

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1999

HOUSE BILL 304  
RATIFIED BILL

AN ACT TO PROVIDE CRIMINAL PENALTIES FOR FRAUDULENT MISREPRESENTATION INVOLVING CHILD CARE SUBSIDIES AND TO PROVIDE COUNTIES A FINANCIAL INCENTIVE TO INVESTIGATE AND PURSUE FRAUD IN CHILD CARE PAYMENTS.

The General Assembly of North Carolina enacts:

Section 1. Chapter 110 of the General Statutes is amended by adding a new section to read:

**"§ 110-107. Fraudulent misrepresentation.**

(a) A person, whether a provider or recipient of child care subsidies or someone claiming to be a provider or recipient of child care subsidies, commits the offense of fraudulent misrepresentation when both of the following occur:

(1) With the intent to deceive, that person makes a false statement or representation regarding a material fact, or fails to disclose a material fact.

(2) As a result of the false statement or representation or the omission, that person obtains, attempts to obtain, or continues to receive a child care subsidy for himself or herself or for another person.

(b) If the child care subsidy is not more than one thousand dollars (\$1,000), the person is guilty of a Class 1 misdemeanor. If the child care subsidy is more than one thousand dollars (\$1,000), the person is guilty of a Class I felony.

(c) As used in this section:

(1) 'Child care subsidy' means the use of public funds to pay for day care services for children.

(2) 'Person' means an individual, association, consortium, corporation, body politic, partnership, or other group, entity, or organization."

Section 2. Chapter 110 of the General Statutes is amended by adding a new section to read:

**"§ 110-108. Financial incentives for counties to investigate and pursue alleged child care fraud.**

The Department of Health and Human Services shall allow each local purchasing agency to retain as an incentive bonus the actual amount of child care fraud and overpayment claims collected by the local purchasing agency. Incentive bonuses under this section shall be used by the agency for the purchase of subsidized child care or to enhance and improve program integrity. The agency shall use at least seventy-five percent (75%) of the incentive bonus funds under this section for the purchase of subsidized child care. The agency shall not use more than twenty-five percent (25%) of the incentive bonus funds under this section for program integrity. On or before October 1 each year, each agency shall report to the Department of Health and Human Services on the use of the incentive bonuses under this section during the previous fiscal year. This section does not apply to overpayments due to administrative errors of local purchasing agency staff."

Section 3. Section 1 of this act becomes effective December 1, 1999, and applies to offenses committed on or after that date. The remainder of this act becomes effective July 1, 1999.

In the General Assembly read three times and ratified this the 1st day of July, 1999.

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Dennis A. Wicker  
President of the Senate

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James B. Black  
Speaker of the House of Representatives

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James B. Hunt, Jr.  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_ , 19