tour at any of the activities listed in sub-subdivision c. of this~~  
 4 ~~subdivision.~~  
 5 (4) ~~Facilitator. — A person who accepts payment of an admission charge to an~~  
 6 ~~entertainment activity and who is not the operator of the venue where the~~  
 7 ~~entertainment activity occurs.~~  
 8 (b) Tax. — The gross receipts derived from an admission charge to an entertainment  
 9 activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the  
 10 retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the  
 11 retailer is the applicable person listed below:  
 12 (1) The operator of the venue where the entertainment activity occurs, unless the  
 13 retailer and the admission facilitator have a contract between them allowing  
 14 for dual remittance, as provided in subsection (d) of this section.  
 15 (2) The person that provides the entertainment and that receives admission  
 16 charges directly from a purchaser.  
 17 (3) A person other than a person listed in subdivision (1) or (2) of this subsection  
 18 that receives gross receipts derived from an admission charge sold at retail.  
 19 (c) Admission Facilitator. — ~~A~~ An admission facilitator must report to the retailer with  
 20 whom it has a contract the admission charge a consumer pays to the admission facilitator for an  
 21 entertainment activity. The admission facilitator must send the retailer the portion of the gross  
 22 receipts the admission facilitator owes the retailer and the tax due on the gross receipts derived  
 23 from an admission charge no later than 10 days after the end of each calendar month. ~~A~~ An  
 24 admission facilitator that does not send the retailer the tax due on the gross receipts derived from  
 25 an admission charge is liable for the amount of tax the admission facilitator fails to send to the  
 26 retailer. ~~A~~ An admission facilitator is not liable for tax sent to a retailer but not remitted by the  
 27 retailer to the Secretary. Tax payments received by a retailer from ~~a~~ an admission facilitator are  
 28 held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment  
 29 from ~~a~~ an admission facilitator must remit the amount received to the Secretary. A retailer is not  
 30 liable for tax due but not received from ~~a~~ an admission facilitator. The requirements imposed by  
 31 this subsection on a retailer and ~~a~~ an admission facilitator are considered terms of the contract  
 32 between the retailer and the admission facilitator.  
 33 (d) Dual Remittance. — The tax due on the gross receipts derived from an admission  
 34 charge may be partially reported and remitted to the operator of the venue for remittance to the  
 35 Department and partially reported and remitted by the admission facilitator directly to the  
 36 Department. The portion of the tax not reported and remitted to the operator of the venue must  
 37 be reported and remitted directly by the admission facilitator to the Department. ~~A~~ An admission  
 38 facilitator that elects to remit tax under the dual remittance option is required to obtain a  
 39 certificate of registration in accordance with G.S. 105-164.29. ~~A~~ An admission facilitator is  
 40 subject to the provisions of Article 9 of this Chapter.

41 ...."

42 **SECTION 41.5.(j)** G.S. 105-164.3 reads as rewritten:

43 **"§ 105-164.3. Definitions.**

44 The following definitions apply in this Article:

45 ...

46 (38c) Service contract facilitator. — A person who contracts with the obligor of a  
 47 service contract to market the service contract and accepts payment from the  
 48 purchaser for the service contract.

49 ...."

50 **SECTION 41.5.(k)** G.S. 105-164.4I reads as rewritten:

51 **"§ 105-164.4I. Service contracts.**

1 (a) Tax. – The sales price of or the gross receipts derived from a service contract or the  
 2 renewal of a service contract sold at retail is subject to the general rate of tax set in G.S. 105-164.4  
 3 and is sourced in accordance with the sourcing principles in G.S. 105-164.4B. The retailer of a  
 4 service contract is required to collect the tax due at the time of the retail sale of the contract and  
 5 is liable for payment of the tax. The tax is due and payable in accordance with G.S. 105-164.16.

6 The retailer of a service contract is the applicable person listed below:

- 7 (1) When a service contract is sold at retail to a purchaser by the obligor under  
 8 the contract, the obligor is the retailer.
- 9 (2) When a service contract is sold at retail to a purchaser by a service contract  
 10 facilitator on behalf of the obligor under the contract, the service contract  
 11 facilitator is the retailer unless the provisions of subdivision (3) of this  
 12 subsection apply.
- 13 (3) When a service contract is sold at retail to a purchaser by a service contract  
 14 facilitator on behalf of the obligor under the contract and there is an agreement  
 15 between the service contract facilitator and the obligor that states the obligor  
 16 will be liable for the payment of the tax, the obligor is the retailer. The service  
 17 contract facilitator must send the retailer the tax due on the sales price of or  
 18 gross receipts derived from the service contract no later than 10 days after the  
 19 end of each calendar month. A service contract facilitator that does not send  
 20 the retailer the tax due on the sales price or gross receipts is liable for the  
 21 amount of tax the service contract facilitator fails to send. A service contract  
 22 facilitator is not liable for tax sent to a retailer but not remitted by the retailer  
 23 to the Secretary. Tax payments received by a retailer from a service contract  
 24 facilitator are held in trust by the retailer for remittance to the Secretary. A  
 25 retailer that receives a tax payment from a service contract facilitator must  
 26 remit the amount received to the Secretary. A retailer is not liable for tax due  
 27 but not received from a service contract facilitator. The requirements imposed  
 28 by this subdivision on a retailer and a service contract facilitator are  
 29 considered terms of the agreement between the retailer and the service  
 30 contract facilitator.

31 ...

32 (e) ~~Definition. — For purposes of this section, the term "facilitator" means a person who~~  
 33 ~~contracts with the obligor of the service contract to market the service contract and accepts~~  
 34 ~~payment from the purchaser for the service contract."~~

35 **SECTION 41.5.(I)** G.S. 105-164.22 reads as rewritten:

36 **"§ 105-164.22. Record-keeping Recordkeeping requirements, inspection authority, and**  
 37 **effect of failure to keep records.**

38 (a) Recordkeeping Generally. – Retailers, wholesale merchants, facilitators, real property  
 39 contractors, and consumers must keep records that establish their tax liability under this Article.  
 40 The Secretary or a person designated by the Secretary may inspect these records at any reasonable  
 41 time during the day.

42 (b) Retailers. – A retailer's records must include records of the retailer's gross income,  
 43 gross sales, net taxable sales, ~~and all items purchased for resale, resale, and any reports or records~~  
 44 related to transactions with a facilitator with whom it has a contract as provided in this Article.  
 45 Failure of a retailer to keep records that establish ~~that~~ a sale is exempt under this Article subjects  
 46 the retailer to liability for tax on the sale.

47 (c) Wholesale Merchants. – A wholesale merchant's records must include a bill of sale  
 48 for each customer that contains the name and address of the purchaser, the date of the purchase,  
 49 the item purchased, and the sales price at which the wholesale merchant sold of the item. A  
 50 wholesale merchant must also keep records that establish a sale is exempt from tax and any  
 51 reports or records related to transactions with a facilitator with whom it has a contract as provided

1 in this Article. Failure of a wholesale merchant to keep ~~these records for the sale of an item that~~  
 2 ~~establish a sale is exempt from tax under this Article~~ subjects the wholesale merchant to liability  
 3 for tax at the rate that applies to the retail sale of the item.

4 (d) Facilitators. – A facilitator's records must include records of the facilitator's gross  
 5 income, gross sales, net taxable sales, all items purchased for resale, any reports or records related  
 6 to transactions with a retailer with whom it has a contract as provided in this Article, and any  
 7 other records that establish its tax liability. Failure of a facilitator to keep records that establish a  
 8 sale is exempt from tax under this Article subjects the facilitator to liability for tax on the sale.

9 (e) Real Property Contractors. – A real property contractor's records must include  
 10 substantiation that a transaction is a real property contract or a mixed transaction contract  
 11 pursuant to G.S. 105-164.4H(a1). Failure of a real property contractor to keep records that  
 12 establish a real property contract under this Article subjects the real property contractor to  
 13 liability for tax on the sale.

14 (f) Consumers. – A consumer's records must include an invoice or other statement of the  
 15 purchase price of an item the consumer purchased from inside or outside the ~~State.~~ State and any  
 16 sales and use tax paid thereon. Failure of the consumer to keep these records subjects the  
 17 consumer to liability for tax on the purchase price of the item, as determined by the Secretary."

18 **SECTION 41.5.(m)** G.S. 105-164.3, as amended by subsection (a) of this section,  
 19 reads as rewritten:

20 "**§ 105-164.3. Definitions.**

21 The following definitions apply in this Article:

22 ...

23 ~~(1)~~(1d) Advertising and promotional direct mail. – Printed material that meets the  
 24 definition of "direct mail" and the primary purpose of which is to attract public  
 25 attention to ~~a product, an item,~~ person, business, or organization, or to attempt  
 26 to sell, popularize, or secure financial support for ~~a product, an item,~~ person,  
 27 business, or organization. ~~As used in this subdivision, "product" means~~  
 28 ~~tangible personal property, digital property, or a service.~~

29 (1e) Affiliate. – Defined in G.S. 105-130.2.

30 ...

31 ~~(1a)~~(1g) Analytical services. – Testing laboratories that are included in national  
 32 industry 541380 of NAICS or medical laboratories that are included in  
 33 national industry 621511 of NAICS.

34 ~~(1b)~~(1h) Ancillary service. – A service associated with or incidental to the  
 35 provision of a telecommunications service. The term includes detailed  
 36 communications billing, directory assistance, vertical service, and voice mail  
 37 service. A vertical service is a service, such as call forwarding, caller ID,  
 38 three-way calling, and conference bridging, that allows a customer to identify  
 39 a caller or manage multiple calls and call connections.

40 ~~(1f)~~(1i) Audio work. – A series of musical, spoken, or other sounds, including a  
 41 ringtone.

42 ~~(1g)~~(1j) Audiovisual work. – A series of related images and any sounds  
 43 accompanying the images that impart an impression of motion when shown  
 44 in succession.

45 ~~(1h)~~(1k) Aviation gasoline. – Defined in G.S. 105-449.60.

46 ~~(1i)~~(1l) Bundled transaction. – A retail sale of two or more distinct and identifiable  
 47 products, items, at least one of which is taxable and one of which is ~~exempt,~~  
 48 nontaxable, for one nonitemized price. The term does not apply to real  
 49 property ~~and~~ or services to real property. ~~Products-Items~~ are not sold for one  
 50 nonitemized price if an invoice or another sales document made available to

- 1 the purchaser separately identifies the price of each ~~product-item~~. A bundled  
 2 transaction does not include the retail sale of any of the following:
- 3 a. ~~A product~~ An item and any packaging ~~item~~ that accompanies the  
 4 ~~product-item~~ and is exempt under G.S. 105-164.13(23).
  - 5 b. A sale of two or more ~~products-items~~ whose combined price varies, or  
 6 is negotiable, depending on the ~~products-items~~ the purchaser selects.
  - 7 c. A sale of a ~~product~~ an item accompanied by a transfer of another  
 8 ~~product-item~~ with no additional consideration.
  - 9 d. ~~A product~~ An item and the delivery or installation of the ~~product-item~~.
  - 10 e. ~~A product~~ An item and any service necessary to complete the sale.
- 11 ~~(1k)~~(1m) Business. – An activity a person engages in or causes another to engage in  
 12 with the object of gain, profit, benefit, or advantage, either direct or indirect.  
 13 The term does not include an occasional and isolated sale or transaction by a  
 14 person who does not claim to be engaged in business.
- 15 ~~(1m)~~(1n) Cable service. – The one-way transmission to subscribers of video  
 16 programming or other programming service and any subscriber interaction  
 17 required to select or use the service.
- 18 ...
- 19 (2c) Capital improvement. – One or more of the following:
- 20 ...
- 21 k. An addition or alteration to real property that is permanently affixed  
 22 or installed to real property and is not an activity listed in subdivision  
 23 ~~(33d)~~ (33m) of this section as repair, maintenance, and installation  
 24 services.
- 25 ...
- 26 (9) Engaged in business. – Any of the following:
- 27 a. Maintaining, occupying, or using permanently or temporarily, directly  
 28 or indirectly, or through a subsidiary or agent, by whatever name  
 29 called, any office, place of distribution, sales or sample room,  
 30 warehouse or storage place, or other place of business ~~for selling or~~  
 31 ~~delivering tangible personal property, digital property, or a service for~~  
 32 ~~storage, use, or consumption~~ in this State, or permanently or  
 33 temporarily, directly or through a subsidiary, having any  
 34 representative, agent, sales representative, marketplace facilitator  
 35 subject to the requirements of G.S. 105-164.4J, or solicitor operating  
 36 or transacting business by mobile phone application or other  
 37 applications in this State in the selling or delivering. State. The fact  
 38 that any corporate retailer, agent, or subsidiary engaged in business in  
 39 this State may not be legally domesticated or qualified to do business  
 40 in this State is immaterial.
- 41 ...
- 42 e. Making marketplace-facilitated sales subject to the requirements of  
 43 G.S. 105-164.4J.
- 44 ...
- 45 (9e) Facilitator. – An accommodation facilitator, an admission facilitator, or a  
 46 service contract facilitator.
- 47 ...
- 48 ~~(20b)~~(20e) Mixed transaction contract. – A contract that includes both a real property  
 49 contract for a capital improvement and repair, maintenance, and installation  
 50 services for real property that are not related to the capital improvement.
- 51 ...

(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~~ made.

...

~~(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 Secretary may so regard them and may regard the dealers, distributors, consignors, supervisors, employers, or persons as "retailers" for the purpose of this Article.
  - b. A person, other than a real property contractor, engaged in business of delivering, erecting, installing, or applying tangible personal property or digital property for use in this State.
  - c. A person engaged in business of making a remote sale, if one of the conditions listed in G.S. 105-164.8(b) is met.
  - d. ~~A person, other than a facilitator,~~ person required to collect the State tax levied under this Article or the local taxes levied under Subchapter VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.
  - e. A marketplace facilitator that is subject to the requirements of G.S. 105-164.4J or a facilitator that is required to collect and remit the tax under this Article.

...."

**SECTION 41.5.(n)** There is no obligation to collect the sales and use tax required by this section retroactively.

**SECTION 41.5.(o)** If any provision of this section, or the application of any provision to a person or circumstance, is held to be unconstitutional, then the remainder of this section, and the application of the provisions to any person or circumstance, shall not be affected thereby.

1           **SECTION 41.5.(p)** The Revisor of Statutes is authorized to renumber the  
2 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and  
3 in a manner that reduces the current use of alphanumeric designations, to make conforming  
4 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

5           **SECTION 41.5.(q)** This section becomes effective September 1, 2019, and applies  
6 to sales occurring on or after that date.

#### 7 8 **DEDUCTION FOR AMOUNTS RECEIVED AS ECONOMIC INCENTIVES**

9           **SECTION 41.6.(a)** G.S. 105-130.5(b) reads as rewritten:

10          "(b) The following deductions from federal taxable income shall be made in determining  
11 State net income:

12          ...

13          (31) To the extent included in federal taxable income, the amount received by a  
14 taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G  
15 or Part 2H of Article 10 of Chapter 143B of the General Statutes."

16           **SECTION 41.6.(b)** G.S. 105-153.5(b) reads as rewritten:

17          "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
18 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
19 the taxpayer's adjusted gross income:

20          ...

21          (14) The amount received by a taxpayer as an economic incentive pursuant to  
22 G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of  
23 the General Statutes."

24           **SECTION 41.6.(c)** This section is effective for taxable years beginning on or after  
25 January 1, 2019, and applies to amounts received by a taxpayer pursuant to an economic incentive  
26 agreement entered into on or after that date.

#### 27 28 **EXTEND HISTORIC REHABILITATION TAX CREDIT**

29           **SECTION 41.7.(a)** G.S. 105-129.110 reads as rewritten:

30 **"§ 105-129.110. Sunset.**

31          This Article expires for qualified rehabilitation expenditures and rehabilitation expenses  
32 incurred on or after ~~January 1, 2020.~~ January 1, 2024. For qualified rehabilitation expenditures  
33 and rehabilitation expenses incurred prior to ~~January 1, 2020, January 1, 2024,~~ this Article expires  
34 for property not placed in service by ~~January 1, 2028.~~ January 1, 2032."

35           **SECTION 41.7.(b)** This section is effective when it becomes law.

#### 36 37 **EXTEND SALES TAX EXEMPTION FOR QUALIFYING AIRLINES**

38           **SECTION 41.8.(a)** G.S. 105-164.13(11b) reads as rewritten:

39          "(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a  
40 commercial aircraft. For purposes of this subdivision, the term "commercial  
41 aircraft" has the same meaning as defined in subdivision (45a) of this section.  
42 This exemption also applies to aviation gasoline and jet fuel purchased for use  
43 in a commercial aircraft in interstate or foreign commerce by a person whose  
44 primary business is scheduled passenger air transportation. This subdivision  
45 expires ~~January 1, 2020.~~ January 1, 2024."

46           **SECTION 41.8.(b)** This section is effective when it becomes law.

#### 47 48 **EXTEND SALES TAX EXEMPTIONS FOR PROFESSIONAL MOTORSPORTS** 49 **TEAMS**

50           **SECTION 41.9.(a)** G.S. 105-164.13(65) and (65a) read as rewritten:

"(65) This subdivision expires ~~January 1, 2020.~~ January 1, 2024. Sales of the following to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series:

- a. The sale, lease, or rental of an engine.
- b. The sales price of or gross receipts derived from a service contract on, or repair, maintenance, and installation services for, a transmission, an engine, rear-end gears, and any other item that is purchased, leased, or rented and that is exempt from tax under this subdivision or that is allowed a sales tax refund under G.S. 105-164.14A(a)(5).
- c. The gross receipts derived from an agreement to provide an engine to a professional motorsports racing team or related member of a team for use in competition in a sanctioned race series, where such agreement does not meet the definition of a "service contract" as defined in G.S. 105-164.3 but may meet the definition of the term "lease or rental" as defined in G.S. 105-164.3.

(65a) An engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series. This subdivision expires ~~January 1, 2020.~~ January 1, 2024."

**SECTION 41.9.(b)** G.S. 105-164.14A(a)(4) and (a)(5) read as rewritten:

"(4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation gasoline or jet fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024.

(5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024."

**SECTION 41.9.(c)** This section is effective when it becomes law.

**FACILITATE RESPONSE TO DISASTERS**

**SECTION 41.10.(a)** Part 8 of Article 1A of Chapter 166A of the General Statutes is amended by adding a new section to read:

**"§ 166A-19.70A. Facilitate critical infrastructure disaster relief.**

(a) Purpose. – The State finds that it is appropriate to exclude nonresident businesses and nonresident employees who temporarily come to this State at the request of a critical infrastructure company solely to perform disaster-related work during a disaster response period from the following tax and regulatory requirements:

- (1) Corporate and individual income tax, as provided under G.S. 105-130.1 and G.S. 105-153.2.
- (2) Franchise tax, as provided under G.S. 105-114.
- (3) Unemployment tax, as provided under G.S. 96-1(b)(12).

- 1           (4)   Certificate of Authority from the Secretary of State to transact business in  
2           this State, as provided under G.S. 55-15-01(d) and G.S. 57D-1-24(d).
- 3       (b)   Definitions. – In addition to the definitions in G.S. 166A-19.3, the following  
4 definitions apply in this section:
- 5           (1)   Corporation. – Defined in G.S. 105-130.2.
- 6           (2)   Critical infrastructure. – Property and equipment owned or used by a critical  
7 infrastructure company for utility or communications transmission services  
8 provided to the public in the State. Examples of critical infrastructure include  
9 communications networks, electric generation, transmission and distribution  
10 systems, natural gas transmission and distribution systems, water pipelines,  
11 and related support facilities. Related support facilities may include buildings,  
12 offices, lines, poles, pipes, structures, and equipment.
- 13          (3)   Critical infrastructure company. – One of the following:
- 14           a.    A registered public communications provider.
- 15           b.    A registered public utility.
- 16          (4)   Disaster-related work. – Repairing, renovating, installing, building, or  
17 performing services on critical infrastructure that has been damaged,  
18 impaired, or destroyed as a result of a disaster or emergency in an area covered  
19 by the disaster declaration.
- 20          (5)   Disaster response period. – A period that begins 10 days prior to the first day  
21 of a disaster declaration and expires on the earlier of the following:
- 22           a.    Sixty days following the expiration of the disaster declaration, as  
23 provided under G.S. 166A-19.21(c).
- 24           b.    One hundred eighty days following the issuance of the disaster  
25 declaration.
- 26          (6)   Employee. – Defined in G.S. 105-163.1.
- 27          (7)   Nonresident business. – An entity that has not been required to file an income  
28 or franchise tax return with the State for three years prior to the disaster  
29 response period, other than those arising from the performance of  
30 disaster-related work during a tax year prior to the enactment of this section,  
31 and that meets one or more of the following conditions:
- 32           a.    Is a nonresident entity.
- 33           b.    Is a nonresident individual who owns an unincorporated business as a  
34 sole proprietor.
- 35          (8)   Nonresident employee. – A nonresident individual who is one of the  
36 following:
- 37           a.    An employee of a nonresident business.
- 38           b.    An employee of a critical infrastructure company who is temporarily  
39 in this State to perform disaster-related work during a disaster response  
40 period.
- 41          (9)   Nonresident entity. – Defined in G.S. 105-163.1.
- 42          (10)   Nonresident individual. – Defined in G.S. 105-153.3.
- 43          (11)   Registered public communications provider. – A corporation doing business  
44 in this State prior to the disaster declaration that provides the transmission to  
45 the public of one or more of the following:
- 46           a.    Broadband.
- 47           b.    Mobile telecommunications.
- 48           c.    Telecommunications.
- 49           d.    Wireless Internet access.

1           (12) Registered public utility. – A corporation doing business in this State prior to  
2 the disaster declaration that is subject to the control of one or more of the  
3 following entities:

- 4           a. North Carolina Utilities Commission.  
5           b. North Carolina Rural Electrification Authority.  
6           c. Federal Communications Commission.  
7           d. Federal Energy Regulatory Commission.

8           (c) Critical Infrastructure Company Notification. – A critical infrastructure company  
9 must provide notification to the Department of Revenue within 90 days of the expiration of the  
10 disaster response period. The notification must be in the form and manner required by the  
11 Department. The notification must include the following:

- 12           (1) A list of all nonresident businesses who performed disaster-related work in  
13 this State during a disaster response period at the request of the critical  
14 infrastructure company.  
15           (2) A list of nonresident employees who performed disaster-related work in this  
16 State for the critical infrastructure company during a disaster response period.  
17 The notification must include the amount of compensation paid to the  
18 nonresident employee performing disaster-related work in this State.

19           (d) Nonresident Business Notification. – A nonresident business must provide  
20 notification to the Department of Revenue within 90 days of the date the nonresident business  
21 concludes its disaster-related work in the State. The notification must be in the form and manner  
22 required by the Department. The notification must include a list of nonresident employees who  
23 performed disaster-related work in this State during a disaster response period, along with the  
24 amount of compensation paid to the nonresident employee performing disaster-related work in  
25 this State. Failure to submit a timely notification forfeits the relief provided by this section for  
26 the nonresident business.

27           (e) Limitation. – The intent of this section is to provide relief to nonresident businesses  
28 and nonresident employees who would not otherwise be subject to this State's tax and regulatory  
29 requirements if they had not performed disaster-related work during the disaster response period.  
30 The relief provided under this section does not apply to any tax year that is part of the disaster  
31 response period if the nonresident business or nonresident employee continues to perform  
32 disaster-related work following the end of the disaster response period. The relief provided under  
33 this section does not apply to a tax year that is part of the disaster response period if the  
34 nonresident business or nonresident employee is required to file an income tax return for that tax  
35 year with the Department of Revenue for reasons other than the performance of disaster-related  
36 work."

37           **SECTION 41.10.(b)** G.S. 55-15-01 is amended by adding a new subsection to read:

38           "(e) The following foreign corporations are not required to obtain a certificate of authority  
39 from the Secretary of State:

- 40           (1) A nonresident business solely performing disaster-related work in this State  
41 during a disaster response period at the request of a critical infrastructure  
42 company. The definitions and provisions of G.S. 166A-19.70A apply to this  
43 subdivision.  
44           (2) A person issued a temporary license by the Department of Revenue under  
45 G.S. 105-449.69A to import, export, distribute, or transport motor fuel in this  
46 State in response to a disaster declaration."

47           **SECTION 41.10.(c)** G.S. 57D-1-24 reads as rewritten:

48           "**§ 57D-1-24. Certificate of existence; certificate of authorization.**

49           ...

50           (d) A nonresident business solely performing disaster-related work in this State during a  
51 disaster response period at the request of a critical infrastructure company is not required to

1 obtain a certificate of authority from the Secretary of State. The definitions and provisions of  
2 G.S. 166A-19.70A apply to this subsection."

3 **SECTION 41.10.(d)** G.S. 96-1(b)(12) reads as rewritten:

4 "(b) Definitions. – The following definitions apply in this Chapter:

5 ...

6 (12) Employment. – Defined in section 3306 of the Code, with the following  
7 additions and exclusions:

8 ...

9 b. Exclusions. – The term excludes all of the following:

10 ...

11 5. Service performed by a nonresident employee for a  
12 nonresident business performing disaster-related work in this  
13 State during a disaster response period at the request of a  
14 critical infrastructure company. The definitions and provisions  
15 of G.S. 166A-19.70A apply to this exclusion."

16 **SECTION 41.10.(e)** G.S. 105-114 is amended by adding a new subsection to read:

17 "(d) Critical Infrastructure Disaster Relief. – A nonresident business that solely performs  
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 doing business in this State for purposes of this  
20 Article. The definitions and provisions in G.S. 166A-19.70A apply in this subsection."

21 **SECTION 41.10.(f)** G.S. 105-130.1 reads as rewritten:

22 "**§ 105-130.1. Purpose.**

23 (a) Purpose. – The general purpose of this Part is to impose a tax for the use of the State  
24 government upon the net income of every domestic corporation and of every foreign corporation  
25 doing business in this State.

26 The tax imposed upon the net income of corporations in this Part is in addition to all other  
27 taxes imposed under this Subchapter.

28 (b) Critical Infrastructure Disaster Relief. – A nonresident business that solely performs  
29 disaster-related work in this State during a disaster response period at the request of a critical  
30 infrastructure company is not considered to be doing business in this State for purposes of this  
31 Part. The definitions and provisions in G.S. 166A-19.70A apply in this subsection."

32 **SECTION 41.10.(g)** G.S. 105-130.5(a) reads as rewritten:

33 "(a) The following additions to federal taxable income shall be made in determining State  
34 net income:

35 ...

36 (30) Payments made to an affiliate or subsidiary that is not subject to tax under this  
37 Article pursuant to the exceptions for critical infrastructure disaster relief  
38 provided under G.S. 166A-19.70A, to the extent the payments are deducted in  
39 determining federal taxable income. The definitions and provisions of  
40 G.S. 166A-19.70A apply to this subdivision."

41 **SECTION 41.10.(h)** G.S. 105-131.7 reads as rewritten:

42 "**§ 105-131.7. Returns; shareholder agreements; mandatory withholding.**

43 ...

44 (f) Critical Infrastructure Disaster Relief. – An S Corporation that is not doing business  
45 in this State because it is a nonresident business performing disaster-related work during a  
46 disaster response period at the request of a critical infrastructure company is not required to file  
47 a return with the Department. However, the corporation must furnish to each shareholder who  
48 would be entitled to share in the corporation income any information necessary for that person  
49 to properly file a State income tax return. The definitions and provisions in G.S. 166A-19.70A  
50 concerning disaster-related work apply to this subsection."

51 **SECTION 41.10.(i)** G.S. 105-154(c) reads as rewritten:

1 "§ 105-154. Information at the source returns.

2 ...

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 A partnership that is not doing business in this State because it is a nonresident business  
21 performing disaster-related work during a disaster response period at the request of a critical  
22 infrastructure company is not required to file an information return with the Secretary. However,  
23 the partnership must furnish to each person who would be entitled to share in the partnership's  
24 net income, if distributable, any information necessary for that person to properly file a State  
25 income tax return. The definitions and provisions in G.S. 166A-19.70A apply to this paragraph."

26 **SECTION 41.10.(j)** G.S. 105-153.2 reads as rewritten:

27 "§ 105-153.2. Purpose.

28 The general purpose of this Part is to impose a tax for the use of the State government upon  
29 the taxable income collectible annually:

- 30 (1) Of every resident of this State.  
31 (2) Of every nonresident individual deriving income from North Carolina sources  
32 attributable to the ownership of any interest in real or tangible personal  
33 property in this State, deriving income from a business, trade, profession, or  
34 occupation carried on in this State, or deriving income from gambling  
35 activities in this State. This subdivision does not apply to a nonresident  
36 business or a nonresident employee who solely derives income from North  
37 Carolina sources attributable to a business, trade, profession, or occupation  
38 carried on in this State to perform disaster-related work during a disaster  
39 response period at the request of a critical infrastructure company; the  
40 definitions and provisions in G.S. 166A-19.70A apply to this subdivision."

41 **SECTION 41.10.(k)** G.S. 105-153.8(a) reads as rewritten:

42 "(a) Who Must File. – The following individuals must file with the Secretary an income  
43 tax return under affirmation:

- 44 (1) Every resident who for the taxable year has gross income under the Code that  
45 exceeds the standard deduction amount provided in G.S. 105-153.5(a)(1).  
46 (2) Every nonresident individual who meets all of the following requirements:  
47 a. Receives during the taxable year gross income that is derived from  
48 North Carolina sources and is attributable to the ownership of any  
49 interest in real or tangible personal property in this State, is derived  
50 from a business, trade, profession, or occupation carried on in this  
51 State, or is derived from gambling activities in this State. This

1 sub-subdivision does not apply to a nonresident business or a  
 2 nonresident employee who solely derives income from North Carolina  
 3 sources attributable to a business, trade, profession, or occupation  
 4 carried on in this State to perform disaster-related work during a  
 5 disaster response period at the request of a critical infrastructure  
 6 company; the definitions and provisions in G.S. 166A-19.70A apply  
 7 to this sub-subdivision.

8 b. Has gross income under the Code that exceeds the applicable standard  
 9 deduction amount provided in G.S. 105-153.5(a)(1).

10 (3) Any individual whom the Secretary believes to be liable for a tax under this  
 11 Part, when so notified by the Secretary and requested to file a return."

12 **SECTION 41.10.(l)** G.S. 105-163.1(13) reads as rewritten:

13 **"§ 105-163.1. Definitions.**

14 The following definitions apply in this Article:

15 ...

16 (13) Wages. – The term has the same meaning as in section 3401 of the ~~Code~~.Code,  
 17 except the term does not include amounts paid to a nonresident employee for  
 18 a business, trade, profession, or occupation carried on in this State to perform  
 19 disaster-related work during a disaster response period at the request of a  
 20 critical infrastructure company. The definitions and provisions of  
 21 G.S. 166A-19.70A apply to this subdivision.

22 ...."

23 **SECTION 41.10.(m)** G.S. 105-163.3(b) reads as rewritten:

24 "(b) Exemptions. – The withholding requirement does not apply to the following:

25 ...

26 (5) Compensation paid by a nonresident business or a critical infrastructure  
 27 company to an ITIN contractor who is a nonresident individual for a business,  
 28 trade, profession, or occupation carried on in this State to perform  
 29 disaster-related work during a disaster response period at the request of a  
 30 critical infrastructure company. The definitions and provisions of  
 31 G.S. 166A-19.70A apply to this subdivision."

32 **SECTION 41.10.(n)** G.S. 105-163.7(b) reads as rewritten:

33 "(b) Informational Return to Secretary. – Every employer shall annually file an  
 34 informational return with the Secretary that contains the information given on each of the  
 35 employer's written statements to an employee. The Secretary may require additional information  
 36 to be included on the informational return, provided the Secretary has given a minimum of 90  
 37 days' notice of the additional information required. The informational return is due on or before  
 38 January 31 of the succeeding year and must be filed in an electronic format as prescribed by the  
 39 Secretary. If the employer terminates its business or permanently ceases paying wages during the  
 40 calendar year, the informational return must be filed within 30 days of the last payment of  
 41 remuneration. The informational return required by this subsection is in lieu of the report required  
 42 by G.S. 105-154.

43 An employer that is not doing business in this State because it is a nonresident business  
 44 performing disaster-related work during a disaster response period at the request of a critical  
 45 infrastructure company is not required to file an information return with the Secretary. However,  
 46 the employer must furnish to an employee, upon request, any information necessary for that  
 47 person to properly file a State income tax return. The definitions and provisions in  
 48 G.S. 166A-19.70A apply to this paragraph."

49 **SECTION 41.10.(o)** Part 2 of Article 36C of Chapter 105 of the General Statutes is  
 50 amended by adding a new section to read:

51 **"§ 105-449.69A. Temporary license during disaster response period.**

1       (a) Temporary License. – The Secretary may grant a temporary license to an applicant to  
2 import, export, distribute, or transport motor fuel in this State in response to a disaster declaration.  
3 The term "disaster declaration" has the same meaning as defined in G.S. 166A-19.3. The  
4 temporary license expires upon the expiration of the disaster declaration. A temporary license  
5 issued under this section may not be renewed or a new temporary license granted if the licensee  
6 failed to file the required returns or make payments of the required taxes.

7       (b) Requirements. – To obtain a temporary license, a person must file an application with  
8 the Secretary on a form prescribed by the Secretary within seven calendar days from the date of  
9 the disaster declaration. An application must include all of the following information:

10           (1) The legal name of the business and the trade name, if applicable, under which  
11 the person will transact business within the State.

12           (2) The federal identification number of the business or, if such number is  
13 unavailable, the Social Security number of the owner.

14           (3) The location, with a street number address, of the principal office or place of  
15 business and the location where records will be made available for inspection.

16           (4) Any other information required by the Secretary.

17       (c) Exceptions. – The Secretary may issue a temporary license under this section as an  
18 importer, exporter, distributor, or transporter without requiring the applicant to file with the  
19 Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and  
20 without requiring the applicant to be authorized to transact business in this State with the  
21 Secretary of State."

22       **SECTION 41.10.(p)** This section is effective when it becomes law and applies to  
23 disaster declarations on or after that date.

## 24 **PART XLII. MISCELLANEOUS**

### 25 **STATE BUDGET ACT APPLIES**

26       **SECTION 42.1.** The provisions of the State Budget Act, Chapter 143C of the  
27 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
28 this act by reference.  
29

### 30 **COMMITTEE REPORT**

31       **SECTION 42.2.(a)** The North Carolina Senate Appropriations/Base Budget  
32 Committee Report on the Current Operations Appropriations Act for House Bill 966, Proposed  
33 Senate Committee Substitute As Amended, dated May 29, 2019, which was distributed in the  
34 Senate and used to explain this act, shall indicate action by the General Assembly on this act and  
35 shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C  
36 of the General Statutes, as appropriate, and for these purposes shall be considered a part of this  
37 act and, as such, shall be printed as a part of the Session Laws.  
38

39       **SECTION 42.2.(b)** The budget enacted by the General Assembly is for the  
40 maintenance of the various departments, institutions, and other spending agencies of the State  
41 for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
42 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).  
43

44       The Director of the Budget submitted a recommended base budget to the General  
45 Assembly in the Governor's Recommended Budget for the 2019-2021 fiscal biennium, dated  
46 March 2019, and in the Budget Support Document for the various departments, institutions, and  
47 other spending agencies of the State. The adjustments to the recommended base budget made by  
48 the General Assembly are set out in the Committee Report.

49       **SECTION 42.2.(c)** The budget enacted by the General Assembly shall also be  
50 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
51 appropriate legislation. In the event that there is a conflict between the line-item budget certified

1 by the Director of the Budget and the budget enacted by the General Assembly, the budget  
2 enacted by the General Assembly shall prevail.

3 **SECTION 42.2.(d)** Notwithstanding subsection (a) of this section, the following  
4 portions of the Committee Report are for reference, and do not expand, limit, or define the text  
5 of the Committee Report:

- 6 (1) Summary pages setting forth the enacted budget, the legislative changes, the  
7 revised budget, and the related FTE information for a particular budget code  
8 and containing no other substantive information.
- 9 (2) Summary pages setting forth the enacted budget, the legislative changes, the  
10 revised budget, and the related FTE information for multiple fund codes  
11 within a single budget code and containing no other substantive information.  
12

### 13 **REPORT BY FISCAL RESEARCH DIVISION**

14 **SECTION 42.3.** The Fiscal Research Division shall issue a report on budget actions  
15 taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a  
16 revision of the Committee Report described in Section 42.2 of this act pursuant to G.S. 143C-5-5.  
17 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
18 this section to the Director of the Budget. The report shall be published on the General  
19 Assembly's Internet Web site for public access.  
20

### 21 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

22 **SECTION 42.4.** Except where expressly repealed or amended by this act, the  
23 provisions of S.L. 2019-9, S.L. 2019-15, and any other enactments affecting the State budget  
24 during the 2019 Regular Session of the General Assembly, shall remain in effect.  
25

### 26 **MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM**

27 **SECTION 42.5.** Except for statutory changes or other provisions that clearly indicate  
28 an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this  
29 act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal  
30 biennium.  
31

### 32 **EFFECT OF HEADINGS**

33 **SECTION 42.6.** The headings to the Parts, subparts, and sections of this act are a  
34 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
35 the text of this act, except for effective dates referring to a Part or subpart.  
36

### 37 **SEVERABILITY CLAUSE**

38 **SECTION 42.7.** If any section or provision of this act is declared unconstitutional  
39 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
40 the part so declared to be unconstitutional or invalid.  
41

### 42 **EFFECTIVE DATE**

43 **SECTION 42.8.** Except as otherwise provided, this act becomes effective July 1,  
44 2019.