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

PART I. TITLE AND INTRODUCTION

TITLE OF ACT
SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2019."

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS
SECTION 2.1. Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2019-2021 fiscal biennium, according to the following schedule:

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House Bill 966-Second Edition
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<td>Requirements</td>
<td>91,618,748</td>
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<td>Less: Receipts</td>
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<td>40,487,512</td>
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<td>Net Appropriation</td>
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<td>Requirements</td>
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<td>136,110,650</td>
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<tr>
<td>Less: Receipts</td>
<td>10,182,323</td>
<td>10,182,323</td>
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<tr>
<td>Net Appropriation</td>
<td>126,061,453</td>
<td>125,928,327</td>
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<tr>
<td>Administrative Office of the Courts</td>
<td></td>
<td></td>
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<tr>
<td>Requirements</td>
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<td>561,811,449</td>
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<td>Less: Receipts</td>
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<td><strong>GENERAL GOVERNMENT</strong></td>
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<tr>
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<td>Requirements</td>
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<td>Less: Receipts</td>
<td>11,387,542</td>
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<td>Net Appropriation</td>
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<td>Administrative Hearings</td>
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<td>7,828,616</td>
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<td>Requirements</td>
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<td>Description</td>
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<tr>
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<tr>
<td>General Assembly Of North Carolina</td>
<td></td>
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</tr>
<tr>
<td>Session 2019</td>
<td></td>
<td></td>
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<tr>
<td>House Bill 966-Second Edition</td>
<td></td>
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<tr>
<td>2. <strong>Net Appropriation</strong></td>
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<td>5. Requirements</td>
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<td>6. Less: Receipts</td>
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<tr>
<td>7. <strong>Net Appropriation</strong></td>
<td><strong>4,500,000</strong></td>
<td><strong>4,500,000</strong></td>
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<tr>
<td>8. Controller</td>
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<td></td>
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<tr>
<td>10. Requirements</td>
<td>25,050,227</td>
<td>846,028</td>
</tr>
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<td>11. Less: Receipts</td>
<td>846,028</td>
<td>846,028</td>
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<td>12. <strong>Net Appropriation</strong></td>
<td><strong>24,204,199</strong></td>
<td><strong>24,277,318</strong></td>
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<td>13. Elections</td>
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<td>15. Requirements</td>
<td>6,818,399</td>
<td>102,000</td>
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<td>16. Less: Receipts</td>
<td>102,000</td>
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<td>17. <strong>Net Appropriation</strong></td>
<td><strong>6,716,399</strong></td>
<td><strong>6,751,108</strong></td>
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<td>18. General Assembly</td>
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<td>20. Requirements</td>
<td>71,729,572</td>
<td>2,115,152</td>
</tr>
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<td>21. Less: Receipts</td>
<td>2,115,152</td>
<td>861,000</td>
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<td>22. <strong>Net Appropriation</strong></td>
<td><strong>69,614,420</strong></td>
<td><strong>69,614,420</strong></td>
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<tr>
<td>23. Governor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Requirements</td>
<td>6,037,114</td>
<td>898,760</td>
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<td>27. <strong>Net Appropriation</strong></td>
<td><strong>5,138,354</strong></td>
<td><strong>5,138,354</strong></td>
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<tr>
<td>28. Housing Finance Agency</td>
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<td>30. Requirements</td>
<td>30,660,000</td>
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<td>31. Less: Receipts</td>
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<td>0</td>
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<tr>
<td>32. <strong>Net Appropriation</strong></td>
<td><strong>30,660,000</strong></td>
<td><strong>10,660,000</strong></td>
</tr>
<tr>
<td>33. Insurance</td>
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<td></td>
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<td>35. Requirements</td>
<td>50,241,173</td>
<td>9,378,222</td>
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<tr>
<td>36. Less: Receipts</td>
<td>9,378,222</td>
<td>8,455,565</td>
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<td>37. <strong>Net Appropriation</strong></td>
<td><strong>40,862,951</strong></td>
<td><strong>40,865,974</strong></td>
</tr>
<tr>
<td>38. Insurance – Industrial Commission</td>
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<td>40. Requirements</td>
<td>22,363,107</td>
<td>13,053,262</td>
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<td>41. Less: Receipts</td>
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<td>42. <strong>Net Appropriation</strong></td>
<td><strong>9,309,845</strong></td>
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<td>43. Lieutenant Governor</td>
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<td>45. Requirements</td>
<td>873,753</td>
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<td>46. Less: Receipts</td>
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<td>0</td>
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<tr>
<td>47. <strong>Net Appropriation</strong></td>
<td><strong>873,753</strong></td>
<td><strong>873,753</strong></td>
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<tr>
<td>48. Military and Veterans Affairs</td>
<td></td>
<td></td>
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<tr>
<td>50. Requirements</td>
<td>61,696,378</td>
<td>52,444,456</td>
</tr>
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<td>Net Appropriation</td>
<td>9,251,922</td>
<td>9,781,906</td>
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<tr>
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</tr>
<tr>
<td>Revenue</td>
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<tr>
<td>Requirements</td>
<td>162,192,308</td>
<td>145,418,688</td>
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<tr>
<td>Less: Receipts</td>
<td>75,636,207</td>
<td>58,768,852</td>
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<td>86,649,836</td>
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<td>Secretary of State</td>
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<td>14,470,922</td>
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<td>Less: Receipts</td>
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<td>14,179,466</td>
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<td></td>
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<td>Requirements</td>
<td>60,591,562</td>
<td>60,852,057</td>
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<tr>
<td>Less: Receipts</td>
<td>55,809,044</td>
<td>56,069,539</td>
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<td>Net Appropriation</td>
<td>4,782,518</td>
<td>4,782,518</td>
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<td>INFORMATION TECHNOLOGY</td>
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<td></td>
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<tr>
<td>Department of Information Technology</td>
<td></td>
<td></td>
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<tr>
<td>Requirements</td>
<td>72,414,125</td>
<td>74,414,125</td>
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<td>Less: Receipts</td>
<td>15,395,579</td>
<td>15,395,579</td>
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<td>Net Appropriation</td>
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<tr>
<td>RESERVES, DEBT, AND OTHER BUDGETS</td>
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</tr>
<tr>
<td>General Debt Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>730,767,386</td>
<td>748,058,900</td>
</tr>
<tr>
<td>Less: Receipts</td>
<td>730,767,386</td>
<td>748,058,900</td>
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<tr>
<td>Net Appropriation</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Federal Debt Service</td>
<td></td>
<td></td>
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<tr>
<td>Requirements</td>
<td>1,616,380</td>
<td>1,616,380</td>
</tr>
<tr>
<td>Less: Receipts</td>
<td>1,616,380</td>
<td>1,616,380</td>
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<td>Net Appropriation</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Film and Entertainment Grant</td>
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<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>31,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Less: Receipts</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Appropriation</td>
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<td>Statewide Reserves</td>
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<td>Requirements</td>
<td>377,904,170</td>
<td>926,804,504</td>
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<tr>
<td>Less: Receipts</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>377,904,170</td>
<td>926,804,504</td>
</tr>
<tr>
<td>OSHR Minimum of Market Adjustment</td>
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<tr>
<td>Requirements</td>
<td>1,624,316</td>
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<table>
<thead>
<tr>
<th>General Assembly Of North Carolina</th>
<th>Session 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Receipts</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>1,624,316</td>
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<tr>
<td>Total Requirements</td>
<td>45,926,194,400</td>
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<td>Less: Total Receipts</td>
<td>22,019,694,400</td>
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<tr>
<td><strong>Total Net Appropriation</strong></td>
<td>23,906,500,000</td>
</tr>
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</table>

**GENERAL FUND AVAILABILITY**

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance</td>
<td>$645,592,679</td>
<td>$605,599,545</td>
</tr>
<tr>
<td>Anticipated Reversions</td>
<td>275,000,000</td>
<td>275,000,000</td>
</tr>
<tr>
<td>Projected Over Collections</td>
<td>150,800,000</td>
<td>-</td>
</tr>
<tr>
<td>Information Technology Reserve</td>
<td>(73,214,383)</td>
<td>(93,201,702)</td>
</tr>
<tr>
<td><strong>Total, Prior Year-End Fund Balance</strong></td>
<td><strong>998,178,296</strong></td>
<td><strong>787,397,843</strong></td>
</tr>
<tr>
<td>Statutory Earmark, State Capital &amp; Infrastructure Fund</td>
<td>(249,544,574)</td>
<td>(196,849,461)</td>
</tr>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td><strong>748,633,722</strong></td>
<td><strong>590,548,382</strong></td>
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</tbody>
</table>

**Tax Revenues**

<table>
<thead>
<tr>
<th></th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income</td>
<td>12,891,800,000</td>
<td>13,407,500,000</td>
</tr>
<tr>
<td>Sales and Use</td>
<td>8,155,600,000</td>
<td>8,530,800,000</td>
</tr>
<tr>
<td>Corporate Income</td>
<td>687,000,000</td>
<td>730,400,000</td>
</tr>
<tr>
<td>Franchise</td>
<td>685,800,000</td>
<td>705,800,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>602,400,000</td>
<td>620,200,000</td>
</tr>
<tr>
<td>Alcoholic Beverage</td>
<td>400,600,000</td>
<td>413,000,000</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>260,100,000</td>
<td>260,000,000</td>
</tr>
<tr>
<td>Other Tax Revenues</td>
<td>130,400,000</td>
<td>133,100,000</td>
</tr>
<tr>
<td><strong>Subtotal, Tax Revenues</strong></td>
<td><strong>23,813,700,000</strong></td>
<td><strong>24,801,100,000</strong></td>
</tr>
</tbody>
</table>

**Non-Tax Revenues**

<table>
<thead>
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<th></th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judicial Fees</td>
<td>232,900,000</td>
<td>232,400,000</td>
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<tr>
<td>Investment Income</td>
<td>183,000,000</td>
<td>203,300,000</td>
</tr>
<tr>
<td>Disproportionate Share</td>
<td>164,700,000</td>
<td>142,100,000</td>
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<tr>
<td>Master Settlement Agreement</td>
<td>139,400,000</td>
<td>139,400,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>83,700,000</td>
<td>84,600,000</td>
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<tr>
<td>Other Non-Tax Revenues</td>
<td>196,600,000</td>
<td>198,600,000</td>
</tr>
<tr>
<td><strong>Subtotal, Non-Tax Revenues</strong></td>
<td><strong>1,000,300,000</strong></td>
<td><strong>1,000,400,000</strong></td>
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**Total, Net Revenues**

<table>
<thead>
<tr>
<th></th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total, Net Revenues</strong></td>
<td><strong>24,814,000,000</strong></td>
<td><strong>25,801,500,000</strong></td>
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**Adjustments to Tax Revenues: 2019 Session**

<table>
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<th></th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Law Changes</td>
<td>(5,300,000)</td>
<td>(144,600,000)</td>
</tr>
<tr>
<td>Gross Premiums Tax/Prepaid Health Plans (H.B. 114)</td>
<td>12,000,000</td>
<td>191,000,000</td>
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**Statutory Reservations of Tax Revenues**

<table>
<thead>
<tr>
<th></th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings Reserve</td>
<td>(104,610,000)</td>
<td>(154,065,000)</td>
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<tr>
<td>State Capital and Infrastructure Fund</td>
<td>(952,816,000)</td>
<td>(993,900,000)</td>
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**Other Adjustments to Availability: 2019 Session**

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<thead>
<tr>
<th></th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from Department of Insurance</td>
<td>109,237</td>
<td>109,237</td>
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</tbody>
</table>
Transfer from Department of Treasurer

<table>
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<tr>
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<th>82,586</th>
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Total, Adjustments and Reservations

<table>
<thead>
<tr>
<th></th>
<th>(1,050,534,177)</th>
<th>(1,101,373,177)</th>
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Revised Net General Fund Availability

<table>
<thead>
<tr>
<th></th>
<th>24,512,099,545</th>
<th>25,290,675,205</th>
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</table>

Less General Fund Net Appropriations

<table>
<thead>
<tr>
<th></th>
<th>(23,906,500,000)</th>
<th>(24,872,391,506)</th>
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Unappropriated Balance Remaining

<table>
<thead>
<tr>
<th></th>
<th>605,599,545</th>
<th>418,283,699</th>
</tr>
</thead>
</table>

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

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

<table>
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<tr>
<th></th>
<th>Budget Code</th>
<th>2018-2019</th>
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</thead>
<tbody>
<tr>
<td>1. Enterprise Resource Planning, Office of the State Controller</td>
<td>24160-2901</td>
<td>$25,000,000</td>
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<tr>
<td>2. E-Courts, Administrative Office of the Courts</td>
<td>22006-2006</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>3. K-12 Business Systems, Modernization, Department of Public Instruction</td>
<td>23515-2531</td>
<td>$12,000,000</td>
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<tr>
<td>4. NC FAST, Department of Health and Human Services</td>
<td>24110-2411</td>
<td>$18,314,383</td>
</tr>
<tr>
<td>5. VIPER, Department of Public Safety</td>
<td>244550-2260</td>
<td>$12,900,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Budget Code</th>
<th>2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enterprise Resource Planning, Office of the State Controller</td>
<td>24160-2901</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2. E-Courts, Administrative Office of the Courts</td>
<td>22006-2006</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>3. K-12 Business Systems, Modernization, Department of Public Instruction</td>
<td>23515-2531</td>
<td>$39,000,000</td>
</tr>
<tr>
<td>4. NC FAST, Department of Health and Human Services</td>
<td>24110-2411</td>
<td>$12,301,702</td>
</tr>
<tr>
<td>5. VIPER, Department of Public Safety</td>
<td>244550-2260</td>
<td>$6,900,000</td>
</tr>
</tbody>
</table>
SECTION 2.2.(e) The State Controller shall transfer the sum of two hundred six million one hundred forty-five thousand six hundred twelve dollars ($206,145,612) for the 2019-2020 fiscal year and the sum of sixty-two million five hundred eleven thousand six hundred ninety-two dollars ($62,511,692) for the 2020-2021 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund established under Section 12H.29 of S.L. 2015-241.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$89,378,517</td>
<td>$89,388,867</td>
</tr>
<tr>
<td>Division of Highways</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>40,787,566</td>
<td>40,787,566</td>
</tr>
<tr>
<td>Construction</td>
<td>36,100,000</td>
<td>36,100,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,451,015,977</td>
<td>1,451,015,977</td>
</tr>
<tr>
<td>Governor's Highway Safety Program</td>
<td>267,914</td>
<td>267,914</td>
</tr>
<tr>
<td>OSHA Program</td>
<td>358,030</td>
<td>358,030</td>
</tr>
<tr>
<td>State Aid to Municipalities</td>
<td>162,250,000</td>
<td>177,000,000</td>
</tr>
<tr>
<td>Intermodal Divisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferry</td>
<td>50,379,026</td>
<td>50,879,026</td>
</tr>
<tr>
<td>Public Transportation, Bicycle, and Pedestrian</td>
<td>95,154,993</td>
<td>95,154,993</td>
</tr>
<tr>
<td>Aviation</td>
<td>135,846,918</td>
<td>129,546,918</td>
</tr>
<tr>
<td>Rail</td>
<td>53,822,269</td>
<td>87,127,269</td>
</tr>
<tr>
<td>Division of Motor Vehicles</td>
<td>142,408,193</td>
<td>138,796,720</td>
</tr>
<tr>
<td>Reserves, Transfers, and Other</td>
<td>37,914,566</td>
<td>31,506,566</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>11,716,031</td>
<td>11,964,960</td>
</tr>
<tr>
<td>Total Highway Fund Appropriations</td>
<td>$2,307,400,000</td>
<td>$2,408,200,000</td>
</tr>
</tbody>
</table>

HIGWAY FUND AVAILABILITY

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

<table>
<thead>
<tr>
<th>Highway Fund Availability</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuels Tax</td>
<td>$1,520,100,000</td>
<td>$1,569,500,000</td>
</tr>
<tr>
<td>Highway Short-Term Lease</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Licenses and Fees</td>
<td>772,200,000</td>
<td>828,000,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>NCRR Dividend Payment</td>
<td>4,100,000</td>
<td>4,200,000</td>
</tr>
</tbody>
</table>
GENERAL ASSEMBLY OF NORTH CAROLINA

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Aviation Fuel Tax Adjustment 0 (5,400,000)

Total Highway Fund Availability $2,307,400,000 $2,407,300,000

HIGHWAY TRUST FUND APPROPRIATIONS

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


Program Administration $35,626,560 $35,626,560

Bonds 88,334,015 56,824,500

Turnpike Authority 49,000,000 49,000,000

State Ports Authority 45,000,000 45,000,000

FHWA State Match 4,640,000 4,640,000

Strategic Prioritization Funding Plan for Transportation Investments 1,376,699,425 1,465,308,940

Transfer to Visitor Center 400,000 400,000

Total Highway Trust Fund Appropriations $1,599,700,000 $1,656,800,000

HIGHWAY TRUST FUND AVAILABILITY

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

Highway Trust Fund Availability FY 2019-2020 FY 2020-2021

Highway Use Tax $833,900,000 $855,500,000

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

Fees 145,300,000 162,900,000

Investment Income 2,000,000 2,000,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

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

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

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

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

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

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

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

EDUCATION LOTTERY FUNDS

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

<table>
<thead>
<tr>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noninstructional Support Personnel</td>
<td>$385,914,455</td>
</tr>
<tr>
<td>Prekindergarten Program</td>
<td>78,252,110</td>
</tr>
<tr>
<td>Public School Building Capital Fund</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Needs-Based Public School Capital Fund</td>
<td>67,452,612</td>
</tr>
<tr>
<td>Scholarships for Needy Students</td>
<td>30,450,000</td>
</tr>
<tr>
<td>UNC Need-Based Financial Aid</td>
<td>10,744,733</td>
</tr>
<tr>
<td>LEA Transportation</td>
<td>21,386,090</td>
</tr>
<tr>
<td>TOTAL APPROPRIATION</td>
<td>$694,200,000</td>
</tr>
</tbody>
</table>

SECTION 4.3. (b) 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 ten million dollars ($10,000,000) in each year of the 2019-2021 fiscal biennium.

CIVIL PENALTY AND FORFEITURE FUND

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

<table>
<thead>
<tr>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Technology Fund</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Drivers Education</td>
<td>27,393,768</td>
</tr>
<tr>
<td>State Public School Fund</td>
<td>162,941,640</td>
</tr>
</tbody>
</table>
Total Appropriation $208,335,408 $208,335,408

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

2019 DISASTER RECOVERY

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

(1) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of eighty-four million seven hundred thousand dollars ($84,700,000) 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 subsection (b) of this section.

(2) 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 for the purposes set out in subsection (b) of this section.

(3) 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) are reallocated for the use set out in subdivision (b)(12) of this section.

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

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

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

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

(3) Twelve million dollars ($12,000,000) to the Department of Environmental Quality for disaster-related infrastructure and cleanup needs including, but not limited to, underground storage tanks, water and waste water infrastructure, coastal management planning, and dam safety. Of the funds allocated under this subdivision, one million five hundred thousand dollars ($1,500,000) is
further allocated collectively to the Division of Waste Management and the Division of Marine Fisheries for resiliency activities.

(4) Three million three hundred thousand dollars ($3,300,000) to the Department of Natural and Cultural Resources for land acquisition for the Bogue Sound Project.

(5) Ten million dollars ($10,000,000) to the Department of Public Safety, Office of Recovery and Resiliency, for the Florence Housing Recovery Program to repair, reconstruct, and purchase 100 residences ineligible for FEMA/CDBG-DR.

(6) Ten million dollars ($10,000,000) to the Department of Public Safety, Office of Recovery and Resiliency. State Disaster Resiliency Fund to be used for mitigation programs serving homeowners and communities outside the HUD-designated "most impacted/distressed" counties. The funds may be used for buyouts, relocations, buyout assistance to local governments, and infrastructure projects.

(7) Thirteen million dollars ($13,000,000) to the Department of Public Safety, Office of Recovery and Resiliency, State Acquisition and Relocation Fund (SARF) for GAP assistance payments for 214 FEMA expedited HMGP acquisitions.

(8) Two million dollars ($2,000,000) to the Department of Public Safety, Division of Emergency Management for a flood insurance pilot program. The pilot program will provide the full cost of two years of flood insurance premiums for 1,667 residential property owners.

(9) Two million dollars ($2,000,000) to the Department of Public Safety, Division of Emergency Management for Voluntary Organizations Active in Disasters (VOAD), a grant program for voluntary organizations that provide disaster recovery services using volunteer labor.

(10) Thirteen million dollars ($13,000,000) to the Department of Public Safety, Office of Recovery and Resiliency, to provide grants and loans to local governments in disaster areas with immediate cash flow issues during disaster recovery.

(11) Twenty-six million five hundred forty-two thousand six hundred ninety-three dollars ($26,542,693) to the Office of State Budget and Management for The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit corporation, to provide grants to local governments and to water and/or sewer authorities to repair and replace water, wastewater, and storm water infrastructure as well as the replacement, improvement, or construction of new infrastructure to support hazard mitigation.

(12) Six million seven hundred fifty-seven thousand three hundred seven dollars ($6,757,307) to the North Carolina Community College System Office to offset the receipts shortfall at affected community colleges due to enrollment declines caused by Hurricane Florence.

(13) One hundred thousand dollars ($100,000) to the Department of Environmental Quality for the Lost Fishing Gear Recovery Project.

(14) One million dollars ($1,000,000) to the Wildlife Resources Commission for derelict vessel removal.

SECTION 4.6.(c) 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 as a result of excessive rain and flooding that
occurred during May 15, 2018, through December 31, 2018, issued by the United States Secretary
of Agriculture, is eligible for financial assistance for losses of agricultural commodities pursuant
to Section 5.11 of S.L. 2018-136. This subsection is effective when this act becomes law. The
Department shall accept completed applications from people eligible for financial assistance
pursuant to this subsection for no more than 10 consecutive business days on which the federal
government is not partially or fully shut down, beginning on the effective date of this subsection.
This subsection shall expire on the date the Department has processed all applications validly
received during this period.

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

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

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

PART V. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

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

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

STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY

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

“§ 147-76.1. Require deposit into the State treasury of funds received by the State.
(a) Definition. – For purposes of this section, the term "cash gift or donation" means any
funds provided, without valuable consideration, to the State, for use by the State, or for the benefit
of the State.
(b) Requirement. – Except as otherwise specifically provided by law, all funds received
by the State, including cash gifts and donations, shall be deposited into the State treasury. Nothing
in this subsection shall be construed as exempting from the requirement set forth in this
subsection funds received by a State officer or employee acting on behalf of the State.
(c) Terms Binding. – Except as otherwise provided by subsection (b) of this section, the
terms of an instrument evidencing a cash gift or donation are a binding obligation of the State.
Nothing in this section shall be construed to supersede, or authorize a deviation from the terms
of an instrument evidencing a gift or donation setting forth the purpose for which the funds may be used."

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

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

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

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

DIRECTED GRANTS TO NON-STATE ENTITIES

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

(1) Directed grant. – Funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly.

(2) Non-State entity. – As defined in G.S. 143C-1-1.

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

(1) Directed grants are subject to the provisions of subsections (b) through (k) of G.S. 143C-6-23.

(2) Directed grants of one hundred thousand dollars ($100,000) or less may be made in a single annual payment, in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars ($100,000) shall be made in quarterly or monthly payments, in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds as soon as practicable, but no later than September 15, 2019.

(3) Beginning September 15, 2019, and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed.

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

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

DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT

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

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

STATE BUDGET ACT AMENDMENTS

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

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

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

Govermental Funds.

(1) Capital Projects Funds. – Accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments. Capital outlays financed from general obligation bond proceeds should be accounted for through a capital projects fund.

(2) Debt Service Funds. – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

(3) General Fund. – Accounts for all financial resources except those required to be reported in another fund.

(4) Special Revenue Funds. – Accounts for the proceeds of specific revenue sources, other than trusts for individuals, private organizations, or other governments, debt service or for major capital projects, that are legally restricted to expenditure for specified purposes.

(5) Permanent Funds. – Accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds.

(6) Enterprise Funds. – Accounts for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Each of these criteria should be applied in the context of the activity's principal revenue sources.

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.

b. Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.
(7) Internal Service Funds. – Accounts for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund.

Agency and Trust Fiduciary Funds.

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

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

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

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

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

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

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

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

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

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

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

a. The Budget Support Document—Recommended Base Budget shall employ the North Carolina Accounting System Uniform Chart of Accounts adopted by the State Controller to show both uses and
sources of funds and shall display in separate parallel columns all of
the following: (i) actual expenditures and receipts for the most recent
fiscal year for which actual information is available, (ii) the certified
budget for the preceding fiscal year, (iii) the currently authorized
budget for the preceding fiscal year, (iv) program base budget
requirements for each fiscal year of the biennium, (v) proposed
expenditures and receipts for each fiscal year of the biennium, and (vi)
proposed increases and decreases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Budget Director's Recommendations. – The Director of the Budget shall recommend expenditures for repairs and renovations of existing facilities, and real property acquisition, new construction, or rehabilitation of existing facilities in the Recommended State Budget in accordance with G.S. 143C-3-5.
(b) Repairs and Renovations in the Recommended State Budget. – The Recommended State Budget shall contain for repairs and renovations of existing facilities: (i) the amount recommended for each State agency, (ii) a summary of the recommendations by project type, and (iii) the means of financing.
(c) Repairs and Renovations in the Recommended Capital Improvements Budget Support Document. – The Recommended Capital Improvements Budget Support Document shall contain for each repair and renovation project recommended in accordance with subsection (b) of this section: (i) a project description and justification, (ii) a detailed cost estimate, (iii) an estimated schedule for the completion of the project, and (iv) an explanation of the means of financing.
(d) Other Capital Projects in the Recommended State Budget. – The Recommended State Budget shall contain for each capital project involving real property acquisition, new construction, building area (sq. ft.) expansions, or the rehabilitation of existing facilities to accommodate new or expanded uses: (i) a project description and statement of need, (ii) an estimate of acquisition and construction or rehabilitation costs, and (iii) a means of financing the project.

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

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

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

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

PART VI. COMMUNITY COLLEGE SYSTEM

CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE

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

"§ 115D-3. Community Colleges System Office; staff; reorganization authority.
(a) The Community Colleges System Office shall be a principal administrative department of State government under the direction of the State Board of Community Colleges, and shall be separate from the free public school system of the State, the State Board of Education, and the Department of Public Instruction. The State Board has authority to adopt and administer all policies, regulations, and standards which it deems necessary for the operation of the System Office.

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

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

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

CC TUITION WAIVER/CAMPUS POLICE OF PRIVATE INSTITUTIONS OF
HIGHER EDUCATION

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

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

(1) Persons not enrolled in elementary or secondary schools taking courses
leading to a high school diploma or equivalent certificate.

(2) Courses requested by the following entities that support the organizations’
training needs and are on a specialized course list approved by the State Board
of Community Colleges:
a. Volunteer fire departments.
b. Municipal, county, or State fire departments.
c. Volunteer EMS or rescue and lifesaving departments.
d. Municipal, county, or State EMS or rescue and lifesaving departments.
d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving
a lake authority that was created by a county board of commissioners
prior to July 1, 2012.
e. Radio Emergency Associated Communications Teams (REACT)
under contract to a county as an emergency response agency.
f. Municipal, county, or State law enforcement agencies.
f1. Campus police agencies of private institutions of higher education
certified by the Attorney General pursuant to Chapter 74G of the
General Statutes.
g. The Division of Adult Correction and Juvenile Justice of the
Department of Public Safety for the training of full-time custodial
employees and employees of the Division required to be certified
under Article 1 of Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.

h. Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December 1, 2017.

i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS or rescue and lifesaving tribal government departments or programs.

j. The Criminal Justice Standards Division of the Department of Justice for the training of criminal justice professionals, as defined in G.S. 17C-20(6), who are required to be certified under (i) Article 1 of Chapter 17C of the General Statutes and the rules of the North Carolina Criminal Justice Education and Training Standards Commission or (ii) Chapter 17E of the General Statutes and the rules of the North Carolina Sheriffs' Education and Training Standards Commission. The waivers provided for in this sub-subdivision apply to participants and recent graduates of the North Carolina Criminal Justice Fellows Program to obtain certifications for eligible criminal justice professions as defined in G.S. 17C-20(6).

..."

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

NC CAREER COACHES/LOCAL MATCHING FUNDS

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

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

(1) Advisory committee. – Establishment of an advisory committee, which shall include representatives from the NC Community College System, the Department of Public Instruction, the Department of Commerce, and at least three representatives of the business community, to review applications and make recommendations for funding awards to the State Board.

(2) Application submission requirements. – The State Board of Community Colleges shall require at least the following:

a. Evidence of a signed memorandum of understanding that meets, at a minimum, the requirements of this section.

b. Evidence that the funding request will be matched dollar for dollar with local funds in accordance with the following:

1. Matching funds may come from public or private sources.

2. The match amount shall be determined based on the location of a community college's main campus as follows:

I. If located in a tier-one county as defined in G.S. 143B-437.08, no local match shall be required.

II. If located in a tier-two county as defined in G.S. 143B-437.08, one dollar ($1.00) of local funds for every two dollars ($2.00) in State funds shall be required.

III. If located in a tier-three county as defined in G.S. 143B-437.08, one dollar ($1.00) of local funds for every one dollar ($1.00) in State funds shall be required.
Awards criteria. – The State Board of Community Colleges shall develop criteria for consideration in determining the award of funds that shall include the following:

a. Consideration of the workforce needs of business and industry in the region.

b. Targeting of resources to enhance ongoing economic activity within the community college service area and surrounding counties.

c. Geographic diversity of awards."

ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS

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

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

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

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

…"

(c) No course of instruction shall be offered by any community college at State expense or partial State expense to any captive or co-opted group of students, as defined by the State Board of Community Colleges, without prior approval of the State Board of Community Colleges. All course offerings approved for State prison inmates or prisoners in local jails must be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of Community Colleges shall be presumed to constitute approval of both the course and the group served by that institution. The State Board of Community Colleges may delegate to the President the power to make an initial approval, with final approval to be made by the State Board of Community Colleges. A course taught without such approval will not yield any full-time equivalent students, as defined by the State Board of Community Colleges.

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

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

…"

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

WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS

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

"§ 115B-1. Definitions.

The following definitions apply in this Chapter:

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

(4)(1a) Employer. – The State of North Carolina and its departments, agencies, and institutions; or a county, city, town, or other political subdivision of the State.

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

…

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

…"

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

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

…

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

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

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

…"

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

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

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

REMOVE RESTRICTION ON STANLY CC FROM USING STATE FUNDS FOR CULINARY PROGRAM OFF CAMPUS
SECTION 6.6.(a) G.S. 115D-31(b1) reads as rewritten:

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

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

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

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

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 forty-two dollars and thirty-four cents ($4,442.34) 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 thirty-nine dollars and fourteen cents ($1,339.14) 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.

(4) Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) County-adjusted property tax base. – Computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
   c. Add to the resulting amount the following:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
      3. Personal property value for the county.

(7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) County wealth as a percentage of State average wealth. – Computed as follows:
   a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
   b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
   c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) Effective county tax rate. – The actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) Effective State average tax rate. – The average of effective county tax rates for all counties.

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

(12) Per capita income. – The average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 7.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).
SECTION 7.3.(j) Reports. – For the 2019-2021 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

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

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

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

<table>
<thead>
<tr>
<th>Allotted ADM</th>
<th>Small County Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1,300</td>
<td>$1,820,000</td>
</tr>
<tr>
<td>1,301-1,700</td>
<td>$1,548,700</td>
</tr>
<tr>
<td>1,701-2,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>2,001-2,300</td>
<td>$1,560,000</td>
</tr>
<tr>
<td>2,301-2,600</td>
<td>$1,470,000</td>
</tr>
<tr>
<td>2,601-2,800</td>
<td>$1,498,000</td>
</tr>
<tr>
<td>2,801-3,300</td>
<td>$1,548,000</td>
</tr>
</tbody>
</table>

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

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

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

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2019-2020 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.
SECTION 7.4(d) Nonsupplant Requirement for the 2019-2021 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2019-2021 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year or the year for which the most recent data are available, if all of the following criteria apply:

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

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

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

SECTION 7.4(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive 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. Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

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

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

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

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

1. For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.

For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.

For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY

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

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

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

DEPARTMENT ISSUE REQUEST FOR PROPOSALS FOR EDUCATION FUNDING EVALUATION
SECTION 7.7.(a) No later than September 15, 2019, the Department of Public Instruction shall issue a Request for Proposals (RFP) to independent research organizations to perform an evaluation of the State's system for funding public schools and to propose alternative funding systems. The evaluation and proposal shall include the following components:

(1) An in-depth study of the State's current public school allotment system, including all public school funding formulas and distributions.

(2) A review of alternative funding systems for elementary and secondary public schools, including charter schools. The review should include a discussion of the various types of weighted student formula funding models proposed and actually used in other states.

(3) A suggested base amount of funds that could be distributed on a per student basis to provide a student in the State with a sound basic education.

(4) Student characteristics that could be eligible for weighted funding and suggested weights for each of those characteristics.

(5) Suggested adjustments to the base amount of funds in light of characteristics of individual local school administrative units or groups of local school administrative units with similar characteristics.

(6) Which funding components, if any, should remain outside the base amount of funds distributed on a per student basis.

(7) Suggestions for improving the system of distributing State funds to public schools by (i) maximizing equity, transparency, and adequacy and (ii) minimizing complexity and inefficiency.

(8) The estimated fiscal impact of any proposed alternative funding systems on the public schools, including projected positive and negative fiscal impacts on each local school administrative unit and charter school.

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

CONTINUE EXPANSION OF SCHOOL CONNECTIVITY INITIATIVE/CYBERSECURITY AND RISK MANAGEMENT

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

(1) Continuous monitoring and risk assessment. – Cloud-based solutions to discover assets, assess their security posture, and recommend corrective actions based on real-world risk reduction.

(2) Security advisory and consulting services. – Five regional security consultants working with schools to assess security posture and develop and implement improvement plans. The plans shall include security policy, building security programs, implementing effective security controls, and ongoing support for operating security governance.
(3) Security training and education services. – Security training and education for teachers, staff, and administrators.

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

ADVANCED TEACHING ROLES CHANGES

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

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

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

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

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

(1) Allow highly effective classroom teachers to teach an increased number of students by assuming accountability for additional students, by becoming a lead classroom teacher accountable for the student performance of all of the students taught by teachers on that lead classroom teacher’s team, or by leading a larger effort in the school to implement new instructional models to improve school-wide performance.

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

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

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

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

(1) Description of the program structure, including both of the following:
   a. The process for teacher advancement based on performance, professional growth, or the specific teacher roles assumed by the teacher.
   b. Plans for how the local school administrative unit will utilize and train classroom teachers in advanced teaching roles. These plans shall draw
a direct correlation between the proposed use and training of classroom teachers in advanced teaching roles and improved student outcomes.

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

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

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

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

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

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

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

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

c. Leading a school-wide effort to implement data-driven instructional models that include blended learning environments, utilizing digital learning and resources, and focusing on methods of improvement for school-wide performance issues.

d. Providing in-house professional development or functioning as an instructional content area coach or a coach in another professional development area following the completion of certification training. The training shall ensure that the professional development or coaching the teacher provides is faithfully implemented in the classroom.

(4) Description of how the local school administrative unit will inform all employees and the public on the criteria and selection for the advanced teaching roles, the continued eligibility requirements for the advanced teaching roles, and how the individuals selected for the advanced teaching roles will be evaluated.

(5) Description of how the local school administrative unit will inform all employees and the public on the criteria for movement on the proposed new local compensation model.

(6) The process for the voluntary relinquishment of an advanced teaching role, including the associated additional duties. Voluntary relinquishment of the advanced teaching role shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C of the General Statutes.

(7) Salary supplement information including the following:

a. The amount of the salary supplements that will be provided to those selected for the advanced teaching roles. The supplements may be up to thirty percent (30%) of the State teacher salary schedule.
b. A statement by the local school administrative unit that the salary supplements will be paid as a supplement to the classroom teacher's regular salary and not be included in the average salary calculation used for budgeting State allotments.

c. A statement by the local school administrative unit that if a classroom teacher in an advanced teaching role (i) fails to maintain the minimum criteria established for the position, (ii) is not successfully performing the additional duties associated with the advanced teaching role, or (iii) voluntarily relinquishes the advanced teaching role, the teacher shall only be paid the salary applicable to that individual on the State teacher salary schedule and any other local supplements that would otherwise apply to the classroom teacher's compensation.

d. Loss of an advanced teaching role shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C of the General Statutes.

e. The amount of the salary supplements at all levels of the proposed new compensation model in relation to the State teacher salary schedule.

(8) The implementation plan, including the number of schools in the local school administrative unit that will have advanced teaching roles and any new proposed compensation model, the number of advanced teaching roles at each of those schools, the number of students whose teacher of record will be a teacher in an advanced teaching role, and the number of teachers overall who would be eligible for the proposed new compensation model.

(9) Plans for long-term financial sustainability once any grant money that may be awarded to the local school administrative unit is no longer available. This plan shall include a description of how the unit intends to provide supplemental compensation for teachers in an advanced teaching role without grant money.

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

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

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

(2) The State Board shall prioritize the award of available State funds for the following categories of local school administrative units:
   a. Up to five units with an average daily membership from the previous school year of 4,000 or fewer students.
   b. Up to five units with an average daily membership from the previous school year of between 4,001 and 20,000 students.
   c. Up to five units with an average daily membership from the previous school year of 20,001 or more students.

(3) The State Board shall approve the proposal of any local school administrative unit that is submitted by October 15, 2019, if the following criteria are met:
   a. The local school administrative unit is participating in an approved advanced teaching roles program pursuant to Section 8.7 of S.L. 2016-94 in the 2019-2020 school year.
   b. The application of a local school administrative unit is not inconsistent with this section.
(d) **Advanced Teaching Roles Designation.** – Any local board of education that is selected to participate in the program pursuant to subsection (c) of this section shall designate participating schools within the unit as “Advanced Teaching Roles” schools. Every Advanced Teaching Roles school shall receive class size flexibility pursuant to subsection (i) of this section and budget flexibility pursuant to subsection (j) of this section.

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

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

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

- (1) Development of advanced teaching role plans.
- (2) Development of professional development courses for teachers in advanced teaching roles that lead to improved student outcomes.
- (3) Transition costs associated with designing and implementing advanced teaching role models. Transition costs may include employing staff members or contractors to assist with design and implementation of the plan.
- (4) Development of the design and implementation of compensation plans that focus on teacher professional growth and student outcomes and the transition costs associated with designing and implementing new compensation plans, including employing staff members or contractors to assist with design and implementation of the plan.

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

- (1) Improvement in the quality of classroom instruction and increases in school-wide growth or the growth of teachers who are mentored or impacted by a teacher in an advanced teaching role.
- (2) An increase in the attractiveness of teaching.
- (3) Recognition, impact, and retention of high-quality classroom teachers.
- (4) Assistance to and retention of beginning classroom teachers.
- (5) Improvement in and expansion of the use of technology and digital learning.
- (6) School culture based on school climate survey results.

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

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

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

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

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

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

DIGITAL LEARNING PLAN FUNDS CARRYFORWARD

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

NCCAT PERMITTED TO CONTRACT FOR EXPANDED TEACHER CADET PROGRAM

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

RECONCILE PRINCIPAL ALLOTMENT REQUIREMENTS

SECTION 7.12.(a) G.S. 115C-284(f) reads as rewritten:
"(f) The allotment of classified principals shall be one principal for each duly constituted school with (i) seven or more state-allotted teachers-teachers and (ii) a final total average daily membership of 100 or more students."

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

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

CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS REPORT

SECTION 7.13.(a) G.S. 115C-5 is amended by adding a new subdivision to read:
"(11) Public school unit. – Any of the following:
   a. A local school administrative unit.
   b. A charter school.
   c. A regional school.
   d. A school providing elementary or secondary instruction operated by one of the following:
      1. The State Board of Education, including schools operated under Article 7A and Article 9C of this Chapter.
      2. The University of North Carolina, including schools operated under Articles 4, 29, and 29A of Chapter 116 of the General Statutes."

SECTION 7.13.(b) G.S. 115C-105.57 reads as rewritten:
"§ 115C-105.57. Center for Safer Schools.
 (a) Center for Safer Schools Established. – There is established the Center for Safer Schools. The Center for Safer Schools shall be administratively located in the Department of Public Instruction. The Center for Safer Schools shall consist of an executive director appointed by the Superintendent of Public Instruction and such other professional, administrative, technical, and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out its powers and duties.
   (b) Executive Director. – The Executive Director shall report to and serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent within the funds appropriated for this purpose.
   (c) Powers and Duties. – The Center for Safer Schools shall have all powers and duties provided in this Article.
   (d) Agency Cooperation. – All State agencies and departments shall cooperate with the Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with this Article.
   (e) Annual Census of School Resource Officers. – The Center for Safer Schools shall conduct an annual census of school resource officers located in each public school unit. The Center shall submit a report based on this census to the Joint Legislative Education Oversight Committee and the State Board of Education by March 1 of each year. At a minimum, the report shall include all of the following information:
      (1) The total number of school resource officers in the State and in each public school unit.
      (2) Data regarding school resources officers' education levels, years as sworn law enforcement officers, and years as school resource officers.
      (3) Training required of school resource officers and training actually completed by school resource officers, including training specific to the position of school resource officer and other advanced or additional training.
      (4) The funding source for all school resource officers."
(5) The location of school resource officers, differentiated by grade levels and type of public school unit.

(6) The percentage of school resource officers assigned to more than one school.

(7) The law enforcement affiliation of school resource officers."

TEACH FOR AMERICA REPORTING REQUIREMENT

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

"§ 120-70.84. Reports to the Committee.

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

(1) The total number of applications received nationally from candidates seeking participation in the program.

(2) The total number of applications received from candidates who are residents of North Carolina and information on the source of these candidates, including the number of (i) recent college graduates and the higher institution the candidates attended, (ii) mid-career level and lateral entry industry professionals, and (iii) veterans of the United States Armed Forces.

(3) The total number of North Carolina candidates accepted by TFA.

(4) The total number of accepted candidates placed in North Carolina, including the number of accepted candidates who are residents of North Carolina.

(5) The regions in which accepted candidates have been placed, the number of candidates in each region, and the number of students impacted by placement in those regions.

(6) Success of recruitment efforts, including the Teach Back Home program and targeting of candidates who are (i) working in areas related to STEM education, (ii) mid-career level and lateral entry industry professionals, and (iii) veterans of the United States Armed Forces.

(7) Success of retention efforts, including the Teach Beyond Two and Make it Home programs, and the percentage of accepted candidates working in their placement communities beyond the initial TFA two-year commitment period and the number of years those candidates teach beyond the initial commitment.

(7a) The percentage of candidates who are residents of North Carolina and become principals in a North Carolina public school following the initial TFA two-year commitment period.

(8) A financial accounting of how the State funds appropriated to TFA were expended in the previous year, including at least the following information:
   a. Funds expended by region of the State.
   b. Details on program costs, including at least the following:
      1. Recruitment, candidate selection, and placement.
      2. Preservice training and preparation costs.
      3. Operational and administrative costs, including development and fundraising, alumni support, management costs, and marketing and outreach.
c. Funds received through private fundraising, specifically by sources in each region of the State."

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

BROADEN CHARTER SCHOOL SIBLING PRIORITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ENSURE SUFFICIENT STAFFING FOR PUBLIC SCHOOLS

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

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

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

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

(1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days for each full month of employment not to exceed two days per year. Personal leave may be accumulated without any applicable maximum until June 30 of
each year. A teacher may carry forward to July 1 a maximum of five days of personal leave; the remainder of the teacher’s personal leave shall be converted to sick leave on June 30. At the time of retirement, a teacher may also convert accumulated personal leave to sick leave for creditable service towards retirement. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.

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

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

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

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

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

Personal leave may be used only upon the authorization of the teacher’s immediate supervisor. A teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation day, unless the request is approved by the principal. On all other days, if the request is made at least five days in advance, the request shall be automatically granted subject to the availability of a substitute teacher, and the teacher cannot be required to provide a reason for the request. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.

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

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

ECONOMICS AND FINANCIAL LITERACY

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

"§ 115C-81.65. Financial literacy.

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

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

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

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

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

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

"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.
(c) Democratic Process and Citizenship Education—Education for Middle School Social Studies. –

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

(2) The State Board of Education shall include instruction in civic and citizenship education in the standard course of study for middle school social studies. The State Board of Education is strongly encouraged to include, at a minimum, the following components in the middle school civic and citizenship education standard course of study:
   a-(1) A tour of representative local government facilities, such as the local jail, the courthouse, or a town hall, to help students understand the way their community is governed.
   b-(2) Allowing students to choose and analyze a community problem and offer public policy recommendations on the problem to local officials.
   e-(3) Information about getting involved in community groups.

(d) Founding Principles of the United States of America and North Carolina: Civic Literacy. –

(1) The State Board of Education shall require during the high school years instruction in civic and citizenship education in the standard course of study for high school social studies through the teaching of a semester-full credit course on the that shall be called Founding Principles of the United States of America and the State of North Carolina—North Carolina: Civic Literacy. A passing grade in the course shall be required for graduation from high school and the school.

(1a) The course required by subdivision (1) of this subsection shall be solely focused on civics and citizenship education, and shall include at least the following subjects:
   a. The Creator-endowed inalienable rights of the people.
   b. Structure of government, separation of powers with checks and balances.
   c. Frequent and free elections in a representative government.
   d. Rule of law.
   e. Equal justice under the law.
   f. Private property rights.
   g. Federalism.
   h. Due process.
   i. Individual rights as set forth in the Bill of Rights.
   j. Individual responsibility.
   k. Constitutional limitations on government power to tax and spend, and prompt payment of public debt.
   l. Strong defense and supremacy of civil authority over military.
m. Peace, commerce, and honest friendship with all nations, entangling
alliances with none.

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

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

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

c. Information about current events and governmental structure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The EPF professional development course, including administration of the Test of Economic Literacy and the Working in Support of Education personal finance test, and the provision of a certificate of completion to qualified teachers.

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

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

UPSTART VIRTUAL EARLY LEARNING PILOT PROGRAM

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

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

1. Provides computer-assisted instruction for preschool-age children on a home computer connected by the Internet to a centralized file storage facility.

2. Provides technical support to families for the installation and operation of the instructional software.
(3) Provides for the installation of computer and Internet access in homes of low-income families that cannot afford the equipment and service.

(4) Has the capability of doing the following through the Internet:
   a. Communicating with parents.
   b. Updating the instructional software.
   c. Validating user access.
   d. Collecting usage data.
   e. Storing research data.
   f. Producing reports for parents, schools, and the General Assembly.

(5) Develops and implements a program consisting of the following components:
   a. Computer-assisted, individualized instruction in reading, mathematics, and science.
   b. A multisensory reading tutorial program for children needing additional reading instruction.
   c. A validated computer adaptive reading test that accurately indicates reading readiness of children who cannot read and provides easily understood reports for parents and educators.

(6) Has the capability to quickly and efficiently modify, improve, and support the product.

(7) Collaborates with school district personnel who will provide administrative and technical support of the program.

(8) Purchases equipment and service through cooperative purchasing contracts.

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

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

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

(1) Is 4 years of age on or before August 31 of the program year.

(2) Is at-risk, which shall be defined to include any of the following:
   a. A child whose family’s gross income is at or below one hundred percent (100%) of the federal poverty level.
   b. A child of either of the following: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces, who has been ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military...
forces, or a reserve component of the Armed Forces, who was injured or killed while serving on active duty.

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

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

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

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

SELECTION OF READING DIAGNOSTIC ASSESSMENTS

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

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

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

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

...."

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

"..."

"SECTION 7.27.(b) The State Superintendent shall issue a Request for Proposals (RFP) to vendors of diagnostic reading assessment instruments to provide one or more valid, reliable, formative, and diagnostic reading assessment instrument or instruments for use pursuant to
G.S. 115C-174.11. At a minimum, the diagnostic reading assessment instrument or instruments provided by the selected vendor-vendors shall meet all of the following criteria:

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

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

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

...."

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

INNOVATIVE SCHOOL DISTRICT/CARRYFORWARD OF FUNDS

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

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

MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS

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

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

"Part 3C, Selection of Instructional Material.

§ 115C-102.20. Definition of instructional materials.

The following definitions apply in this Part:

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

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

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

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

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

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

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

§ 115C-102.25. Selection of instructional materials.

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

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

§ 115C-102.30. Selection of supplemental materials.

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

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

§ 115C-102.35. Selection of health and safety instructional and supplemental materials.
(a) When adopting, modifying, or amending a health and safety program and the
instructional and supplemental materials for that program, a local board of education shall
conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.
(b) The local board of education shall also provide both electronic and written notice to
all parents of students in the local school administrative unit of the public hearing and the
opportunity to review those materials in the program repository, as provided in
G.S. 115C-102.50, at least 60 days before the public hearing occurs.
(c) The notice to parents provided for in subsection (b) of this section shall include the
following in both written and electronic form:

1. A detailed description of the program’s objectives and any proposed changes,
   including any topics that the local board of education determines that a
   reasonable parent in that community may wish to examine as to the age
   appropriateness of the topics.
2. All written and audio materials that will be used.
3. A link to, or information on how to access, the program repository on the local
   school administrative unit’s Web site, as provided in G.S. 115C-102.50.

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

(a) Funds allocated by the State Board of Education or appropriated in the current
expense or capital outlay budgets of the local school administrative units shall be used by the
local board of education for purchase, lease, or rental of instructional or supplemental materials
and for hardware, software, or other equipment necessary for the use of the instructional or
supplemental materials. The title of purchased materials and equipment shall be vested in the
local board of education.
(b) Local boards of education are encouraged to partner with other local boards of
education and other public schools to jointly purchase instructional and supplemental materials.
(c) All instructional materials purchased with State funds shall include a clause granting
to the local board of education the license to produce braille, large print, and audio recording
copies of the instructional materials for use in the local school administrative unit.
(d) The local board of education shall publish on the Web site of the local school
administrative unit the title, author, and publisher of all instructional and supplemental materials
purchased by the local board of education.

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

(a) The students of the public elementary and secondary schools of the State shall be
provided with free instructional materials within the appropriation of the General Assembly for
that purpose. The local board shall provide for the free use by students, with proper care and
return, of elementary and secondary instructional materials. No local board of education may
charge any student a rental fee for the use of instructional materials or for hardware, software, or
other equipment necessary for the use of the instructional or supplemental materials.
(b) Local boards of education shall provide adequate and safe storage facilities for the
proper care of instructional and supplemental materials and emphasize to all students the
necessity for proper care of instructional and supplemental materials and equipment necessary
for the use of the instructional materials.
(c) A student’s parents or legal guardians may be charged damage fees for abuse or loss
of instructional or supplemental materials or equipment necessary for the use of those materials
under rules adopted by the local board of education. Damage fees collected under this subsection
shall be used by the local board of education for purchase, lease, or rental of instructional and
supplemental materials as provided in G.S. 115C-102.40.

§ 115C-102.50. Instructional materials repository.

(a) A local board of education shall maintain a continuous repository of current
instructional and supplemental materials that have been selected and acquired by the local board
of education pursuant to this Article. The repository shall not be required to include classroom
materials developed by teachers. The materials shall be maintained at a central location for
in-person review by parents and the public upon request, and the names of all those materials
shall be posted to the local school administrative unit's Web site for review by parents and the
public.

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

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

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

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

(c) Each school year, at least 14 days before students participate in a health and safety
program, a local board of education shall give both written and electronic notice to parents of
students participating in that program of the right of parents to review the objectives, complete
materials, and entire curriculum of that program in the program repository maintained by the
local board of education, as provided in subsection (b) of this section. The notice shall include
the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction
with and combination with the notice and requirements to inform parents of the local board's
policy for participation in certain health and safety programs, as established in G.S. 115C-81.32.
(4) A school library media coordinator from a high school, middle school, and elementary school, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing and provide the appellants an opportunity to present concerns to the State Committee as well as the local board of education an opportunity to rebut those concerns. The State Committee may, in the State Committee's discretion, request additional information at the hearing from experts on the subject matter employed by the State Board of Education. Within two weeks of the hearing, the State Committee shall make a recommendation to the State Board of Education on whether the appealed challenge has merit and whether the challenged material should be retained or
removed as unfit material. The State Committee's determination shall be limited to considerations of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the standard course of study.

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

SECTION 7.22.(c) G.S. 115C-11(d) reads as rewritten:
"(d) Voting. – No voting by proxy shall be permitted. Except in voting on textbook adoptions, a majority of those present and voting shall be necessary to carry a motion and a roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute book."

SECTION 7.22.(d) G.S. 115C-11(e) is repealed.
SECTION 7.22.(e) G.S. 115C-12(9)b. is repealed.
SECTION 7.22.(f) G.S. 115C-12(9)c.c. reads as rewritten:
"c. The Board also shall develop and implement an ongoing process to align State programs and support materials with the revised academic content standards for each core academic area on a regular basis. Alignment shall include revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards. The Board shall develop and make available to teachers and parents support materials, including teacher and parent guides, for academic content standards. The State Board of Education shall work in collaboration with the Board of Governors of The University of North Carolina to ensure that teacher and school administrator degree programs, ongoing professional development, and other university activity in the State's public schools align with the State Board's priorities."

SECTION 7.22.(g) G.S. 115C-12(18)d. reads as rewritten:
"d. The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for textbooks, instructional materials, educational supplies and equipment, capital outlay, at-risk students, and other purposes."

SECTION 7.22.(h) G.S. 115C-47(6) reads as rewritten:
"(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall adopt rules and regulations governing solicitations of, sales to, and fund-raising activities conducted by, the students and faculty members in schools under their jurisdiction, and no fees, charges, or costs shall be collected from students and school personnel without approval of the board of education as recorded in the minutes of said board; provided, this subdivision shall not apply to such textbooks fees as are determined and established by the State Board of Education. All schedules of fees, charges and
solicitations approved by local boards of education shall be reported to the Superintendent of Public Instruction."

SECTION 7.22.(i) G.S. 115C-47(33) reads as rewritten:
"(33) To Approve and Use Supplemental Materials. – Local boards of education shall have sole authority to select and procure supplementary instructional supplemental materials, whether or not the materials contain commercial advertising, pursuant to the provisions of G.S. 115C-98(b). Part 3C of Article 8 of this Chapter."

SECTION 7.22.(j) G.S. 115C-47(33a) reads as rewritten:
"(33a) To Approve and Use Textbooks Not Adopted by State Board of Education. Instructional Materials. – Local boards of education shall have the sole authority to select, procure, and use textbooks not adopted by the State Board of Education instructional materials as provided in G.S. 115C-98(b1). Part 3C of Article 8 of this Chapter."

SECTION 7.22.(k) G.S. 115C-75.10(c) reads as rewritten:
"(c) Funding Memorandum of Understanding. – The IS operator, in consultation with the ISD Superintendent, may enter into a funding memorandum of understanding with the local board of education of the local school administrative unit where the innovative school is located for all student support and operational services and instructional services to be provided by the local board of education in the same manner and degree as in the prior school year or funding in an amount equivalent to the amount the local board of education would have expended on those services if provided. For the purposes of this subsection, student support and operational services include cafeteria services, custodial services, broadband and utilities, and student information services, and instructional services include alternative education, special education services, test administration services, textbooks, instructional materials, technology, media resources, instructional equipment, and other resources. The IS operator and local board of education shall finalize the funding memorandum of understanding within 30 days of the initial request for the memorandum by the IS operator. If the parties have not completed the funding memorandum of understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

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

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

SECTION 7.22.(n) G.S. 115C-81.25(d) reads as rewritten:
"(d) Parental Review. – The State Board of Education shall make available to all local school administrative units for review by the parents and legal guardians of students enrolled at those units any State-developed objectives for instruction any approved textbooks, the list of reviewed materials, and any other State-developed or approved materials that pertain to or are intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The review period shall extend for at least 60 days before use."

SECTION 7.22.(o) G.S. 115C-242(3) reads as rewritten:
"(3) The board of education of any local school administrative unit may operate the school buses of such unit one day prior to the opening of the regular school term for the transportation of pupils and employees to and from the school to which such pupils are assigned or in which they are enrolled and such employees are employed, for the purposes of the registration of students, the organization of classes, the distribution of textbooks, instructional materials, and such other purposes as will, in the opinion of the superintendent of the schools of such unit, promote the efficient organization and operation of such public schools."

SECTION 7.22.(p) G.S. 115C-271(d)(2) reads as rewritten:
"(2) Local funds appropriated for teachers, textbooks, instructional materials, or classroom materials, supplies, and equipment are not transferred or used for this purpose."

SECTION 7.22.(q) G.S. 115C-384(c) reads as rewritten:
"(c) Rental Fees for Textbooks—Instructional Materials Prohibited; Damage Fees Authorized. — No rental fees are permitted for the use of textbooks, instructional materials, but damage fees may be collected pursuant to the provisions of G.S. 115C-100. G.S. 115C-102.45."

SECTION 7.22.(r) G.S. 115C-390.2(f)(1) reads as rewritten:
"(1) The opportunity to take textbooks, instructional materials and school-furnished digital devices home for the duration of the absence."

SECTION 7.22.(s) G.S. 115C-390.5(c)(1) reads as rewritten:
"(1) The opportunity to take textbooks, instructional materials home for the duration of the suspension."

SECTION 7.22.(t) G.S. 115C-398 reads as rewritten:
"§ 115C-398. Damage to school buildings, furnishings, textbooks. Students and their parents or legal guardians may be liable for damage to school buildings, furnishings and textbooks, instructional materials pursuant to the provisions of G.S. 115C-523, 115C-100 and 14-132."

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

SECTION 7.22.(v) G.S. 143C-9-7(b) reads as rewritten:
"(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming Education Revenue Fund shall be allocated quarterly by the State Board of Education to local school administrative units, charter schools, and regional schools on the basis of allotted average daily membership. The funds allotted by the State Board of Education pursuant to this section shall be nonreverting. Funds received pursuant to this section by local school administrative units shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or textbooks, instructional materials."

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

SECTION 7.22.(x) G.S. 115C-105.25(b)(12) reads as rewritten:
"(12) Funds allotted for textbooks and digital resources, instructional materials may only be used for the purchase of textbooks and digital resources, to acquire instructional and supplemental materials, as defined in G.S. 115C-102.20, and to acquire hardware, software, or other equipment necessary for the use of the instructional or supplemental materials. These funds shall not be transferred out of the allotment for any other purpose."

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

SECTION 7.22.(z) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:
"§ 115C-81.32. Parents' right to opt in or out of health and safety programs.
Local boards of education shall adopt policies to provide opportunities either for parents to consent or for parents to withhold their consent to the students' participation in any or all of the health and safety programs included in sub-divisions (a) through (c) of G.S. 115C-102.20(1) provided by the local school administrative unit. Local boards of education shall provide notice to parents of this opportunity at least 14 days before students participate in the health and safety programs, in conjunction with and combination with the notice required by G.S. 115C-102.50.
The notice shall inform parents of the local board’s policy for participation in the health and safety programs and provide a form that allows parents to exercise parental rights under that policy.

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

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

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

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

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

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

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

1. A school performance score of at least 90-85 is equivalent to an overall school performance grade of A.
2. A school performance score of at least 80-70 is equivalent to an overall school performance grade of B.
3. A school performance score of at least 70-55 is equivalent to an overall school performance grade of C.
4. A school performance score of at least 60-40 is equivalent to an overall school performance grade of D.
5. A school performance score of less than 60 points is equivalent to an overall school performance grade of F.

**SECTION 7.23.(b)** This section applies beginning with the 2019-2020 school year.
(a) Teacher Position Allotments. – Funds for classroom teachers in the State Public
School Fund shall consist of the following position allotments:

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

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

…

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

   (1) For kindergarten, one teacher per 18 students.

   (2) For first grade, one teacher per 16 students.

   (3) For second grade, one teacher per 17 students.

   (4) For third grade, one teacher per 17 students.

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

…

(c2) Program Enhancement Teacher Allotment for Kindergarten Through Fifth-Twelfth
Grade. –

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

   a. Arts disciplines, including dance, music, theater, and the visual arts.

   b. Physical education and health programs.

   c. World languages.

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

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

   (2) Allotment ratio calculation. – The allotment ratio for kindergarten through
five-twelfth grade program enhancement teachers shall be one teacher per 191
students.

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td>50%</td>
</tr>
<tr>
<td>2020-2021</td>
<td>75%</td>
</tr>
</tbody>
</table>
2021-2022 and each subsequent fiscal year thereafter 100%.

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

"...

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. The graduation requirement set forth in subsection (f) of this section.
SECTION 7.24.(h) Subsections (a) through (d) of this section apply beginning with the 2019-2020 school year.

ELIMINATE REPORT TO SUPERINTENDENT ON THE ADOPTED SCHEDULE OF FEES

SECTION 7.25.(a) G.S. 115C-47(6), as amended by Section 7.22(h) of this act, reads as rewritten:
"(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall adopt rules and regulations governing solicitations of, sales to, and fund-raising activities conducted by, the students and faculty members in schools under their jurisdiction, and no fees, charges, or costs shall be collected from students and school personnel without approval of the board of education as recorded in the minutes of said board. All schedules of fees, charges and solicitations approved by local boards of education shall be reported to the Superintendent of Public Instruction. The local board of education shall publish a schedule of fees, charges, and solicitations approved by the local board on the local school administrative unit’s Web site by October 15 of each school year and, if the schedule is subsequently revised, within 30 days following the revision."

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

AUTHORIZE STATE BOARD OF EDUCATION APPOINTMENT AUTHORITY OVER AN ADDITIONAL POSITION

SECTION 7.26. G.S. 115C-11(j) reads as rewritten:
"(j) Certain Personnel Appointed by the State Board. – The State Board may appoint only the following personnel positions to support the operations of the State Board of Education through the Department of Public Instruction:

<table>
<thead>
<tr>
<th>Position number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>65023576</td>
<td>Attorney I.</td>
</tr>
<tr>
<td>60009384</td>
<td>Attorney II.</td>
</tr>
<tr>
<td>65003194</td>
<td>Paralegal II.</td>
</tr>
<tr>
<td>60095070</td>
<td>Administrative Assistant I.</td>
</tr>
</tbody>
</table>
| 60009394        | Legislative and Community Affairs Director."

COOPERATIVE INNOVATIVE SCHOOLS/CAP/CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS

SECTION 7.27.(a) G.S. 115C-238.51A reads as rewritten:
"§ 115C-238.51A. Approval process.
(a) Joint Advisory Committee. – The State Board of Education and the applicable governing Board of the local board of trustees shall appoint a joint advisory committee to review the applications and to recommend approval for those applications that meet the requirements of this Part and achieve purposes set out in G.S. 115C-238.50. The recommendation shall indicate whether additional funds were requested in the application. The State Board may only approve up to four applications for cooperative innovative high schools that request additional funds under subsection (c) of this section to open in a school year. If an application requesting additional funds is not approved due to this limitation, a revised application may be submitted under subsection (b) of this section. The State Board may prioritize approval of such applications for cooperative innovative high schools located in local school administrative units that do not already operate a school pursuant to this Part.
(b) No Additional Funds. – For applications which have not requested additional funds, the State Board of Education and the applicable governing Board may approve cooperative
innovative high schools. In granting approval, consideration shall be given to the proposed
budget and demonstration of sources of sustainable funding for the operation of the cooperative
innovative high school. Approvals shall be made by June 30 of each year. No additional State
funds, position allotments, earning of budget full-time equivalent students, or payments of tuition
shall be provided to cooperative innovative high schools approved under this subsection.

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

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

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

AUTHORIZE THE NC CTE EDUCATION FOUNDATION TO ADMINISTER
CERTAIN GRANTS

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

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

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

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

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

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

(1) An accounting of how funds and personnel resources were utilized for each
program and their impact on student achievement, retention, and
employability.
General Assembly Of North Carolina  Session 2019

Recommended statutory and policy changes.

Recommendations for improvement of each program.

For the Career and Technical Education Grade Expansion Program, recommendations on increasing availability of grants after the first two years of the program to include additional local school administrative units or providing additional grants to prior recipients.

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

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

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

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

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

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

CTE ADJUNCT INSTRUCTORS/IREDELL-STATESVILLE SCHOOLS

SECTION 7.30.(a) G.S. 115C-157.1(b) reads as rewritten:
"(b) Contracting with Adjunct Instructors. – Notwithstanding Article 20 and Part 3 of Article 22 of this Chapter, a local board of education may contract with an individual to serve as an adjunct instructor who meets the adjunct hiring criteria established by the State Board of Education for a specific career and technical education career cluster. The local board of education may contract with an adjunct instructor on an annual or semester basis, subject to the following requirements:

(1) An adjunct instructor may be employed for no more than 10-15 hours per week.

(2) An adjunct instructor shall be subject to a criminal history check, to ensure that the person has not been convicted of any crime listed in G.S. 115C-332.

(3) An adjunct instructor shall not be required to hold or apply for licensure as a teacher.

(4) An adjunct instructor must complete preservice training in all of the following areas prior to beginning instruction:
   a. The identification and education of children with disabilities.
   b. Positive management of student behavior.
   c. Effective communication for defusing and deescalating disruptive or dangerous behavior.
   d. Safe and appropriate use of seclusion and restraint."

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

CLASSROOM SUPPLIES TO TEACHERS

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

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

(1) Eligible classroom teacher. – Any school-based classroom teacher, including teachers for special student populations such as exceptional children, reading resource, English language learners, and program enhancement courses, employed by a public school unit to teach students in kindergarten through twelfth grade. School personnel in central office positions, instructional support personnel, and school-based administrators shall not be deemed eligible. A classroom teacher must be employed as of August 31 of each fiscal year for any funds available to the public school unit to be eligible under this section. The public school unit may include classroom teachers employed after August 31 within funds available.

(2) Public school unit. – A local school administrative unit, a charter school, a regional school, and a school providing elementary or secondary instruction operated by the State Board of Education, including schools operated under Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The University of North Carolina, including schools operated under Article 4, Article 29, and Article 29A of Chapter 116 of the General Statutes.
SECTION 7.31.(c) Allotment of Funds. – Funds from the Allotment shall be transferred only to participating public school units by the Department of Public Instruction. All local school administrative units, except for the local school administrative unit operating a renewal school system plan pursuant to Section 6 of S.L. 2018-32, shall participate in the Program and shall provide all information required by the Department of Public Instruction for administration of the Program. All other public school units may elect to participate in the Program no later than August 1 of each fiscal year. The Department of Public Instruction, each fiscal year, beginning with the 2019-2020 fiscal year, shall transfer for each participating public school unit the sum of one hundred forty-five dollars ($145.00) per eligible classroom teacher as of August 31 of each year to a program report code for a classroom teacher electronic account administered pursuant to subsection (d) of this section.

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

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

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

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

SECTION 7.31.(g) Use of Funds for the Program. – The funds appropriated by this act to the Department of Public Instruction for the 2019-2021 fiscal biennium for the Program shall be used to supplement, not supplant, the materials and supplies otherwise available to eligible classroom teachers and for the Department of Public Instruction to provide training to eligible classroom teachers on use of the platform selected for the classroom teacher electronic accounts under subsection (d) or (e) of this section. A public school unit shall not mandate, direct, or encourage eligible classroom teachers to purchase specific materials and supplies or categories of materials and supplies. Classroom supply funds made available under the Program shall not be used to purchase electronic devices, such as computers or software, and shall not be expended for administrative purposes. Eligible classroom teachers shall utilize these funds in a manner that addresses individual classroom needs and supports the overall goals of the school regarding supplies and instructional materials. Any supplies purchased by eligible classroom teachers through the Program shall be the property of the public school unit. Supplies not consumed during the school year shall be made available to the eligible classroom teacher for the following school year or for other eligible classroom teachers as appropriate. Any unexpended funds in the classroom teacher electronic accounts established in subsection (c) of this section shall revert to the General Fund at the end of each fiscal year.
SECTION 7.31.(h) The Department of Public Instruction shall establish categories of purchases for the Allotment that can be compared to purchases made through the Classroom Materials/Instructional Supplies/Equipment allotment. The Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, the House Appropriations Education Committee, and the Senate Appropriations on Education/Higher Education Committee by May 15, 2020, on purchases made through both allotments, including comparisons by categories of purchases from each allotment by each public school unit.

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

ROBOTICS PROGRAM FOR STUDENTS WITH AUTISM

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

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

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

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

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

SECTION 7.33.(d) By October 1, 2020, and by October 1 of any year thereafter in which Out Teach spends State funds, Out Teach shall submit to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly an annual report...
on the progress of the pilot program, an accounting of expenditures, and student outcome and teacher effectiveness data related to the operation of the pilot program.

COMPETENCY-BASED MATH PILOT

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

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

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

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

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

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

LIFE CHANGING EXPERIENCES SCHOOL PILOT PROGRAM

SECTION 7.35.(a) Of the funds appropriated to the Department of Public Instruction by this act for the Life Changing Experiences School Pilot Program for the 2019-2020 fiscal year, the Department shall contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate a one-year Life Changing Experiences School Pilot Program (Project), ending with the 2019-2020 school year. The Project shall be operated and administered for students in grades six through 11 in the following local school administrative units: Lincoln County Schools, McDowell County Schools, Mitchell County Schools, and Pitt County Schools.
These contract funds shall not be used for any purpose other than to implement the Project in the local school administrative units, which consists of traveling three-dimensional, interactive, holistic, and evidence-based multimedia education in-school programs. The Project shall include theme-specific programs screened at school assemblies and additional follow-up applications that address dangerous life- and community-threatening activities that negatively impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to increase positive intentions and behavioral outcomes by teaching students the techniques and skills that empower them to reach meaningful life goals, employ positive behaviors, and start businesses and social enterprises.

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

**SCHOOL SAFETY GRANTS PROGRAMS**

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

1. Definitions. – For purposes of this subsection, the following definitions shall apply:
   a. Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.
   b. Public school unit. – A local school administrative unit, regional school, innovative school, laboratory school, or charter school.
   c. School mental health support personnel. – All of the following:
      1. School nurses, school counselors, school psychologists, and school social workers.
      2. Any of the following with sufficient training or experience with school-age populations, determined on a case-by-case basis in the discretion of the Superintendent of Public Instruction: registered nurses, licensed practical nurses, advanced practice nurses, nurse practitioners, licensed or certified psychologists, licensed clinical social workers, and licensed professional counselors.
   d. Other health support services. – Mental or physical health support services provided by one or more third-party entities to a public school unit on a contracted basis, including telemedicine or other distance consultations.

2. Program; purpose. – The Superintendent of Public Instruction shall establish the 2019 School Safety Grants Program (Program). The purpose of the Program shall be to improve safety in public school units by providing grants for (i) school resource officers, (ii) services for students in crisis, (iii) school safety training, (iv) safety equipment in schools, and (v) additional school mental health support personnel.

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

(4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this subsection, including any documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:

a. The level of resources available to the public school unit that would receive the funding or services.
b. Whether the public school unit has received other grants of funding for school safety.
c. The overall impact on student safety in the public school unit if the identified needs are funded.

(5) Grants for school resource officers. – Of the funds appropriated to the Department of Public Instruction by this section for grants for school resource officers, the Superintendent of Public Instruction shall award grants to public school units for school resource officers in elementary and middle schools, as follows:

a. Grants shall be matched on the basis of two dollars ($2.00) in State funds for every one dollar ($1.00) in non-State funds.
b. Public school units may use these funds to employ school resource officers in elementary and middle schools, to train them, or both.
c. Training shall be provided, in partnership with the public school unit, by a community college, a local law enforcement agency, or the North Carolina Justice Academy. Any training shall include instruction on research into the social and cognitive development of elementary school and middle school children.

(6) Grants for students in crisis. – Of the funds appropriated to the Department of Public Instruction by this section for students in crisis, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

a. Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
b. Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
   1. Cognitive or behavioral problems.
   2. Developmental delays.
   3. Aggressive behavior.
c. Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
   1. Parent-child interaction therapy.
   2. Trauma-focused cognitive behavioral therapy.
   3. Dialectical behavior therapy.
d. Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds allocated to the Superintendent for grants pursuant to this subdivision, the Superintendent shall not use more than fifty percent (50%) for the services identified in this sub-subdivision.

(7) Grants for training to increase school safety. – Of the funds appropriated to the Department of Public Instruction by this section for training to increase school safety, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:

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

b. Training for school mental health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
   1. Parent-child interaction therapy.
   2. Trauma-focused cognitive behavioral therapy.
   4. Dialectical behavior therapy.

c. Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.

d. Training for school mental health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
   1. Trauma-focused cognitive behavioral therapy.
   2. Parent and student coping skills.
   3. Problem solving.
   4. Safety planning.

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

(8) Grants for school mental health support personnel. – Of the funds appropriated to the Department of Public Instruction by this section for school mental health support personnel, the Superintendent of Public Instruction shall award grants to public school units, as follows:

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

b. Grants may be used for any of the following purposes:
   1. To provide all or a portion of the salary and benefits costs needed to employ additional school mental health support personnel on a full-time, part-time, or contractual basis.
2. To contract for other health support services.
3. Training for school mental health support personnel receiving funds under this subdivision.
   c. At least twenty-five percent (25%) of the funds provided pursuant to this subdivision shall be used to provide all or a portion of the salary and benefits costs needed to employ additional school psychologists on a full-time or part-time basis.

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

(10) Administrative costs. – Of the funds appropriated to the Department of Public Instruction by this section for the grants provided in this subsection, the Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars ($100,000) for administrative costs associated with the Program.

(11) Report. – No later than April 1, 2020, the Superintendent of Public Instruction shall report on the program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division. The report shall include the identity of each entity that received a grant through the Program, the amount of funding provided to each entity that received a grant, the use of funds by each entity that received a grant, and recommendations for the implementation of additional effective school safety measures.

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

"§ 115C-105.60. School safety grants.

(a) Definitions. – For purposes of this section, the following definitions shall apply:
   (1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.
   (2) Public school unit. – A local school administrative unit, regional school, innovative school, laboratory school, or charter school.
   (3) School mental health support personnel. – All of the following:
      a. School nurses, school counselors, school psychologists, and school social workers.
      b. Any of the following with sufficient training or experience with school-age populations, determined on a case-by-case basis in the discretion of the Superintendent of Public Instruction: registered nurses, licensed practical nurses, advanced practice nurses, nurse practitioners, licensed or certified psychologists, licensed clinical social workers, and licensed professional counselors.
   (4) Other health support services. – Mental or physical health support services provided by one or more third-party entities to a public school unit on a contracted basis, including telemedicine or other distance consultations.

(b) Program; Purpose. – The Superintendent of Public Instruction shall establish the School Safety Grants Program (Program). To the extent funds are made available for the Program, its purpose shall be to improve safety in public school units by providing grants for (i)
school resource officers, (ii) services for students in crisis, (iii) school safety training, (iv) safety equipment in schools, and (v) additional school mental health support personnel.

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

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

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

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

(1) Grants shall be matched on the basis of two dollars ($2.00) in State funds for every one dollar ($1.00) in non-State funds.
(2) Public school units may use these funds to employ school resource officers in elementary and middle schools, to train them, or both.
(3) Training shall be provided, in partnership with the public school unit, by a community college, a local law enforcement agency, or the North Carolina Justice Academy. Any training shall include instruction on research into the social and cognitive development of elementary school and middle school children.

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

(1) Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
(2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
   a. Cognitive or behavioral problems.
   b. Developmental delays.
   c. Aggressive behavior.
(3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
   a. Parent-child interaction therapy.
   b. Trauma-focused cognitive behavioral therapy.
   c. Dialectical behavior therapy.
(4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds allocated to the Superintendent for grants pursuant to this subsection, the Superintendent shall not use more than fifty percent (50%) for the services identified in this subdivision.

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

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

(2) Training for school mental health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
   a. Parent-child interaction therapy.
   b. Trauma-focused cognitive behavioral therapy.
   c. Behavioral therapy.
   d. Dialectical behavior therapy.
   e. Child-parent psychotherapy.

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

(4) Training for school mental health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
   a. Trauma-focused cognitive behavioral therapy.
   b. Parent and student coping skills.
   c. Problem solving.
   d. Safety planning.

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

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

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

(2) Grants may be used for any of the following purposes:
   a. To provide all or a portion of the salary and benefits costs needed to employ additional school mental health support personnel on a full-time, part-time, or contractual basis.
   b. To contract for other health support services.
   c. Training for school mental health support personnel receiving funds under this subsection.

(3) At least twenty-five percent (25%) of the funds provided pursuant to this subsection shall be used to provide all or a portion of the salary and benefits costs needed to employ additional school psychologists on a full-time or part-time basis.
(i) Supplement Not Supplant. – Grants provided to public school units or community partners pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

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

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

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

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

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

EXPAND SCHOOLS THAT LEAD PILOT PROGRAM

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

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

(1) High schools working to increase on-time graduation.

(2) Middle schools working to prepare students to succeed in high school by reducing the likelihood of retention in the ninth grade for multiple school years.

(3) Elementary schools working to reduce the number of students with early warning indicators of course failures, absences, and discipline."

EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE GRANT PROGRAM
SECTION 7.38.(a) Of the funds appropriated by this section for the At-Risk Student Services Alternative School Allotment for the 2019-2021 fiscal biennium, the Department of Public Instruction shall use up to six million dollars ($6,000,000) for the 2019-2020 fiscal year and up to six million dollars ($6,000,000) for the 2020-2021 fiscal year for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the Department of Public Instruction may use up to two hundred thousand dollars ($200,000) for each fiscal year to administer the Program.

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

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

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

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

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

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

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

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

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

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

**CARRYFORWARD OF ENROllMENT FUNDS FOR NC PROMISE REQUIREMENTS**

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

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

**COLLEGE ADVISING CORPS/COLLEGE ADVISERS IN THE PUBLIC SCHOOLS**

**SECTION 8.3.(a)** Purpose of the College Advising Corps Program.– From the funds
appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The
University of North Carolina for the College Advising Corps program, a grant-in-aid shall be provided to National College Advising Corps, Inc. (CAC) to support an expansion of the placement of college advisers in North Carolina public schools through their program over a three-year period. CAC is a college access nonprofit organization with the mission to increase the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering this mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. Near-peer college advisers perform various services for those students that are key components to the proven success of the program, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

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

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

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

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

**REPEAL BOG MANDATORY REVIEW OF CERTAIN UNC HUMAN RESOURCES ACTIONS**

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

**UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS**

**SECTION 8.5.(a)** G.S. 116-239.5(a) reads as rewritten:
"(a) The Board of Governors, upon recommendation by the President, shall designate at least nine-six constituent institutions to submit proposals to establish laboratory schools to serve public school students in accordance with the provisions of this Article. The Board of Governors shall select constituent institutions with high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory Schools established under G.S. 116-239.7 shall review the proposals and approve at least nine-six of the proposals to establish laboratory schools. The Subcommittee shall oversee the operations of those laboratory schools to meet the purposes set forth in this Article."

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

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

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

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

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

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

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

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

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

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

"§ 116-239.9. Student admissions and assignment.

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

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

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

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

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

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

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

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

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

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

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

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

EXTEND REPORT DATE FOR UNC BOARD OF GOVERNORS PLANNING TASK FORCE

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

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

(b) The Task Force shall conduct a systemwide analysis of the capital needs of the campuses of each constituent institution in relation to the Science Technology Engineering and Mathematics (STEM) subject area, taking into account the strengths, weaknesses, opportunities, and needs of each constituent institution, and any regional similarities and differences. The Task Force shall also consider the impact of any relevant programmatic planning elements being currently utilized that could be implemented as a best-practice among other similar programmatic areas to encourage systemwide efficiencies. In particular, the Task Force shall consider the capital needs relating to the Brody School of Medicine at East Carolina University, the UNC Applied Physical Sciences and Institute for Convergent Science in Chapel Hill, and other STEM projects to determine areas where capital funds may be used more
efficiently and effectively. The Task Force shall use the information gathered pursuant to this subsection to compile a UNC System Plan.

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

INCREASE UNC CARRYFORWARD PERCENTAGE

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

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

(1) Each special responsibility constituent institution.

(2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.

(3) University of North Carolina System Office Budget Code 16010."

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

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

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

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 the Patriot Foundation, a nonprofit corporation, for the purpose of establishing and administering the Program. The Program shall provide 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-division 4. of sub-division 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.
   4. Is a current member 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. The parent's traumatic wounds, injury, or major illness must be documented by the U.S. Department of Defense.

(3) Eligible spouse. – 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, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose spouse 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.

(4) Eligible postsecondary institution. – A school that is any of the following:
   a. A constituent institution of The University of North Carolina.
b. A community college under the jurisdiction of the State Board of Community Colleges.

c. A private educational institution as defined in G.S. 143B-1224.

d. An accredited, private vocational institution.

(5) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

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

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

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

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

REPORT TO THE GA ON CHANGES TO UNC ENROLLMENT FUNDING FORMULA

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

SECTION 8.9.(b) If the Board of Governors adopts changes to the UNC Enrollment Funding Formula or to the allocation of enrollment funds to constituent institutions for the 2020-2021 academic year, other than enrollment funding requests based on actual completed course credit hours, the adopted changes shall become effective on July 1, 2020, unless a bill that specifically disapproves the UNC Enrollment Funding Formula is introduced in either house of the General Assembly before the thirty-first legislative day of the 2020 Regular Session of the 2019 General Assembly. The UNC Enrollment Funding Formula shall become effective on the July 1 immediately following the earlier of either the day an unfavorable final action is taken on
the bill or the day that session of the General Assembly adjourns without ratifying a bill that specifically disapproves the UNC Enrollment Funding Formula. If the UNC Enrollment Funding Formula is specifically disapproved by a bill enacted into law before it becomes effective, the UNC Enrollment Funding Formula shall not become effective. For the purposes of this section, a bill specifically disapproves the UNC Enrollment Funding Formula if it contains a provision that refers to the UNC Enrollment Funding Formula and states that the UNC Enrollment Funding Formula is disapproved. Notwithstanding any rule of either house of the General Assembly, a bill may be introduced as described by this section during the first 30 legislative days of the 2020 Regular Session.

FUNDS FOR UNC-ASHEVILLE WOODS RESIDENCE HALL

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

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

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

HIGH ACHIEVING TUITION SCHOLARSHIPS/CC

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

“Part 5. High Achieving Tuition Scholarship Program.

§ 116-209.80. High Achieving Tuition Scholarship Program.

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

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

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

(c) Student Eligibility. – A student shall be considered an eligible student in order to receive a High Achieving Tuition Scholarship under the Program if the student meets all of the following requirements:
In the academic semester prior to enrolling in a community college, the student graduates with at least a 3.5 unweighted grade point average from either a (i) public high school located in this State or (ii) a nonpublic high school or home school, as defined in Article 39 of Chapter 115C of the General Statutes, located in this State.

The student presents evidence that the student is either a United States citizen or eligible noncitizen.

The student qualifies as a resident of this State for tuition purposes, as provided in Article 14 of Chapter 116 of the General Statutes.

The student gains admission as a student at a North Carolina community college in a curriculum program.

The student complies with Selective Service registration requirements.

The student affirmatively states the student does not have a felony conviction for a controlled substance offense under Article 5 of Chapter 90 of the General Statutes.

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

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

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

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

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

§ 116-209.81. Course counseling for scholarship recipients.

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

§ 116-209.82. Deferment of enrollment into a constituent institution for scholarship recipients.

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

§ 116-209.83. Reporting requirements.
The Authority shall report annually on or before September 1, beginning in 2021, to the Joint Legislative Education Oversight Committee on the implementation of the High Achieving Tuition Scholarship Program. The report shall include at least the following information:

1. Number of students applying for the scholarship, including information about student demographics and geographic location.
2. Number of students awarded the scholarship, including information about student demographics and geographic location, and community college attended.
3. Amount of funds expended for scholarships.
4. Number of students whose scholarships were revoked and reasons for revocation.
5. Other relevant information as determined by the Authority.

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

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

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

NC SCHOOL OF SCIENCE AND MATHEMATICS TUITION GRANTS

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

"Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.
§ 116-209.90. Tuition grants for graduates to attend a constituent institution.
(a) Program Established. – There is established the Tuition Grant for Graduates of the North Carolina School of Science and Mathematics Program (Program). Within the funds made available for the Program, a State resident who graduates from the North Carolina School of Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020 school year, and who enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded for that student's first academic year in accordance with this Part.
(b) Administration of Grants. – The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of
the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

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

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

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

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

The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be administered by the Authority. All funds appropriated to or otherwise received by the Authority to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the academic year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended for administrative purposes."

SECTION 8A.2.(b) This section applies beginning with the award of tuition grants to the North Carolina School of Science and Mathematics Program graduating class of the 2019-2020 school year for the 2020-2021 academic year.

WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM

SECTION 8A.3.(a) Scholarship program established. – From the funds appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority (Authority) for the Washington Center Internship Scholarship Program, the Authority shall award scholarship grants to students who are residents of North Carolina and are enrolled in their second year or higher in a constituent institution of The University of North Carolina to attend a semester or summer term internship program at the Washington Center for Internships and Academic Seminars (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of funds when a student withdraws from the program. A student who meets the eligibility criteria of the Washington Center to attend a semester or summer term internship program may apply to the Authority for a grant to cover costs related to the internship program in an amount of up to seven thousand dollars ($7,000). The Authority shall award grants to students in the order in which applications are received.

SECTION 8A.3.(b) Limitations on grant amount. – If a student, who is eligible for a grant pursuant to this section, also receives a scholarship or other grant covering the cost of attendance for the program, then the amount of the State grant shall be reduced by an appropriate
amount determined by the Authority. The Authority shall reduce the amount of the grant so that the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost of attendance for the program, including program fees, housing, and incidental costs. The cost of attendance shall be established by the Authority in accordance with information provided to the Authority by the Washington Center.

SECTION 8A.3.(c) Internship activities. – A student participating in the Washington Center’s program shall (i) intern four days a week with a nonprofit corporation, private company, federal agency, or a member of the United States Congress, (ii) take an academic class taught by the Washington Center's faculty, (iii) participate in academic seminars, (iv) participate in career readiness training programs, and (v) be responsible for a final portfolio project outlining work completed during the program. Students from all academic majors can participate and benefit from the program.

SECTION 8A.3.(d) Administrative costs. – The Authority may use up to one percent (1%) of the funds appropriated each fiscal year for the program for administrative costs.

SECTION 8A.3.(e) Reporting. – By March 1, 2021, the Authority, in consultation with the Washington Center, shall report to the Joint Legislative Education Oversight Committee, the chairs of the Senate Appropriations Committee on Education/Higher Education, and the chairs of the House of Representatives Appropriations Committee on Education on the implementation of the scholarship program, including the number of participating students and the amount of awards for each semester or summer term by constituent institution.

SECTION 8A.3.(f) This section applies beginning with the award of scholarship grants for the 2020 spring academic semester.

NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF VETERANS AND ACTIVE DUTY MILITARY

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

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

a. Qualify as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of The University of North Carolina.

b. Be a veteran provided the veteran's abode is in North Carolina and the veteran provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.

c. Be an active duty member of the Armed Forces provided the member of the Armed Forces is abiding in this State incident to active military duty in this State.

d. Be the dependent relative of a veteran who is abiding in North Carolina while sharing an abode with the veteran and the dependent relative provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.

e. Be the dependent relative of an active duty member of the Armed Forces who is abiding in North Carolina incident to active military duty while sharing an abode with the active duty member."

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

EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS

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

"§ 115C-499.2. Eligibility requirements for a scholarship.
In order to be eligible to receive a scholarship under this Article, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

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

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

"(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a scholarship awarded under this Article to a student at an eligible postsecondary institution shall be based upon the enrollment status and expected family contribution of the student and shall not exceed four-five thousand one hundred dollars ($4,000)-($5,100) per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs."

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

MODIFY NC TEACHING FELLOWS PROGRAM

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

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

..."

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

(1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.

(2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in STEM or special education licensure areas.

(3) Demonstrates high rates of graduates passing exams required for teacher licensure.

(4) Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.

(5) Requires at least a minor concentration of study in the subject area that the candidate may teach.

(6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.

(7) Is approved by the State Board of Education as an educator preparation program.

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

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

"(4) Students matriculating at institutions of higher education who are changing to 

enrollment in an approved program of study at a selected educator preparation 

program. – Forgivable loans of up to four thousand one hundred twenty-five 

dollars ($4,125) per semester for up to four semesters."

SECTION 8A.6.(c) Subsection (a) of this section applies to the award of forgivable 

loans beginning with the 2020-2021 academic year. Subsection (b) of this section applies to the 

award of forgivable loans beginning with the 2019-2020 academic year.

USE OF UNEXPENDED OPPORTUNITY SCHOLARSHIP FUNDS/INFORMATION 
ON NONPUBLIC SCHOOLS

SECTION 8A.7.(a) G.S. 115C-562.8 reads as rewritten:

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

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be 

administered by the Board of Governors of The University of North Carolina for the purpose of 

allocating funds to the Authority for the award of scholarship grants in accordance with this Part. 

The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the 

General Assembly and any interest accrued to it thereon. These funds shall be used to award 

scholarship grants to eligible students for the school year that begins in the fiscal year following 

the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall 

only use monies in the Reserve in accordance with the purposes set forth in this section. Funds 

appropriated in a particular fiscal year to be used for the award of scholarships in the following 

fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds 

were appropriated shall be carried forward for one fiscal year and may be used for the purposes 

set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal 

year until the funds from the prior year appropriation to be used to award scholarships are 

expend. Funds carried forward pursuant to this section that have not been spent within one 

fiscal year shall revert to the General Fund. be used in accordance with subsection (d) of this 

section.

..."

(d) Any unexpended funds at the end of a fiscal year from the funds carried forward for 

one fiscal year pursuant to subsection (a) of this section shall be used as follows:

(1) Up to two million five hundred thousand dollars ($2,500,000) shall be 

transferred to the Department of Administration, Division of Nonpublic 

Education, for data collection from nonpublic schools and to maintain a Web 

site to provide information to students and parents to assist them in the 

selection of nonpublic schools pursuant to Part 5 of this Article.

(2) Up to five hundred thousand dollars ($500,000) shall be used by the Authority 

to contract with a nonprofit corporation representing parents and families, for 

marketing, outreach, and scholarship application assistance for parents and 

students pursuant to Part 5 of this Article.

(3) Any remaining funds shall revert to the General Fund."

SECTION 8A.7.(b) Article 39 of Chapter 115C of the General Statutes is amended 

by adding a new Part to read:

"Part 5. Nonpublic School Information for Parents and Students.

§ 115C-567.5. Nonpublic School Information Dashboard.

(a) Dashboard. – The Department of Administration, Division of Nonpublic Education, 

shall provide information on a Web site, under a section entitled "Nonpublic School Information 

Dashboard" to students, parents, and the public on certain nonpublic schools located in North 

Carolina as provided in this section. The information shall be updated annually.
(b) Available Data. – The Division of Nonpublic Education shall, as data is made available, provide information under subsection (a) of this section on nonpublic schools, including any data made available for students enrolled in those nonpublic schools. For a nonpublic school that enrolls students whose tuition and fees are paid in whole or in part with a scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division a brief summary of the school’s standard testing protocol, including the specific tests and assessments used by the school, graduation rates of the students who receive scholarship grants as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be posted on the Division’s dashboard. Other nonpublic schools that meet the requirements of Part 1 or Part 2 of this Article as identified by the Division of Nonpublic Education, including schools that enroll students receiving scholarship funds under Article 41 of this Chapter and Part 1H of Article 9 of this Chapter, may voluntarily submit data to also be included in the dashboard for the students enrolled in the nonpublic school. The State Education Assistance Authority shall provide information to the Division on the scholarship program it administers pursuant to Part 2A of this Article. The information contained on the dashboard shall not include personally identifiable student data.

§ 115C-567.10. Outreach and assistance for parents and students.

(a) The State Education Assistance Authority, in its administration of scholarship programs for eligible students to attend nonpublic schools pursuant to Part 2A of this Article, Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with a nonprofit corporation representing parents and families, for marketing, outreach, and scholarship application assistance for parents and students. The Authority shall issue a request for proposals in order to enter into a contract with a nonprofit corporation that meets the following requirements during the term of the contract:

1. Be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.
2. Employ sufficient staff who have demonstrated a capacity to market and implement a scholarship grant program, including by doing the following:
   a. Direct mail marketing.
   b. Radio advertising.
   c. Targeted digital advertising.
   d. One-on-one parent and family engagement.
3. Comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.
4. Have no State officer or employee serving on the board of the nonprofit.
5. Conduct at least quarterly meetings of the board of directors of the nonprofit at the call of its chair.

(b) The terms of the contract between the Authority and a nonprofit corporation shall require that the nonprofit maintains the confidentiality of any information provided by the Authority for parents and students as directed by the Authority and not disseminate information to third parties without written parental consent. During the term of the contract provided for in this section, the Authority shall include on scholarship applications a statement for parents to indicate nonconsent for sharing information with a nonprofit corporation.

(c) Notwithstanding any other provision of law, during the term of the contract provided for in this section, the Authority may share the name, address, e-mail, and telephone number of the parent of any student applicant, unless the parent indicates that the information should not be shared.”

SECTION 8A.7.(c) G.S. 115C-562.5 reads as rewritten:

§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving scholarship grants.
(a) A nonpublic school that accepts eligible students receiving scholarship grants shall comply with the following:

(1) Provide to the Authority documentation for required tuition and fees charged to the student by the nonpublic school.

(2) Provide to the Authority a criminal background check conducted for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing document, to ensure that person has not been convicted of any crime listed in G.S. 115C-332.

(3) Provide to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with a scholarship grant, an annual written explanation of the student’s progress, including the student’s scores on standardized achievement tests.

(4) Administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school to all eligible students whose tuition and fees are paid in whole or in part with a scholarship grant enrolled in grades three and higher. The nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data retained by the nonpublic school for at least a five-year period. The Authority may audit the test data retained by the school to ensure compliance with this subdivision. A brief summary of the nonpublic school’s standard testing protocol, including the name of the tests or assessments used by the school, shall be reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes. Division in accordance with G.S. 115C-567.5.

(5) Provide to the Authority Division graduation rates of the students receiving scholarship grants in a manner consistent with nationally recognized standards, in accordance with G.S. 115C-567.5.

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

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

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

"SECTION 8A.7.(d) G.S. 115C-562.7(c) is repealed.

SECTION 8A.7.(e) Section 8.29(g) of S.L. 2013-360 reads as rewritten:

"SECTION 8.29.(g) The Authority shall select an independent research organization, as required by G.S. 115C-562.7, as enacted by this section, beginning with the 2017-2018 school year. The first learning gains report required by G.S. 115C 562.7, as enacted by this section, shall not be due until December 1, 2018. The first financial review for a nonpublic school that accepts
scholarship grant funds, as required by G.S. 115C-562.5(a)(6), as enacted by this section, shall not be required until the 2015-2016 school year."

SECTION 8A.7.(f) Subsection (a) of this section becomes effective June 30, 2019. This section applies beginning with the 2019-2020 school year.

EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS/PRIOR YEAR IN A PUBLIC SCHOOL

SECTION 8A.8.(a) G.S. 115C-562.1(3) reads as rewritten:

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

a. Meets one of the following criteria:
   1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the spring semester prior to the school year for which the student is applying.
   2. Received a scholarship grant for the school year prior to the school year for which the student is applying.
   3. Is entering either kindergarten or the first grade.
   4. Is a child in foster care as defined in G.S. 131D-10.2(9).
   5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.
   6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.
   7. Is a child who meets both of the following:
      I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.
      II. Was enrolled for the entire school year immediately prior to the school year in which the student enrolled in the nonpublic school in one of the following:
         A. A North Carolina public school.
         B. A Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina."

SECTION 8A.8.(b) G.S. 115C-562.7(b)(3) reads as rewritten:

"(3) Number of students previously enrolled in local school administrative units or charter schools in the prior semester or prior school year by the previously attended local school administrative unit or charter school."

SECTION 8A.8.(c) This section applies beginning with the award of scholarship grants for the 2020-2021 school year.

COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH DISABILITIES
SECTION 8A.9.(a) Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

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

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

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

"§ 115C-591. Definitions.

The following definitions apply in this Article:

(1) Authority. – Defined in G.S. 116-201.

(2) Division. – The Division of Nonpublic Education, Department of Administration.

(2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.

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

a. Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366.

b. Has not been enrolled in a postsecondary institution in a matriculated status eligible for enrollment for as a full-time student taking at least 12 hours of academic credit.

c. Is a child with a disability, as defined in G.S. 115C-106.3(1), including, for example, intellectual disability, hearing impairment, speech or language impairment, visual impairment, serious emotional disturbance, orthopedic impairment, autism, traumatic brain injury, other health impairments, specific learning disability, or disability as may be required to be included under IDEA, G.S. 115C-106.3(1).

d. Has not been placed in a nonpublic school or facility by a public agency at public expense.

(4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter, as identified by the Division.

(5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.

(5a) Part-time student. – A child enrolled part time in a public school and part time in a nonpublic school that exclusively provides services for children with disabilities.

(6) Personal Education Savings Student Account or PESA. – A bank account provided to a parent for the purpose of holding scholarship funds awarded by the Authority for an eligible student to be used for qualifying education expenses under G.S. 115C-595.

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

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

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

(b) Scholarship Awards. – Scholarships. Except for eligible students who qualify for scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each year for an amount not to exceed nine-thousand dollars ($9,000) ($8,000) per eligible student for the fiscal year in for which the application is received, except received or (ii) for eligible part-time students, who shall be awarded scholarships each year for an amount not to exceed students, four thousand five hundred dollars ($4,500) ($4,000) per eligible student for the fiscal year in for which the application is received. Any funds remaining on a debit card or in an electronic account provided under subsection (b2) of this section at the end of a school year for eligible students who qualify only under this subsection shall be returned to the Authority.

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

1. Autism.
2. Hearing impairment.
3. Moderate or severe intellectual or developmental disability.
4. Multiple, permanent orthopedic impairments.
5. Visual impairment.

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

(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive the scholarship funds deposits in two equal amounts to a PESA in amounts, one-half in each quarter-semester of the fiscal school year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-595. The parent shall then receive a debit card or an electronic account with the prepaid funds loaded on the card or in the electronic account at the beginning of the fiscal school year. After the initial disbursement of funds, each subsequent, quarterly-semester disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-595(a)(1), for no less than the days of the applicable quarter-semester. The debit card or the electronic account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal school years. Any funds remaining on the card or in the electronic account at the end of the fiscal year may be carried forward to the next fiscal year if the card or electronic account is renewed. Any funds remaining on the card or in the electronic account if an agreement is not renewed shall be returned to the Authority.
Eligibility for the other scholarship programs is provided for as follows:

Other Scholarship Programs. –

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

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

a. Autism.
b. Developmental disability.
c. Hearing impairment.
d. Moderate or severe intellectual disability.
e. Multiple, permanent orthopedic impairments.
f. Visual impairment.

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

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

(1) The child has been assessed by a local education agency and determined to be a child with a disability and with that outcome verified by the local education agency on a form provided to the Authority.

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

§ 115C-593. Student continuing eligibility.

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

(1) The local education agency. – The local education agency shall assess if the student continues to be a child with a disability and verify the outcome on a form provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. – The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

§ 115C-594. Verification of eligibility.
(a) Verification of Information. – The Authority may seek verification of information on any application for the award of scholarship funds for a personal education savings student account. The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application. The Authority shall establish rules for the verification process. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

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

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

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

(1) Use at least a portion of the scholarship funds to provide an education to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science.

(2) Unless the student is a part-time eligible student, release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, other than a part-time eligible student, who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority.

(3) Use the scholarship funds deposited into a personal education savings student account only for the following qualifying education expenses of the eligible student:

a. Tuition and fees for a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the requirements of G.S. 115C-562.5. Tuition and fees may only be disbursed to the nonpublic school as provided in subdivision (1) of subsection (a1) of this section.

b. Textbooks required by a nonpublic school.

c. Tutoring and teaching services provided by an individual or facility accredited by a State, regional, or national accrediting organization.

d. Curricula.

e. Fees for nationally standardized norm-referenced achievement tests, advanced placement tests, or nationally recognized college entrance exams.

f. Fees charged to the account holder for the management of the PESA.

g. Fees for services provided by a public school, including individual classes and extracurricular programs.

h. Premiums charged to the account holder for any insurance or surety bonds required by the Authority.
i. Educational therapies from a licensed or accredited practitioner or provider.

j. Educational technology defined by the Authority as approved for use pursuant to Part III of Article 9 of this Chapter G.S. 115C-591(2a).

k. Student transportation, pursuant to a contract with an entity that regularly provides student transportation, to and from (i) a provider of education or related services or (ii) an education activity.

(3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible student may pay tuition to certain schools with funds other than funds available in the personal education student account and then request reimbursement from the Authority from scholarship funds if the parent complies with the provisions of subdivision (2) of subsection (a1) of this section.

(4) Not use scholarship funds for any of the following purposes:

a. Computer hardware or other technological devices not defined by the Authority as educational technology approved for use pursuant to Part 1H of Article 9 of this Chapter G.S. 115C-591(2a).

b. Consumable educational supplies, including paper, pen, or markers.

c. Tuition and fees at an institution of higher education, as defined in G.S. 116-143.1, or a private postsecondary institution.

d. Tuition and fees for a nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter.

(a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school based upon the method selected by the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement for tuition option or the reimbursement for tuition option as set forth in this subsection. Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds for tuition shall be disbursed as follows:

(1) Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds from the personal education student account for eligible students who attend nonpublic schools who meet the requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this section to the nonpublic school for endorsement by at least one of the student’s parents or guardians. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student for deposit into the account of the nonpublic school to the credit of the eligible student. The parent or guardian shall not designate any entity or individual associated with the school as the parent’s attorney-in-fact to endorse the scholarship funds. A parent’s or guardian's failure to comply with this subdivision shall result in forfeiture of the scholarship funds for tuition. Scholarship funds forfeited for failure to comply with this subdivision shall be returned to the Authority to be awarded to another student.

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

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

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

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

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

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

§ 115C-597. Administration.

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

1. The administration and awarding of scholarship funds, including a lottery process for the selection of recipients within the criteria established by G.S. 115C-592(a), if necessary.

2. Requiring a surety bond or insurance to be held by account holders.

3. Use of the funds and the reporting of expenditures.

4. Monitoring and control of spending scholarship funds deposited in a personal education savings account.

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

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

(c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit a random sampling of PESAs as needed to ensure compliance with the requirements of this Article. The Authority may contract with an independent entity to conduct these audits. The Authority may remove a parent or eligible student from the program and close a personal education savings student account for failure to comply with the terms of the parental agreement, for failure to comply with applicable laws, or because the student is no longer an eligible student.

(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain up to two hundred fifty thousand dollars ($250,000) four percent (4%) of the funds appropriated for the program each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program.

§ 115C-598. Reporting requirements.

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

1. Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship funds.

2. Total amount of scholarship funding awarded.
(3) Number of students previously enrolled in public schools in the prior semester by the previously attended local education agency.

(4) Nonpublic schools in which scholarship recipients are enrolled, including numbers of scholarship recipients at each nonpublic school.

(5) The number of substantiated cases of fraud by recipients and the number of parents or students removed from the program for noncompliance with the provisions of this Article.

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

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

(1) Conduct evaluations requested by a child's parent or guardian of suspected children with disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by IDEA.

(2) Provide assessments for continuing eligibility to identified children with disabilities receiving scholarship funds at the request of the parent or guardian to ensure compliance with G.S. 115C-593.

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

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

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

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

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

SECTION 8A.9.(e) G.S. 115C-567.5(b), as enacted by Section 8A.7(b) of this act, reads as rewritten:

"(b) Available Data. – The Division of Nonpublic Education shall, as data is made available, provide information under subsection (a) of this section on nonpublic schools, including any data made available for students enrolled in those nonpublic schools. For a nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division a brief summary of the school's standard testing protocol, including the specific tests and assessments used by the school, graduation rates of the students who receive scholarship grants as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part 1 or 2 of this Article as identified by the Division of Nonpublic Education, including schools that enroll students receiving scholarship funds under Article 41 of this Chapter and Part 1H of Article
of this Chapter, may voluntarily submit data to also be included in the dashboard for the
students enrolled in the nonpublic school. The State Education Assistance Authority shall provide
information to the Division on the scholarship program it administers pursuant to Part 2A of this
Article. The information contained on the dashboard shall not include personally identifiable
student data."

SECTION 8A.9.(f) G.S. 115C-567.10(a), as enacted by Section 8A.7(b) of this act,
reads as rewritten:
"(a) The State Education Assistance Authority, in its administration of scholarship
programs for eligible students to attend nonpublic schools pursuant to Part 2A of this Article,
Article and Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with
a nonprofit corporation representing parents and families, for marketing, outreach, and
scholarship application assistance for parents and students. The Authority shall issue a request
for proposals in order to enter into a contract with a nonprofit corporation that meets the following
requirements during the term of the contract:

(1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
Statutes and comply at all times with the provisions of section 501(c)(3) of the
Internal Revenue Code.

(2) Employ sufficient staff who have demonstrated a capacity to market and
implement a scholarship grant program, including by doing the following:
  a. Direct mail marketing.
  b. Radio advertising.
  c. Targeted digital advertising.
  d. One-on-one parent and family engagement.

(3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
Internal Revenue Code.

(4) Have no State officer or employee serving on the board of the nonprofit.

(5) Conduct at least quarterly meetings of the board of directors of the nonprofit
at the call of its chair."

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

SECTION 8A.9.(h) G.S. 105-153.5(b)(12) reads as rewritten:
"(12) The amount deposited during the taxable year to a personal education savings
student account under Article 41 of Chapter 115C of the General Statutes."
PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE RATES

SECTION 9A.1.(a) For each year of the 2019-2021 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident.

SECTION 9A.1.(b) For each year of the 2019-2021 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident.

INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE

SECTION 9A.2. Effective October 1, 2019, the Department of Health and Human Services, Division of Aging and Adult Services, shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars ($46.00) per month per recipient to seventy dollars ($70.00) per month per recipient.

AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS

SECTION 9A.3.(a) Notwithstanding the provisions of G.S. 108A-47.1 or any other provision of law to the contrary, and within existing appropriations for State-County Special Assistance, the Secretary of the Department of Health and Human Services may waive the fifteen percent (15%) cap on the number of Special Assistance in-home payments, as the Secretary deems necessary.

SECTION 9A.3.(b) This section expires on June 30, 2021.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)

SECTION 9B.1.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, the sum of eighteen million five hundred thirteen thousand three hundred seventy-two dollars ($18,513,372) in nonrecurring funds for the 2019-2020 fiscal year and the sum of twelve million three hundred one thousand seven hundred two dollars ($12,301,702) in nonrecurring funds for the 2020-2021 fiscal year shall be used for nonrecurring operations and maintenance expenses for the North Carolina Families Accessing Services Through Technology (NC FAST) system and to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) the child welfare case management component, (ii) 24/7 access, and (iii) a document management solution. The Department of Health and Human Services, Division of Central Management and Support, shall report any change in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

SECTION 9B.1.(b) Departmental receipts appropriated in this act in the sum of forty-one million three hundred fifty-two thousand eight hundred eighty-three dollars ($41,352,883) for the 2019-20 fiscal year and in the sum of twenty-four million eight hundred forty-six thousand three hundred seven dollars ($24,846,307) for the 2020-2021 fiscal year shall be used for the purposes described in subsection (a) of this section.

COMMUNITY HEALTH GRANT PROGRAM
SECTION 9B.2.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2019-2021 fiscal biennium for the Community Health Grant Program shall be used to continue to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

SECTION 9B.2.(b) The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars ($150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

SECTION 9B.2.(c) Grant recipients shall not use these funds to do any of the following:

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

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

3. Finance or satisfy any existing debt.

SECTION 9B.2.(d) The Office of Rural Health may use up to two hundred thousand dollars ($200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for administrative purposes.

SECTION 9B.2.(e) By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

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

2. The amount of funding awarded to each grantee.

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

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

SECTION 9B.2.(f) By November 1, 2019, the Office of Rural Health shall report to the Joint Legislative Oversight Committee on Health and Human Services on the implementation status of the following Community Health Grant Program requirements enacted by Section 11A.8 of S.L. 2017-57:

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

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

ALLOCATION OF FUNDS FOR PHYSICIANS AND DENTISTS UNDER THE RURAL HEALTH LOAN REPAYMENT PROGRAM
SECTION 9B.3. Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for the loan repayment program administered pursuant to G.S. 143B-139.4C, the sum of two million one hundred fifty thousand dollars ($2,150,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one million one hundred fifty thousand dollars ($1,150,000) in nonrecurring funds for the 2020-2021 fiscal year shall be allocated to fund student loan repayments for physicians and dentists under the program.

ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY

SECTION 9B.4.(a) The Office of Program Evaluation Reporting and Accountability within the Department of Health and Human Services is eliminated.

SECTION 9B.4.(b) Part 31A of Article 3 of Chapter 143B of the General Statutes is repealed.

VETERANS HEALTH CARE PILOT PROGRAM

SECTION 9B.5.(a) Pilot Program. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of four hundred thousand dollars ($400,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to support the development and implementation of a two-year pilot program to provide health care services to veterans. The Department of Health and Human Services and the Department of Military and Veterans Affairs, in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall develop and implement the pilot program in Cumberland County. The pilot program shall consist of the following initiatives:

1. A health care initiative to provide to veterans increased access to health care resources through the care coordination efforts of community health workers.
2. A workforce initiative to recruit and train unemployed and underemployed veterans as community health workers for the health care initiative described in subdivision (1) of this section.

SECTION 9B.5.(b) Termination. – The pilot program authorized by this section shall terminate on June 30, 2021.

SECTION 9B.5.(c) Evaluation. – By February 1, 2022, the Department of Health and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the pilot program authorized by this section. The comprehensive evaluation shall include at least all of the following:

1. A detailed breakdown of expenditures for the pilot program.
2. The specific ways in which the health care initiative provided to veterans increased access to health care resources.
3. The total number of unemployed and underemployed veterans who were recruited and trained as community health workers under the pilot program's workforce initiative.

ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS

SECTION 9B.6.(a) Eliminate Report on Expansion of Controlled Substances Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

SECTION 9B.6.(b) Eliminate Report on Coordination of Diabetes Programs. – G.S. 130A-221.1(b) is repealed.

SECTION 9B.6.(c) Eliminate Report on Department's Coordination of Chronic Care Initiatives. – G.S. 130A-222.5(3) is repealed.

SECTION 9B.6.(e) Eliminate Report on Use of Lapsed Salary Funds. – G.S. 120-208.4(b) is repealed.

NORTH CAROLINA RARE DISEASE ADVISORY COUNCIL FUNDS

SECTION 9B.7. Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, the sum of two hundred fifty thousand dollars ($250,000) in recurring funds for the 2019-2020 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) in recurring funds for the 2020-2021 fiscal year shall be allocated to the School of Medicine of the University of North Carolina at Chapel Hill to support the activities of the Advisory Council on Rare Diseases (Council) established pursuant to G.S. 130A-33.65. These funds shall be used to develop a rare disease network across the State for the purposes of collecting data regarding regional rare disease prevalence, stimulating rare disease collaborations, and creating biotechnology economic development opportunities. The Council shall partner with legislators and other stakeholders in various regions of the State to increase public awareness and improve diagnosis times for individuals with rare diseases. In addition, the Council shall develop key strategies on increasing access to information, integrated and innovative support services, translational research collaborations, educational programs, and accelerated technology, as well as emphasizing economic development and retention of talented researchers. In support of these activities, the funds allocated pursuant to this section shall be used by the Council for the following:

1. The sum of thirty thousand dollars ($30,000) to be used to primarily support seminars on rare diseases to be held throughout the State.
2. The sum of twenty-five thousand dollars ($25,000) to be used to support travel and per diem for members of the Council to attend conferences and other partnership organization activities related to rare diseases.
3. The sum of five thousand dollars ($5,000) to maintain a Web site and social media presence and to create material on activities of the Council.
4. The sum of one hundred sixty thousand dollars ($160,000) to establish positions to support the Council, including contracting for temporary employees to launch larger initiatives of the Council.
5. The sum of thirty thousand dollars ($30,000) for literature, equipment, and supplies to support the Council's activities.

COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS

SECTION 9B.8.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for each year of the 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit organizations:

1. The sum of eleven million one hundred fifty-three thousand nine hundred eleven dollars ($11,153,911) in recurring funds for each year of the 2019-2021 fiscal biennium.
2. The sum of four hundred fifty thousand dollars ($450,000) in nonrecurring funds for each year of the 2019-2021 fiscal biennium.
3. The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2019-2021 fiscal biennium appropriated in Section 9K.1(a) of this act in Social Services Block Grant funds.
The sum of one million six hundred thousand dollars ($1,600,000) for each year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds.

SECTION 9B.8.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.

b. A system of residential supports for those afflicted with substance abuse addiction.

c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.

d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.

e. A food distribution system for needy individuals.

f. The provision and coordination of services for the homeless.

g. The provision of services for individuals aging out of foster care.

h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.

i. The provision of services and screening for blindness.

j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.

k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.

l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.

m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.

n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.
(5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

(6) A process that allows grants to be awarded to nonprofits for up to two years.

(7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

SECTION 9B.8.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

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

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

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9B.8.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) The entity’s mission, purpose, and governance structure.

(2) A description of the types of programs, services, and activities funded by State appropriations.

(3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.

(5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

SECTION 9B.8.(e) For the 2019-2021 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make the following allocations, provided that each nonprofit organization receiving funds pursuant to this subsection shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section:

(1) The sum of three hundred fifty thousand dollars ($350,000) in each year of the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.

(2) The sum of one million six hundred twenty-five thousand dollars ($1,625,000) for each year of the 2019-2021 fiscal biennium and the sum of one million six hundred thousand dollars ($1,600,000) appropriated in Section 9K.1(a) of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2019-2021 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction.

(3) The sum of two million seven hundred fifty thousand dollars ($2,750,000) in each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be
expected to reduce gang participation, school dropout, and teen pregnancy rates.

(4) The sum of two hundred fifty thousand dollars ($250,000) to Cross Trail Outfitters for purposes of promoting wellness and physical activity for youth seven to 20 years of age.

(5) The sum of three million four hundred eighty-six thousand three hundred twenty-one dollars ($3,486,321) recurring in each year of the 2019-2021 fiscal biennium and the sum of two hundred fifty thousand dollars ($250,000) nonrecurring in each year of the 2019-2021 fiscal biennium to food banks in this State for the provision of food distribution to needy individuals, including Food Bank of the Albemarle, North Carolina Association of Feeding America Food Banks, MANNA Food Bank, Action Pathways, Food Bank of Central and Eastern North Carolina, Second Harvest Food Bank of Northwest North Carolina, and Second Harvest Food Bank of Metrolina.

(6) The sum of two hundred thirty-two thousand seven hundred fifty-seven dollars ($232,757) in each year of the 2019-2021 fiscal biennium to the North Carolina Senior Games for purposes of promoting health and education for North Carolinians 50 years of age and better.

(7) The sum of one hundred thousand dollars ($100,000) in each year of the 2019-2021 fiscal biennium to Special Olympics North Carolina to promote training and athletic competition for children and adults with intellectual disabilities.

PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES

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

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

SECTION 9C.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.
SECTION 9C.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9C.1.(d) Programmatic Standards. – Except as provided in subsection (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9C.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 9C.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

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

SECTION 9C.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS

SECTION 9C.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base reimbursement rates for child care centers participating in the North Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal year rates for the 2019-2020 fiscal year and by an additional six percent (6%) over the 2019-2020 rates for the 2020-2021 fiscal year. It is the intent of the General Assembly that funds allocated pursuant to this section be used to increase the salaries of teachers working in child care centers as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools or Head Start centers.

CHILD Care SUBSIDY RATES

SECTION 9C.3.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

<table>
<thead>
<tr>
<th>AGE</th>
<th>INCOME PERCENTAGE LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5</td>
<td>200%</td>
</tr>
<tr>
<td>6 – 12</td>
<td>133%</td>
</tr>
</tbody>
</table>

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9C.3.(b) Fees for families who are required to share in the cost of care are established based on nine percent (9%) of gross family income. When care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.
SECTION 9C.3.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

1. Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

2. Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.

3. No payments shall be made for transportation services charged by child care facilities.

4. Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment.

5. The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

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

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

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

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

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

SECTION 9C.3.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.
County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 9C.3.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

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

1. The child for whom a child care subsidy is sought is receiving child protective services or foster care services.
2. The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.
3. The child for whom a child care subsidy is sought is a citizen of the United States.

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

SECTION 9C.3.(k) Department of Defense-certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense-certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense-certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.

CHILD CARE ALLOCATION FORMULA

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

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

a. The amount of funds used for preventing termination of services and the repayment of any federal funds.

b. The date the remaining funds were distributed to counties.

c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2019-2021 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

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

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

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

(1) A county's initial allocation shall be the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available. With the exception of market rate increases consistent with any increases approved by the General Assembly, a county whose spending coefficient is less than ninety-two percent (92%) in the previous fiscal year shall receive its prior year's expenditure as its allocation and shall not receive an increase in its allocation in the following year. A county whose spending coefficient is at least ninety-two percent (92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

(2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this
subdivision, and (iii) the final one-third change in a county's allocation
beginning the following two years thereafter.

SMART START INITIATIVES

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

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

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

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

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

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

SECTION 9C.5.(d) Match Requirements. – The North Carolina Partnership for
Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021
biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local
partnerships are required to match, contributions of cash shall be equal to at least thirteen percent
(13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total
match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.
The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of
the required match for a fiscal year in order to meet the match requirement of the succeeding
fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

1. Be verifiable from the contractor's records.
2. If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
3. Not include expenses funded by State funds.
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
include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
for fund-raising. The report shall include the following:

(1) The amount of funds expended on fund-raising.

(2) Any return on fund-raising investments.

(3) Any other information deemed relevant.

SECTION 9C.5.(j) G.S. 143B-168.12(d) reads as rewritten:

"(d) The North Carolina Partnership for Children, Inc., shall make a report no later than
December 1 of each year to the General Assembly Joint Legislative Oversight Committee on
Health and Human Services and the Fiscal Research Division of the General Assembly that shall
include the following:

(1) A description of the program and significant services and initiatives.

(2) A history of Smart Start funding and the previous fiscal year's expenditures.

(3) The number of children served by type of service.

(4) The type and quantity of services provided.

(5) The results of the previous year's evaluations of the Initiatives or related
programs and services.

(6) A description of significant policy and program changes.

(7) Any recommendations for legislative action."

SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION
LIBRARY

SECTION 9C.6.(a) Funds allocated to the North Carolina Partnership for Children,
Inc., from the Department of Health and Human Services, shall be used to increase access to
Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books
on a monthly basis to children registered for the program.

SECTION 9C.6.(b) The North Carolina Partnership for Children, Inc., may use up
to one percent (1%) of the funds for statewide program management and up to one percent (1%)
of the funds for program evaluation. Funds appropriated under this section shall not be subject
to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be
subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
Section 9C.5(d) of this act.

PART IX-D. HEALTH BENEFITS

MEDICAID ELIGIBILITY
SECTION 9D.1. Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-54.3A. Eligibility categories and income thresholds.
(a) The Department shall provide Medicaid coverage for individuals in accordance with federal statutes and regulations and specifically shall provide coverage for the following populations:

(1) Families, children under the age of 21, pregnant women, and individuals who are aged, blind, or disabled, who are medically needy, subject to the following annual income levels after meeting the applicable deductible:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,904</td>
</tr>
<tr>
<td>2</td>
<td>3,804</td>
</tr>
<tr>
<td>3</td>
<td>4,404</td>
</tr>
<tr>
<td>4</td>
<td>4,800</td>
</tr>
<tr>
<td>5</td>
<td>5,196</td>
</tr>
<tr>
<td>6</td>
<td>5,604</td>
</tr>
<tr>
<td>7</td>
<td>6,000</td>
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<tr>
<td>8</td>
<td>6,300</td>
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<tr>
<td>9</td>
<td>6,504</td>
</tr>
<tr>
<td>10</td>
<td>6,900</td>
</tr>
<tr>
<td>11</td>
<td>7,200</td>
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<tr>
<td>12</td>
<td>7,596</td>
</tr>
<tr>
<td>13</td>
<td>8,004</td>
</tr>
<tr>
<td>14</td>
<td>8,400</td>
</tr>
</tbody>
</table>

Each additional family member adds $396.

(2) Families and children under the age of 21, subject to the following annual income levels:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$5,208</td>
</tr>
<tr>
<td>2</td>
<td>6,828</td>
</tr>
<tr>
<td>3</td>
<td>8,004</td>
</tr>
<tr>
<td>4</td>
<td>8,928</td>
</tr>
<tr>
<td>5</td>
<td>9,888</td>
</tr>
<tr>
<td>6</td>
<td>10,812</td>
</tr>
<tr>
<td>7</td>
<td>11,700</td>
</tr>
<tr>
<td>8</td>
<td>12,432</td>
</tr>
<tr>
<td>9</td>
<td>13,152</td>
</tr>
<tr>
<td>10</td>
<td>14,028</td>
</tr>
</tbody>
</table>

Each additional family member adds $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.


(13) Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations, with incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines.

(14) Beneficiaries receiving supplemental security income under title XVI of the Social Security Act.

(15) Workers with disabilities, as provided in G.S. 108A-66.1.

(16) Qualified working disabled individuals, as provided in G.S. 108A-67.

(17) Qualified Medicare beneficiaries with incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to payment of Medicare premiums and deductibles and co-insurance for Medicare-covered services.

(18) Specified low-income Medicare beneficiaries with incomes equal to or less than one hundred twenty percent (120%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to payment of Medicare Part B premiums.

(19) Qualifying individuals who are Medicare beneficiaries and who have incomes equal to or less than one hundred thirty-five percent (135%) of the federal poverty guidelines, may be covered within funds available for the Limited Medicare-Aid Capped Enrollment program. Coverage for the individuals described in this subdivision shall be limited to payment of Medicare Part B premiums.

(20) Recipients of an optional State supplementation program provided in accordance with 42 U.S.C. § 1382e.

(21) Individuals who meet eligibility criteria under a Medicaid waiver approved by the Centers for Medicare and Medicaid Services and authorized by an act of the General Assembly, within funds available for the waiver.

(22) Refugees, in accordance with 8 U.S.C. § 1522.

(23) Qualified aliens subject to the five-year bar for means tested public assistance under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services under 8 U.S.C. § 1611."

MEDICAID ANNUAL REPORT

SECTION 9D.2. The Department of Health and Human Services, Division of Health Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
accompanying tables. DHB shall publish the report and tables on its Web site no later than December 31 following each State fiscal year.

ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

SECTION 9D.3. The Department of Health and Human Services (Department) shall issue Medicaid identification cards to recipients on an annual basis with updates as needed. The Department shall adopt rules, or amend any current rules relating to Medicaid identification cards, to implement this section. No later than July 1, 2020, the Department shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the adoption or amendment of rules in accordance with this section.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9D.4. Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (Department) shall transfer the sum of one million dollars ($1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars ($1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate the Department’s ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from the OAH for covered services rendered in accordance with the MOA, the Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9D.5. (a) Receivables reserved at the end of the 2019-2020 and 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

SECTION 9D.5. (b) For the 2019-2020 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred sixty-four million seven hundred thousand dollars ($164,700,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-nine million six hundred thousand dollars ($149,600,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from the Division of Health Benefits for uncompensated care. The treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 9D.6. The Department of Health and Human Services, Division of Health Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.
LME/MCO OUT-OF-NETWORK AGREEMENTS

SECTION 9D.7.(a) The Department of Health and Human Services (Department) shall continue to ensure that local management entities/managed care organizations (LME/MCOs) utilize an out-of-network agreement that contains standardized elements developed in consultation with LME/MCOs. The out-of-network agreement shall be a streamlined agreement between a single provider of behavioral health or intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and comply with all requirements of State and federal laws and regulations. LME/MCOs shall use the out-of-network agreement in lieu of a comprehensive provider contract when all of the following conditions are met:

1. The services requested are medically necessary and cannot be provided by an in-network provider.
2. The behavioral health or IDD provider's site of service delivery is located outside of the geographical catchment area of the LME/MCO, and the LME/MCO is not accepting applications or the provider does not wish to apply for membership in the LME/MCO closed network.
3. The behavioral health or IDD provider is not excluded from participation in the Medicaid program, the NC Health Choice program, or other State or federal health care program.
4. The behavioral health or IDD provider is serving no more than two enrollees of the LME/MCO, unless the agreement is for inpatient hospitalization, in which case the LME/MCO may, but shall not be required to, enter into more than five such out-of-network agreements with a single hospital or health system in any 12-month period.

SECTION 9D.7.(b) A Medicaid provider providing services pursuant to an out-of-network agreement shall be considered a network provider for purposes of Chapter 108D of the General Statutes only as it relates to enrollee grievances and appeals.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.8. The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) in the 2019-2020 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

<table>
<thead>
<tr>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance Behavioral Healthcare</td>
<td>$2,994,453</td>
</tr>
<tr>
<td>Cardinal Innovations Healthcare</td>
<td>$4,032,586</td>
</tr>
<tr>
<td>Eastpointe</td>
<td>$1,701,156</td>
</tr>
<tr>
<td>Partners Behavioral Health Management</td>
<td>$1,914,860</td>
</tr>
<tr>
<td>Sandhills Center</td>
<td>$1,978,939</td>
</tr>
<tr>
<td>Trillium Health Resources</td>
<td>$3,119,822</td>
</tr>
<tr>
<td>Vaya Health</td>
<td>$2,286,401</td>
</tr>
</tbody>
</table>

In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make, taking into consideration the change in catchment area and covered population, provided that the
aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

**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.

**SECTION 9D.9.(b)** The Department of Health and Human Services, Division of Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services to implement this section.

**EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

**SECTION 9D.10.** The Department of Health and Human Services, Division of Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots available under the waiver by 150 slots. These additional slots shall be made available on March 1, 2020.

**ADDRESS GROUP HOMES DIRECT SUPPORT PERSONNEL STAFFING CRISIS**

**SECTION 9D.11.(a)** ICF/IID Group Homes. – Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits (DHB), the sum of five million six hundred fifty thousand dollars ($5,650,000) in recurring funds for the 2019-2020 fiscal year and the sum of eleven million three hundred thousand dollars ($11,300,000) in recurring funds for the 2020-2021 fiscal year shall be used to adjust the per member per month (PMPM) capitation amount paid to local management entity/managed care organizations (LME/MCOs) operating capitated contracts for mental health, intellectual and other development disabilities, and substance abuse services to include amounts sufficient to increase wages paid to direct support personnel working in community-based Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) group homes for individuals with intellectual and other developmental disabilities to align the wages paid to these direct support personnel with the current wages paid to State employees in State-owned developmental centers. Adjustments to the PMPM capitation amount paid, in accordance with this subsection, shall be implemented no sooner than January 1, 2020. The following shall apply to PMPM capitation amount adjustments made under this subsection:

1. The adjustments shall be consistent with the North Carolina Medicaid State Plan requirements to provide for actuarially sound rates sufficient to operate and provide safe and effective services.
2. DHB shall validate the actual amounts necessary to adjust the relevant portion of the LME/MCO PMPM capitation payment to wages paid to direct support personnel salaries with current wages paid to State employees in State-owned developmental centers.
3. The adjustments shall be considered directed payments made to LME/MCOs under 42 C.F.R. § 438.6, in order to assure that the increased amounts are used for wage increases.
4. Providers receiving any increase in funds from LME/MCOs to be used for wage increases, as required by this subsection, shall attest and provide verification that those increased funds are being used for the purpose of increasing wages paid to direct support personnel and employees who support direct support personnel. LME/MCOs may require verifiable methods of accounting such as payroll-based journals.
After the implementation of this subsection, DHB shall continue to work with stakeholders and service providers in order to develop an appropriate methodology, to track progress towards increasing direct support personnel wages, and to determine if any additional resources are necessary to achieve alignment of these wages with the current wages paid to State employees in State-owned developmental centers. Further, DHB shall maximize the ICF/IID assessment to increase the capitation payment rates for ICF/IIDs. DHB shall use all available proceeds of the adjusted ICF/IID assessment for the purpose of implementing this subsection.

SECTION 9D.11.(b) North Carolina Innovations Waiver. – Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits (DHB), the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds shall be used to conduct an actuarial analysis and a wage and hour study of the North Carolina Innovations waiver program. This actuarial analysis and study shall aid in determining the appropriate adjustments to the per-slot service costs that would be necessary to align wages paid to direct support personnel providing services under the North Carolina Innovations waiver with wages paid to State employees in State-owned developmental centers. The analysis and study shall be completed prior to the next local management entity/managed care organization (LME/MCO) rate negotiation cycle, but no later than January 15, 2020. DHB shall provide a copy of the analysis and wage and hour study to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division no later than January 15, 2020.

Upon completion of the analysis and the wage and hour study, DHB shall draft a plan that provides for multiyear adjustments, to be phased in over a two- to three-year period, to the per-slot cap on costs necessary to align wages paid to direct support personnel providing services under the Innovations waiver with wages paid to State employees working in State-operated developmental centers. This plan shall require that LME/MCOs and providers receiving an increase in funds as a result of the adjustments to attest and provide verification that those increased funds are being used for the purpose of increasing wages paid to direct support personnel and employees who supervise and support direct support personnel. The plan may require verifiable methods of accounting such as payroll-based journals.

The actuarial analysis conducted and the plan developed under this subsection shall include all of the following components:

1. The average cost per Innovations waiver slot.
2. The percent of average Innovations waiver slot costs that are related to labor costs.
3. Current labor costs for direct support personnel providing services through the Innovations waiver.
4. The percent of other indirect and administrative costs related to direct support personnel providing services through the Innovations waiver.
5. Current indirect and administrative costs related to direct support personnel providing services through the Innovations waiver.
6. An accurate number of full-time equivalents (FTEs) for direct support personnel providing services through the Innovations waiver.
7. Current average hourly wage for direct support personnel providing services through the Innovations waiver.
8. The total cost to increase the wages of direct support personnel providing services through the Innovations waiver to a minimum of fifteen dollars ($15.00) per hour, or the current wage paid to State employees working in State-operated developmental centers.
9. Recommended resources necessary to add additional Innovations waiver slots.
10. Recommended resources necessary to increase the wages of direct support personnel providing services through the Innovations waiver to a minimum of
fifteen dollars ($15.00) per hour, or the current wage paid to State employees
working in State-operated developmental centers.

No later than March 1, 2020, DHB shall submit a copy of the plan and any related
recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health
Choice. DHB shall not pursue any State Plan amendments or any changes to the North Carolina
Innovations waiver that would be necessary to increase the wages of direct support personnel
providing services through the Innovations waiver to a minimum of fifteen dollars ($15.00) per
hour, or the current wage paid to State employees working in State-operated developmental
centers, without further legislation directing the implementation of the wage increase.

SECTION 9D.11.(c) Methodology for Determining Appropriate Wages to be Paid.
– To establish a baseline methodology for determining the appropriate wages to be paid in
accordance with this section, the Department of Health and Human Services, Division of Health
Benefits (DHB), shall use information from the Office of State Human Resources job
classification and wage and hour data for the specific employees working at State-operated
developmental centers who are in comparable job classifications as those direct support
personnel working in community-based Intermediate Care Facility for Individuals with
Intellectual Disabilities (ICF/IID) group homes and those direct support personnel providing
services through the North Carolina Innovations waiver. DHB shall make appropriate
adjustments for health insurance, retirement benefits, and other key factors that drive total labor
costs. DHB shall also take into consideration market-based wage comparisons between direct
support personnel working in community-based ICF/IID group homes and those direct support
personnel providing services through the North Carolina Innovations waiver and State employees
working in the State-operated developmental centers, direct support personnel working in private
work settings, including health care facilities and health services settings, and employees
working in private sector businesses that compete to hire the same employees, such as retail and
fast food. DHB may accept actuarially sound projections of competitive wage and hour data and
other cost data from non-State entities in order to calculate forward-looking wage analysis
formulas and finalize the exact rates needed to meet this urgent need, as required by this section.

DISABLED ADULT CHILD PASSALONG ELIGIBILITY

SECTION 9D.12. Effective January 1, 2020, the eligibility requirements for the
Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the
Medicaid program shall consist of only the following four requirements:

(1) The adult is currently entitled to and receives federal Retirement, Survivors,
and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's
record due to the retirement, death, or disability of a parent.

(2) The adult is blind or has a disability that began before age 22.

(3) The adult would currently be eligible for Supplemental Security Income (SSI)
or State-County Special Assistance if the current RSDI benefit is disregarded.

(4) For eligibility that is based on former receipt of State-County Special
Assistance and not SSI, the adult must currently reside in an adult care home.

DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM
MODIFICATIONS

SECTION 9D.13. Except for eligibility categories and income thresholds and except
for statutory changes, the Department of Health and Human Services shall not be required to
maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs
required by this Subpart.

MEDICAID CONTINGENCY RESERVE
SECTION 9D.14.(a) Funds in the Medicaid Contingency Reserve established by Section 12H.38 of S.L. 2014-100 shall be used only for budget shortfalls in the Medicaid Program. These funds shall be available for expenditure only upon an appropriation by act of the General Assembly. It is the intent of the General Assembly to appropriate funds from the Medicaid Contingency Reserve only if:

(1) The Director of the Budget, after the State Controller has verified that receipts are being used appropriately, has found that additional funds are needed to cover a shortfall in the Medicaid budget for the State fiscal year.

(2) The Director of the Budget has reported immediately to the Fiscal Research Division on the amount of the shortfall found in accordance with subdivision (1) of this subsection. This report shall include an analysis of the causes of the shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii) unanticipated growth or utilization within particular service areas, (iii) errors in the data or analysis used to project the Medicaid budget, (iv) the failure of the program to achieve budgeted savings, (v) other factors and market trends that have impacted the price of or spending for services, (vi) variations in receipts from prior years or from assumptions used to prepare the Medicaid budget for the current fiscal year, or (vii) other factors. The report shall also include data in an electronic format that is adequate for the Fiscal Research Division to confirm the amount of the shortfall and its causes.

SECTION 9D.14.(b) Nothing in this section shall be construed to limit the authority of the Governor to carry out his duties under the Constitution.

USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9D.15.(a) The Director of the Budget shall include the sum of forty million one hundred sixty-seven thousand six hundred fifty-five dollars ($40,167,655) in recurring funds when developing the base budget, as defined in G.S. 143C-1-1, for the Department of Health and Human Services, Division of Health Benefits, for each year of the 2021-2023 fiscal biennium.

SECTION 9D.15.(b) Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of fifty-five million eight hundred ninety-eight thousand six hundred two dollars ($55,898,602) in nonrecurring funds for the 2019-2020 fiscal year and the sum of fifty-one million one hundred fifty-one thousand two hundred three dollars ($51,151,203) in nonrecurring funds for the 2020-2021 fiscal year from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), for the sole purpose of providing the State share for qualifying needs directly related to Medicaid Transformation, as required by S.L. 2015-241, as amended. Funds may be transferred to DHB as qualifying needs arise during the 2019-2021 biennium and need not be transferred in one lump sum.

For the purposes of this section, the term "qualifying need" shall be limited to information technology, time-limited staffing, and contracts related to the following Medicaid Transformation needs:

(1) Enrollment broker services.

(2) An Electronic Data Interchange and Information Exchange Portal.

(3) Ombudsman programs.

(4) Finance and program integrity capabilities.

(5) Provider credentialing verification.

(6) Provider data management.

(7) Other needs identified by DHB as determined in consultation with the Office of State Budget and Management.
SECTION 9D.15.(c)  A request by the Department of Health and Human Services, Division of Health Benefits (DHB), for the transfer of funds pursuant to subsection (b) of this section shall be made to the Office of State Budget and Management (OSBM) and shall include the amount requested and the specific qualifying need for which the funds are to be used. None of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM verifies the following information:

1. The amount requested is to be used for a qualifying need in the 2019-2021 biennium.
2. The amount requested provides a State share that will not result in total requirements that exceed two hundred thirty-three million dollars ($233,000,000) in the 2019-2020 fiscal year and one hundred ninety-nine million dollars ($199,000,000) in the 2020-2021 fiscal year.

SECTION 9D.15.(d)  Any federal funds received in any fiscal year by the Department of Health and Human Services, Division of Health Benefits (DHB), that represent a return of State share already expended on a qualifying need related to the funds received by the DHB under this section shall be deposited into the Medicaid Transformation Fund.

TRIBAL OPTION/MEDICAID TRANSFORMATION

SECTION 9D.16.(a)  The Department of Health and Human Services may contract with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care-related services to Medicaid and NC Health Choice beneficiaries who are members of federally recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or health care-related services as agreed upon with the IMCE or IHCP, as approved by the Secretary of the Department of Health and Human Services and as allowed by the Centers for Medicare and Medicaid Services (CMS), including, but not limited to, the following services:

1. Primary care case management as a primary care case managed system or entity, as described in 42 C.F.R. § 438.2.
2. Utilization management and referrals.
3. The management of or provision of home and community-based services under a 1915(c) waiver.
4. The management or provision of specialized services covered by a BH IDD Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L. 2015-245, as amended by S.L. 2018-48.

Coverage provided by the IMCE or IHCP may be more permissive, but no more restrictive, than Medicaid or an NC Health Choice medical coverage policy adopted or amended by the Department of Health and Human Services in accordance with G.S. 108A-54.2.

SECTION 9D.16.(b)  Subdivision 5 of Section 4 of S.L. 2015-245, as amended by Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

"(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid categories except for the following categories:

...e. Members of federally recognized tribes. Members of federally recognized tribes shall have the option to enroll voluntarily in PHPs.

E1. Eligible recipients who are enrolled in a DHHS-contracted Indian managed care entity, as defined in 42 C.F.R. § 438.14(a). Eligible recipients who are enrolled in a DHHS-contracted Indian managed care entity shall have the option to enroll voluntarily in PHPs.

..."
SECTION 9D.16.(c) The Department of Health and Human Services is authorized to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or any amendments thereto, to implement the provisions of this section.

REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID TRANSFORMATION


REVISED AND NEW HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS, AND DIRECTED PAYMENTS

SECTION 9D.18.(a) Effective October 1, 2019, Article 7 of Chapter 108A of the General Statutes is repealed.

SECTION 9D.18.(b) Effective October 1, 2019, Chapter 108A of the General Statutes is amended by adding a new Article to read:

"Article 7A.
"Hospital Assessment Act.

§ 108A-130. Short title and purpose.
This Article shall be known as the "Hospital Assessment Act." This Article does not authorize a political subdivision of the State to license a hospital for revenue or impose a tax or assessment on a hospital.

The following definitions apply in this Article:
(1) Base assessment. – The assessment payable under G.S. 108A-142.
(2) CMS. – Centers for Medicare and Medicaid Services.
(4) Department. – The Department of Health and Human Services.
(5) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.
(6) Public hospital. – A hospital that certifies its public expenditures to the Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which the assessment applies.
(7) Secretary. – The Secretary of Health and Human Services.
(8) State annual Medicaid payment. – An amount equal to one hundred ten million dollars ($110,000,000) for State fiscal year 2019-2020, increased each year over the prior year's payment by the percentage specified as the Medicare Market Basket Index less productivity most recently published in the Federal Register.
(10) Total hospital costs. – The costs as calculated using the most recent available Hospital Cost Report Information System’s cost report data available through CMS or other comparable data, including both inpatient and outpatient components, for all hospitals that are not exempt from the applicable assessment.

§ 108A-132. Due dates and collections.
(a) Beginning October 1, 2019, assessments under this Article are due quarterly in the time and manner prescribed by the Secretary and shall be considered delinquent if not paid within seven calendar days of this due date.
(b) With respect to any hospital owing a past due assessment amount under this Article, the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments.
otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good cause shown.

(c) In the event the data necessary to calculate an assessment under this Article is not available to the Secretary in time to impose the quarterly assessments for a payment year, the Secretary may defer the due date for the assessment to a subsequent quarter.

A hospital may appeal a determination of the assessment amount owed through a reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation to pay an assessment amount when due.

§ 108A-134. Allowable costs; patient billing.
(a) Assessments paid under this Article may be included as allowable costs of a hospital for purposes of any applicable Medicaid reimbursement formula, except that assessments paid under this Article shall be excluded from cost settlement.
(b) Assessments imposed under this Article may not be added as a surtax or assessment on a patient's bill.

The Secretary may adopt rules to implement this Article.

If CMS determines that an assessment under this Article is impermissible or revokes approval of an assessment under this Article, then that assessment shall not be imposed and the Department's authority to collect the assessment is repealed.

Part 2. Supplemental and Base Assessments.

§ 108A-140. Applicability.
(a) The assessments imposed under this Part apply to all licensed North Carolina hospitals, except as provided in this section.
(b) The following hospitals are exempt from both the supplemental assessment and the base assessment:
   (1) Critical access hospitals.
   (2) Freestanding psychiatric hospitals.
   (3) Freestanding rehabilitation hospitals.
   (4) Long-term care hospitals.
   (5) State-owned and State-operated hospitals.
   (6) The primary affiliated teaching hospital for each University of North Carolina medical school.
(c) Public hospitals are exempt from the supplemental assessment.

(a) The supplemental assessment shall be a percentage, established by the General Assembly, of total hospital costs.
(b) The Department shall propose the rate of the supplemental assessment to be imposed under this section when the Department prepares its budget request for each upcoming fiscal year. The Governor shall submit the Department's proposed supplemental assessment rate to the General Assembly each fiscal year.
(c) The Department shall base the proposed supplemental assessment rate on all of the following factors:
   (1) The percentage change in aggregate payments to hospitals subject to the supplemental assessment for Medicaid and NC Health Choice enrollees, excluding hospital access payments made under 42 C.F.R § 438.6, as demonstrated in data from prepaid health plans and the State, as determined by the Department.
   (2) Any changes in the federal medical assistance percentage rate applicable to the Medicaid or NC Health Choice programs for the applicable year.
(d) The rate for the supplemental assessment for each taxable year shall be the percentage rate set by law by the General Assembly.


(a) The base assessment shall be a percentage, established by the General Assembly, of total hospital costs.

(b) The Department shall propose the rate of the base assessment to be imposed under this section when the Department prepares its budget request for each upcoming fiscal year. The Governor shall submit the Department’s proposed base assessment rate to the General Assembly each fiscal year.

(c) The Department shall base the proposed base assessment rate on all of the following factors:
   1. The change in the State’s annual Medicaid payment for the applicable year.
   2. The percentage change in aggregate payments to hospitals subject to the base assessment for Medicaid and NC Health Choice enrollees, excluding hospital access payments made under 42 C.F.R § 438.6, as demonstrated in data from prepaid health plans and the State, as determined by the Department.
   3. Any changes in the federal medical assistance percentage rate applicable to the Medical or NC Health Choice programs for the applicable year.
   4. Any changes as determined by the Department in (i) reimbursement under the Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R § 438.6 for which the nonfederal share is not funded by General Fund appropriations, and (iii) reimbursement under the NC Health Choice program.

(d) The rate for the base assessment for each taxable year shall be the percentage rate set by law by the General Assembly.

§ 108A-143. Payment from other hospitals.

If a hospital that is exempt from both the base and supplemental assessments under this Part (i) makes an intergovernmental transfer to the Department to be used to draw down matching federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional amount shall be a percentage of the amount of funds that (i) would be transferred to the State through such an intergovernmental transfer and (ii) are to be used to match additional federal funds that the exempt hospital is able to receive because of the acquired, merged, leased, or managed hospital. That percentage shall be calculated by dividing the amount of the State’s annual Medicaid payment by the total amount collected under the base assessment under G.S. 108A-142.

§ 108A-144. Use of funds.

The proceeds of the assessments imposed under this Part, and all corresponding matching federal funds, must be used to make the State’s annual Medicaid payment to the State, to fund payments to hospitals made directly by the Department, to fund a portion of capitation payments to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate medical education payments.”

SECTION 9D.18.(c) The percentage rate to be used in calculating the supplemental assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is three percent (3%) for the taxable year October 1, 2019, through September 30, 2020.

SECTION 9D.18.(d) The percentage rate to be used in calculating the base assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is three percent (3%) for the taxable year October 1, 2019, through September 30, 2020.

SECTION 9D.18.(e) The Department of Health and Human Services shall revise the supplemental payment program for eligible medical professional providers described in the Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section. This payment program shall be called the Average Commercial Rate Supplemental and Directed
Payment Program. Effective October 1, 2019, the following two changes to the program shall be implemented:

1. The program shall no longer utilize a limit on the number of eligible medical professional providers that may be reimbursed through the program, and instead shall utilize a limit on the total payments made under the program.

2. Payments under the program shall consist of two components: (i) supplemental payments that increase reimbursement to the average commercial rate under the State Plan and (ii) directed payments that increase reimbursement to the average commercial rate under the managed care system.

**SECTION 9D.18.(f)** The limitation on total payments made under the Average Commercial Rate Supplemental and Directed Payment Program for eligible medical professional providers shall apply to the combined amount of payments made as supplemental payments under the State Plan and payments made as directed payments under the managed care system and shall be based on the amount of supplemental payments made during the 2018-2019 fiscal year as follows:

1. For services provided during the period October 1, 2019, through June 30, 2020, the total annual supplemental and directed payments made under the Average Commercial Rate Supplemental and Directed Payment Program shall not exceed seventy-five percent (75%) of the gross supplemental payments made to eligible medical providers during the 2018-2019 fiscal year.

2. For services provided on or after July 1, 2020, the total annual supplemental and directed payments made under the Average Commercial Rate Supplemental and Directed Payment Program shall not exceed one hundred percent (100%) of the gross supplemental payments made to eligible medical providers during the 2018-2019 fiscal year, increased at the start of each State fiscal year by an inflation factor determined by the Department of Health and Human Services, Division of Health Benefits.

**SECTION 9D.18.(g)** Consistent with the existing supplemental payment program for eligible medical professional providers, the Department of Health and Human Services shall limit the total amount of supplemental and directed payments that may be received by the eligible providers affiliated with East Carolina University Brody School of Medicine and University of North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental payments and directed payments shall not be made for services provided in Wake County.

**SECTION 9D.18.(h)** The Department of Health and Human Services is not authorized to make any modifications to the supplemental payment program for eligible medical professional providers, except as authorized in subsections (e) through (g) of this section.

**SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100 is repealed.

**SECTION 9D.18.(j)** The Department of Health and Human Services shall create the Medicare Rate Supplemental and Directed Payment Program. Payments under the program shall consist of two components: (i) supplemental payments made to eligible professionals that increase reimbursement to the Medicare rate under the State Plan and (ii) directed payments made to eligible professionals that increase reimbursement to the Medicare rate under the managed care system. No Medicare rate supplemental or directed payment shall be made for any service for which an average commercial rate supplemental or directed payment is made. Professionals eligible to receive payments under this program shall include Medicaid-enrolled North Carolina physicians, advance care practitioners, and other related professionals, who are employed or contracted by any of the following:

1. State-operated schools of medicine.

2. The University of North Carolina Health Care System.
(3) University Health Systems of Eastern Carolina, doing business as Vidant Health.

(4) Any entity controlled by or under common control with a hospital that qualifies to certify expenditures or a public hospital. For the purposes of this subdivision, common control includes common operational control.

(5) Any entity controlled by or under common control with a hospital that is not exempt from the supplemental assessment under G.S. 108A-140. For the purposes of this subdivision, common control includes common operational control.

(6) The faculty practice plan associated with Duke University.

The Department shall further condition eligibility for contracted eligible professionals upon a demonstration that the contracts account for at least eighty percent (80%) of net professional fees from commercial payers or that the contracts address the overall financial risk of the professional's practice or group.

**SECTION 9D.18.(k)** Article 7A of Chapter 108A of the General Statutes, as enacted by subsection (b) of this section, is amended by adding a new Part to read:


The professional assessment imposed under this Part applies to all licensed North Carolina hospitals, except for the following hospitals:

(1) Critical access hospitals.
(2) Freestanding psychiatric hospitals.
(3) Freestanding rehabilitation hospitals.
(4) Hospitals owned by the University Health Systems of Eastern Carolina, doing business as Vidant Health.
(5) Hospitals owned by the University of North Carolina Health Care System.
(6) Long-term care hospitals.
(7) Public hospitals.
(8) State-owned and State-operated hospitals.


(a) The professional assessment shall be a percentage, established by the General Assembly, of total hospital costs.

(b) The Department shall propose the rate of the professional assessment to be imposed under this section when the Department prepares its budget request for each upcoming fiscal year. The Governor shall submit the Department's proposed professional assessment rate to the General Assembly each fiscal year.

(c) The Department shall base the proposed professional assessment rate on all of the following factors:

(1) The percentage change in aggregate payments to hospitals subject to the professional assessment for Medicaid and NC Health Choice enrollees, excluding hospital access payments made under 42 C.F.R § 438.6, as demonstrated in data from prepaid health plans and the State, as determined by the Department.

(2) Any required increases or decreases in the Medicare rate supplemental or directed payments.

(3) Any changes in the federal medical assistance percentage rate applicable to the Medicaid or NC Health Choice programs for the applicable year.

(d) The rate for the professional assessment for each taxable year shall be the percentage rate set by law by the General Assembly.

§ 108A-152. Use of funds.
The proceeds of the assessment imposed under this Part, and all corresponding matching federal funds, must be used to fund a portion of fee-for-service Medicare rate supplemental payments to professionals made directly by the Department and to fund a portion of capitation Medicare rate directed payments to prepaid health plans.”

**SECTION 9D.18.(l)** The percentage rate to be used in calculating the professional assessment under G.S. 108A-151, as enacted in subsection (k) of this section, is three percent (3%) for the taxable year October 1, 2019, through September 30, 2020.

**SECTION 9D.18.(m)** The Department of Health and Human Services shall submit a State Plan amendment, or other necessary documents, to the Centers for Medicare and Medicaid (CMS) to implement the Medicare Rate Supplemental and Directed Payment Program and the Professional Assessment, required under subsections (j) and (k) of this section. Upon approval by CMS, the Office of State Budget and Management (OSBM) shall certify whether the implementation of the Medicare Rate Supplemental and Directed Payment Program and the Professional Assessment is expected to result in total spending under the 1115 waiver that exceeds the budget neutrality limit during the demonstration period. The Department shall not make any Medicare rate supplemental or directed payments or collect any professional assessments unless and until OSBM certifies that the budget neutrality limit is not expected to be exceeded.

**SECTION 9D.18.(n)** Subsections (k) and (l) of this section are effective upon certification by the Office of State Budget and Management (OSBM) that the implementation of the Medicare Rate Supplemental and Directed Payment Program and the Professional Assessment is not expected to result in total spending under the 1115 waiver that exceeds the budget neutrality limit during the demonstration period. If OSBM certifies that the budget neutrality limit is not expected to be exceeded, then the Department of Health and Human Services shall notify the Revisor of Statutes of the certification and shall post the certification on its Web site.

**SECTION 9D.18.(o)** If at any point during the operation of the 1115 waiver, CMS determines that the budget neutrality limit in the waiver has been reached, then (i) the Department of Health and Human Services shall immediately discontinue the Medicare Rate Supplemental and Directed Payment Program, (ii) Part 3 of Article 7A of Chapter 108A of the General Statutes is repealed, and (iii) the Department shall notify the Revisor of Statutes of CMS’s determination.

**SECTION 9D.18.(p)** Except as otherwise provided, this section is effective July 1, 2019.

**PART IX-E. HEALTH SERVICE REGULATION**

**FUNDS TO CONTINUE COMMUNITY PARAMEDICINE PILOT PROGRAM**

**SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and Human Services, Division of Health Service Regulation, the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to continue the community paramedicine pilot program authorized in Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94, as follows:

1. The sum of two hundred ten thousand dollars ($210,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the New Hanover Regional Emergency Medical Services site.
2. The sum of seventy thousand dollars ($70,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the McDowell County Emergency Medical Services site.
(3) The sum of seventy thousand dollars ($70,000) in nonrecurring funds for each year of the fiscal biennium shall be allocated to the Wake County Emergency Medical Services site.

The focus of this community paramedicine pilot program shall continue to be expansion of the role of paramedics to allow for community-based initiatives that result in providing care that avoids nonemergency use of emergency rooms and 911 services and avoidance of unnecessary admissions into health care facilities.

**SECTION 9E.1.(b)** The participation requirements, objectives, standards, and required outcomes for the pilot program shall remain the same as established pursuant to Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

**SECTION 9E.1.(c)** By November 1, 2021, the Department of Health and Human Services shall submit an updated report on the community paramedicine pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the updated report shall include all of the following:

   1. Any updated version of the evaluation plan required by subsection (d) of Section 12A.12 of S.L. 2015-241.
   2. An estimate of the cost to expand the program incrementally and statewide.
   3. An estimate of any potential savings of State funds associated with expansion of the program.
   4. If expansion of the program is recommended, a time line for expanding the program.

**MORATORIUM ON SPECIAL CARE UNIT LICENSES**

**SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021, the Department of Health and Human Services, Division of Health Service Regulation, shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This prohibition shall not restrict the Department of Health and Human Services from doing any of the following:

   1. Issuing a license to a facility that is acquiring an existing special care unit.
   2. Issuing a license for a special care unit in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to this type of care is necessary in that area during the moratorium imposed by this section.
   3. Processing all completed applications for special care unit licenses received by the Division of Health Service Regulation along with the applicable license fee prior to June 1, 2013.
   4. Issuing a license to a facility that was in possession of a certificate of need as of July 31, 2013, that included authorization to operate special care unit beds.

**SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by March 1, 2021, containing at least the following information:

   1. The number of licensed special care units in the State.
   2. The capacity of the currently licensed special care units to serve people in need of their services.
   3. The anticipated growth in the number of people who will need the services of a licensed special care unit.
   4. The number of applications received from special care units seeking licensure as permitted by this section and the number of those applications that were not approved.
PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

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

SECTION 9F.1.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

SECTION 9F.1.(b) The DMH/DD/SAS shall allocate the recurring reduction for single-stream funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, among the LME/MCOs as follows:

<table>
<thead>
<tr>
<th>LME/MCO</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance Behavioral Healthcare</td>
<td>($5,298,693)</td>
<td>($5,298,693)</td>
</tr>
<tr>
<td>Cardinal Innovations Healthcare</td>
<td>($9,640,838)</td>
<td>($9,640,838)</td>
</tr>
<tr>
<td>Eastpointe</td>
<td>($2,966,226)</td>
<td>($2,966,226)</td>
</tr>
<tr>
<td>Partners Behavioral Health Mgmt</td>
<td>($3,904,081)</td>
<td>($3,904,081)</td>
</tr>
<tr>
<td>Sandhills Center</td>
<td>($3,509,283)</td>
<td>($3,509,283)</td>
</tr>
<tr>
<td>Trillium Health Resources</td>
<td>($5,759,070)</td>
<td>($5,759,070)</td>
</tr>
<tr>
<td>Vaya Health</td>
<td>($5,362,704)</td>
<td>($5,362,704)</td>
</tr>
<tr>
<td>Total</td>
<td>($36,440,895)</td>
<td>($36,440,895)</td>
</tr>
</tbody>
</table>

By March 1, 2020, the Secretary of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a proposal for any adjustments to the specified recurring reductions among the LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting any proposed changes.

SECTION 9F.1.(c) If, on or after June 1, 2020, the Office of State Budget and Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2019-2020 fiscal year, then the Department of Health and Human Services, Division of Health Benefits (DHB), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

If, on or after June 1, 2021, the OSBM certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2018-2019, then the DHB may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on the individual LME/MCO's percentage of recurring reductions in single-stream funding for the fiscal year, as required by subsection (b) of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year.

SECTION 9F.1.(d) The Department of Health and Human Services shall develop a maintenance of effort (MOE) spending requirement for all mental health and substance abuse
services which must be maintained using nonfederal, State appropriations on an annual basis in order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the MOE spending requirement is met using State appropriations.

**Funds for Local Inpatient Psychiatric Beds or Bed Days**

**SECTION 9F.2.(a) Use of Funds.** – Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars ($40,621,644) in recurring funds for the 2019-2020 fiscal year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars ($40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase additional new or existing local inpatient psychiatric beds or bed days not currently funded by or through local management entities/managed care organizations (LME/MCOs). The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated or otherwise available to the Department for the purchase of inpatient psychiatric services through contracts with local hospitals.

**SECTION 9F.2.(b) Distribution and Management of Beds or Bed Days.** – Except as provided in this subsection, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, as defined in this subsection. In addition, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State in LME/MCO catchment areas and according to need as determined by the Department. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME/MCO catchment areas and according to greatest need based on hospital bed utilization data. The Department shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

The Department may use up to ten percent (10%) of the funds allocated in this section for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless if the individuals are medically indigent, defined as uninsured persons who (i) are financially unable to obtain private insurance coverage as determined by the Department and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

**SECTION 9F.2.(c) Funds to Be Held in Statewide Reserve.** – Funds appropriated to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to the Department within 15 working days after receipt of a clean claim from the
hospital and shall pay the hospital within 30 working days after receipt of payment from the Department.

**SECTION 9F.2.(d) Ineffective LME/MCO Management of Beds or Bed Days.** – If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of this section, the Department may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

**SECTION 9F.2.(e) Reporting by LME/MCOs.** – The Department shall establish reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

**SECTION 9F.2.(f) Reporting by Department.** – By no later than December 1, 2020, and by no later than December 1, 2021, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

1. A uniform system for beds or bed days purchased during the preceding fiscal year from (i) funds appropriated in this act that are designated for this purpose in subsection (a) of this section, (ii) existing State appropriations, and (iii) local funds.
2. An explanation of the process used by the Department to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.
3. The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.
4. The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.
5. Other Department initiatives funded by State appropriations to reduce State psychiatric hospital use.

**TRAUMATIC BRAIN INJURY FUNDING**

**SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) in recurring funds for the 2019-2020 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support TBI services as follows:

1. The sum of three hundred fifty-nine thousand two hundred eighteen dollars ($359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention, and care.
2. The sum of two million thirteen thousand eight hundred sixty-eight dollars ($2,013,868) shall be used to (i) support residential programs across the State that are specifically designed to serve individuals with TBI and (ii) support requests submitted by individual consumers for assistance with services such
as, but not limited to, residential supports, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity/managed care organization.

DOROTHEA DIX HOSPITAL PROPERTY FUNDS

SECTION 9F.4. Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property Fund.

FUNDS FOR NEW BROUGHTON HOSPITAL

SECTION 9F.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the new Broughton Hospital for the 2020-2021 fiscal year, the sum of up to eight million seven hundred sixty-nine thousand six hundred fifty-five dollars ($8,769,655) in recurring funds shall be used only for the following purposes: (i) the creation of no more than 60 full-time equivalent positions assigned to the new Broughton Hospital, (ii) costs directly related to planning for and transitioning patients from the old Broughton Hospital to the new Broughton Hospital, and (iii) operational costs for new beds at the new Broughton Hospital.

SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES

SECTION 9F.6.(a) As used in this section, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

SECTION 9F.6.(b) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of eight million dollars ($8,000,000) in nonrecurring funds for the 2019-2020 fiscal year shall be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the following criteria:

1. Was eligible for Medicaid-covered personal care services (PCS) prior to January 1, 2013, but was determined to be ineligible for PCS on or after January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.
2. Has continuously resided in a group home since December 31, 2012.

SECTION 9F.6.(c) These monthly payments shall be subject to all of the following requirements and limitations:

1. The amount of the monthly payments authorized by this section shall not exceed four hundred sixty-four dollars and thirty cents ($464.30) per month for each resident who meets all criteria specified in subsection (b) of this section.
2. A group home that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than providing, as necessary, supervision and medication management for a resident who meets all criteria specified in subsection (b) of this section.
The Department shall make monthly payments authorized by this section to a group home on behalf of each resident who meets all criteria specified in subsection (b) of this section only for the period commencing July 1, 2019, and ending June 30, 2020, or upon depletion of the eight million dollars ($8,000,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for the 2019-2020 fiscal year for the purpose of this section, whichever is earlier.

The Department shall make monthly payments authorized by this section only to the extent sufficient funds are available from the eight million dollars ($8,000,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for the 2019-2020 fiscal year for the purpose of this section.

The Department shall not make monthly payments authorized by this section to a group home on behalf of a resident during the pendency of an appeal by or on behalf of the resident under G.S. 108A-70.9A.

The Department shall terminate all monthly payments pursuant to this section on June 30, 2020, or upon depletion of the eight million dollars ($8,000,000) in nonrecurring funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for supplemental short-term assistance for group homes, for the 2019-2020 fiscal year for the purpose of this section, whichever is earlier.

Each group home that receives the monthly payments authorized by this section shall submit to the Department a list of all funding sources for the operational costs of the group home for the preceding two years, in accordance with the schedule and format prescribed by the Department.

SECTION 9F.6.(e) Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section, or as an entitlement by any group home, resident of a group home, or other person to receive temporary, short-term financial assistance under this section.

SECTION 9F.6.(f) The funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in this section shall not revert at the end of the 2019-2020 fiscal year but shall be available to be used for the Group Home Stabilization and Transition Initiative established in Section 9F.7 of this act.

GROUP HOME STABILIZATION AND TRANSITION INITIATIVE

SECTION 9F.7.(a) This section shall be known as the "Group Home Stabilization and Transition Initiative."

SECTION 9F.7.(b) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substances Abuse Services, the sum of twenty-three million dollars ($23,000,000) in nonrecurring funds for the 2020-2021 fiscal year for the following purposes only:
(1) Incentivizing local management entities/managed care organizations (LME/MCOs) to develop and implement new "in-lieu-of" services, or other Medicaid-funded services, to support the residential needs of Medicaid recipients living in licensed, community-based group homes.

(2) Establishing new rate models and rate methodologies to replace the currently inadequate and insufficient State-funded rates supporting residents of licensed, community-based group homes. DHHS shall identify any vacant beds and eligible individuals to fill those beds under the new rate models and rate methodologies and assist with the orderly transition of the eligible individuals into the vacant beds.

(3) Increasing the existing per member per month payments to LME/MCOs for the 2020-2021 fiscal year to quickly enable and facilitate the transition to a more appropriate and sustainable service-funding model for licensed, community-based group homes by January 1, 2021. Funds expended under this subdivision shall be allocated in per-person amounts, to be determined by DHHS, to individuals with intellectual or other developmental disabilities who received State funding prior to January 1, 2021, and who reside in licensed, community-based group homes for eligible individuals with intellectual and other developmental disabilities.

(4) Continuing the existing rate structure at the per-person amounts for the 2019-2020 fiscal year to offset the loss of bridge funds and maintain the current financial conditions of licensed, community-based group homes that serve adults whose primary diagnosis is mental illness or an intellectual or developmental disability. Residents of group homes who are supported by the North Carolina Innovations Waiver are not eligible to receive any funding under this subsection.

SECTION 9F.7.(c) DHHS shall develop a more appropriate and sustainable service model for residents of licensed, community-based group homes. In developing this service model, DHHS shall do all of the following:

(1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound, needs-based rate model and rate methodologies for new "in-lieu-of" services, or other Medicaid-funded services, that will be specific to the residential support services needed in group homes serving Medicaid recipients with intellectual or other developmental disabilities and to residential support services needed in group homes serving Medicaid recipients with a primary diagnosis of mental illness. The rate methodologies shall be comparable to, or a percentage of, existing rates for similar services currently provided through the North Carolina Innovations Waiver. The new rate structures shall include wage and hour increases for direct support personnel working in these group homes.

(2) In cooperation with stakeholders and LME/MCOs, develop new model service definitions specific to the residential support services needed by Medicaid recipients with mental health needs living in licensed, community-based group homes. The new service definitions shall require the delivery of new habilitation or rehabilitation support services in the residential setting.

(3) Develop a process whereby all, or a portion of, the State funds used to support Medicaid recipients with mental illness or intellectual or other developmental disabilities living in licensed, community-based group homes prior to the implementation of the new rate structure are used for the new "in-lieu-of" services or other Medicaid services developed pursuant to this subsection. The
policy shall ensure an orderly home-by-home transition process. The policy
shall ensure that residents who are found to be ineligible for Medicaid services
or who do not meet medical necessity criteria for the new “in-lieu-of” services,
or other Medicaid-funded services, shall continue to be served using State
funds at a needs-based rate comparable to the North Carolina Innovations
Waiver rate. No resident shall be displaced as a result of being found ineligible
for Medicaid services after the implementation of the new “in-lieu-of”
services or other Medicaid-funded services. DHHS may use a regional
phased-in approach to achieve the goals set forth in this subdivision.

(4) Include a plan to direct LME/MCOs to (i) implement “in-lieu-of” services or
other Medicaid-funded services for all eligible residents with mental illness or
intellectual or other developmental disabilities living in licensed,
community-based group homes receiving State funds and (ii) transition
eligible residents to these more sustainable and appropriate Medicaid services.

(5) No later than November 1, 2020, report to the Joint Legislative Oversight
Committee on Health and Human Services and the Joint Legislative Oversight
Committee on Medicaid and NC Health Choice on the service model for
residents of licensed, community-based group homes that has been developed.
The model shall be implemented by January 1, 2021. Once the model is
implemented, the State funds that were used to support residents of licensed,
community-based group homes prior to implementation shall be reinvested in
their entirety in both the new funding model and increased rates to support
and equalize wages of direct support personnel serving the residents. The
reinvested State funds match plus the federal funds portion of the new services
shall be annualized and become a part of the prepaid health plan per member
per month amount.

SECTION 9F.7.(d) The more appropriate and sustainable service model for
residents of licensed, community-based group homes developed in accordance with subsection
(c) of this section shall be implemented by January 1, 2021. Once the model is implemented, the
State funds that were used to support residents of licensed, community-based group homes prior
to implementation shall be reinvested in their entirety in both the new funding model and
increased rates to support and equalize wages of direct support personnel serving the residents.
The reinvested State funds match plus the federal funds portion of the new services shall be
annualized and become a part of the prepaid health plan per member per month amount.

REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND
SUBSTANCE USE DISORDER TREATMENT SERVICES

SECTION 9F.8. The Department of Health and Human Services, Division of Mental
Health, Developmental Disabilities, and Substance Abuse Services, shall report annually,
beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the
use of funds to purchase inpatient alcohol and substance use disorder treatment services required
by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report
shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services
and the Fiscal Research Division with the following information for the prior fiscal year and the
two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

(1) The number of beds in operation.
(2) The number of bed days.
(3) The total amount of receipts, the amount of those receipts that were received
from local management entities/managed care organizations, and the amount
of those receipts that were received from all other sources.
(4) Cost of operation of the ADATC, with personnel and staffing costs reported separately from all other costs.

(5) The ADATC’s profit or loss.

Funds for Overdose Medications

SECTION 9F.9. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred thousand dollars ($100,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

(1) Seventy-five thousand dollars ($75,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to the North Carolina Harm Reduction Coalition to serve individuals at risk of experiencing an opioid-related drug overdose or to the friends and family members of an at-risk individual.

(2) Twenty-five thousand dollars ($25,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to North Carolina law enforcement agencies.

Funds for Vaya Health to Expand Facility-Based Crisis Services

SECTION 9F.10.(a) Funds appropriated in S.L. 2018-5 to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a facility-based crisis center in Wilkes County, shall not revert, but shall be expended or encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than the purpose stated in Section 11F.5 of S.L. 2018-5.

SECTION 9F.10.(b) This section becomes effective June 30, 2019, and applies to funds not obligated on that date.

Funds for Evidence-Based Supported Employment Services for Individuals with Serious Mental Illness, Intellectual Disabilities, or Developmental Disabilities

SECTION 9F.11. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred twenty-five thousand dollars ($125,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North Carolina Association of People Supporting Employment First (NC APSE) to develop and implement training programs for the Department, including online training modules, on the provision of evidence-based supported employment services for individuals in targeted populations, in order to assist these individuals with preparation for, identification of, and maintenance of integrated, paid, competitive employment. The Department shall make these training programs available throughout the State to (i) employers that have hired or are willing to hire individuals in targeted populations, (ii) service providers of local management entities/managed care organizations, and (iii) any other entity the Department determines will benefit from receiving this training in order to achieve improved employment outcomes for individuals in targeted populations. As used in this section, "individuals in targeted populations" means individuals with serious mental illness who are in or at risk of entry to an adult care home and individuals with intellectual disabilities, developmental disabilities, or both.

Youth Tobacco Enforcement Funding
SECTION 9F.12. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred thousand dollars ($300,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).

STUDY ESTABLISHMENT OF A REGIONAL BEHAVIORAL HEALTH CENTER

SECTION 9F.13.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred eighty thousand dollars ($180,000) in nonrecurring funds for the 2019-2020 fiscal year, shall be used to conduct, through Partners Behavioral Health Management, a feasibility study for the establishment of a behavioral health crisis center located in Burke County to serve a broader region, to be determined by the findings of the feasibility study. The study shall, at a minimum, include all of the following:

1. A description of all programs and services to be provided at the facility.
2. The facility's service area and the demand for service in that area.
3. Current provider capacity to meet the demand for service in that area.
4. A recommended location for the facility, including the cost to rent, purchase, or construct a facility at the recommended location, along with the cost of any land, buildings, land improvements, or building improvements.
5. Start-up costs for the facility and programs offered at the facility, including any necessary training.
6. Annual cost to operate the facility, including staff, training, supplies, food, housekeeping, security, maintenance, administration, medications, and information technology.
7. Cost to rent or purchase equipment for the facility.
8. Anticipated sources of public and private payment for services provided at the facility, including private insurance, Medicaid, State appropriations, patient payments, and other payment sources.
9. The estimated amount of recurring and nonrecurring State appropriations necessary to start and sustain the facility.
10. Any referral agreements necessary to ensure continuity of patient care.
11. An implementation time line.

SECTION 9F.13.(b) By February 10, 2020, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and Partners Behavioral Health Management shall jointly submit a written report of the findings of the feasibility study authorized by subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services.

ESTABLISH A WORKGROUP TO REDUCE ADMINISTRATIVE DUPLICATION FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE USE DISORDER PROVIDERS

SECTION 9F.14.(a) The Secretary of the Department of Health and Human Services shall establish a workgroup to examine current administrative requirements for mental health, intellectual/developmental disability, and substance use disorder providers and how best to integrate these requirements with similar administrative requirements for physical health providers in order to avoid duplication and enhance efficiency. The workgroup shall consist of representatives from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Division of Health Benefits, the Division of Health Service Regulation, local management entity/managed care organizations, providers, and stakeholders. The examination
shall include a review of at least all of the following categories of requirements imposed on mental health, intellectual/developmental disability, and substance use disorder providers and physical health providers:

- Training.
- Service delivery.
- Documentation.
- Claims processing.
- Reporting.
- Monitoring.
- Oversight.
- Facility licensure.
- Medicaid enrollment.
- Credentialing.
- Accreditation.
- Contracts.
- Investigations.
- Audits.

**SECTION 9F.14.(b)** In conducting the examination required under subsection (a) of this section, the workgroup shall identify the federal or State entity that created each requirement examined by the workgroup to include State legislation, statutes, contractual requirements, federal Medicaid and managed care law, and provide a recommendation about whether that requirement should remain, be eliminated, or be redesigned. The workgroup shall consider any requirement imposed on mental health, intellectual/developmental disability, and substance use disorder providers that:

- Is not federally mandated.
- Exceeds what is required for physical health.
- Does not add value to the delivery of behavioral health services.
- Is unable to be incorporated into standard electronic health records or does not align with meaningful use of electronic health records.

**SECTION 9F.14.(c)** By March 31, 2020, the Department of Health and Human Services shall report the findings and recommendations of the workgroup to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division.

PART IX-G. PUBLIC HEALTH

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

**SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

- Improve North Carolina's birth outcomes.
- Improve the overall health status of children in this State from birth to age 5.
- Lower the State's infant mortality rate.

**SECTION 9G.1.(b)** The plan for administering the competitive grant process shall include at least all of the following components:

- A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall
require local health departments to include in the application a plan to evaluate
the effectiveness, including measurable impact or outcomes, of the activities,

services, and programs for which the funds are being requested.

(2) A requirement that the Secretary prioritize grant awards to those local health
departments that are able to leverage non-State funds in addition to the grant
award.

(3) Ensures that funds received by the Department to implement the plan
supplement and do not supplant existing funds for maternal and child health
initiatives.

(4) Allows grants to be awarded to local health departments for up to two years.

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

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

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

(3) The number of persons served by each grantee, broken down by program or
initiative.

SECTION 9G.1.(d) No later than December 1 of each fiscal year, each local health
department receiving funding pursuant to this section in the respective fiscal year shall submit to
the Division of Central Management and Support a written report of all activities funded by State
appropriations. The report shall include the following information about the fiscal year preceding
the year in which the report is due:

(1) A description of the types of programs, services, and activities funded by State
appropriations.

(2) Statistical and demographical information on the number of persons served by
these programs, services, and activities, including the counties in which
services are provided.

(3) Outcome measures that demonstrate the impact and effectiveness of the
programs, services, and activities based on the evaluation protocols developed
by the Division, in collaboration with the University of North Carolina
Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
2015-241, and reported to the Joint Legislative Oversight Committee on
Health and Human Services on April 1, 2016.

(4) A detailed program budget and list of expenditures, including all positions
funded, matching expenditures, and funding sources.

INCREASED FUNDS FOR LOCAL COMMUNICABLE DISEASE SURVEILLANCE,
DETECTION, CONTROL, AND PREVENTION

SECTION 9G.2. Of the funds appropriated in this act to the Department of Health
and Human Services, Division of Public Health, the sum of four million dollars ($4,000,000) in
recurring funds for the 2019-2020 fiscal year and the sum of four million dollars ($4,000,000) in
recurring funds for the 2020-2021 fiscal year, shall be allocated to local health departments to
expand local infrastructure for activities associated with the surveillance, detection, control, and
prevention of communicable diseases. In distributing these funds to local health departments
pursuant to this section, for each year of the 2019-2021 fiscal biennium, and for each fiscal year
thereafter, the Division of Public Health shall (i) allocate to each local health department twenty
county it serves and (ii) allocate the remaining two million
dollars ($2,000,000) to local health departments based upon the percentage of the State
population served by each of the local health departments. Local health departments shall use all
funds allocated under this section to supplement and not supplant existing funds for the
surveillance, detection, control, and prevention of communicable diseases.

LIMITATION ON USE OF STATE FUNDS

SECTION 9G.3. The limitation on the use of State funds as stated in Section 12E.13
of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and
Human Services for each fiscal year of the 2019-2021 fiscal biennium.

REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG
ASSISTANCE PROGRAM

SECTION 9G.4. Upon a determination by the Department of Health and Human
Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
operate the health insurance premium assistance program implemented within the North Carolina
AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
savings to the State, the Department shall submit a report to the Joint Legislative Oversight
Committee on Health and Human Services notifying the Committee of this determination along
with supporting documentation and a proposed course of action with respect to health insurance
premium assistance program participants.

CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS

SECTION 9G.5. Of the funds appropriated in this act to the Department of Health
and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina
Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the
funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for
administrative purposes. The balance of these funds shall be used for direct services.

CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR
DURABLE MEDICAL EQUIPMENT AND TRAINING

SECTION 9G.6.(a) Funds appropriated to the Department of Health and Human
Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina
Pregnancy Care Fellowship, a nonprofit corporation, shall not revert on June 30, 2019, but shall
remain available until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care
Fellowship shall use these funds to provide grants to clinics that apply to the Carolina Pregnancy
Care Fellowship for durable medical equipment, training, or a combination of both, without any
limitation on how much of the funds carried forward may be expended for durable medical
equipment or training. Carolina Pregnancy Care Fellowship shall not use more than ten percent
(10%) of the funds carried forward from the 2018-2019 fiscal year for administrative purposes.

SECTION 9G.6.(b) This section becomes effective June 30, 2019.

STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM

SECTION 9G.7.(a) Of the funds appropriated in this act to the Department of Health
and Human Services, Division of Public Health, the sum of one million two hundred thousand
dollars ($1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one
million two hundred thousand dollars ($1,200,000) in nonrecurring funds for the 2020-2021
fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and
expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in
subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes
only.
SECTION 9G.7.(b) The Human Coalition shall use funds allocated pursuant to subsection (a) of this section to expand the continuum of care pilot program authorized by Section 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family formation, (iv) assist in establishing successful parenting techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum of care program shall consist of existing locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human Coalition. All providers rendering services under the statewide program for which they are compensated with funds allocated pursuant to subsection (a) of this section shall be physically located in the State of North Carolina. The statewide continuum of care program shall provide direct services, supports, social services case management, and referrals to biological parents of unborn children and biological or adoptive parents of children under the age of two, and shall consist of at least all of the following components:

1. Outreach to at-risk populations eligible for the program.
2. The use of licensed nurses to perform the following functions:
   a. Assessment and evaluation of needs related to pregnancy or parenting.
   b. Provision of medically accurate, pregnancy-related medical information to program participants.
3. The use of licensed social workers, or other individuals of equivalent experience, to perform the following functions:
   a. Development of a care plan, resources, and supports for program 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.

FIREARM SAFE STORAGE AWARENESS INITIATIVE
SECTION 9G.8.(a) Appropriation. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of ninety thousand dollars ($90,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventy thousand ($70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to cover any costs associated with launching the firearm safe storage awareness initiative required by this section, including the purchase and distribution of gun locks.

SECTION 9G.8.(b) Firearm Safe Storage Awareness Initiative. – The Department of Health and Human Services (Department) shall launch a two-year statewide firearm safe storage awareness initiative to educate the public about the importance of the safe storage of firearms and to facilitate the distribution of gun locks. The initiative required under this section shall include the development of (i) the Internet Web site and toolkit required under subsection (c) of this section and (ii) the outreach process required under subsection (d) of this section.

SECTION 9G.8.(c) Development of Web Site and Toolkit. – The Department shall develop an Internet Web site to provide information to the public about (i) the importance of the safe storage of a firearm, especially with respect to access by children and youth; (ii) methods for safely storing a firearm; (iii) contact information for obtaining free gun locks, if available; (iv) information on State laws related to the safe storage of firearms; (v) links to Internet Web pages for various resources related to firearm safety such as resources addressing domestic violence, hunter education, and suicide prevention; and (vi) access to a toolkit of information that local communities may use to launch firearm safe storage initiatives at the local level. The toolkit shall provide materials and resources that may be tailored to a community's needs and used for launching local education and awareness campaigns, events, and local groups focused on firearm safe storage and the distribution of free or discounted gun locks. The Department shall develop the Internet Web site and toolkit required under this subsection by July 1, 2020.

SECTION 9G.8.(d) Development of State-Coordinated Outreach. – Upon development of the Internet Web site and toolkit required under subsection (c) of this section, the Department shall develop and implement an outreach process for (i) disseminating the Internet Web site information and toolkit to the public and to local communities and (ii) the provision of technical assistance to local communities on utilizing the toolkit to launch local initiatives.

SECTION 9G.8.(e) Use of Third-Party Entity. – The Department may contract with a third-party entity with relevant expertise related to public health and injury prevention to launch the firearm safe storage awareness initiative required by this section.

SECTION 9G.8.(f) Prohibition on Advocacy. – The firearm safe storage awareness initiative required by this section, and any State funds used to launch and maintain the initiative, shall not be used to advocate, promote, or lobby for the creation of new, or the revision of existing, laws regulating firearms. The firearm safe storage awareness initiative, and any State funds used to launch or maintain the initiative, shall only be used for the purposes set forth in this section and only to explain and promote existing laws regulating firearms and best practices for firearm storage and safety.

SECTION 9G.8.(g) Report. – By September 1, 2020, the Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services detailing the Department's progress in meeting the requirement set forth in this section.

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 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.

(2) A facility that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than to offset the cost of serving residents who are recipients of State-County Special Assistance.

(3) The DSS shall make monthly payments authorized by this section to a facility on behalf of a resident only for the period commencing July 1, 2019, and ending June 30, 2021.

(4) The DSS shall make monthly payments authorized by this section only to the extent sufficient State and county funds allocated to the DSS for each year of the 2019-2021 fiscal biennium are available for this purpose.

(5) The DSS shall not make monthly payments authorized by this section to a facility on behalf of a resident whose eligibility determination for State-County Special Assistance is pending.

(6) The DSS shall terminate all monthly payments pursuant to this section on the earlier of the following:
   b. Upon depletion of the State and county funds allocated to the DSS for each year of the 2019-2021 fiscal year for this purpose.

SECTION 9I.1.(c) Notwithstanding any provision of this act or any other provision of law to the contrary, the DSS shall not be required to provide any temporary financial assistance to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

SECTION 9I.1.(d) If possible, the DSS shall use an existing mechanism to administer these funds in the least restrictive manner that ensures compliance with this section and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use any portion of the State and county funds allocated to the DSS for each year of the 2019-2021 fiscal biennium for the purpose of this section for any other purpose.

SECTION 9I.1.(e) Of the funds appropriated in this act to the DSS for each year of the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance payments, the DSS shall not use more than two hundred fifty thousand dollars ($250,000) in nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

SECTION 9I.1.(f) Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section, or as an entitlement by
any facility, resident of a facility, or other person to receive temporary financial assistance under this section.

SECTION 9I.1.(g) This section expires on June 30, 2021.

TANF BENEFIT IMPLEMENTATION

SECTION 9I.2.(a) Beginning October 1, 2019, the General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019, through September 30, 2022. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9I.2.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9I.2.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2019. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2022.

SECTION 9I.2.(d) For each year of the 2019-2021 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2018-2019 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9I.2.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 9I.3.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 9I.3.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

(1) An established follow-up system with a minimum of six months of follow-up services.
(2) Detailed information on the specific interventions applied, including usage indicators and performance measurement.

(3) Cost-benefit data.

(4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.

(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 9I.3.(c) The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

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 (GAP) shall include provisions for extending guardianship services for individuals 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. § 108711 for the educational needs of foster youth aging out of the foster care system and 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...
Assistant 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 9I.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 9I.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 9I.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 9I.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 9I.8.(a) Federal Improvement Plan Implementation/Report. – The
Department of Health and Human Services, Division of Social Services (Division), shall continue
implementing the requirements of the federal Program Improvement Plan to bring our State into
compliance with national standards for child welfare policy and practices. The Division shall
notify the Joint Legislative Oversight Committee on Health and Human Services (Committee)
and the Fiscal Research Division within 30 days of complete implementation of the Program
Improvement Plan. The Division shall submit a final report to the Committee on the
implementation and outcomes of the Program Improvement Plan no later than 90 days after
implementation is complete.

SECTION 9I.8.(b) Child Welfare/NC FAST/Report. – The Division shall notify the
Joint Legislative Oversight Committee on Health and Human Services (Committee) and the
Fiscal Research Division within 30 days of complete implementation of the child welfare
component of the North Carolina Families Accessing Services Through Technology (NC FAST)
system. The Division shall then submit a final report to the Committee on the implementation
and outcomes of the child welfare component of the NC FAST system no later than 90 days after
implementation is complete.

INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE
SENIORS

SECTION 9I.9.(a) The Department of Health and Human Services, Division of
Social Services (Division), shall continue implementing an evidence-based pilot program to
increase access to public benefits for seniors aged 65 and older who are dually enrolled in
Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce
health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes
of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled
in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have
demonstrated experience in assisting with these types of services and the partnership shall
accomplish each of the following:

1. Identify, through data sharing, dual eligible seniors aged 65 and older who
   qualify for the Supplemental Nutrition and Assistance Program (SNAP) but
   are not currently enrolled.
2. Conduct an outreach program toward those seniors for the purpose of
   enrolling them into SNAP.
3. Provide comprehensive application assistance through outreach specialists to
   complete public benefits application processes.
4. Evaluate project effectiveness and explore how data can be utilized to achieve
   optimal outcomes.
5. Make recommendations regarding policy options available to the State to
   streamline access to benefits.
SECTION 9I.9(b) The Division shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

1. The number of seniors age 65 and older who are dual eligibles but are not enrolled in SNAP.
2. The number of those identified that would be included in the sample population.
3. Methods of outreach toward those seniors in the sample population.
4. Number of to date enrollments in SNAP as a direct result of outreach during the pilot program.
5. Participation rate to date in SNAP of those seniors in the sample population.
6. Any other findings the Division deems relevant.

SECTION 9I.9(c) If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9I.10. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

1. Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent Randomized Controlled Trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.

2. Public-Private Partnership, which is a commitment by private-sector funding partners to match at least fifty percent (50%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.

3. Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.

4. Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program.
in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF CHEROKEE INDIANS ASSUMPTION OF SERVICES

SECTION 9I.11. The Department of Health and Human Services, Division of Social Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of S.L. 2016-94, when implementation is complete.

CHILD ADVOCACY CENTER FUNDING

SECTION 9I.12. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for child advocacy centers, allocations shall be made as follows:

1. Up to one hundred thousand dollars ($100,000) for each child advocacy center in good standing with Children's Advocacy Centers of North Carolina, Inc.
2. One hundred thousand dollars ($100,000) to Children's Advocacy Centers of North Carolina, Inc., for its operations.

ENHANCE PERMANENCY INNOVATION INITIATIVE

SECTION 9I.13.(a) G.S. 131D-10.9B(a) reads as rewritten:

"(a) There is created the Permanency Innovation Initiative Fund that will support a demonstration project with services provided by Children's Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii) reduce costs associated with maintaining children in foster care. In implementing these goals, the Permanency Innovation Initiative Fund shall support the following strategies:

... (3) Permanency Training Services, which are services delivered by Children's Home Society of North Carolina to enhance the readiness of county departments of social services to implement the permanency strategies under subdivision (2) of this subsection, advance permanency-focused services for children in the legal custody of county departments of social services, and provide training services to support the delivery of the services, and support services to caregivers and family members who are supporting the permanency goal of children in the legal custody of county departments of social services."

SECTION 9I.13.(b) Funds appropriated to the Department of Health and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available federal matching funds.

FUNDS FOR STANDARDIZED ASSESSMENT/FOSTER CARE PILOT

SECTION 9I.14.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Social Services, the sum of eighty thousand dollars ($80,000) for the 2019-2020 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2020-2021 fiscal year shall be used for a pilot project to develop and implement a process for every child, four years of age and older, entering into foster care to receive a standardized trauma and evidence-informed screening and assessment to ensure an appropriate diagnosis, which will
in turn lead to the proper provision of services for the child. Up to three local management
entities/managed care organizations (LME/MCOs) shall participate in the pilot project. The
LME/MCOs shall collaborate with their county departments of social services in up to four
counties within the LME/MCOs' catchment areas on developing and implementing the
standardized screening and assessments, with the intent that (i) by January 1, 2020, the
LME/MCOs and their county departments of social services begin training for implementation
of the assessments and (ii) by August 1, 2020, the LME/MCOs and county departments of social
services begin conducting the assessments. The pilot project shall include support for the
LME/MCOs and county departments of social services for training in trauma-focused care and
the use of the screening and assessment tool. For providers, the pilot project shall provide
ongoing oversight, training, certification, and coaching to ensure fidelity to the screening and
assessment model. For purposes of this section, "trauma" is defined as the result of an event,
series of events, or set of circumstances that is experienced by an individual as physically or
emotionally harmful or threatening and that has lasting adverse effects on the individual's
functioning and physical, social, emotional, or spiritual well-being.

SECTION 9I.14.(b) The Division of Social Services shall submit a report on the
pilot project described under subsection (a) of this section to the Joint Legislative Oversight
Committee on Health and Human Services by April 1, 2022, that shall include, for each
participating county, tracking of case flow, completion and timing of the trauma checklist and
screening tool, a comprehensive clinical assessment, and diagnostic finding and service
recommendations from the assessment.

PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]

PART IX-K. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9K.1.(a) Except as otherwise provided, appropriations from federal block
grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the
following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

Local Program Expenditures

Division of Social Services

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<thead>
<tr>
<th></th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
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<tbody>
<tr>
<td>01. Work First Family Assistance</td>
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<td>02. Work First County Block Grants</td>
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<td>03. Work First Electing Counties</td>
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<td>04. Adoption Services – Special Children Adoption Fund</td>
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<td>05. Child Protective Services – Child Welfare Workers for Local DSS</td>
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<td>06. Funding for Counties to Assist with County</td>
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<tr>
<td></td>
<td>General Assembly Of North Carolina</td>
<td>Session 2019</td>
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<td>1</td>
<td>Implementation of NC FAST, Project 4</td>
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<td>07. Child Welfare Program Improvement Plan</td>
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<td>08. Child Welfare Collaborative</td>
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<td>09. Child Welfare Initiatives</td>
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<td><strong>Division of Child Development and Early Education</strong></td>
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<td>5</td>
<td>10. Subsidized Child Care Program</td>
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<td>11. Swap-Child Care Subsidy</td>
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<td>12. NC Pre-K Services</td>
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<td><strong>Division of Public Health</strong></td>
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<td>8</td>
<td>13. Teen Pregnancy Prevention Initiatives</td>
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<td><strong>DHHS Administration</strong></td>
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<td>14. Division of Social Services</td>
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<td>15. Office of the Secretary</td>
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<td>12</td>
<td>17. NC FAST Implementation</td>
<td>1,817,362</td>
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<td>18. Division of Social Services – Workforce Innovation &amp; Opportunity Act (WIOA)</td>
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<td></td>
<td><strong>Transfers to Other Block Grants</strong></td>
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<td>14</td>
<td><strong>Division of Child Development and Early Education</strong></td>
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<td>15</td>
<td>19. Transfer to the Child Care and Development Fund</td>
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<td><strong>Division of Social Services</strong></td>
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<td>16</td>
<td>20. Transfer to Social Services Block Grant for Child Protective Services – Training</td>
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<td>21. Transfer to Social Services Block Grant for Child Protective Services</td>
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<td>22. Transfer to Social Services Block</td>
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<td></td>
<td>Grant for County Departments of Social Services for Children's Services</td>
<td>13,097,783</td>
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<td>4</td>
<td>23. Transfer to Social Services Block</td>
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<td>5</td>
<td>Grant – Foster Care Services</td>
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<td>6</td>
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<td>7</td>
<td>24. Transfer to Social Services Block</td>
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<td>8</td>
<td>Grant – Child Advocacy Centers</td>
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<td>9</td>
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<td>10</td>
<td>25. Transfer to Social Services Block</td>
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<tr>
<td>11</td>
<td>Grant – Child Protective Services, Child Welfare Training for Counties</td>
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**TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

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<th>$312,392,996</th>
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**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS**

**Local Program Expenditures**

**Division of Child Development and Early Education**

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<th></th>
<th>Subsidized Child Care</th>
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**TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS**

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<th>$33,439,988</th>
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**SOCIAL SERVICES BLOCK GRANT**

**Local Program Expenditures**

**Divisions of Social Services and Aging and Adult Services**

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<th>County Departments of Social Services (Transfer From TANF)</th>
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<td>37</td>
<td>County Departments of Social Services (Transfer From TANF)</td>
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<td>39</td>
<td>EBCI Tribal Public Health and Human Services</td>
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<td>43</td>
<td>Child Protective Services (Transfer From TANF)</td>
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<td>46</td>
<td>State In-Home Services Fund</td>
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<td>48</td>
<td>Adult Protective Services</td>
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<td>2,138,404</td>
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<td>50</td>
<td>State Adult Day Care Fund</td>
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<td></td>
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<td>08.</td>
<td>Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program</td>
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<td>09.</td>
<td>Special Children Adoption Incentive Fund</td>
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<td>10.</td>
<td>Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)</td>
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<td>Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)</td>
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<td>12.</td>
<td>Home and Community Care Block Grant (HCCBG)</td>
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<td>Child Advocacy Centers (Transfer from TANF)</td>
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<td>Foster Care Services (Transfer From TANF)</td>
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<td>DHHS Competitive Block Grants for Nonprofits</td>
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<td>17.</td>
<td>Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult</td>
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<td>Independent Living Program</td>
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<td>19.</td>
<td>Adult Care Licensure Program</td>
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<td>20.</td>
<td>Mental Health Licensure and Certification Program</td>
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**Division of Central Management and Support**

| 16. | DHHS Competitive Block Grants for Nonprofits                                 | 4,774,525 | 4,774,525 |

**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

| 17. | Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult | 4,149,595 | 4,149,595 |

**DHHS Program Expenditures**

| 18. | Independent Living Program                                                   | 3,603,793 | 3,603,793 |

**Division of Services for the Blind**

| 19. | Adult Care Licensure Program                                                  | 402,951  | 402,951  |

**Division of Health Service Regulation**

| 20. | Mental Health Licensure and Certification Program                            | 200,880  | 200,880  |

**Division of Aging and Adult Services**
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<th>Description</th>
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<td>23</td>
<td>22. Division of Aging and Adult Services</td>
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<td>26</td>
<td>25. Legislative Increases/Fringe Benefits</td>
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<td>26. Division of Child Development and Early Education</td>
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<td>27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</td>
<td>27,446</td>
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<td>28. Division of Health Service Regulation</td>
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<td>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</td>
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<td>32</td>
<td>Local Program Expenditures</td>
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<td>33</td>
<td>Division of Social Services</td>
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<td>01. Low-Income Energy Assistance Program (LIEAP)</td>
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<td>02. Crisis Intervention Program (CIP)</td>
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<td>36</td>
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<td>37</td>
<td>Division of Social Services</td>
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<td>03. County DSS Administration</td>
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<td>DHHS Administration</td>
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<td>Division of Central Management and Support</td>
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<td>41</td>
<td>04. Division of Social Services</td>
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<td>42</td>
<td>05. Office of the Secretary/DIRM</td>
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<td>06. Office of the Secretary/Controller's Office</td>
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<td>07. NC FAST Development</td>
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House Bill 966-Second Edition
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<td>Department of Environmental Quality</td>
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<td>09. Weatherization Program</td>
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<td>10. Heating Air Repair and Replacement Program (HARRP)</td>
<td>5,881,761</td>
<td>5,701,761</td>
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<td>11. Local Residential Energy Efficiency Service Providers – Weatherization</td>
<td>544,742</td>
<td>514,742</td>
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<td>12. Local Residential Energy Efficiency Service Providers – HARRP</td>
<td>327,169</td>
<td>277,169</td>
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<td>13. DEQ – Weatherization Administration</td>
<td>544,742</td>
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<td>14. DEQ – HARRP Administration</td>
<td>277,169</td>
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<td><strong>Department of Administration</strong></td>
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<td>15. N.C. Commission on Indian Affairs</td>
<td>87,736</td>
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<td><strong>TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</strong></td>
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<td><strong>$108,125,155</strong></td>
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<td><strong>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</strong></td>
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<td><strong>Local Program Expenditures</strong></td>
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<td>Division of Child Development and Early Education</td>
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<td>01. Child Care Services</td>
<td>$235,808,573</td>
<td>$235,800,688</td>
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<td>02. Smart Start Subsidy</td>
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<td>03. Transfer from TANF Block Grant for Child Care Subsidies</td>
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<td>04. Quality and Availability Initiatives (TEACH Program $3,800,000)</td>
<td>55,217,124</td>
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<td>Division of Child Development and Early Education</td>
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<td>05. DCDEE Administrative Expenses</td>
<td>9,710,886</td>
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<td><strong>Division of Social Services</strong></td>
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Page 158
06. Local Subsidized Child Care Services Support  18,533,357  18,533,357

07. Direct Deposit for Child Care Payments  505,100  505,100

### Division of Central Management and Support

08. NC FAST Development  464,290  0

09. NC FAST Operations and Maintenance  1,104,504  1,201,697

10. DHHS Central Administration – DIRM Technical Services  645,162  645,162

11. DHHS Central Administration  400,000  400,000

### Division of Public Health

12. Child Care Health Consultation Contracts  62,205  62,205

### TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

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### MENTAL HEALTH SERVICES BLOCK GRANT

#### Local Program Expenditures

01. Mental Health Services – Child  4,779,087  4,779,087

02. Mental Health Services – Adult/Child  21,872,198  15,765,206

03. Mental Health Services – First Psychotic Symptom Treatment  1,976,970  1,976,970

### DHHS Administration

#### Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

04. Administration  200,000  200,000

### TOTAL MENTAL HEALTH SERVICES BLOCK GRANT

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<td>$28,828,255</td>
<td>$22,721,263</td>
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### SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

#### Local Program Expenditures

#### Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

01. Substance Abuse – HIV and IV Drug  2,550,915  2,550,915
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<td>02. Substance Abuse Prevention</td>
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<td>03. Substance Abuse Services – Treatment for Children/Adults</td>
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<td>30,453,564</td>
<td>29,500,823</td>
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<td>05. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery</td>
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<td>1,085,000</td>
<td>1,085,000</td>
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<td>06. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management</td>
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<td>20,000</td>
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<tr>
<td><strong>DHHS Program Expenditures</strong></td>
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<td><strong>Division of Central Management and Support</strong></td>
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<td>07. Competitive Grants</td>
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<td>1,600,000</td>
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<td><strong>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</strong></td>
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<td>08. Administration</td>
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<td>454,000</td>
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<td>09. Controlled Substance Reporting System Enhancement</td>
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<td>10. Veterans Initiatives</td>
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<td><strong>Local Program Expenditures</strong></td>
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<tr>
<td><strong>Division of Public Health</strong></td>
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<tr>
<td>01. Women and Children's Health Services</td>
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<td>(Safe Sleep Campaign $45,000; Sickle Cell Centers $100,000; Prevent Blindness $575,000; March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $650,000; 17P Project $52,000; Nurse-Family Partnership $950,000; Perinatal &amp; Neonatal Outreach Coordinator Contracts $440,000; Mountain Area Pregnancy Services $50,000)</td>
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<td>$14,719,224</td>
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<td>02. Oral Health</td>
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<td>03. Evidence-Based Programs in Counties</td>
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General Assembly Of North Carolina  
Session 2019  

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<th>DHHS Program Expenditures</th>
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<td>With Highest Infant Mortality Rates</td>
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<th>TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT</th>
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<th>Local Program Expenditures</th>
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<tr>
<td>01. Physical Activity and Prevention</td>
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<td>02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)</td>
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<tr>
<td>03. HIV/STD Prevention and Community Planning</td>
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<td>04. Oral Health Preventive Services</td>
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<td>05. Laboratory Services – Testing, Training, and Consultation</td>
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<tr>
<td>06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)</td>
<td>53,206</td>
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<td>07. Performance Improvement and Accountability</td>
<td>592,123</td>
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</tr>
<tr>
<td>08. State Center for Health Statistics</td>
<td>82,505</td>
<td>82,505</td>
</tr>
</tbody>
</table>
DHHS Administration

Division of Public Health

09. Division of Public Health 65,000 65,000

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT $4,735,673 $4,735,673

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies $24,170,204 $20,539,214
02. Discretionary Funding 921,096 921,096
03. Office of Economic Opportunity 981,096 981,096
04. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA) 60,000 60,000

TOTAL COMMUNITY SERVICES BLOCK GRANT $26,132,396 $22,501,406

GENERAL PROVISIONS

SECTION 9K.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
(2) A delineation of the proposed State and local administrative expenditures.
(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
(5) A projection of current year expenditures by program or activity.
(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
(7) The amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9K.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants...
administered by the Department of Health and Human Services from the amounts appropriated
in this act, the Department shall develop a plan to adjust the Block Grants based on reduced
federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2019-2020 and
2020-2021, increases in the federal fund availability for the Temporary Assistance to Needy
Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall
not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation
must be approved by the Office of State Budget and Management. If the Department adjusts the
allocation of any Block Grant due to changes in federal fund availability, then a report shall be
made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
Research Division.

SECTION 9K.1.(d) Except as otherwise provided, appropriations from federal
Block Grant funds are made for each year of the fiscal biennium ending June 30, 2021, according
to the schedule enacted for State fiscal years 2019-2020 and 2020-2021 or until a new schedule
is enacted by the General Assembly.

SECTION 9K.1.(e) All changes to the budgeted allocations to the Block Grants or
contingency funds and other grants related to existing Block Grants administered by the
Department of Health and Human Services that are not specifically addressed in this section shall
be approved by the Office of State Budget and Management. The Office of State Budget and
Management shall not approve funding for new programs or activities not appropriated in this
section. Additionally, if budgeted allocations are decreased, the Office of State Budget and
Management shall not approve any reduction of funds designated for subrecipients in subsection
(a) of this section under Item 01 of the Maternal and Child Health Block Grant. The Office of
State Budget and Management shall consult with the Joint Legislative Oversight Committee on
Health and Human Services for review prior to implementing any changes. In consulting, the
report shall include an itemized listing of affected programs, including associated changes in
budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be
reported immediately to the Joint Legislative Oversight Committee on Health and Human
Services and the Fiscal Research Division. This subsection does not apply to Block Grant
changes caused by legislative salary increases and benefit adjustments.

SECTION 9K.1.(f) Except as otherwise provided, the Department of Health and
Human Services shall have flexibility to transfer funding between the Temporary Assistance for
Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
so long as the total allocation for the line items within those block grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9K.1.(g) The sum of eighty million ninety-three thousand five hundred
sixty-six dollars ($80,093,566) for each year of the 2019-2021 fiscal biennium appropriated in
this act in TANF funds to the Department of Health and Human Services, Division of Social
Services, shall be used for Work First County Block Grants. The Division shall certify these
funds in the appropriate State-level services based on prior year actual expenditures. The Division
has the authority to realign the authorized budget for these funds among the State-level services
based on current year actual expenditures. The Division shall also have the authority to realign
appropriated funds from Work First Family Assistance for electing counties to the Work First
County Block Grant for electing counties based on current year expenditures so long as the
electing counties meet Maintenance of Effort requirements.

SECTION 9K.1.(h) The sum of nine million four hundred twelve thousand three
hundred ninety-one dollars ($9,412,391) appropriated in this act to the Department of Health and
Human Services, Division of Social Services, in TANF funds for each fiscal year of the
2019-2021 fiscal biennium for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2019-2020 and 2020-2021 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

**SECTION 9K.1.(i)** The sum of two million twenty-six thousand eight hundred seventy-seven dollars ($2,026,877) appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each fiscal year of the 2019-2021 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

**SECTION 9K.1.(j)** The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

**SECTION 9K.1.(k)** Of the three million four hundred fifty thousand dollars ($3,450,000) allocated in this act in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars ($500,000) in each year of the 2019-2021 fiscal biennium shall be used to provide services for foster care youth and juvenile justice.

**SOCIAL SERVICES BLOCK GRANT**

**SECTION 9K.1.(l)** The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars ($19,905,849) for each year of the 2019-2021 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars ($13,097,783) for each year of the 2019-2021 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

Of the funds allocated in this subsection for each year of the 2019-2021 fiscal biennium for county block grants, three million dollars ($3,000,000) shall be used to assist counties in the implementation of Project 4, Child Services, in North Carolina Families Accessing Services Through Technology (NC FAST). These funds shall be available in each fiscal year of the fiscal biennium for this purpose.

**SECTION 9K.1.(m)** The sum of one million three hundred thousand dollars ($1,300,000) appropriated in this act in the Social Services Block Grant to the Department of
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Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall be used to support various child welfare training projects as follows:

1. Provide a regional training center in southeastern North Carolina.
2. Provide training for residential child caring facilities.
3. Provide for various other child welfare training initiatives.

**SECTION 9K.1.(n)** The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

**SECTION 9K.1.(o)** Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

**SECTION 9K.1.(p)** The sum of five million forty thousand dollars ($5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3).

**SECTION 9K.1.(q)** The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2019-2021 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 9B.8 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 9K.1.(r)** The sum of one million five hundred eighty-two thousand dollars ($1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from the provisions of 10A NCAC 71R .0201(3).

**SECTION 9K.1.(s)** The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars ($3,825,443) for each fiscal year of the 2019-2021 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2019-2020 and 2020-2021 fiscal years.

**SECTION 9K.1.(t)** Of the funds appropriated in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars ($893,041) shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

**SECTION 9K.1.(u)** The sum of seven hundred thirty-seven thousand six hundred dollars ($737,607) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. These funds shall be used to assist with training needs for county child welfare training staff and shall not be used to supplant any other source of funding.
for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

**LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

**SECTION 9K.1.(v)** Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

**SECTION 9K.1.(w)** The sum of forty million two hundred ninety-eight thousand six hundred thirty-eight dollars ($40,298,638) for each year of the 2019-2021 fiscal biennium appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services. County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

1. Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.
2. Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.
3. Be approved by the local board of social services or human services board prior to submission.

**CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

**SECTION 9K.1.(x)** Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

**SECTION 9K.1.(y)** If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

**MENTAL HEALTH SERVICES BLOCK GRANT**

**SECTION 9K.1.(z)** The sum of one million nine hundred seventy-six thousand nine hundred seventy dollars ($1,976,970) appropriated in this act in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each year of the 2019-2021 fiscal biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.

**SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**
SECTION 9K.1.(aa) The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2019-2021 fiscal biennium shall be used to support Veterans initiatives.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9K.1.(bb) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2019-2020 fiscal year or the 2020-2021 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 9K.1.(cc) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 9K.1.(dd) The sum of sixty-eight thousand two hundred forty-five dollars ($68,245) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Women and Children's Health Section, for each fiscal year of the 2019-2021 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 9K.1.(ee) The sum of one hundred thousand dollars ($100,000) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

PART X. AGRICULTURE AND CONSUMER SERVICES

DACS REPORT CHANGES

SECTION 10.1.(a) G.S. 19A-62(c) reads as rewritten:

"(c) Report. – In March of each year, the Department must report to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report must contain information regarding all revenues and expenditures of the Spay/Neuter Account."

SECTION 10.1.(b) G.S. 19A-69 reads as rewritten:

The Department shall report annually to the Joint Legislative Commission on Governmental Operations-Joint Legislative Oversight Committee on Agriculture and Natural and Economic
SECTION 10.1.(e) G.S. 106-744(i) reads as rewritten:

"(i) The Advisory Committee shall report no later than October 1 of each year to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Environmental Review Commission, and the House of Representatives and Senate Appropriations Committees on Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources regarding the activities of the Advisory Committee, the agriculture easements purchased, and agricultural projects funded during the previous fiscal year."

SECTION 10.1.(d) G.S. 106-747(f) reads as rewritten:

"(f) Reports. – The Committee shall report on its activities conducted to implement this section, including any findings, recommendations, and legislative proposals, to the North Carolina Military Affairs Commission and the Agriculture and Forestry Awareness Commission, and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources beginning September 1, 2017, and annually thereafter, until such time as the Committee completes its work."

SECTION 10.1.(e) G.S. 106-755.1(14) reads as rewritten:

"(14) By September 1 of each year, to report to the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, 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, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on the activities of the Council, the status of the wine and grape industry in North Carolina and the United States, progress on the development and implementation of the State Viticulture Plan, and any contracts or agreements entered into by the Council for research, education, or marketing."

SECTION 10.1.(f) G.S. 106-887(i) reads as rewritten:

"(i) The Department shall report no later than October 1 of each year to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Committees on Natural and Economic Resources, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, 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, the Fiscal Research Division, and the Environmental Review Commission on the Department's management activities at DuPont State Recreational Forest during the preceding fiscal year and plans for management of DuPont State Recreational Forest for the upcoming fiscal year."

SECTION 10.1.(g) G.S. 106-911 reads as rewritten:

"§ 106-911. Annual report on wildfires.

No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall submit a written report on wildfires in the State to the chairs of the House Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, Senate Appropriations Committee on Agriculture, Natural, and Economic Resources and the Fiscal Research Division, and the Environmental Review Commission on the Department's management activities at DuPont State Recreational Forest during the preceding fiscal year and plans for management of DuPont State Recreational Forest for the upcoming fiscal year."
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Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division of the General Assembly. The report shall include the following information for all major or project wildfires during the prior fiscal year:

..."

SECTION 10.1.(h) G.S. 106-1029(b)(3) and (5) read as rewritten:

"(3) Establish in November prior to those sessions in which the General Assembly considers the State budget, the estimated total assessment that will be collectible in the next budget period and so inform the General Assembly, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

...(5) By January 15 of each odd-numbered year, report to the General Assembly, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the number of acres reforested, type of owners assisted, geographic distribution of funds, the amount of funds encumbered, and other matters. The report shall include the information by forestry district and statewide and shall be for the two fiscal years prior to the date of the report."

SECTION 10.1.(i) Section 11.1 of S.L. 2012-142 is codified as G.S. 106-915 and reads as rewritten:


(a) The Division of Adult Correction of the Department of Public Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in cooperation with the North Carolina Forest Service when assigning youthful offenders from the Western Youth Institution to work programs.

(b) The North Carolina Forest Service shall submit an annual report on the B.R.I.D.G.E. Youthful Offenders Program no later than October 1 of each year beginning October 1, 2012, to the Fiscal Research Division, the Chairs of the House Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources, the Chairs of the House Appropriations Subcommittee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, 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, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Justice and Public Safety, the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety, and the Joint Legislative Oversight Committee on Justice and Public Safety. The report shall include the following information for the prior fiscal year:

..."

SECTION 10.1.(j) Section 13.7(b) of S.L. 2013-360 is codified as G.S. 106-590 and reads as rewritten:

"§ 106-590. Annual report on funds allocated to the North Carolina Agricultural Foundation, Inc.

The North Carolina Agricultural Foundation, Inc. (hereinafter "FFA Foundation") shall do the following if the Department of Agriculture and Consumer Services allocates funds to it for programs of the North Carolina Future Farmers of America Association:

..."
By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and 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.

Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement."

SECTION 10.2. The Department of Agriculture and Consumer Services is authorized to expend up to one hundred fifty thousand dollars ($150,000) each year for forestry management from funds received from the sale of timber that are deposited with the State Treasurer in a capital improvement account pursuant to G.S. 146-30. The Director of the Budget is authorized to transfer up to one hundred fifty thousand dollars ($150,000) from the capital improvement account to the Reserve for Forestry Management in the Department's operating budget and to prepare succeeding continuation budget documents to include one hundred fifty thousand dollars ($150,000) in the Reserve for Forestry Management.

SECTION 10.3.(a) The funds appropriated by S.L. 2018-5 for the Healthy Food/Small Retailer program shall be used to continue a program to reimburse small food retailers for expenditures related to enhancing access to healthy foods in areas that qualify as food desert zones according to the Economic Research Service of the United States Department of Agriculture. For the purposes of this section, a small food retailer is defined as a business that is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of no more than 3,000 heated square feet that sells a limited selection of foods and other products. Funds may be used to reimburse small food retailers for the purchase and installation of refrigeration equipment, display shelving, and other equipment necessary for stocking nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and legumes, low-fat dairy products, lean meats, and seafood.

SECTION 10.3.(b) The Department of Agriculture and Consumer Services may reimburse up to twenty-five thousand dollars ($25,000) to each eligible small food retailer. Small food retailers receiving moneys from the program shall accept or agree to accept Supplemental Nutrition Assistance Program benefits and shall accept or agree to apply to accept Special Supplemental Nutrition Program for Women, Infants, and Children benefits. The Department shall establish guidelines for application and receipt of funding for small food retailers to ensure that the funds shall be used to enhance and advertise the availability of nutrient-dense foods. The Department shall assist the small food retailer in identifying suppliers of nutrient-dense foods and in developing a strategy to encourage the sale of nutrient-dense foods to customers.

SECTION 10.3.(c) On or before October 1, 2019, and annually thereafter until the funds are expended, the Department of Agriculture and Consumer Services shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the activities funded by the Healthy Food/Small Retailer program, including the number of small food retailers receiving reimbursement, how the funds were used by the small food retailers, and the gross amount of nutrient-dense food, in dollars, sold to customers by participating small food retailers.

SECTION 10.3.(d) This section becomes effective June 30, 2019.

TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES
SECTION 10.4. Notwithstanding G.S. 143-717(i), the Tobacco Trust Fund Commission may use three hundred seventy-five thousand dollars ($375,000) for the 2019-2020 fiscal year for administrative and operating expenses of the Commission and its staff.

TOBACCO TRUST FUND GRANT

SECTION 10.5. Notwithstanding G.S. 143-720 and G.S. 143-721, of the funds appropriated to the Tobacco Trust Fund in this act, one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2019-2020 fiscal year is allocated to the Town of Mount Olive to support locally based agriculture educational programs.

EASTERN NORTH CAROLINA FOOD COMMERCIALIZATION CENTER FUNDING

SECTION 10.6.(a) Funds appropriated by this act to the Department of Agriculture and Consumer Services for local food processing initiatives shall be used to provide a grant to the Eastern North Carolina Food Commercialization Center to provide matching funds for a federal construction grant and to provide working capital and equipment for the Center.

SECTION 10.6.(b) The Center shall submit an annual report on the use of the funds allocated by this section to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than April 1 of each year until the funds are spent or have reverted.

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF STATE-MANAGED PROPERTIES

SECTION 10.7.(a) The Department of Agriculture and Consumer Services' Plant Industry Division shall study and report on wildlife enhancement, invasive species control, and native habitat restoration on properties managed by the State. The Division shall include the following in its study and report:

1. The amount of funds and other resources dedicated by each State agency land manager (including the Department of Natural and Cultural Resources, the Wildlife Resources Commission, the Department of Environmental Quality, and the Department of Agriculture and Consumer Services) to habitat management for wildlife enhancement, including, but not limited to, invasive species removal, prescribed burning, selective thinning, and native plant restoration.

2. The potential need for each State agency land manager for additional funding or positions necessary to support wildlife enhancement, including invasive species removal, prescribed burning, selective thinning, and native plant restoration.

3. Identification of existing federal funding sources for wildlife enhancement on State-managed properties and missed match opportunities with State resources.

SECTION 10.7.(b) The Department shall provide its report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than April 1, 2020.

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF ORGANIC FOOD IN THE FARM TO SCHOOL PROGRAM

SECTION 10.8.(a) The Department of Agriculture and Consumer Services shall study and report on the feasibility of including organic food in the NC Farm to School Program. The Department shall include the following in its study and report:

1. The availability and sourcing of organically grown products that could be included in the Program.
(2) The potential costs and benefits associated with the inclusion of organically
grown products.

(3) Identification of existing grants, donations, or other non-State sources to fund
the inclusion of organically grown products.

SECTION 10.8.(b) The Department shall provide its report to the Joint Legislative
Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
Research Division no later than April 1, 2020.

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

<table>
<thead>
<tr>
<th>Program Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Administration</td>
<td>$1,610,278</td>
</tr>
<tr>
<td>Neighborhood Revitalization</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Economic Development</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>25,719,918</td>
</tr>
</tbody>
</table>

TOTAL COMMUNITY DEVELOPMENT
BLOCK GRANT – 2018 Program Year $48,330,196
2019 Program Year $48,330,196

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
program category under the Community Development Block Grant shall be increased by the
same percentage as the increase in federal funds.

SECTION 11.2.(d) The Department of Commerce shall consult with the Joint
Legislative Commission on Governmental Operations prior to reallocating Community
Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

(1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 11.2.(e) By September 1, 2019, and September 1, 2020, the Department of Commerce shall report to 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; the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

(1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.

(2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.

(3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 11.2.(f) For purposes of this section, eligible activities under the category of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated to the infrastructure category in subsection (a) of this section shall not be reallocated to any other category.

SECTION 11.2.(g) Throughout each year, deobligated funds arise in the various funding categories and program years of the Community Development Block Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in the CDBG program may vary from year to year based upon the amount of State-appropriated funds allocated and the amount of eligible in-kind funds identified.

SECTION 11.2.(h) To allow the Department of Commerce and the Department of Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds:

(1) All surplus federal administrative funds shall be divided equally between the Departments of Commerce and Environmental Quality and shall be used as provided in subdivisions (2) and (3) of this subsection.
(2) All deobligated funds allocated to the Department of Commerce and any spread federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:

a. To issue grants in the CDBG economic development or neighborhood revitalization program category.

b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.

c. For additional assistance for pilot broadband projects.

d. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

(3) All deobligated funds allocated to the Department of Environmental Quality and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:

a. To issue grants in the CDBG infrastructure program category.

b. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

GOLDEN LEAF REPORT CHANGES

SECTION 11.3. Section 3 of S.L. 1999-2 reads as rewritten:

"Section 3. The Attorney General shall draft articles of incorporation for the nonprofit corporation to enable the nonprofit corporation to carry out its mission as set out in the Consent Decree. The articles of incorporation shall provide for the following:

(1) Consultation; reporting. – The nonprofit corporation shall consult with the Joint Legislative Commission on Governmental Operations ("Commission") prior to the corporation's board of directors (i) adopting bylaws and (ii) adopting the annual operating budget. The nonprofit corporation shall also report on its programs and activities to the Commission Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee on or before March 1 September 15 of each fiscal year and more frequently as requested by the Commission, either Committee. The report shall include information on the activities and accomplishments during the fiscal year, itemized expenditures during the fiscal year, planned activities and goals for at least the next 12 months, and itemized anticipated expenditures for the next fiscal year. The nonprofit corporation shall also annually provide to the Commission Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee an itemized report of its administrative expenses and copies of its annual report audited financial statement and tax return information information within 30 days of receiving an audit report.

(2) Public records; open meetings. – The nonprofit corporation 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 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.

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.

(2) Provide 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 a copy of
the entity's annual audited financial statement within 30 days of issuance of
the statement.

SECTION 11.4.(b) The following entities shall comply with the requirements of
subsection (a) of this section:

(1) North Carolina Biotechnology Center.
(2) High Point Market Authority.
(3) RTI International.

NC BIOTECHNOLOGY CENTER

SECTION 11.5.(a) Of the funds appropriated in this act to the Department of
Commerce, the sum of fourteen million six hundred thousand three hundred thirty-eight dollars
($14,600,338) for the 2019-2020 fiscal year and the sum of fourteen million one hundred
thousand three hundred thirty-eight dollars ($14,100,338) for the 2020-2021 fiscal year shall be
allocated to the North Carolina Biotechnology Center (hereinafter "Center") for the following
purposes:

(1) Job creation: AgBiotech Initiative, economic and industrial development, and
related activities – three million four hundred twenty-four thousand
seventy-three dollars ($3,424,073) for the 2019-2020 fiscal year and three
million one hundred seventy-four thousand seventy-three dollars ($3,174,073)
for the 2020-2021 fiscal year.

(2) Science and commercialization: science and technology development, Centers
of Innovation, business and technology development, education and training,
and related activities – nine million three hundred thirteen thousand nineteen
dollars ($9,313,019) for the 2019-2020 fiscal year and nine million sixty-three
thousand nineteen dollars ($9,063,019) for the 2020-2021 fiscal year.

(3) Center operations: administration, professional and technical assistance and
oversight, corporate communications, human resource management, financial
and grant administration, legal, and accounting – one million eight hundred
sixty-three thousand two hundred forty-six dollars ($1,863,246) for each fiscal
year of the 2019-2021 biennium.
SECTION 11.5.(b) The Center shall prioritize funding and distribution of loans over existing funding and distribution of grants.

SECTION 11.5.(c) Up to ten percent (10%) of each of the allocations in subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

PART XII. ENVIRONMENTAL QUALITY

DEQ REPORT CHANGES

SECTION 12.1.(a) G.S. 113A-241 reads as rewritten:

"§ 113A-241. State to Preserve One Million Acres; Annual report preserve one million acres.

(a) The State of North Carolina shall encourage, facilitate, plan, coordinate, and support appropriate federal, State, local, and private land protection efforts so that an additional one million acres of farmland, open space, and conservation lands in the State are permanently protected by December 31, 2009. These lands shall be protected by acquisition in fee simple or by acquisition of perpetual conservation easements by public conservation organizations or by private entities that are organized to receive and administer lands for conservation purposes.

(b) The Secretary of Environmental Quality shall lead the effort to add one million acres to the State's protected lands and shall plan and coordinate with other public and private organizations and entities that are receiving and administering lands for conservation purposes.

(c) The Secretary of Environmental Quality shall report to the Governor and the Environmental Review Commission on or before 1 October of each year on the State's progress towards attaining the goal established in this section."

SECTION 12.1.(b) Section 15.6(b) of S.L. 1999-237, as amended by Section 4.21 of S.L. 2017-10, reads as rewritten:

"Section 15.6.(b) The Department of Environmental Quality and the Office of State Budget and Management shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds on or before April 15 of each year and shall include this information in the status of solid waste management report required to be submitted pursuant to G.S. 130A-309.06(c)."

SECTION 12.1.(c) G.S. 130A-309.06(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on or before January 15 of each year on the status of solid waste management efforts in the State. The report shall include all of the following:


(20) A report on the use of funds for Superfund cleanups and inactive hazardous site cleanups."

SECTION 12.1.(d) G.S. 130A-294(i) reads as rewritten:

"(i) The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on the implementation and cost of the hazardous waste management program. The report shall include an evaluation of how well the State and private parties are managing and cleaning up hazardous waste. The report shall also include recommendations to the Governor, State agencies, and the General Assembly on ways to: improve waste management; reduce the amount of waste generated; maximize resource recovery, reuse, and conservation; and minimize the amount of hazardous waste which must be disposed of. The report shall include beginning and ending
balances in the Hazardous Waste Management Account for the reporting period, total fees collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures by activities and categories for the hazardous waste management program, any recommended adjustments in annual and tonnage fees which may be necessary to assure the continued availability of funds sufficient to pay the State's share of the cost of the hazardous waste management program, and any other information requested by the General Assembly. In recommending adjustments in annual and tonnage fees, the Department may propose fees for hazardous waste generators, and for hazardous waste treatment facilities that treat waste generated on site, which are designed to encourage reductions in the volume or quantity and toxicity of hazardous waste. The report shall also include a description of activities undertaken to implement the resident inspectors program established under G.S. 130A-295.02. In addition, the report shall include an annual update on the mercury switch removal program that shall include, at a minimum, all of the following:

**SECTION 12.1.(e)** G.S. 130A-309.64(e) reads as rewritten:

"(e) The Department shall include in the report to be delivered to the Environmental Review Commission on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap Tire Disposal Act under this Part for the fiscal year ending the preceding June 30. The description of the implementation of the North Carolina Scrap Tire Disposal Act shall include a list of the recipients of grants under subsection (a) of this section and the amount of each grant for the previous 12-month period. The report also shall include the amount of funds used to clean up nuisance sites under subsection (d) of this section."

**SECTION 12.1.(f)** G.S. 130A-309.85 reads as rewritten:

"§ 130A-309.85. Reporting on the management of white goods.

The Department shall include in the report to be delivered to the Environmental Review Commission on or before 15 January of each year pursuant to G.S. 130A-309.06(c) a description of the management of white goods in the State for the fiscal year ending the preceding 30 June. The description of the management of white goods shall include the following information:

**SECTION 12.1.(g)** G.S. 130A-309.140(a) reads as rewritten:

"(a) The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on the recycling of discarded computer equipment and televisions in the State under this Part. The report must include an evaluation of the recycling rates in the State for discarded computer equipment and televisions, a discussion of compliance and enforcement related to the requirements of this Part, and any recommendations for any changes to the system of collection and recycling of discarded computer equipment, televisions, or other electronic devices."

**SECTION 12.1.(h)** G.S. 130A-310.10 reads as rewritten:

"§ 130A-310.10. Annual reports.

(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on inactive hazardous sites that includes at least the following:

1. The Inactive Hazardous Waste Sites Priority List.
2. A list of remedial action plans requiring State funding through the Inactive Hazardous Sites Cleanup Fund.
3. A comprehensive budget to implement these remedial action plans and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of said these plans.
4. A prioritized list of sites that are eligible for remedial action under CERCLA/SARA together with recommended remedial action plans and a
comprehensive budget to implement such plans. The budget for implementing a remedial action plan under CERCLA/SARA shall include a statement as to any appropriation that may be necessary to pay the State's share of such plan.

(5) A list of sites and remedial action plans undergoing voluntary cleanup with Departmental approval.

(6) A list of sites and remedial action plans that may require State funding, a comprehensive budget if implementation of these possible remedial action plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the possible costs of said plans.

(7) A list of sites that pose an imminent hazard.

(8) A comprehensive budget to develop and implement remedial action plans for sites that pose imminent hazards and that may require State funding, and the adequacy of the Inactive Hazardous Sites Cleanup Fund.

(8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.

(9) Any other information requested by the General Assembly or the Environmental Review Commission.

(a1) On or before October 1 of each year, the Department shall report to each member of the General Assembly who has an inactive hazardous substance or waste disposal site in the member's district. This report shall include the location of each inactive hazardous substance or waste disposal site in the member's district, the type and amount of hazardous substances or waste known or believed to be located on each of these sites, the last action taken at each of these sites, and the date of that last action. The Department shall include this information in the status of solid waste management report required to be submitted pursuant to G.S. 130A-309.06(c).

(b) Repealed by Session Laws 2001-452, s. 2.3, effective October 28, 2001."

"§ 130A-310.40. Legislative reports.

The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) an evaluation of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and commercial properties. This evaluation shall include any recommendations for additional incentives or changes, if needed, to improve the effectiveness of this Part in addressing these properties. This evaluation shall also include a report on receipts by and expenditures from the Brownfields Property Reuse Act Implementation Account."

SECTION 12.1.(j) G.S. 143-215.104U(a) reads as rewritten:

"(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c) a report on at least the following:

...."

SECTION 12.1.(k) Section 14.22(j) of S.L. 2013-360 reads as rewritten:

"SECTION 14.22.(j) This section authorizes a Long Term Dredging Memorandum of Agreement with the U.S. Army Corps of Engineers which may last beyond the current fiscal biennium and which shall provide for all of the following:

(1) Prioritization of projects through joint consultation with the State, applicable units of local government, and the U.S. Army Corps of Engineers.

(2) Compliance with G.S. 143-215.73F. Funds in the Shallow Draft Navigation Channel Dredging Fund shall be used in accordance with that section.

(3) Annual reporting by the Department on the use of funds provided to the U.S. Army Corps of Engineers under the Long Term Dredging Memorandum of Agreement. These reports shall be made to the Joint Legislative Commission..."
on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management and shall include all of the following:

a. A list of all projects commenced.
b. The estimated cost of each project.
c. The date that work on each project commenced or is expected to commence.
d. The date that work on each project was completed or is expected to be completed.
e. The actual cost of each project."

COLLABORATORY/GENX

SECTION 12.2. Section 13.1(g) of S.L. 2018-5 reads as rewritten:

"SECTION 13.1.(g) The North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) shall identify faculty expertise, technology, and instrumentation, including mass spectrometers, located within institutions of higher education in the State, including the Universities of North Carolina at Chapel Hill and Wilmington, North Carolina State University, North Carolina A&T State University, Duke University, and other public and private institutions, and coordinate these faculty and resources to conduct nontargeted analysis for PFAS, including GenX, at all public water supply surface water intakes and one public water supply well selected by each municipal water system that operates groundwater wells for public drinking water supplies as identified by the Department of Environmental Quality, to establish a water quality baseline for all sampling sites. The Collaboratory, in consultation with the participating institutions of higher education, shall establish a protocol for the baseline testing required by this subsection, as well as a protocol for periodic retesting of the municipal intakes and additional public water supply wells. No later than December 1, 2019, December 1, 2020, Collaboratory shall report the results of such sampling by identifying chemical families detected at each intake to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Department of Environmental Quality, the Department of Health and Human Services, and the 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 January-November 1 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 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 January-January 1 following the 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 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 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.

(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.

(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.

(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 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:

(1) Two hundred thousand dollars ($200,000) to the Town of Four Oaks.
(2) Five hundred thousand dollars ($500,000) to the Town of Maysville.
(3) Five hundred thousand dollars ($500,000) to the Town of Midland.
(4) One hundred thousand dollars ($100,000) to the Town of Wilson's Mills.

WASTEWATER INFRASTRUCTURE PROJECT

SECTION 12.7. Notwithstanding G.S. 159G-22(b), fifteen million dollars ($15,000,000) of funds appropriated in this act to the Division of Water Infrastructure for the Wastewater Reserve shall be used to provide a loan to the City of King for a wastewater system. Notwithstanding G.S. 159G-20(21) and G.S. 159G-40(b)(1), the interest rate for the loan shall be zero percent (0%).

INVESTMENT FLEXIBILITY AND RETAINED EARNINGS FOR RIPARIAN BUFFER RESTORATION FUND AND RETAINED EARNINGS FOR ECOSYSTEM RESTORATION FUND

SECTION 12.8.(a) G.S. 147-69.2(a) reads as rewritten:

"(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

…(17n) The Riparian Buffer Restoration Fund."
..."

**SECTION 12.8.(b)** G.S. 147-69.2(d) reads as rewritten:

"(d) The State Treasurer may invest funds deposited pursuant to subdivisions (17i), (17j), and (17k) of subsection (a) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars ($100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to defray the costs of administering the funds and expenditures authorized under this section. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts contributed to the respective Funds, figured according to sound accounting principles."

**CERTAIN TIMBER SALES/NONREVERT**

**SECTION 12.9.** Section 14.3 of S.L. 2015-241 reads as rewritten:

"SECTION 14.3. The Department of Environment and Natural Resources' Environmental Quality's Stewardship Program may retain revenue generated from timber harvesting on the Great Coharie property in the Conservation Grant Endowment Interest Fund (6705) (Fund Code 64307-6705) for the purpose of restoration and stewardship of that property and these funds are hereby appropriated for that purpose. Any unused portion of this revenue remaining in the Fund on June 30, 2019 shall revert to the General Fund."

**CONSERVATION GRANT FUND CHANGES**

**SECTION 12.10.(a)** G.S. 113A-235(a) is recodified as G.S. 113A-235(a1), and G.S. 113A-232(c) is recodified as G.S. 113A-235(a).

**SECTION 12.10.(b)** G.S. 113A-232, as amended by subsection (a) of this section, reads as rewritten:


(a) Fund Created. – The Conservation Grant Fund is created within the Department of Environmental Quality. The Fund shall be administered by the Department. The purpose of the Fund is to stimulate the use of conservation easements, to improve the capacity of private nonprofit land trust organizations to successfully accomplish conservation projects, to better equip real estate related professionals to pursue opportunities for conservation, to increase landowner participation in land and water conservation, and to provide an opportunity to leverage private and other public monies for conservation easements.

(a1) Fund Purpose. – The purpose of the Conservation Grant Fund is to stimulate the use of conservation easements, to steward properties held by deed or conservation easement by the State, to improve the capacity of private nonprofit land trust organizations to successfully accomplish conservation projects, to better equip real estate related professionals to pursue opportunities for conservation, to increase landowner participation in land and water conservation, and to provide an opportunity to leverage private and other public funds for conservation easements.

(b) Fund Sources. – The Conservation Grant Fund shall consist of any moneys funds appropriated to it by the General Assembly and any moneys funds received from public or private sources. Unexpended moneys funds in the Fund that were appropriated from the General Fund by the General Assembly shall revert at the end of the fiscal year unless the General Assembly
otherwise provides. Unexpended moneys in the Fund from other sources shall not revert
and shall remain available for expenditure in accordance with this Article.

(c1) Grant Eligibility. – State conservation properties, as described in G.S. 113A-235,
State conservation land management agencies, local government conservation land management
agencies, and private nonprofit land trust organizations are eligible to receive grants from the
Conservation Grant Fund. Private nonprofit land trust organizations must be certified under
Section 501(c)(3) of the Internal Revenue Code to aid in managing the land.

(d) Use of Revenue. – Revenue in and investment income generated by the Conservation
Grant Fund may be used only for the following purposes:

(1) The administrative costs of the Department in administering the Fund and stewardship program operations.

(2) Conservation grants – Expenses related to grants, contracts, and agreements made in accordance with this Article, including any of the following:
a. Reimbursement for total or partial transaction costs for a donation of
real property or an interest in real property from an individual or
corporation, when the Department determines either of the following:
   1. The donor has insufficient financial ability to pay all costs or
      insufficient taxable income to allow these costs to be included
      in the donated value.
   2. The donor has insufficient tax burdens to allow these costs to
      be offset by charitable deductions.

   b. Management support, including initial baseline inventory and
      planning.

   c. Monitoring compliance of conservation easements, the related use of
      riparian buffers, natural areas, and greenways, and the presence of
      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 eligible for a grant under this 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 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.

DRY CLEANING SOLVENT PROGRAM AMENDMENTS

SECTION 12.11.(a) G.S. 143-215.104A reads as rewritten:

§ 143-215.104A. Title; sunset.

This part is the "Dry-Cleaning Solvent Cleanup Act of 1997" and may be cited by that name. Except as otherwise provided in this section, this part expires January 1, 2032, except with respect to all of the following:

(1) G.S. 143-215.104K is not repealed; does not expire to the extent that it applies to liability arising from dry-cleaning solvent contamination described in a Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent Remediation Agreement entered into by the Environmental Management Commission pursuant to G.S. 143-215.104H and G.S. 143-215.104I.

(2) Any Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent Remediation Agreement in force as of January 1, 2032, shall continue to be governed by the provisions of Part 6 of Article 21A of Chapter 143 of the General Statutes as though those provisions had not been repealed.

(3) G.S. 143-215.104D(b)(2) is not repealed; does not expire; rules adopted by the Environmental Management Commission pursuant to G.S. 143-215.104D(b)(2) shall continue in effect; and those rules may be enforced pursuant to G.S. 143-215.104P, 143-215.104Q, and 143-215.104R, which shall remain in effect for that purpose."

SECTION 12.11.(b) G.S. 105-164.44E reads as rewritten:

§ 105-164.44E. Transfer to the Dry-Cleaning Solvent Cleanup Fund.

(a) Transfer. – At the end of each quarter, the Secretary must transfer to the Dry-Cleaning Solvent Cleanup Fund established under G.S. 143-215.104C an amount equal to fifteen percent (15%) of the net State sales and use taxes collected under G.S. 105-164.4(a)(4) during the previous fiscal year, as determined by the Secretary based on available data.

(b) Sunset. – This section is repealed effective July 1, 2030."

SECTION 12.11.(c) G.S. 105-187.35 reads as rewritten:

§ 105-187.35. Sunset.

This Article is repealed effective January 1, 2030.
PART XIII. LABOR [RESERVED]

PART XIV. NATURAL AND CULTURAL RESOURCES

DNCR REPORT CHANGES

SECTION 14.1.(a) Part 1 of Article 2 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-53.10. Annual report on fees.

The Department of Natural and Cultural Resources shall submit a report by October 15 of each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on fees charged in the previous fiscal year at all historic sites, museums, aquariums, and State parks and at the North Carolina Zoological Park and the U.S.S. North Carolina Battleship. The report shall include all of the following:

(1) For each site, the amount and type of fees charged.
(2) For each site, the total amount collected by type of fee and how the funds were expended.
(3) Visitor information for each site, including a breakdown of fee-paying visitors and visitors whose fees were waived, such as visitors in school groups.
(4) Any fee changes and a justification for any increases or decreases.
(5) Number of days the site was open to visitors.
(6) Plans, if known, to change fees in the upcoming year."

SECTION 14.1.(b) G.S. 121-7.3 reads as rewritten:

"§ 121-7.3. Admission and related activity fees and operating hours.

The Department of Natural and Cultural Resources may charge a reasonable admission and related activity fee to the Roanoke Island Festival Park and any historic site or museum administered by the Department. Admission and related activity fees collected under this section are receipts of the Department and shall be deposited in the appropriate special fund. The revenue collected pursuant to this section shall be used only for the individual site or venue where the receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of this section. The Department is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees at the Roanoke Island Festival Park, historic sites, and museums. The Department shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change within 30 days following its effective date."

SECTION 14.1.(c) G.S. 143B-71 reads as rewritten:

"§ 143B-71. Tryon Palace Commission – creation, powers, and duties.

There is hereby created the Tryon Palace Commission of the Department of Natural and Cultural Resources with the power and duty to adopt, amend, amend, and rescind rules and regulations concerning the restoration and maintenance of the Tryon Palace complex, and with other powers and duties as provided in Article 2 of Chapter 121 of the General Statutes of North Carolina, Statutes, including the authority to charge reasonable admission and related activity fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees at Tryon Palace Historic Sites and Gardens. The Commission shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change within 30 days following its effective date."
U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING
CONFORMING CHANGE AND RULE-MAKING EXEMPTION

SECTION 14.2.(a) G.S. 143B-73 reads as rewritten:

There is hereby created the U.S.S. North Carolina Battleship Commission of the Department of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules and regulations under and not inconsistent with the laws of this State necessary in carrying out the provisions and purposes of this Part, including the following:

(1) The U.S.S. North Carolina Battleship Commission is authorized and empowered to adopt such rules and regulations not inconsistent with the management responsibilities of the Secretary of the Department provided by Chapter 143A of the General Statutes and laws of this State and this Chapter that may be necessary and desirable for the operation and maintenance of the U.S.S. North Carolina as a permanent memorial and exhibit commemorating the heroic participation of the men and women of North Carolina in the prosecution and victory of the Second World War and for the faithful performance and fulfillment of its duties and obligations.

(2) The U.S.S. North Carolina Battleship Commission shall have the power and duty to charge reasonable admission and related activity fees for admission to the ship and to establish standards and adopt rules and regulations: (i) establishing and providing for a proper charge for admission to the ship; and (ii) for the maintenance and operation of the ship as a permanent memorial and exhibit.

(3) The Commission shall adopt rules and regulations consistent with the provisions of this Chapter. The Commission is exempt from the requirements of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission fees or related activity fees at the U.S.S. North Carolina Battleship. The Commission shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change within 30 days following its effective date."

SECTION 14.2.(b) G.S. 150B-1(d) reads as rewritten:

"§ 150B-1. Policy and scope.
(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

... (23) The Department of Natural and Cultural Resources with respect to operating hours, admission fees, or related activity fees at historic sites and museums pursuant to G.S. 121-7.3.

(24) Tryon Palace Commission with respect to operating hours, admission fees, or related activity fees pursuant to G.S. 143B-71.

(25) U.S.S. Battleship Commission with respect to operating hours, admission fees, or related activity fees pursuant to G.S. 143B-73."
dollars ($9,000,000) in non-State funds each year of the 2019-2021 fiscal biennium. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section.

**SECTION 14.3.(b)** For the 2019-2020 fiscal year, the North Carolina Symphony shall receive the allocation from the Department of Natural and Cultural Resources under this section as follows:

1. Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).
2. Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).
3. Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of nine million dollars ($9,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2019-2020 fiscal year.

**SECTION 14.3.(c)** For the 2020-2021 fiscal year, the North Carolina Symphony shall receive the allocation from the Department of Natural and Cultural Resources under this section as follows:

1. Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).
2. Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).
3. Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of nine million dollars ($9,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2020-2021 fiscal year.

**REPORT ON ATTRACTIONS MARKETING**

**SECTION 14.4.(a)** The Department of Natural and Cultural Resources shall study and report on the marketing of the North Carolina Zoological Park, the North Carolina Aquariums, and the North Carolina State Museum of Natural Sciences (the "State Attractions"), including marketing conducted on behalf of the State Attractions by affiliated or independent support or friends organizations. As part of its report, the Department shall assess and provide the following for the 2018-2019 fiscal year:

1. All public and private funds spent on marketing the State Attractions, including a breakdown of funding source and the particular marketing uses for the funds from each source.
2. Identification of new or innovative marketing techniques of the State Attractions that could be utilized, but currently lack funding.
3. The scope and effectiveness of cooperative or collaborative marketing activities with other State agencies or with the nonprofit corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01(b).
An explanation of measures of effectiveness or reach that are used to evaluate current marketing programs, as well as effectiveness or reach data generated by those measures.

SECTION 14.4.(b) The Department shall provide its report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than October 15, 2019.

ADD MARKETING AS PERMISSIBLE USE OF NC ZOO FUND

SECTION 14.5. G.S. 143B-135.209(a) reads as rewritten:

"(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina Zoological Park and to match private funds raised for these types of projects:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.

(2) Renovations of exhibits in habitat clusters, visitor services facilities, and support facilities (including greenhouses and temporary animal holding areas).

(3) The acquisition, maintenance, or replacement of tram equipment as required to maintain adequate service to the public.

(4) Marketing of the zoo."

STATUTORY AUTHORITY REGARDING RECREATION

SECTION 14.6.(a) Subsections (a) and (d) of G.S. 143-323 are recodified as subsections (b) and (c) of G.S. 143B-135.60, and entitled "Additional powers and duties of the Department regarding recreation."

SECTION 14.6.(b) G.S. 143-320(3) is repealed.

SECTION 14.6.(c) G.S. 143B-135.60, as enacted by subsection (a) of this section, reads as rewritten:

"§ 143B-135.60. Additional powers and duties of the Department regarding recreation.

(a) Definition. – As used in this section, "recreation" means those interests that are diversionary in character and that aid in promoting entertainment, pleasure, relaxation, instruction, and other physical, mental, and cultural developments and experiences of a leisure nature, and includes all governmental, private nonprofit, and commercial recreation forms of the recreation field and includes parks, conservation, recreation travel, the use of natural resources, wilderness, and high density recreation types and the variety of recreation interests in areas and programs which are incorporated in this range.

(b) Recreation. – The Department of Environmental Quality shall have the following powers and duties with respect to recreation:

…

(c) Federal Assistance. – The Department, with the approval of the Governor, may apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual, and may comply with the terms, conditions, and limitations of the grant, in order to accomplish any of the purposes of the Department. Grant funds shall be expended pursuant to the Executive Budget Act, State Budget Act. The Director of the Department's Division of Parks and Recreation has the authority and responsibility to accept and administer funding through the federal Land and Water Conservation Fund or any successor fund established for similar purposes. The Secretary may designate additional personnel to assist
the Director of the Division of Parks and Recreation in fulfilling the Director's responsibilities under this subsection."

PARTF PROJECTS

SECTION 14.7(a) One million five hundred thousand dollars ($1,500,000) of the funds available to the Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be used to build a public sculpture park on land located between the Legislative Building and the Governor's Mansion in downtown Raleigh to commemorate historic and ongoing struggles for freedom in North Carolina, and especially the enduring roles of African-Americans in the struggle for freedom in this State. Notwithstanding G.S. 143B-135.56(b)(2), these funds shall not be expended unless North Carolina Freedom Park raises the sum of one million seven hundred thousand dollars ($1,700,000) in non-State funds to match the funds allocated by this section.

SECTION 14.7(b) One million dollars ($1,000,000) of the funds available to the Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be used for stabilization or renovation of structures located on the Vade Mecum tract at Hanging Rock State Park as set forth in the July 2018 Hanging Rock State Park Expansion Master Plan.

CONSERVATION CORPS NAME CHANGE

SECTION 14.8. G.S. 143-58.7 reads as rewritten:

"§ 143-58.7. Contracts with Youth-Conservation Corps. 
State departments, institutions, and agencies may contract with the North Carolina Youth Conservation Corps North Carolina to perform trail construction and maintenance, invasive species removal, and other conservation projects in State parks, State forests, and other State-owned facilities where the projects provide direct public benefits to the citizens of the State and offer youth and young adults of the State a structured program that connects them to natural resources and teaches job skills, leadership, community service, and personal responsibility. Contracts under this section are exempt from the competitive bidding procedures described in this Article and the rules adopted under it."

NATURAL HERITAGE PROGRAM FEES

SECTION 14.9. G.S. 143B-135.272(a) reads as rewritten:

"(a) The Secretary may establish fees to defray the costs associated with any of the following:

(1) Responding to inquiries requiring customized environmental review services or the costs associated with developing, improving, or maintaining technology that supports an online interface for external users to access Natural Heritage Program data. The Secretary may reduce or waive the fee established under this subsection if the Secretary determines that a waiver or reduction of the fee is in the public interest.

(2) Any activity authorized under G.S. 143B-135.234(10), including an inventory of natural areas conducted under the Natural Heritage Program, conservation and protection planning, and informational programs for owners of natural areas, as defined in G.S. 143B-135.254."

NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION

SECTION 14.10(a) G.S. 143B-135.272(b) reads as rewritten:

"(b) Fees collected under this section are receipts of the Department of Natural and Cultural Resources and shall be deposited in the Clean Water Management Trust Fund special fund for the purpose of supporting the operations of the Natural Heritage Program."

SECTION 14.10(b) Part 42 of Article 2 of Chapter 143B of the General Statutes is amended by adding a new section to read:
§ 143B-135.273. Administration of the Conservation Tax Credit program.

All duties and responsibilities related to stewardship and oversight of properties and interests for which tax credits were granted under the Conservation Tax Credit program for tax years beginning before January 1, 2014, and previously given to the Department of Environmental Quality or its predecessors are transferred to the Department of Natural and Cultural Resources. The Department of Natural and Cultural Resources shall exercise the duties and responsibilities transferred by this section through the Natural Heritage Program.

REPURPOSE CERTAIN PLANNING FUNDS

SECTION 14.11. Funds appropriated to the Division of North Carolina Aquariums in the North Carolina Department of Natural and Cultural Resources by Section 14.19 of S.L. 2017-57, as amended by Section 4.3 of S.L. 2017-197 and Section 4.9 of S.L. 2017-212, and allocated for planning and permitting of a satellite aquarium area shall instead be used for the following purposes:

(1) Ninety-three thousand seven hundred ninety-four dollars ($93,794) to address storm damage at the Core Sound Waterfowl Museum and Heritage Center in Harkers Island, North Carolina.

(2) One hundred sixty thousand dollars ($160,000) to add the home of civil rights leader Golden Frinks to the Historic Edenton State Historic Site.

WRC REPORT CHANGE

SECTION 14.12. G.S. 143-250 reads as rewritten:

§ 143-250. Wildlife Resources Fund.

... All moneys credited to the Wildlife Resources Fund shall be made available to carry out the intent and purposes of this Article in accordance with plans approved by the North Carolina Wildlife Resources Commission, and all such of these funds are hereby appropriated, reserved, set aside, and made available until expended, for the enforcement and administration of this Article, Chapter 75A, Article 1, and Chapter 113, Subchapter IV of the General Statutes of North Carolina. Article 1 of Chapter 75A of the General Statutes, and Subchapter IV of Chapter 113 of the General Statutes. No later than October 1 of each year, the Wildlife Resources Commission shall report to the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the expenditures from the Wildlife Resources Fund during the fiscal year that ended the previous July 1 of that year and on the planned expenditures for the current fiscal year. ..."

PART XV. ADMINISTRATIVE OFFICE OF THE COURTS

COLLECTION OF WORTHLESS CHECKS

SECTION 15.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2019, for the purchase or repair of office or information technology equipment during the 2019-2020 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2020, for the purchase or repair of office or information technology equipment during the 2020-2021 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

E-COURTS SYSTEM
SECTION 15.2.(a) Notwithstanding G.S. 143C-1-2(b), for the 2019-2020 fiscal year, the Judicial Department shall transfer any unexpended, unencumbered funds to Budget Code 22006-2006 to be used to implement an integrated information technology system (e-Courts) in accordance with G.S. 7A-343.2(b). The cumulative sum transferred shall not exceed three percent (3%) of the Judicial Department's certified budgets for Budget Code 12000, Administrative Office of the Courts, and Budget Code 12001, Office of Indigent Defense Services, for the 2018-2019 fiscal year.

SECTION 15.2.(b) The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety by October 1 of each fiscal year of the biennium all of the following information:

(1) The specific budgetary actions taken that resulted in unexpended or unencumbered funds that were transferred pursuant to subsection (a) of this section.

(2) The specific fund codes impacted by the actions that resulted in unexpended or unencumbered funds.

MAGISTRATE/CLERK STAFFING PILOT PROJECT

SECTION 15.3.(a) Notwithstanding the minimum staffing number in G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate positions allocated to that county. To provide accessibility for law enforcement and citizens, the clerk of superior court's office shall provide some of the services traditionally provided by the magistrates' office during some or all of the regular courthouse hours.

SECTION 15.3.(b) The Administrative Office of the Courts shall report by March 1, 2021, to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding all hires made pursuant to subsection (a) of this section.

CONVERT POSITION FROM DRUG TREATMENT COURT TO GUARDIAN AD LITEM

SECTION 15.4. As it is the policy of the State that Drug Treatment Courts not be funded through State appropriations, the Administrative Office of the Courts is directed to convert position number 65029535, Drug Treatment Court Case Coordinator, to a Guardian ad Litem supervisor position. This position shall be located in one of the district court districts with the greatest need for Guardian ad Litem staff.

DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS AND STUDY FEASIBILITY OF OFFICE OF PROSECUTORIAL SERVICES

SECTION 15.5.(a) No Transfer of Funds. – For the 2019-2020 fiscal year, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent of the Conference of District Attorneys.

SECTION 15.5.(b) Study. – The School of Government at the University of North Carolina at Chapel Hill (School of Government), in consultation with the Conference of District Attorneys, the Administrative Office of the Courts, the Office of Indigent Defense Services, and any other stakeholders the School of Government deems relevant, shall study the feasibility and cost of creating an Office of Prosecutorial Services. The study shall compare North Carolina's judicial branch structure to that of other states in terms of organizational placement of prosecutorial services within the context of the unified court system and shall also determine the necessary resources and costs required to make an Office of Prosecutorial Services viable as an independent agency. The School of Government shall submit the report required under this
subsection by April 1, 2020, to the House of Representatives Appropriations Committee on
Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety.

**ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

**SECTION 15.6.(a)** G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district
has the counties and the number of full-time assistant district attorneys set forth in the following
table:

<table>
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<th>Prosecutorial District</th>
<th>Counties</th>
<th>No. of Full-Time Asst. District Attorneys</th>
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Gastón
Cleveland, Lincoln
Buncombe
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Pitt
Beaufort, Hyde, Martin, Tyrrell, Washington
Pitt
Carteret, Craven, Pamlico
Duplin, Jones, Onslow, Sampson
New Hanover, Pender
Bertie, Halifax, Hertford, Northampton
Edgecombe, Nash, Wilson
Greene, Lenoir, Wayne
Wake
Franklin, Granville, Person
Vance, Warren
Harnett, Lee
Johnston
Cumberland
Bladen, Brunswick, Columbus
Durham
Alamance
Orange, Chatham
Scotland, Hoke
Robeson
Anson, Richmond
Caswell, Rockingham
Stokes, Surry

SECTION 15.6.(b) G.S. 7A-60(a1) as amended by subsection (a) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

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<tr>
<th>Prosecutorial District</th>
<th>Counties</th>
<th>No. of Full-Time Asst. District Attorneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>Beaufort, Hyde, Martin, Tyrrell, Washington</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Pitt</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>Carteret, Craven, Pamlico</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>Duplin, Jones, Onslow, Sampson</td>
<td>19</td>
</tr>
<tr>
<td>6</td>
<td>New Hanover, Pender</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>Bertie, Halifax, Hertford, Northampton</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>Edgecombe, Nash, Wilson</td>
<td>19</td>
</tr>
<tr>
<td>9</td>
<td>Greene, Lenoir, Wayne</td>
<td>14</td>
</tr>
<tr>
<td>10</td>
<td>Wake</td>
<td>42</td>
</tr>
<tr>
<td>11</td>
<td>Franklin, Granville, Person</td>
<td>15</td>
</tr>
<tr>
<td>12</td>
<td>Vance, Warren</td>
<td>4213</td>
</tr>
<tr>
<td>13</td>
<td>Johnston</td>
<td>4011</td>
</tr>
<tr>
<td>14</td>
<td>Cumberland</td>
<td>25</td>
</tr>
<tr>
<td>15</td>
<td>Bladen, Brunswick, Columbus</td>
<td>4415</td>
</tr>
<tr>
<td>16</td>
<td>Durham</td>
<td>18</td>
</tr>
<tr>
<td>17</td>
<td>Alamance</td>
<td>12</td>
</tr>
<tr>
<td>18</td>
<td>Orange, Chatham</td>
<td>10</td>
</tr>
<tr>
<td>19</td>
<td>Scotland, Hoke</td>
<td>10</td>
</tr>
<tr>
<td>20</td>
<td>Robeson</td>
<td>12</td>
</tr>
<tr>
<td>21</td>
<td>Anson, Richmond</td>
<td>6</td>
</tr>
<tr>
<td>22</td>
<td>Caswell, Rockingham</td>
<td>8</td>
</tr>
<tr>
<td>23</td>
<td>Stokes, Surry</td>
<td>8</td>
</tr>
</tbody>
</table>
SECTION 15.6.(c)  G.S. 7A-60(a1), as amended by subsection (a) and (b) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

<table>
<thead>
<tr>
<th>No. of Full-Time Prosecutorial District Attorneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counties</td>
</tr>
<tr>
<td>…</td>
</tr>
<tr>
<td>36    Burke, Caldwell</td>
</tr>
<tr>
<td>…</td>
</tr>
</tbody>
</table>

SECTION 15.6.(d)  Subsection (a) of this section becomes effective July 1, 2019. Subsection (b) of this section becomes effective July 1, 2020. Subsection (c) of this section becomes effective January 1, 2023.

PART XVI. INDIGENT DEFENSE SERVICES

IDS MATCH FOR GRANTS

SECTION 16.1.  Notwithstanding G.S. 143C-6-9, during the 2019-2021 fiscal biennium, the Office of Indigent Defense Services may use the sum of up to fifty thousand dollars ($50,000) from funds available to provide the State matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the grants to be matched using these funds.
MINIMUM ALLOCATIONS FOR ASSISTANT PUBLIC DEFENDERS/CREATE NEW PUBLIC DEFENDER DISTRICT IN CLEVELAND AND LINCOLN COUNTIES

SECTION 16.2.(a) G.S. 7A-498.7 reads as rewritten:


(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established with the minimum number of full-time assistant public defenders set forth in the following table:

<table>
<thead>
<tr>
<th>Defender District</th>
<th>Counties</th>
<th>No. of Full-Time Asst. Public Defenders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Camden, Chowan, Currituck,</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Dare, Gates, Pasquotank,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Perquimans</td>
<td></td>
</tr>
<tr>
<td>3A</td>
<td>Pitt</td>
<td>13</td>
</tr>
<tr>
<td>3B</td>
<td>Craven, Pamlico, Carteret</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>New Hanover</td>
<td>14</td>
</tr>
<tr>
<td>10</td>
<td>Wake</td>
<td>31</td>
</tr>
<tr>
<td>12</td>
<td>Cumberland</td>
<td>15</td>
</tr>
<tr>
<td>14</td>
<td>Durham</td>
<td>22</td>
</tr>
<tr>
<td>15B</td>
<td>Orange, Chatham</td>
<td>9</td>
</tr>
<tr>
<td>16A</td>
<td>Scotland, Hoke</td>
<td>6</td>
</tr>
<tr>
<td>16B</td>
<td>Robeson</td>
<td>9</td>
</tr>
<tr>
<td>18</td>
<td>Guilford</td>
<td>28</td>
</tr>
<tr>
<td>21</td>
<td>Forsyth</td>
<td>18</td>
</tr>
<tr>
<td>26</td>
<td>Mecklenburg</td>
<td>55</td>
</tr>
<tr>
<td>27A</td>
<td>Gaston</td>
<td>15</td>
</tr>
<tr>
<td>27B</td>
<td>Cleveland, Lincoln</td>
<td>12</td>
</tr>
<tr>
<td>28</td>
<td>Buncombe</td>
<td>11</td>
</tr>
<tr>
<td>29A</td>
<td>McDowell, Rutherford</td>
<td>9</td>
</tr>
<tr>
<td>29B</td>
<td>Henderson, Polk, Transylvania</td>
<td>7</td>
</tr>
</tbody>
</table>

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office.

(b) For each new term, and to fill any vacancy, public defenders shall be appointed from a list of not less than three and not more than four names nominated as follows:

(1) Not less than two and not more than three by written ballot of the attorneys resident in the defender district who are licensed to practice law in North Carolina, licensed to practice law in North Carolina who are voting members of a district bar located in the defender district. The balloting shall be conducted pursuant to rules adopted by the Commission on Indigent Defense Services.

(2) One name submitted by the Administrative Officer of the Courts after consultation with the Director of the Office of Indigent Defense Services.

(b1) The appointment required under subsection (b) of this section shall be made by the senior resident superior court judge of the superior court district or set of districts as defined in G.S. 7A-41.1 that includes the county or counties of the defender district for which the public defender is being appointed. The appointment shall be made within 60 days from the date the nominees are submitted to the senior resident superior court judge.
(b2) If a vacancy occurs without a list of nominees having been submitted to the senior
resident superior court judge pursuant to subsection (b) of this section, then the senior resident
superior court judge may appoint an assistant public defender currently employed in the office
to serve as acting public defender until the nominating and appointment process provided in
subsection (b) of this section is completed. The acting public defender shall be authorized to
perform the duties of the public defender. The acting public defender shall not be enrolled in the
Judicial Retirement System unless and until appointed as public defender.

..."

SECTION 16.2.(b) The Office of Indigent Defense Services may use up to the sum
of two million one hundred thirty-nine thousand five hundred twenty-one dollars ($2,139,521)
in funds appropriated to create new positions for the Public Defender District 27B, as provided
in subsection (a) of this section. These positions shall include the public defender, up to 12
assistant public defenders, and up to six and one-quarter support positions.

PAC RATE IMPLEMENTATION REPORT

SECTION 16.3. The Office of Indigent Defense Services shall report to the chairs
of the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2019,
regarding the implementation of rate increases to the Private Assigned Counsel Fund.

PART XVII. JUSTICE

NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB

SECTION 17.1. The Department of Justice shall not hire sworn personnel to fill
vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be
construed to require the termination of sworn personnel or to affect North Carolina State Crime
Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of
this section and who continue to meet the sworn status retention standards mandated by the North
Carolina Criminal Justice Education and Standards Commission.

PART XVIII. PUBLIC SAFETY

GRANT REPORTING AND MATCHING FUNDS

SECTION 18.1.(a) The Department of Public Safety, the Department of Justice, and
the Judicial Department shall each report by May 1 of each year to the chairs of the House of
Representatives Appropriations Committee on Justice and Public Safety and the Senate
Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
for receipt by those departments. The report shall include information on the amount of grant
funds received or preapproved for receipt by each department, the use of the funds, the State
match expended to receive the funds, and the period to be covered by each grant. If a department
intends to continue the program beyond the end of the grant period, that department shall report
on the proposed method for continuing the funding of the program at the end of the grant period.
Each department shall also report on any information it may have indicating that the State will
be requested to provide future funding for a program presently supported by a local grant.

SECTION 18.1.(b) Notwithstanding the provisions of G.S. 143C-6-9, the
Department of Public Safety may use up to the sum of one million two hundred thousand dollars
($1,200,000) during the 2019-2020 fiscal year and up to the sum of one million two hundred
thousand dollars ($1,200,000) during the 2020-2021 fiscal year from funds available to the
Department to provide the State match needed in order to receive grant funds. Prior to using
funds for this purpose, the Department shall report to the chairs of the House of Representatives
Appropriations Committee on Justice and Public Safety and the Senate Appropriations
Committee on Justice and Public Safety on the grants to be matched using these funds.
NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 18.2.(a) Notwithstanding any other provision of law, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2019-2021 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium. This subsection shall not apply to the annual transfer of two hundred thirty-four thousand eight hundred ninety-one dollars ($234,891) to the Office of the Governor for administrative support.

SECTION 18.2.(b) This section becomes effective July 1, 2019. If any transfers that violate this section were made in fiscal year 2018-2019, prior to this section becoming effective, those transfers shall be rescinded within 15 days of this section becoming effective.

CODIFY Lapsed Salary REPORT

SECTION 18.3. Part 1 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-605. Lapsed salary reports.

(a) The Department shall report the following information to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) The amount of lapsed salary generated by fund code for the previous six months.

(2) An itemized accounting of the use of lapsed salary funds including:

a. Fund code.

b. Current certified budget.

c. Annual projected expenditure.

d. Annual projected shortfall.

e. Amount of lapsed salary funds transferred to date.

(b) The reports shall be submitted by February 1 and August 1 of each year. The August report shall also include an annual accounting of this information for the previous fiscal year."

CONTINUE PILOT PROJECT TO TREAT OPIATE OVERDOSE

SECTION 18.4.(a) Pilot Project. – The Department of Public Safety, in conjunction with the City of Wilmington, shall continue to develop and implement the pilot project known as "Quick Response Team" (QRT) to address the needs of opiate and heroin overdose victims who are not getting follow-up treatment.

SECTION 18.4.(b) Report. – The Department of Public Safety and the City of Wilmington shall report on the results of the pilot project to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2021.

MAKE BOXING COMMISSION INDEPENDENT FROM THE SECRETARY OF THE DEPARTMENT OF PUBLIC SAFETY

SECTION 18.5.(a) Article 68 of Chapter 143 of the General Statutes reads as rewritten:

"Article 68.

"Regulation of Boxing.

…

"§ 143-651. Definitions.

The following definitions apply in this Article:

…"
(4a) Branch. – The Alcohol Law Enforcement Branch of the State Bureau of Investigation.


…

(23b) Sanctioned amateur match. – Any match regulated by an amateur sports organization that has been recognized and approved by the Branch–Commission.

"§ 143-652.1. Regulation of boxing, kickboxing, mixed martial arts, and toughman events.

(a) Regulation. – The Alcohol Law Enforcement Branch of the Department of Public Safety–Commission shall regulate live boxing, kickboxing, and mixed martial arts matches, whether professional, amateur, or sanctioned amateur, or toughman events, in which admission is charged for viewing, or the contestants compete for a purse or prize of value greater than twenty-five dollars ($25.00). The Branch–Commission shall have the exclusive authority to approve and issue rules for the regulation of the conduct, promotion, and performances of live boxing, kickboxing, and mixed martial arts matches and exhibitions, whether professional, amateur, or sanctioned amateur, and toughman events in this State. The rules shall be issued pursuant to the provisions of Chapter 150B of the General Statutes and may include, without limitation, the following subjects:

…

(b) Enforcement. – The Commission shall enforce this Article through the Branch.

"§ 143-652.2. Boxing Advisory Commission.

(a) Creation. – The Boxing Advisory Commission is created within the Department of Public Safety to advise the Alcohol Law Enforcement Branch of the Department of Public Safety concerning matters regulated by this Article. The Commission shall regulate matters set forth in this Article. The Commission shall consist of six voting members and two nonvoting advisory members. The Commission shall be administratively located within the Department of Public Safety but shall exercise its powers independently of the Secretary of Public Safety. All the members shall be residents of North Carolina. The members shall be appointed as follows:

…

(2) One voting member shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate for an initial term of three years.

(3) One voting member shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives for an initial term of three years.

…

Notwithstanding the schedule above in subdivisions (1), (5), (7), and (8) of this subsection, if any former member of the North Carolina Boxing Commission is appointed to the initial membership, that person shall serve an initial term of three years. Appointments by the General Assembly pursuant to subdivisions (2) and (3) of this subsection shall be made in accordance with G.S. 120-121. The member appointed pursuant to subdivision (6) of this subsection may serve on the Commission only if an agreement exists and remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission to regulate professional boxing matches within the Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this subsection shall advise the Commission and the Branch on matters concerning the health and physical condition of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may prepare and submit to the Commission for its consideration and to the Branch
for its approval any rules that in their judgment will safeguard the physical welfare of all participants engaged in boxing.

Terms for all members of the Commission except for the initial appointments shall be for three years.

The Secretary of Public Safety Commission shall designate which member of the Commission is elect one of its members to serve as chair. A member of the Commission may be removed from office by the Secretary of Public Safety for cause. Members of the Commission are subject to the conflicts of interest requirements of 15 U.S.C. § 6308 (contained in the Professional Boxing Safety Act of 1996, as amended). Each member, before entering upon the duties of a member, shall take and subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best of the member's ability. A record of these oaths shall be filed in the Department of Public Safety.

(b) Vacancies. – Members shall serve until their successors are appointed and have been qualified. Any vacancies for members appointed by the General Assembly shall be filled in accordance with G.S. 120-122. Except as otherwise provided in this subsection, any vacancy in the membership of the Commission shall be filled in the same manner as the original appointment. A vacancy in the membership of the Commission other than by expiration of term shall be filled for the unexpired term only.

(d) Review Authority of the Commission. – The Commission shall review existing rules adopted under this Article and shall from time to time make recommendations to the Branch for changes or addition to such rules. Any proposals for change, amendment, addition, or deletion to those rules shall be submitted by the Branch to the Commission for its comments prior to approval.

(e) Initial appointments to the Commission under this section shall be for terms commencing July 1, 2007.

§ 143-654. Licensing and permitting.

(a) License and Permit Required. – Except for sanctioned amateur matches, it is unlawful for any person to act in this State as an announcer, contestant, judge, manager, matchmaker, promoter, referee, timekeeper, or second unless the person is licensed to do so under this Article. It is unlawful for a promoter to present a match in this State, other than a sanctioned amateur match, unless the promoter has a permit issued under this Article to do so. The Branch Commission has the exclusive authority to issue, deny, suspend, or revoke any license or permit provided for in this Article.

(b) License. – All licenses issued under this Article shall be valid only during the calendar year in which they are issued, except contestant licenses shall be valid for one year from the date of issuance. A license for an announcer, contestant, judge, matchmaker, referee, timekeeper, or second shall be issued only to a natural person. A natural person shall not transfer or assign a license or change it into another name. A license for a manager or promoter may be issued to a corporation or partnership; provided, however, that all officers or partners shall submit an application for individual licensure, and only those officers or partners who are licensed shall be entitled to negotiate or sign contracts. The addition of a new officer or partner during the license period shall necessitate the filing of an application for individual licensure by the new officer or partner.

An applicant for a license shall file with the Branch Commission the appropriate nonrefundable fee and any forms, documents, medical examinations, or exhibits the Branch Commission may require in order to properly administer this Article. The information requested shall include the date of birth and social security number of each applicant as well as any other personal data necessary to positively identify the applicant and may include the requirement of
verification of any documents the Branch Commission deems appropriate. A person may not participate under a fictitious or assumed name in any match unless the person has first registered the name with the Branch Commission.

(c) Surety Bond. – An applicant for a promoter's license must submit, in addition to any other forms, documents, or exhibits requested by the Branch Commission, a surety bond payable to the Branch Commission for the benefit of any person injured or damaged by (i) the promoter's failure to comply with any provision of this Article or any rules adopted by the Branch Commission or (ii) the promoter's failure to fulfill the obligations of any contract related to the holding of a match. The surety bond shall be issued in an amount to be no less than ten thousand dollars ($10,000). The amount of the surety bond shall be negotiable upon the sole discretion of the Branch Commission. All surety bonds shall be upon forms approved and supplied by the Secretary of Public Safety and supplied by the Branch Commission.

(d) Permit. – A permit issued to a promoter under this Article is valid for a single match. An applicant for a permit shall file with the Branch Commission the appropriate nonrefundable fee and any forms or documents the Branch Commission may require.

§ 143-655. Fees; State Boxing Revenue Account.

(a) License Fees. – The Branch Commission shall collect the following license fees:

- Announcer: $75.00
- Contestant: $50.00
- Judge: $75.00
- Manager: $150.00
- Matchmaker: $300.00
- Promoter: $450.00
- Referee: $75.00
- Timekeeper: $75.00
- Second: $50.00.

The annual license renewal fees shall not exceed the initial license fees.

(b) Permit Fees. – The Branch Commission may establish a fee schedule for permits issued under this Article. The fees may vary depending on the seating capacity of the facility to be used to present a match. The fee may not exceed the following amounts:

<table>
<thead>
<tr>
<th>Seating Capacity</th>
<th>Fee Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2,000</td>
<td>$150.00</td>
</tr>
<tr>
<td>2,000 – 5,000</td>
<td>$300.00</td>
</tr>
<tr>
<td>Over 5,000</td>
<td>$450.00</td>
</tr>
</tbody>
</table>

(b1) Admission Fees. – The Branch Commission shall collect a fee in the amount of two dollars ($2.00) per spectator to attend events regulated in this Article.

§ 143-656. Contracts and financial arrangements.

Any contract between licensees and related to a match or exhibition held or to be held in this State must meet the requirements of administrative rules as set forth by the Branch Commission. Any contract which does not satisfy the requirements of the administrative rules shall be void and unenforceable. All contracts shall be in writing.

§ 143-658. Violations.

(a) Civil Penalties. – The Secretary of Public Safety Commission may issue an order against a licensee or other person who willfully violates any provision of this Article, imposing a civil penalty of up to five thousand dollars ($5,000) for a single violation or of up to twenty-five thousand dollars ($25,000) for multiple violations in a single proceeding or a series of related proceedings. No order under this subsection may be entered without giving the licensee or other person 15 days' prior notice and an opportunity for a contested case hearing conducted pursuant to Article 3 of Chapter 150B of the General Statutes.
General Assembly Of North Carolina

Session 2019

The clear proceeds of civil penalties imposed pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(b) Criminal Penalties. – A willful violation of any provision of this Article shall constitute a Class 2 misdemeanor. The Secretary of Public Safety Commission may refer any available evidence concerning violations of this Article to the proper district attorney, who may, with or without such a reference, institute the appropriate criminal proceedings.

(c) Injunction. – Whenever it appears to the Secretary of Public Safety Commission that a person has engaged or is about to engage in an act or practice constituting a violation of any provision of this Article or any rule or order hereunder, the Secretary of Public Safety Commission may bring an action in any court of competent jurisdiction to enjoin those acts or practices and to enforce compliance with this Article or any rule or order issued pursuant to this Article.

SECTION 18.5.(b) The terms of initial appointees by the General Assembly under subdivisions (2) and (3) of subsection (a) of G.S. 143-652.2, as amended by subsection (a) of this section, shall begin on July 1, 2019, and expire on June 30, 2022.

SECTION 18.5.(c) Rules adopted by the Alcohol Law Enforcement Branch of the Department of Public Safety under G.S. 143-652.1 shall remain in effect until amended or repealed in accordance with G.S. 143-652.1, as amended by subsection (a) of this section. Policies, procedures, and guidance shall remain in effect until similarly amended or repealed.

SECTION 18.5.(d) The implementation of this section shall not affect any investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions for offenses or violations committed prior to the effective date of this section are not abated or affected by this section, and the statutes that would be applicable but for this section shall remain applicable to those prosecutions.

SECTION 18.5.(e) This section becomes effective July 1, 2019, and applies to (i) applications for a license or permit submitted on or after that date, (ii) contracts entered into on or after that date, and (iii) offenses and violations committed on or after that date.

STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 18.6.(a) Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 18.6.(b) Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

(1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
   a. The position type.
   b. The agency to which the position is assigned.
   c. The source of funding for the position.

(2) For each receipt-supported position listed, the contract and any other terms of the contract.

SECTION 18.6.(c) Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the
Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least all of the following information:

(1) The position type.
(2) The agency to which the position is being assigned.
(3) The position salary.
(4) The total amount of the contract.
(5) The terms of the contract.

SECTION 18.6.(d) Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

USE OF SEIZED AND FORFEITED PROPERTY

SECTION 18.7.(a) Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety during the 2019-2021 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) A report upon receipt of any assets.
(2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
(3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

SECTION 18.7.(b) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 18.7.(c) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

SECTION 18.7.(d) The Joint Legislative Oversight Committee on Justice and Public Safety shall study the impact on State and local law enforcement efforts of the receipt of seized and forfeited assets. The Committee shall report its findings and recommendations prior to the convening of the 2020 Regular Session of the 2019 General Assembly.

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 18.8. The Department of Public Safety may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2019-2021 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Public Safety.

INMATE CONSTRUCTION PROGRAM
SECTION 18.9. Notwithstanding any other provision of law, but subject to Article 3 of Chapter 148 of the General Statutes, during the 2019-2021 fiscal biennium, the State Construction Office may utilize inmates in the custody of the Division of Adult Correction of the Department of Public Safety through the Inmate Construction Program for repair and renovation projects on State-owned facilities, with priority given to Department of Public Safety construction projects. State agencies utilizing the Inmate Construction Program shall reimburse the Division of Adult Correction of the Department of Public Safety for the cost of transportation, custody, and wages for the inmate crews.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT

SECTION 18.10. G.S. 148-32.1(b2) reads as rewritten:

"(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction and Juvenile Justice to do so.

The North Carolina Sheriffs’ Association shall:

(1) Report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report shall include all of the following:
   a. The daily population delineated by misdemeanor or DWI monthly housing.
   b. The cost of housing prisoners under the Program.
   c. The cost of transporting prisoners under the Program.
   d. Personnel costs.
   e. Inmate medical care costs.
   f. The number of counties that volunteer to house inmates under the Program.
   g. The administrative costs paid to the Sheriffs’ Association and to the Department of Public Safety.

(2) Report no later than October 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement Program. The report shall include the following with respect to the prior fiscal year:
   a. The cost of housing prisoners by county under the Program.
   b. The cost of transporting prisoners by county under the Program.
   c. Personnel costs by county.
   d. Inmate medical care costs by county.
   e. The number of counties that volunteer to house inmates under the Program.
   f. The administrative costs paid to the Sheriffs’ Association and to the Department of Public Safety."
INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 18.11.(a) Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2019-2021 fiscal biennium may be used by the Division of Adult Correction of the Department of Public Safety during the 2019-2021 fiscal biennium to provide training programs and equipment purchases for the Section of Community Corrections, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

SECTION 18.11.(b) No later than October 1 of each fiscal year, the Department of Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the amount of funds used pursuant to this section and for what purposes the funds were used.

NURSE STAFFING AT STATE PRISONS ANNUAL REPORT

SECTION 18.12.(a) The Department of Public Safety shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety beginning February 1, 2020, and annually thereafter:

(1) The total number of permanent nursing positions allocated to the Department, the number of filled positions, the number of positions that have been vacant for more than six months, and information regarding the location of both filled and vacant positions.

(2) The extent to which temporary contract services are being used to staff vacant nursing positions, the method for funding the contract services, and any cost differences between the use of permanent employees versus contract employees.

(3) A progress report on the implementation of its plan to (i) reduce the use of contract services to provide nursing in State prisons and (ii) attract and retain qualified nurses for employment in permanent positions in State prisons.

SECTION 18.12.(b) Notwithstanding any other provision of law, the Department of Public Safety may, in its discretion and subject to the approval of the Office of State Budget and Management, convert funds appropriated for contractual nursing services to permanent nursing positions when it is determined to promote security, generate cost savings, or improve health care quality. The Department shall report on any such conversions to the Fiscal Research Division.

DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS

SECTION 18.13. No later than February 1, 2020, the Department of Public Safety, Division of Adult Correction, shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the last five fiscal years regarding Division employees working in State prisons:

(1) The number of Division employees charged with the commission of a criminal offense committed in a State prison and during the employee's work hours. The information shall be provided by State facility and shall specify the offense charged and the outcome of the charge.

(2) The number of employees disciplined, demoted, or separated from service due to personal misconduct. To the extent it does not disclose confidential personnel records, the information shall be organized by type of misconduct, nature of corrective action taken, and outcome of the corrective action.

(3) The hiring and screening process, including any required credentials or skills, criminal background checks, and personality assessments. The information shall also include the process the Division uses to verify the information provided by an applicant.
(4) The methods used to prevent delivery of contraband items to prisoners, including illegal drugs and mobile phones, and an evaluation or summary of the effectiveness of the methods.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

SECTION 18.14. Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

(1) The sum of one million dollars ($1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.

(2) The sum of two hundred twenty-five thousand dollars ($225,000) shall be allocated each fiscal year to the Division of Adult Correction for its administrative and operating expenses for the Program.

PRISON REFORM REPORT

SECTION 18.15. The Department of Public Safety (Department) shall report quarterly beginning November 1, 2019, and continuing quarterly until the end of the 2019-2021 fiscal biennium, to the Joint Legislative Oversight Committee on Justice and Public Safety on the Department's prison reform initiatives, including:

(1) All modifications to Department rules, policies, and procedures related to disciplinary actions against correctional officers and other correctional staff.

(2) All modifications to Department rules, policies, and procedures related to disciplinary actions against inmates.

(3) The amount, content, quality, and frequency of staff training.

(4) Modifications to inmate work assignments, including assessments of the appropriateness of particular work assignments based on inmate classification.

(5) Facility infrastructure improvements made to emergency communication, location tracking capabilities, and installation of additional cameras.

(6) Increased availability of staff personal safety equipment and institutional safety equipment.

(7) Adequacy of staffing of prison facilities and actions taken to increase staffing levels.

(8) Actions taken to increase retention efforts of staff.

(9) Changes to the hiring and orientation processes and procedures for correctional officers.

(10) Methods used to prevent delivery of contraband items to prisoners, including illegal drugs and mobile phones, and an evaluation or summary of the effectiveness of the methods.

(11) Modifications to housing capacity to meet prison staffing requirements.

PLAN TO ADDRESS STANDARD OPERATING CAPACITY OF THE DIVISION OF ADULT CORRECTION AND JUVENILE JUSTICE

SECTION 18.16.(a) The Department of Public Safety shall develop a long-term plan to meet Standard Operating Capacity requirements of the Division of Adult Correction and Juvenile Justice. The long-term plan shall, at a minimum, include the following:

(1) An analysis of the required staffing to meet Standard Operating Capacity requirements.

(2) Recommendations for reopening closed facilities.

(3) Recommendations for constructing new facilities.
Recommendations to reduce the prison population.

**SECTION 18.16.(b)** The Department of Public Safety shall submit its long-term plan required under subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than December 1, 2019.

**REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES**

**SECTION 18.17.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2019-2021 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars ($40.00) per day per prisoner awaiting transfer. Beginning October 1, 2019, the Department shall report quarterly to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

**LIMIT USE OF COMMUNITY PROGRAM FUNDS**

**SECTION 18.18.(a)** Funds appropriated in this act to the Department of Public Safety for the 2019-2021 fiscal biennium for community program contracts, that are not required or used for community program contracts, may be used only for the following:

1. Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
2. Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
3. Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
4. The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

**SECTION 18.18.(b)** Funds appropriated by this act to the Department of Public Safety for the 2019-2021 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

**SECTION 18.18.(c)** The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2019-2021 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

**STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 18.19.** Funds appropriated in this act to the Department of Public Safety for each fiscal year of the 2019-2021 fiscal biennium may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile
Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Public Safety regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Public Safety shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2019-2020 fiscal year, the amount of funds anticipated for the 2020-2021 fiscal year, and the allocation of funds by program and purpose.

**CREATE HAZARDOUS MATERIALS FACILITY FUND**

SECTION 18.20.(a) G.S. 166A-29.1 reads as rewritten:


... (b1) Hazardous Materials Facility Fund. – The Hazardous Materials Facility Fund is established as a special fund within the Department. All fees collected under this section shall be credited to the Fund and shall be used to support the hazardous materials response programs established pursuant to subsection (f) of this section.

... (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be used for the following:

(1) To offset costs associated with the establishment and maintenance of a hazardous materials database and a hazardous materials response application.

(2) To offset costs associated with the operations of the regional response program for hazardous materials emergencies and terrorist incidents.

(3) To provide grants to counties for hazardous materials emergency response planning, training, equipment, and related exercises.

(4) To offset Division costs that directly support hazardous materials emergency preparedness and response."

SECTION 18.20.(b) This section becomes effective July 1, 2019, and applies to fees collected on or after that date.

**RADIOLOGICAL EMERGENCY PLANNING**

SECTION 18.21.(a) G.S. 166A-29 reads as rewritten:

"§ 166A-29. Emergency planning; charge.

(a) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Public Safety an annual fee of at least thirty thousand dollars ($30,000) for each fixed nuclear facility which is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee is to be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid no later than July 31 of each year, on a schedule set by the Department of Public Safety. This minimum fee may be increased from time to time as the costs of such planning and implementation increase. Such increases shall be by agreement between the State and the licensees or operators of the fixed nuclear facilities.

(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Public Safety, for the use of the Radiation Protection Section of the Division of Public Health Service Regulation of the Department of Health and Human Services, an annual fee of at
least thirty-six thousand dollars ($36,000) for each fixed nuclear facility that is located within
this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is
located within this State. This fee shall be applied only to the costs of planning and implementing
emergency response activities as required by the Federal Emergency Management Agency for
the operation of nuclear facilities. This fee is to be paid no later than July 31 of each year on a
schedule set by the Department of Public Safety.

"...

SECTION 18.21.(b) This section becomes effective July 1, 2019, and applies to fees
assessed on or after that date.

PART XIX. ADMINISTRATION

DOA/MANAGE STATE PORTFOLIO OF REAL PROPERTY & UPDATE
E-PROCUREMENT SYSTEM

SECTION 19.1.(a) Notwithstanding the provisions of G.S. 66-58.12(c), the sum of
one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2019-2020
fiscal year transferred in this act from the E-Commerce Fund in the Department of Administration
Budget Code 24100, Fund Code 2514, to the Department of Administration Budget Code 14100,
Fund Code 1412, shall be used to develop a real estate information system as required by Section
31.2 of S.L. 2018-5.

SECTION 19.1.(b) The Department of Administration shall not expend any funds
in Budget Code 24100, Fund Code 2514, for updating the E-Procurement System prior to doing
all of the following:
(1) Creating a detailed plan for updating the E-Procurement System, including:
a. The ways in which the System will be improved.
b. The itemized costs of the improvements.
c. The length of time it will take to make the improvements.
(2) No later than October 1, 2019, submitting a report on the detailed plan
required by subdivision (1) of this subsection to the Joint Legislative
Oversight Committee on General Government.
(3) No later than October 1, 2019, submitting a report on the detailed plan
required by subdivision (1) of this subsection to the State Chief Information
Officer for review and approval as provided in G.S. 143B-1322(c)(14).

PART XX. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXI. AUDITOR [RESERVED]

PART XXII. BUDGET AND MANAGEMENT

IMPROVE TRANSPARENCY IN INVESTMENT AND RETIREMENT FUND
EXPENDITURES

SECTION 22.1.(a) The Office of State Budget and Management, in consultation
with the Fiscal Research Division, shall study the feasibility of converting the following Funds
within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General
Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services,
1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations
Division Fund, and 1510 Financial Operations Division. The Office of State Budget and
Management shall develop a plan and schedule to adjust the Base Budget for the 2021-2023 fiscal
biennium to:
(1) Show that receipts from the Funds listed in this subsection are used to offset General Fund appropriations. Any increase in funding from the General Fund to the Retirement System Division and State Health Plan Division shall be offset by corresponding adjustments to the agency employer contribution rates and amounts. Receipts that have been transferred from the Investment Management Division, the Escheat Fund, and the Local Government Operations Division Fund shall be deposited as nontax revenue to offset the increase in appropriations in the amounts certified for the 2019-2020 fiscal year.

(2) Reflect interest earnings as nontax revenue.

(3) Eliminate all transfers from Funds 1130, 1210, 1310, and 1410 used to pay for administration in Funds 1110, 1150, and 1510.

(4) Identify any amendments to current law to implement the plan.

(5) Require the Department of the State Treasurer’s expenditures be recorded in the North Carolina Accounting System in the appropriate budget code, fund code, and account code and not be charged directly to the Investment Asset Classes.

SECTION 22.1.(b) The Office of State Budget and Management shall present its proposed plan and recommendations to the Joint Legislative Oversight Committee on General Government at its meeting in January 2020.

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 Fund 24172 as required by G.S. 147-86.22(c).

SECTION 24.1.(b) During the 2019-2021 fiscal biennium, two hundred fifty thousand dollars ($250,000) of the funds in Special Fund 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs, and are hereby appropriated for that purpose.

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 Fund 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 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

STUDY STATE HOME FORECLOSURE PREVENTION PROJECT

SECTION 28.1. The Program Evaluation Division shall study the State Home Foreclosure Prevention Project, established in Article 11 of Chapter 45 of the General Statutes, to determine the effectiveness of the Project in seeking and implementing solutions to avoid foreclosures for home loans. The study shall consider, among other things, the following: (i) the number of homeowners who have avoided foreclosure because of intervention by the Housing Finance Agency through the Project, (ii) the actions undertaken by the Housing Finance Agency that were most effective in helping homeowners avoid foreclosure, (iii) changes that can be made to improve the effectiveness of the Housing Finance Agency in helping homeowners avoid foreclosure, and (iv) whether the current distribution of funds authorized by G.S. 45-104(d) should be reallocated to make more funds available to directly assist homeowners trying to avoid foreclosure. By February 1, 2020, the Program Evaluation Division shall submit the findings of the study, including any recommendations for legislation, to the Joint Legislative Oversight Committee on General Government.

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 [RESERVED]

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. 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-divisions 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.


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, or

3. At the time he or she entered the Armed Forces of the United States."

ESTABLISH NORTH CAROLINA VETERANS CEMETERY TRUST FUND

SECTION 32.3. Article 8A of Chapter 65 of the General Statutes is amended by adding a new section to read as follows:


(a) Establishment and Source of Funds. – There is established the North Carolina Veterans Cemeteries Trust Fund, a special fund within the Department of Military and Veterans Affairs. The Fund shall be maintained as a special fund and shall be administered by the Department to carry out the provisions of this section. Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

(1) Ten percent (10%) of the total receipts collected for cemetery burials and received by the Department each fiscal year. The Department shall transfer the receipts to the Fund periodically, but no later than the end of each fiscal year.

(2) All interest and investment earnings received on monies in the Fund.

(3) Any other funds, as directed by the General Assembly.

(b) Use of Fund. – The funds in the Fund shall be allowed to accumulate until they have generated sufficient interest earnings to maintain the State's veterans' cemeteries once they have reached full capacity. The interest earnings in the Fund shall be used to maintain existing veterans' cemeteries once they have reached full capacity, but the principal shall not be spent. The interest earnings in the Fund shall not be used to open new veterans' cemeteries. The Veterans Affairs Commission shall have sole authority to approve the use of the Fund for the purposes authorized in this subsection, and they shall, in exercising that authority, act without direction from or supervision of the Secretary."

VETERANS AFFAIRS COMMISSION/AWARDING OF SERVICE MEDALS

SECTION 32.4. G.S. 143B-1220 reads as rewritten:

"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.
There is hereby created the Veterans' Affairs Commission of the Department of Military and 
Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and 
duties, as delegated by the Secretary of Military and Veterans Affairs:

…

(3) To promulgate rules and regulations concerning the awarding of scholarships 
for children of North Carolina veterans as provided by this Article. The 
Commission shall make rules and regulations consistent with the provisions 
of this Article. All rules and regulations not inconsistent with the provisions 
of this Chapter heretofore adopted by the State Board of Veterans' Affairs 
shall remain in full force and effect unless and until repealed or superseded by 
action of the Veterans' Affairs Commission. All rules and regulations adopted 
by the Commission shall be enforced by the Department of Military and 
Veterans Affairs; and

(4) To promulgate rules concerning the awarding of the North Carolina Services 
Medal to all veterans who have served in any period of war as defined in 38 
U.S.C. § 101. The award shall be self-financing; those who wish to be awarded 
the medal shall pay a fee to cover the expenses of producing the medal and 
awarding the medal. All rules adopted by the Commission with respect to the 
North Carolina Services Medal shall be implemented and enforced by the 
Department of Military and Veterans Affairs; and

(5) To advise the Secretary on any matter the Secretary may refer to it.”

PART XXXIII. REVENUE

DOR/ELIMINATE VACANT POSITIONS

SECTION 33.1. The Department of Revenue shall eliminate a sufficient number of 
permanent or temporary vacant positions funded through the Collections Assistance Fee to 
generate a recurring annual savings of five hundred thousand dollars ($500,000) for each year of 
the 2019-2021 fiscal biennium. The Department shall report on the eliminated positions to the 
Joint Legislative Oversight Committee on General Government by October 1, 2019.

PART XXXIV. SECRETARY OF STATE [RESERVED]

PART XXXV. TREASURER

EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR 
FIREFIGHTERS' DEATH BENEFITS

SECTION 35.1. G.S. 143-166.2 reads as rewritten:

"§ 143-166.2. Definitions.
The following definitions apply in this Article:

…

(6) Killed in the line of duty. – This term shall apply to all of the following deaths:

…

e. When the death of a firefighter occurs as a direct and proximate result 
of any of the following cancers that are occupationally related to 
firefighting, that firefighter is presumed to have been killed in the line 
of duty:

1. Mesothelioma.

2. Testicular cancer.

3. Intestinal cancer – Cancer of the small intestine.

4. Esophageal cancer.
5. Oral cavity cancer.
6. Pharynx cancer.

PART XXXVI. GENERAL GOVERNMENT

GENERAL GOVERNMENT REPORTING REQUIREMENTS

DEPARTMENT OF ADMINISTRATION

SECTION 36.1.(a) G.S. 116D-4 reads as rewritten:


(a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued under this section. The following State agencies shall monitor compliance with this requirement and shall report to the General Assembly and the Joint Legislative Oversight Committee on General Government by January 1 of each year on the participation by minority businesses in these projects. The State Construction Office, Department of Administration, shall monitor compliance with this requirement with regard to projects funded by the proceeds of university improvement general obligation bonds and notes and special obligation bonds and notes; the Board of Governors of The University of North Carolina shall provide the State Construction Office any information required by the State Construction Office to monitor compliance. The Community Colleges System Office shall monitor compliance with regard to projects funded by the proceeds of community college general obligation bonds and notes.

...."

SECTION 36.1.(b) G.S. 143-48 reads as rewritten:

"§ 143-48. State policy; cooperation in promoting the use of small contractors, minority contractors, physically handicapped contractors, and women contractors; purpose; required annual reports.

(d) The Department of Administration shall collect and compile the data described in this section and report it annually to the General Assembly and the Joint Legislative Oversight Committee on General Government.

...."

SECTION 36.1.(c) G.S. 143-128.3 reads as rewritten:

"§ 143-128.3. Minority business participation administration.

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Business, the following with respect to each building project:

...

The reports shall be in the format and contain the data prescribed by the Secretary of Administration. The University of North Carolina and the State Board of Community Colleges shall report quarterly and all other public entities shall report semiannually. The Secretary of the Department of Administration shall make reports every six months to the Joint Legislative Committee on Governmental Operations and the Joint Legislative Oversight Committee on General Government on information reported pursuant to this subsection.

....

(c) The Secretary shall study and recommend to the General Assembly, the Joint Legislative Oversight Committee on General Government, and other State agencies ways to improve the effectiveness and efficiency of the State capital facilities development, minority business participation program and good faith efforts in utilizing minority businesses as set forth
in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased utilization of minority businesses.

(d) The Secretary shall appoint an advisory board to develop recommendations to improve the recruitment and utilization of minority businesses. The Secretary, with the input of its advisory board, shall review the State's programs for promoting the recruitment and utilization of minority businesses involved in State capital projects and shall recommend to the General Assembly, the Joint Legislative Oversight Committee on General Government, the State Construction Office, The University of North Carolina, and the community colleges system changes in the terms and conditions of State laws, rules, and policies that will enhance opportunities for utilization of minority businesses on these projects. The Secretary shall provide guidance to these agencies on identifying types of projects likely to attract increased participation by minority businesses and breaking down or combining elements of work into economically feasible units to facilitate minority business participation.

…

(g) The Secretary shall report findings and recommendations as required under this section to the Joint Legislative Committee on Governmental Operations and the Joint Legislative Oversight Committee on General Government annually on or before June 1, beginning June 1, 2002, and September 1, beginning September 1, 2019.

SECTION 36.1.(d) G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

…

(8) General Services:

…

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

…

11. To report annually to the General Assembly and the Joint Legislative Oversight Committee on General Government on any rules adopted, amended or repealed under sub-sub-divisions 3., 7., or 7a. of this sub-division.

…

(12) Report on Vehicles Managed. – Beginning on September 1, 2019, and semiannually thereafter, the Department of Administration shall provide a report to the Joint Legislative Oversight Committee on General Government and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of all motor vehicles managed by the Department of Administration for the Department of Public Safety. The report shall include all of the following information:

a. The number of motor vehicles managed by the Department of Administration for the Department of Public Safety.

b. The condition of each motor vehicle, including the mileage on each motor vehicle.

c. The average amount of time taken to repair or replace a motor vehicle.

SECTION 36.1.(e) Section 27.6(c) of S.L. 2015-241 is repealed.

SECTION 36.1.(f) G.S. 143-341.2 reads as rewritten:
§ 143-341.2. Proactive management of State-owned and State-leased real property portfolio.

(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

... (7) Reporting. – The Department of Administration shall make the following reports:

a. No later than December 1, 2018, and every five years thereafter, the Department shall report the following to the Joint Legislative Commission on Governmental Operations, to the Joint Legislative Oversight Committee on General Government, the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly:

1. The plan developed pursuant to subdivision (1) of this subsection.

2. A summary of the performance measurement procedures developed pursuant to subdivision (2) of this subsection.

b. If any State agency fails to submit the information required by subdivision (b)(1) of this section, the Department shall report the failure to the chairs of the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, and to the chairs of the Joint Legislative Program Evaluation Oversight Committee within 30 days.

c. No later than December 1, 2019, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly on the State’s portfolio of real property. This report shall include at least the following information:

..."

SECTION 36.1.(g) G.S. 143-747 reads as rewritten:

§ 143-747. Council of Internal Auditing.

... (c) The Council shall:

... (12) Issue an annual report including, but not limited to, No later than August 1 of each year, issue a report that shall include, but not be limited to, service efforts and accomplishments of State agency internal auditors and to propose proposed legislation for consideration by the Governor and General Assembly. The annual report shall be prepared by the Office of State Controller and shall be submitted to the General Assembly and the Joint Legislative Oversight Committee on General Government."

SECTION 36.1.(h) G.S. 143B-394.16(b) reads as rewritten:

"(b) Report. – The Commission shall report its findings and recommendations, including any legislative or administrative proposals, to the General Assembly and the Joint Legislative Oversight Committee on General Government no later than April 1 each year."

SECTION 36.1.(i) G.S. 143B-394.21 is amended by adding a new subsection to read:

"(c) The North Carolina Council for Women shall report on the quarterly distributions of the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs
of the General Government Appropriations Committee within five business days of distribution. The report shall include the date, amount, and recipients of the fund disbursements. The report shall also include any eligible programs which are ineligible to receive funding during the relative reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

**SECTION 36.1.(j) G.S. 143B-409 as rewritten:**


The Commission shall prepare a written annual report giving an account of its proceedings, transactions, findings, and recommendations. This report shall be submitted to the Governor and the legislature, Governor, General Assembly, and the Joint Legislative Oversight Committee on General Government. The report will become a matter of public record and will be maintained in the State Historical Archives. It may also be furnished to such other persons or agencies as the Commission may deem proper."

**SECTION 36.1.(k) G.S. 143B-410 as rewritten:**

"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical staff.

Fiscal records shall be kept by the Secretary of Administration. The audit report will become a part of the annual report and will be submitted in accordance with the regulations governing preparation and submission of the annual report. The Commission shall submit the annual report to the Joint Legislative Oversight Committee on General Government."

**SECTION 36.1.(l) G.S. 143B-411.2 reads as rewritten:**


The purpose of the Council is to study on a continuing basis the relationship between the Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of concern to the State or the Tribe. It shall be the duty of the Council:

(1) Identify existing and potential conflicts between the State of North Carolina and the Eastern Band of Cherokee Indians.

(2) Propose State and federal legislation and agreements between the State of North Carolina and the Cherokee Tribe to resolve existing and potential conflicts.

(3) To study and make recommendations concerning any issue referred to the Council by any official of the Eastern Band of the Cherokee, the State of North Carolina, or the government of Haywood, Jackson, Swain, Graham, or Cherokee Counties.

(4) Study other issues of mutual concern to the Eastern Band of the Cherokee.

(5) Make a report with recommendations as needed, but not less often than biannually to the Governor, the Chief of the Eastern Band of the Cherokee, the General Assembly, and the Tribal Council of the Eastern Band of the Cherokee."

**SECTION 36.1.(m) The North Carolina Farmworker Council, enacted as Part 26 of Article 9 of Chapter 143B of the General Statutes, is repealed.**

**ETHICS COMMISSION**

**SECTION 36.2. G.S. 138A-10 reads as rewritten:**


(a) In addition to other powers and duties specified in this Chapter, the Commission shall:

…

(11) Report annually to the General Assembly, the Joint Legislative Oversight Committee on General Government, and the Governor on the Commission's activities and generally on the subject of public disclosure,
ethics, and conflicts of interest, including recommendations for administrative
and legislative action, as the Commission deems appropriate.

..."

OFFICE OF STATE HUMAN RESOURCES

SECTION 36.3. G.S. 143-583 reads as rewritten:

"§ 143-583. Model program; technical assistance; reports.

..."

(c) The Office of State Human Resources shall report annually to the Joint Legislative
Commission on Governmental Operations and the Joint Legislative Oversight Committee on
General Government on the safety, health, and workers' compensation activities of State
agencies, compliance with this Article, and the fines levied against State agencies pursuant to
Article 16 of Chapter 95 of the General Statutes."

OFFICE OF STATE AUDITOR

SECTION 36.4. G.S. 147-64.11 reads as rewritten:

"§ 147-64.11. Review of office.

The Auditor may, on his own initiative and as often as he deems necessary, or as requested
by the General Assembly or the Joint Legislative Oversight Committee on General
Government, cause to be made a quality review audit of the operations of his office. Such a "peer
review" shall be conducted in accordance with standards prescribed by the accounting profession.
Upon the recommendation of the Joint Legislative Commission on Governmental Operations
may contract with an independent public accountant, qualified management consultant, or other
professional person to conduct a financial and compliance, economy and efficiency, and program
result audit of the State Auditor."

OFFICE OF STATE BUDGET AND MANAGEMENT

SECTION 36.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by
adding a new section to read:

"§ 143C-6-13. Results first annual report.

By October 1 of each year, the Office of State Budget and Management shall submit an
annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative
Oversight Committee on General Government, and Joint Legislative Program Evaluation
Oversight Committee on the progress in implementing the cost-benefit analysis model for use in
crafting policy and budget decisions. The reports may include recommendations for legislation."

SECTION 36.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

SECTION 36.5.(e) G.S. 143C-6-23 reads as rewritten:

"§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.

..."

(h) Report on Grant Recipients That Failed to Comply. Not later than May 1, 2007, and
by May 1 of every succeeding year, the Office of State Budget and Management shall report
to the Joint Legislative Commission on Governmental Operations and the Fiscal Research
Division on post online at regular intervals a list of all grantees or subgrantees that failed to
comply with this section with respect to grant funds received in the prior fiscal year."

SECTION 36.5.(d) G.S. 143-194 is repealed.

OFFICE OF STATE CONTROLLER

SECTION 36.6. G.S. 143B-426.39 reads as rewritten:

"§ 143B-426.39. Powers and duties of the State Controller.

The State Controller shall:

..."
(12a) Prepare and submit to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division at the end of each quarter, a report on the revenue deposited in Special Reserve Account 24172 and the disbursement of that revenue.

STATE BOARD OF ELECTIONS

SECTION 36.7.(a) G.S. 66-58 reads as rewritten:

"§ 66-58. Sale of merchandise or services by governmental units.

..."

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

(17) The sale by the Bipartisan State Board of Elections and Ethics Enforcement to political committees and candidate committees of computer software designed by or for the Bipartisan State Board of Elections and Ethics Enforcement to provide a uniform system of electronic filing of the campaign finance reports required by Article 23 of Chapter 163A, Article 22A of Chapter 163 of the General Statutes and to facilitate the State Board’s monitoring of compliance with that Article. This computer software for electronic filing of campaign finance reports shall not exceed a cost of one hundred dollars ($100.00) to any political committee or candidate committee without the Bipartisan State Board of Elections and Ethics Enforcement first notifying in writing the Joint Legislative Commission on Governmental Operations."

SECTION 36.7.(b) G.S. 163-165.9 reads as rewritten:


..."

(b) After the acquisition of any voting system, the county board of elections shall comply with any requirements of the State Board of Elections regarding training and support of the voting system by completing all of the following:

(2) The county board of elections shall annually maintain software license and maintenance agreements necessary to maintain the warranty of its voting system. A county board of elections may employ qualified personnel to maintain a voting system in lieu of entering into maintenance agreements necessary to maintain the warranty of its voting system. State Board of Elections is not required to provide routine maintenance to any county board of elections that does not maintain the warranty of its voting system. If the State Board of Elections provides any maintenance to a county that has not maintained the warranty of its voting system, the county shall reimburse the State for the cost. The State Board of Elections shall annually report annually by January 15 to the House and Senate Committees on Appropriations, to the Fiscal Research Division, the Joint Legislative Oversight Committee on General Government, and to the Joint Legislative Commission on Governmental Operations on implementation of this subdivision. If requested by the county board of elections, the State Board of Elections may enter into contracts on behalf of that county under this subdivision, but such contracts must also be approved by the county board of elections. Any contract entered into under this subdivision shall be paid from non-State funds. Neither a county nor the State Board of Elections shall enter into any contract with any vendor for software license and maintenance agreements unless the vendor..."
agrees to (i) operate a training program for qualification of county personnel under this subsection with training offered within the State of North Carolina and (ii) not dishonor warranties merely because the county is employing qualified personnel to maintain the voting system as long as the county:

"...

HOUSING FINANCE AGENCY

SECTION 36.8.(a) G.S. 122A-5.14 reads as rewritten:


...(d) Annual Report. By April 1 of each year, the Agency shall report to the House Appropriations Subcommittee on General Government and Senate Appropriations Subcommittee on General Government and Information Technology on the effectiveness of the Program in accomplishing its purposes and provide any other information the Agency determines is pertinent or that the General Assembly requests."

SECTION 36.8.(b) G.S. 122A-5.15 reads as rewritten:

"§ 122A-5.15. Workforce Housing Loan Program.

...(d) By February 1 of each year, the Agency shall report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division on the number of loans made under this section, the amount of each loan, and whether the low-income housing development is located in a low-, moderate-, or high-income county, as designated by the Agency."

SECTION 36.8.(c) G.S. 122A-16 reads as rewritten:

"§ 122A-16. Oversight by committees of General Assembly; annual reports.

(a) The Finance Committee of the House of Representatives and the Finance Committee of the Senate shall exercise continuing oversight of the Agency in order to assure that the Agency is effectively fulfilling its statutory purpose; provided, however, that nothing in this Chapter shall be construed as required by the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter. The Agency shall, promptly following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the Office of State Budget and Management, State Auditor, the aforementioned committees of the General Assembly and the Local Government Commission. Each such report shall set forth a complete operating and financial statement of the Agency during such year. The Agency shall cause an audit of its books and accounts to be made at least once in each year by an independent certified public accountant and the cost thereof may be paid from any available moneys of the Agency. The Agency shall on January, February 1 and July 1 of each year submit a written report of its activities to the Joint Legislative Commission on Governmental Operations, Operations and the Joint Legislative Oversight Committee on General Government. The Agency shall also at the end of each fiscal year submit a written report of its budget expenditures by line item to the Joint Legislative Commission on Governmental Operations, Operations and the Joint Legislative Oversight Committee on General Government.

(b) The Agency shall report to the General Assembly and the Joint Legislative Oversight Committee on General Government by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

(c) The Agency shall report to the General Assembly and the Joint Legislative Oversight Committee on General Government describing the operation of the Emergency Program to Reduce Home Foreclosures established in S.L. 2008-226 not later than May 1 of each year until the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund.
Information in the report shall be presented in aggregate form and may include the number of
clients helped, the effectiveness of the funds in preventing home foreclosures, recommendations
for further efforts needed to reduce foreclosures, and provide any other aggregated information
the Agency determines is pertinent or that the General Assembly requests."

SECTION 36.8.(d) Section 298(a) of Chapter 321 of the Session Laws of 1993 reads
as rewritten:
"(a) Funds appropriated in this act to the Department of Commerce for the federal HOME
Program shall be transferred to the Housing Finance Agency in the Office of the Governor and
shall be used by the Agency to match federal funds appropriated for the HOME Program. In
allocating State funds appropriated to match federal HOME Program funds, the Agency shall
give priority to HOME Program projects, as follows:

   (1) First priority to projects that are located in counties designated as severely
distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and

   (2) Second priority to projects that benefit persons and families whose incomes
are fifty percent (50%) or less of the median family income for the local area,
with adjustments for family size, according to the latest figures available from
the U.S. Department of Housing and Urban Development.

The Housing Finance Agency shall report to the General Assembly by April 1 of each year
concerning the status of the HOME Program and shall include in the report information on
priorities met, types of activities funded, and types of activities not funded."

SECTION 36.8.(e) Section 5 of S.L. 2008-226, as amended by Section 2.17(f) of
S.L. 2012-79, is repealed.

DEPARTMENT OF INSURANCE

SECTION 36.9.(a) G.S. 58-2-120 reads as rewritten:
"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.
The Commissioner shall, from time to time, report to the Governor and the Governor, the
General Assembly, and the Joint Legislative Oversight Committee on General
Government any change or changes that in the Commissioner's opinion should be made in the
laws relating to insurance and other subjects pertaining to the Department."

SECTION 36.9.(b) G.S. 58-42-45 reads as rewritten:
"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.

   (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,
the Commissioner shall provide copies of the notice to the Joint Regulatory Reform Committee
and to the Committee, Joint Legislative Commission on Governmental Operations. Operations,
and the Joint Legislative Oversight Committee on General Government. The Commissioner shall
provide the Committee Committees and Commission with copies of any plan promulgated by or
approved by the Commissioner under G.S. 58-42-1(1) or (2)."

SECTION 36.9.(c) G.S. 58-79-20 reads as rewritten:
"§ 58-79-20. Inspection of premises; dangerous material removed.
The Commissioner of Insurance, or the chief of fire department or chief of police where there
is no chief of fire department, or the city or county building inspector, electrical inspector, heating
inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of
examination, to enter into and upon all buildings and premises in their jurisdiction. When any of
such officers find in any building or upon any premises overcrowding in violation of occupancy
limits established pursuant to the North Carolina State Building Code, combustible material or
flammable conditions dangerous to the safety of such building or premises they shall order the
same to be removed or remedied, and this order shall be forthwith complied with by the owner
or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,
appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be
at once investigated by his direction, and unless by his authority the order of the officer above
named is revoked it remains in force and must be forthwith complied with by the owner or
occupant. The Commissioner of Insurance, fire chief, or building inspector, electrical inspector,
heating inspector, or fire prevention inspector shall make an immediate investigation as to the
presence of combustible material or the existence of inflammable conditions in any building or
upon any premises under their jurisdiction upon complaint of any person having an interest in
such building or premises or property adjacent thereto. The Commissioner may, in person or by
deputy, visit any municipality or county and make such inspections alone or in company with the
local officer. The Commissioner shall submit annually, as early as consistent with full and
accurate preparation, and not later than the first day of June, a detailed report of his official action
under this Article, and it shall be embodied in his report to the General Assembly and the Joint Legislative Oversight Committee on General Government."

SECTION 36.9.(d) G.S. 58-87-1 reads as rewritten:

"§ 58-87-1. Volunteer Fire Department Fund.

..."  
SECTION 36.9.(e) G.S. 58-87-5 reads as rewritten:


..."  
SECTION 36.9.(f) G.S. 58-92-15(n) reads as rewritten:

"(n) The Commissioner shall review the effectiveness of this section and report every three
years to the General Assembly and the Joint Legislative Oversight Committee on General
Government the Commissioner's findings, and if appropriate, recommendations for legislation to
improve the effectiveness of this Article. The report and legislative recommendations shall be
submitted no later than June 30 following the conclusion of each three-year period."

INDUSTRIAL COMMISSION

SECTION 36.10.(a) G.S. 97-78 reads as rewritten:

"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,
and other staff assistance; annual report.

..."  
SECTION 36.10.(f) G.S. 97-78 reads as rewritten:

"(f) No later than April 1, 2008, the Every four years beginning April 1, 2020, the
Commission shall prepare and implement a strategic plan for accomplishing all of the following:

..."
(g) The Commission shall demonstrate its success in implementing its strategic plan under subsection (f) of this section by including all of the following in its annual report under subsection (e) of this section:

…

(2) The total number of requests for, and disputes involving, medical compensation under G.S. 97-25 in which final disposition was not made within 75 days of the filing of the motion with the Commission, and, for each such request or dispute, the date the motion or other initial pleading was filed, the date on which final disposition was made, and, where reasonably ascertainable, the date on which any ordered medical treatment was actually provided.

(3) At a minimum, the number of reports of employee misclassification received, the number of cases referred to each State agency, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed and, where reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies collected.

SECTION 36.10.(b) G.S. 143-788(b) is repealed.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

SECTION 36.11.(a) G.S. 144-9 reads as rewritten:

"§ 144-9. Retirement of a flag of the United States of America or the State of North Carolina.

…

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a citizen of the State and shall make arrangements for its respectful disposal. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop-off as it deems appropriate. The Division shall advertise the flag retirement program on its Web site and by printed posters placed at all flag drop-off locations. On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.

..."

SECTION 36.11.(b) G.S. 143B-1300(a) reads as rewritten:

"(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee on General Government on the activities of the State Veterans Homes Program. This report shall contain an accounting of all monies received and expended, statistics on residents in the homes during the year, recommendations to the Secretary, the Governor, and the General Assembly as to the program, and such other matters as may be deemed pertinent."

SECTION 36.11.(c) G.S. 143B-1310 reads as rewritten:

"§ 143B-1310. Commission established; purpose; transaction of business.

…

(c) Transaction of Business. – The Commission shall meet, at a minimum, at least once during each quarter and shall provide a report on military affairs to the Secretary of Military and Veterans Affairs and to Affairs, the General Assembly Assembly, and the Joint Legislative Oversight Committee on General Government at least every six months. Prior to the start of a Regular Session of the General Assembly, the Commission shall report to the General Assembly and the Joint Legislative Oversight Committee on General Government with recommendations, if any, for legislation. Priority actions or issues may be submitted at any time.
DEPARTMENT OF REVENUE

SECTION 36.12. G.S. 105-256 reads as rewritten:

"§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention progress.
(a) Publications. – The Secretary shall prepare and publish the following:
   …
   (6) On an annual basis, a report on the quality of services provided to taxpayers through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer education. The report must be submitted to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, and to the Revenue Laws Study Committee.
   …"

SECRETARY OF STATE

SECTION 36.13.(a) G.S. 64-1.1 is repealed.
SECTION 36.13.(b) G.S. 147-54.5 reads as rewritten:

"§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on use of the Fund.
   …
   (f) Beginning January 1, 1997, the Department of the Secretary of State shall report annually to the General Assembly's Fiscal Research Division and to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government on the expenditures from the Investor Protection and Education Trust Fund and on the effectiveness of investor awareness education efforts of the Department of the Secretary of State."

DEPARTMENT OF STATE TREASURER

SECTION 36.14.(a) G.S. 147-69.3 reads as rewritten:

"§ 147-69.3. Administration of State Treasurer's investment programs.
   …
   (i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government by October 1 of each year.
   …"

SECTION 36.14.(b) G.S. 147-68 reads as rewritten:

"§ 147-68. To receive and disburse moneys; to make reports.
   …
   (d2) After consulting with the Select Committee on Information Technology and the Joint Legislative Commission on Governmental Operations and after consultation with and approval of the Information Resources Management Commission, the Department of State Treasurer may spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the Department's investment banking operations system, retirement payroll systems, and other information technology infrastructure needs. The Department of State Treasurer shall report by
January 1, 2001, and annually thereafter to the following regarding the amount and use of the
departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs of the General Government Appropriations Subcommittees of both the House of Representatives and the Senate, and the Joint Legislative Committee on Information Technology.

"SECTION 36.14.(c) G.S. 147-69.2A reads as rewritten:
"§ 147-69.2A. Investments; special funds held by the State Treasurer.

(b) Organization and Reporting. – All documents of the Governor or the State Treasurer concerning the Fund are public records governed by Chapter 132 of the General Statutes and any applicable provisions of the General Statutes protecting confidential information.
The State Treasurer and the Governor shall jointly develop and adopt an investment policy statement for the Fund.
The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts of interests such that (i) the designees of the State Treasurer and Governor who selected the third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund, and (iii) the third-party investment management firm's employees selecting or overseeing Fund investments do not provide services for compensation (as an employee, consultant, or otherwise), within two years after the end of their service to the Fund, to any entity in which an investment from the Fund was made.

By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a report to the Governor, the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on investments made from the Fund and any return on investment. This report shall be made for the Fund in lieu of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).

"SECTION 36.14.(d) G.S. 147-69.12(a) reads as rewritten:
"§ 147-69.12. Reporting on the State Treasurer's investment programs.

(a) No later than the tenth day of February, May, August, and November of each year, the State Treasurer shall report on all investments for which the State Treasurer is in any way responsible, including investments made from The Escheat Fund and return on investment as provided in G.S. 147-69.2A. The State Treasurer's quarterly report shall include each of the following:

"PART XXXVII. INFORMATION TECHNOLOGY

CJLEADS REPORT CHANGE

SECTION 37.1. Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads as rewritten:

"SECTION 6A.4.(a) The Office of the State Controller, in cooperation with the State Chief Information Officer, shall:

"SECTION 6A.4.(b) The Office of the State Controller State Chief Information Officer shall administer CJLEADS with the assistance of a Leadership Council consisting of:

"SECTION 6A.4.(e) Agencies shall use existing resources and shall not charge the Office of the State Controller Department of Information Technology to provide required support for CJLEADS.

"..."
CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS

SECTION 37.2. G.S. 143B-1350(i) reads as rewritten:

"(i) Exceptions. – In addition to permitted waivers of competition, the requirements of competitive bidding shall not apply to information technology contracts and procurements:

(1) In cases of pressing need or emergency arising from a security incident.
(2) In the use of master licensing or purchasing agreements governing the Department's acquisition of proprietary intellectual property.
(3) In the procurement of cybersecurity and infrastructure security products, consistent with Best Value procurement principles as provided in G.S. 143-135.9."

PART XXXIX. CAPITAL

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 39.1. The appropriations made by the 2019 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, for acquiring buildings and land for State government purposes and other purposes as set forth in G.S. 143C-4-3.1, and shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects, including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2019 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2019 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 39.2.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part and for intended project support by the General Assembly for future fiscal years:

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<th>Agency Capital Improvement Projects</th>
<th>Project Code</th>
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<tr>
<td>3</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>4</td>
<td>Water Resources Development Projects</td>
</tr>
<tr>
<td>5</td>
<td>Division of Water Resources—</td>
</tr>
<tr>
<td>6</td>
<td>Reedy Creek Environmental Lab/Equipment Storage &amp; Workshop</td>
</tr>
<tr>
<td>7</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Department of Administration</td>
</tr>
<tr>
<td>9</td>
<td>DHHS/Dix Campus Relocation</td>
</tr>
<tr>
<td>10</td>
<td>State Gov’t. Complex Chiller Plant</td>
</tr>
<tr>
<td>11</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Department of Information Technology</td>
</tr>
<tr>
<td>13</td>
<td>Eastern Data Center Improvements</td>
</tr>
<tr>
<td>14</td>
<td>Western Data Center Improvements</td>
</tr>
<tr>
<td>15</td>
<td>Rural Broadband/GREAT Program</td>
</tr>
<tr>
<td>16</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Department of Natural and Cultural Resources</td>
</tr>
<tr>
<td>18</td>
<td>NC Museum of History Renovation/Addition</td>
</tr>
<tr>
<td>19</td>
<td>NC Museum of Art—Light Control</td>
</tr>
<tr>
<td>20</td>
<td>Fort Fisher—New Visitor Center</td>
</tr>
<tr>
<td>21</td>
<td>NC Zoo—Asia Continent Animal Exhibit</td>
</tr>
<tr>
<td>22</td>
<td>NC Zoo—Australia Continent Exhibit</td>
</tr>
<tr>
<td>23</td>
<td>NC Zoo—Parking/Trams</td>
</tr>
<tr>
<td>24</td>
<td>NC Transportation Museum</td>
</tr>
<tr>
<td>25</td>
<td>State Parks—Various Projects</td>
</tr>
<tr>
<td>26</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Department of Public Safety</td>
</tr>
<tr>
<td>28</td>
<td>Perquimans YDC—Raise the Age Renovations</td>
</tr>
<tr>
<td>29</td>
<td>Richmond YDC—Raise the Age Renovations</td>
</tr>
<tr>
<td>30</td>
<td>Alcoholism &amp; Chemical Dependency Program—</td>
</tr>
<tr>
<td>31</td>
<td>Black Mountain Modular Classrooms</td>
</tr>
<tr>
<td>32</td>
<td>National Guard—</td>
</tr>
<tr>
<td>33</td>
<td>Federal Match Funding Pool</td>
</tr>
<tr>
<td>34</td>
<td>STARBASE</td>
</tr>
<tr>
<td>35</td>
<td>Western Region Readness Center Annex</td>
</tr>
<tr>
<td>36</td>
<td>Samarcand Training Academy</td>
</tr>
<tr>
<td>37</td>
<td>Live Fire Training Building</td>
</tr>
<tr>
<td>38</td>
<td>Dormitory &amp; Training Building</td>
</tr>
<tr>
<td>39</td>
<td>Adult Correction Entrance Processing Stations</td>
</tr>
<tr>
<td>40</td>
<td>State Highway Patrol—</td>
</tr>
<tr>
<td>41</td>
<td>Renovate Troop B</td>
</tr>
<tr>
<td>42</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>General Assembly</td>
</tr>
<tr>
<td>44</td>
<td>Committee Renovations/Elevator Repair</td>
</tr>
<tr>
<td>45</td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>The University of North Carolina</td>
</tr>
<tr>
<td>47</td>
<td>Western Carolina University—</td>
</tr>
<tr>
<td>48</td>
<td>Steam Plant Project</td>
</tr>
<tr>
<td>49</td>
<td>University of North Carolina at Wilmington—</td>
</tr>
<tr>
<td>50</td>
<td>Dobo Hall Renovation</td>
</tr>
<tr>
<td>51</td>
<td>Randall Library Renovation and Expansion</td>
</tr>
</tbody>
</table>
SECTION 39.2.(b) This subsection authorizes the following capital projects and allocates funding in the 2019-2021 fiscal biennium based upon projected cash flow needs for the authorized projects. The authorizations provided in this subsection represent the maximum amount of funding from the State Capital and Infrastructure Fund that may be expended on each project. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed.

In each fiscal year, the Office of State Budget and Management may reallocate appropriations from the State Capital and Infrastructure Fund between projects to meet cash flow requirements for a project, provided that the following criteria are met:

1. If the project for which funds have been appropriated in this Part is for one of the constituent institutions of The University of North Carolina, then unencumbered funds may be allocated from another project for a constituent institution of The University of North Carolina for which funds have been appropriated.

2. If the project is for which funds have been appropriated in this Part for a State agency that is not The University of North Carolina, then unencumbered funds may be allocated from another project for a State agency for which funds have been appropriated.

3. The amount disbursed will not exceed amounts appropriated from the State Capital and Infrastructure Fund.

4. The amount disbursed on any project cannot exceed the amount authorized for that project.

5. The amount reallocated cannot be used to expand the scope of the project.

There is allocated from the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium the following amounts for capital improvement project codes, as defined in subsection (a) of this section:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DACS19-1</td>
<td>967,000</td>
<td>967,000</td>
<td>–</td>
</tr>
<tr>
<td>DACS19-2</td>
<td>1,429,000</td>
<td>1,429,000</td>
<td>–</td>
</tr>
</tbody>
</table>
SECTION 39.2.(c) Notwithstanding G.S. 143C-4-3.1(e), the following allocations are made from the State Capital and Infrastructure Fund for the following purposes:

1. A grant in the amount of twelve million one hundred thousand dollars ($12,100,000) for the 2019-2020 fiscal year and a grant in the amount of three million dollars ($3,000,000) for the 2020-2021 fiscal year to the North Carolina Civil War & Reconstruction History Center Foundation, a nonprofit corporation, for construction of the North Carolina Civil War & Reconstruction History Center.

2. A grant in the amount of ten million dollars ($10,000,000) for the 2019-2020 fiscal year and a grant in the amount of ten million dollars ($10,000,000) for the 2020-2021 fiscal year to Montreat College, a nonprofit corporation, for cybersecurity programs.

3. A grant in the amount of seven million seven hundred thousand dollars ($7,700,000) to Guilford County for the construction of a facility-based mental health crisis center to serve adults in Guilford County.

SECTION 39.2.(d) Of the funds in the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-8-13:
(1) One-fourth 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) Three-fourths 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-8-13, of the funds allocated in subdivision (2) of subsection (d) of this section for the 2019-2020 fiscal year, the following sums shall be allocated for the following projects:

(1) Five hundred thousand dollars ($500,000) shall be allocated to the Department of Natural and Cultural Resources to be used for State Historic Sites maintained by the Department. Funds allocated pursuant to this subdivision shall not be used for Tryon Palace, the NC Transportation Museum, or the U.S.S. North Carolina Battleship.

(2) Five hundred thousand dollars ($500,000) shall be allocated to the Office of State Budget and Management to be provided as a direct grant to the North Carolina Future Farmers of America Association to be used for expansions for the NCFFA Center.

(3) Three million six hundred forty thousand dollars ($3,640,000) shall be allocated to the Department of Revenue for security improvements at various locations throughout the State.

**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 aid or assistance shall be used only to the extent that funds received from the settlement of a claim for loss or damage covered under the recipient's applicable insurance policy, or other aid or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

**SECTION 39.2.(g)** For project code UNC/NCS19-1, North Carolina State University shall commit to providing funding of at least eighty million dollars ($80,000,000) from non-State sources on or before June 30, 2021, as a match for the intended State allocations totaling eighty million dollars ($80,000,000) for the project.

**SECTION 39.2.(h)** For project code UNC/CH19-1, the University of North Carolina at Chapel Hill shall commit to providing funding of at least seventy-five million dollars ($75,000,000) from non-State sources on or before June 30, 2022, as a match for the intended State allocations totaling seventy-five million dollars ($75,000,000) for the project.

**SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

**SECTION 39.3.** It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2019-2021 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

<table>
<thead>
<tr>
<th>Project Code</th>
<th>FY19-20</th>
<th>FY20-21</th>
<th>FY21-22</th>
<th>FY22-23</th>
<th>FY23-24</th>
<th>FY24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEQ19-1</td>
<td>3,000.8</td>
<td>7,502</td>
<td>12,003.2</td>
<td>7,502</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>DOA19-1</td>
<td>–</td>
<td>5,000</td>
<td>67,500</td>
<td>81,000</td>
<td>67,500</td>
<td>49,000</td>
</tr>
</tbody>
</table>
### 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.

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Princeville Flood Damage Reduction (Pre-Constr./Design)</td>
<td>$1,400,000</td>
</tr>
<tr>
<td>(2) Carolina Beach CSRM</td>
<td>–</td>
</tr>
<tr>
<td>(3) Kure Beach CSRM</td>
<td>14,000</td>
</tr>
<tr>
<td>(4) Wrightsville Beach CSRM</td>
<td>–</td>
</tr>
<tr>
<td>(5) Ocean Isle CSRM</td>
<td>–</td>
</tr>
<tr>
<td>(6) Planning Assistance to Communities</td>
<td>38,000</td>
</tr>
<tr>
<td>(7) Wilmington Harbor DA Maintenance</td>
<td>6,550,000</td>
</tr>
<tr>
<td>(8) Morehead City Maintenance</td>
<td>1,500,000</td>
</tr>
<tr>
<td>(9) Surf City/North Topsail CSRM (Pre-Constr./Design)</td>
<td>148,000</td>
</tr>
<tr>
<td>(10) West Onslow CSRM (Pre-Constr./Design)</td>
<td>148,000</td>
</tr>
<tr>
<td>(11) NRCS EQIP/Stream Restoration</td>
<td>2,320,000</td>
</tr>
<tr>
<td>(12) State-Local Projects (WRD Grant Pgm.)</td>
<td>1,500,000</td>
</tr>
<tr>
<td>(13) Bogue Banks CSRM</td>
<td>–</td>
</tr>
<tr>
<td>(14) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)</td>
<td>333,000</td>
</tr>
<tr>
<td>(15) Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)</td>
<td>619,000</td>
</tr>
<tr>
<td>(16) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)</td>
<td>73,000</td>
</tr>
<tr>
<td>(17) Lumberton 205, CAP, Flood Damage Reduction (50/50)</td>
<td>125,000</td>
</tr>
<tr>
<td>(18) B. Everette Jordan Reservoir Water Supply</td>
<td>119,000</td>
</tr>
<tr>
<td>(19) Swannanoa Flood Mitigation Project</td>
<td>637,000</td>
</tr>
<tr>
<td>(20) North Topsail Beach Shoreline Protection – Phase 2</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$16,024,000</strong></td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount Carried Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princeville Flood Damage Reduction (Pre-Constr./Design)</td>
<td>$1,400,000</td>
</tr>
<tr>
<td>Morehead City Maintenance</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Kure Beach CSRM</td>
<td>315,000</td>
</tr>
<tr>
<td>Wrightsville Beach CSRM</td>
<td>2,206,000</td>
</tr>
<tr>
<td>Carolina Beach CSRM</td>
<td>686,000</td>
</tr>
<tr>
<td>Ocean Isle CSRM</td>
<td>1,040,000</td>
</tr>
<tr>
<td>Planning Assistance to Communities</td>
<td>38,000</td>
</tr>
<tr>
<td>Surf City/North Topsail CSRM (Pre-Constr./Design)</td>
<td>255,000</td>
</tr>
<tr>
<td>West Onslow CSRM (Pre-Constr./Design)</td>
<td>220,000</td>
</tr>
<tr>
<td>Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)</td>
<td>333,000</td>
</tr>
<tr>
<td>Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)</td>
<td>1,023,000</td>
</tr>
<tr>
<td>Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)</td>
<td>2,219,000</td>
</tr>
<tr>
<td>Lumberton 205, CAP, Flood Damage Reduction (50/50)</td>
<td>125,000</td>
</tr>
<tr>
<td>B. Everette Jordan Reservoir Water Supply</td>
<td>119,000</td>
</tr>
<tr>
<td>North Topsail Beach Shoreline Protection – Phase 2</td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$12,979,000</strong></td>
</tr>
</tbody>
</table>

SECTION 39.4.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2019-2020 fiscal year or if the projects funded under subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

1. U.S. Army Corps of Engineers project feasibility studies.
2. U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the 2019-2020 fiscal year.
3. State-local water resources development projects.

Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the State Capital and Infrastructure Fund at the end of the 2019-2020 fiscal year.

SECTION 39.4.(d) The Department shall submit semiannual reports on the use of these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

1. All projects listed in this section.
2. The estimated cost of each project.
3. The date that work on each project began or is expected to begin.
4. The date that work on each project was completed or is expected to be completed.
(5) The actual cost of the project.
    The semiannual reports also shall show those projects advanced in schedule, those
    projects delayed in schedule, and an estimate of the amount of funds expected to revert to the
    State Capital and Infrastructure Fund.

SECTION 39.4.(e) Notwithstanding any provision of law to the contrary, funds
appropriated for a water resources development project shall be used to provide no more than
fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to
funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium
that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds
for water resources development projects. The limitation on fund usage contained in this
subsection applies only to projects in which a local government or local governments participate.

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 39.5.(a) The General Assembly authorizes the following capital projects
to be funded with receipts or from other non-General Fund and non-State Capital and
Infrastructure Fund sources available to the appropriate department:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Funding Authorized FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Natural and Cultural Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NC Zoo–Gift Shop Material Warehouse</td>
<td>$300,000</td>
<td></td>
</tr>
<tr>
<td>Department of Agriculture and Consumer Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Farmers Market Restaurant</td>
<td>1,250,000</td>
<td></td>
</tr>
<tr>
<td>Piedmont Triad Farmers Market Restaurant</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>State Fairgrounds Improvements</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>State Research Stations–Irrigation Improvements</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>State Research Stations–Pesticide Storage &amp; Mixing</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>State Research Stations–Poultry Facilities Improvements</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td>State Research Stations–Animal Feed &amp; Grain Storage</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Department of Military and Veteran Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fayetteville Veterans Home Sprinklers</td>
<td>3,553,000</td>
<td></td>
</tr>
<tr>
<td>Wake County Veterans Home</td>
<td>5,208,500</td>
<td></td>
</tr>
<tr>
<td>Forsyth County Veterans Home</td>
<td>5,208,500</td>
<td></td>
</tr>
<tr>
<td>Department of Public Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stonewall Jackson YDC Classroom &amp; Kennel</td>
<td>677,000</td>
<td></td>
</tr>
<tr>
<td>Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polk County Maintenance Shop</td>
<td>2,484,117</td>
<td></td>
</tr>
<tr>
<td>Ocracoke Ferry Quarters</td>
<td>1,190,000</td>
<td></td>
</tr>
<tr>
<td>Currituck Maintenance &amp; Equipment Facilities</td>
<td>1,491,914</td>
<td></td>
</tr>
<tr>
<td>Northampton County/Jackson Sub.– Shop</td>
<td>–</td>
<td>$5,239,960</td>
</tr>
<tr>
<td>Repairs &amp; Renovations</td>
<td>6,550,000</td>
<td>6,725,000</td>
</tr>
<tr>
<td>Wildlife Resources Commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>8,000,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>McKinney Lake Residence</td>
<td>275,000</td>
<td></td>
</tr>
<tr>
<td>McCoy Road</td>
<td>325,000</td>
<td></td>
</tr>
<tr>
<td>New Bern Depot Boat Storage</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Sandhills Depot Pole Shed</td>
<td>175,000</td>
<td></td>
</tr>
<tr>
<td>District 7 Storage Building–Wilkesboro</td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td>Sykes Depot Greenhouse</td>
<td>–</td>
<td>150,000</td>
</tr>
<tr>
<td>New Shooting Ranges</td>
<td>–</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
General Assembly Of North Carolina  
Session 2019

Marion Aquaculture Building  
330,000  
–

McKinney Hatchery Building  
–  
650,000

Caswell Depot Storage Building  
–  
400,000

Rhems Depot Storage Building  
–  
200,000

Troy Depot Replacement  
–  
750,000

Boating Access Repair & Renovation  
900,000  
900,000

TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED  
$41,643,031  
$24,014,960

SECTION 39.5.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars ($75,000) for the 2019-2020 fiscal year and the sum of seventy-five thousand dollars ($75,000) for the 2020-2021 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

NATIONAL GUARD PROJECTS

SECTION 39.6.(a) The Office of State Budget and Management may allocate from the State Capital and Infrastructure Fund to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding four million dollars ($4,000,000) during the 2019-2020 fiscal year.

SECTION 39.6.(b) No later than June 1, 2021, and every two years thereafter, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

1. The status of all projects undertaken pursuant to this section.
2. The estimated total cost of each project.
3. The date that work on each project began or is expected to begin.
4. The date that work on each project was completed or is expected to be completed.
5. The actual cost of each project, including federal matching funds.
6. Facilities planned for closure or reversion.
7. A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

REPORTING ON CAPITAL PROJECTS

SECTION 39.7.(a) Article 8 of Chapter 143C of the General Statutes is amended by adding the following new section to read:

"§ 143C-8-14. Capital project reporting."

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

(1) Capital project. – Any capital improvement, as that term is defined in G.S. 143C-1-1, that is not complete by the effective date of this section and that is funded in whole or in part with State funds, including receipts,
non-General Fund sources, or statutorily or constitutionally authorized indebtedness of any kind.

(2) Construction phase. – The status of a particular capital project as described using the terms customarily employed in the design and construction industries.

(3) New capital project. – A capital project that has been authorized by an act of the General Assembly in the most recent Current Operations Appropriations Act.

(b) Reporting. – The following reports are required:

(1) By October 1 and April 1 of each year, each State agency shall report on the status of agency capital projects to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division.

(2) Beginning January 1, and quarterly thereafter, each State agency shall report on the status of agency capital projects to the Fiscal Research Division of the General Assembly and to the Office of State Budget and Management.

(c) Report Contents. – The reports required by subsection (b) of this section shall include at least the following information about every agency capital project:

(1) The current construction phase of the project.

(2) The anticipated time line from the current construction phase to project completion.

(3) Information about expenditures that have been made in connection with the project, regardless of source of the funds expended.

(4) Information about the adequacy of funding to complete the project, including estimates of how final expenditures will relate to initial estimates of expenditures, and whether or not scope reductions will be necessary in order to complete the project within its budget.

(5) For new capital projects only, an estimate of the operating costs for the project for the first five fiscal years of its operation.

(d) Additional Requirements. – In addition to the other reports required by this section, the following reports are required:

(1) On October 1 and April 1 of each year, the Office of State Construction shall report on the status of the Facilities Condition Assessment Program (FCAP) to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division. The report shall include (i) summary information about the average length of time that passes between FCAP assessments for an average State building, (ii) detailed information about when the last FCAP assessment was for each State building complex, and (iii) detailed information about the condition and repairs and renovations needs of each State building complex.

(2) On January 1, and quarterly thereafter, the State Construction Office shall report to the Joint Legislative Oversight Committee on Capital Improvements on the status of plan review, approval, and permitting for each State capital improvement project and community college capital improvement project over which the Office exercises plan review, approval, and permitting authority. Each report shall include (i) summary information about the workload of the Office during the previous quarter, including information about the average length of time spent by the State Construction Office on each major function it performs that is related to capital project approval, and (ii) detailed information about the amount of time spent engaged in those functions for each project that the State Construction Office worked on during the previous quarter.”
STATUTORY CHANGES–CAPITAL

SECTION 39.8.(a) G.S. 143C-8-13 is amended by adding the following new subsection to read:

"(d) In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina for the purposes described in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was complied with in any report submitted pursuant to this section."

SECTION 39.8.(b) G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.
(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for any of the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed two and one-half percent (2.5%) of the General Fund appropriation in that budget code.

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

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

(f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures, including that funds carried forward in an amount that is in excess of two and one-half percent (2.5%) of the General Fund appropriation in that budget code may be used for projects that are eligible to receive funds from the Repairs and Renovations Reserve under G.S. 143C-4.3(b), G.S. 143C-8-13(a), provided, however, that the expenditures shall not impose additional financial obligations on the State and shall not be used to support positions."

SECTION 39.8.(c) G.S. 143C-8-13 reads as rewritten:

"§ 143C-8-13. Repairs and Renovations.
(a) Use of Funds. – Funds Except as otherwise provided for in this section, funds for repairs and renovations shall be available for expenditure only upon an act of appropriation by the General Assembly. Funds appropriated for repairs and renovations shall be used only for State facilities and related infrastructure that are supported from the General Fund or the State Capital and Infrastructure Fund and for Department of Information Technology facilities and related infrastructure. Funds appropriated for repairs and renovations projects shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards. Allowable projects include any of the following:

(1) Roof repairs and replacements.
(2) Structural repairs.
(3) Repairs and renovations to meet federal and State standards.
(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems.
General Assembly Of North Carolina  
Session 2019

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended.</td>
</tr>
<tr>
<td>2</td>
<td>(6) Improvements to meet fire safety needs.</td>
</tr>
<tr>
<td>3</td>
<td>(7) Improvements to existing facilities for energy efficiency.</td>
</tr>
<tr>
<td>4</td>
<td>(8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks.</td>
</tr>
<tr>
<td>5</td>
<td>(9) Improvements and renovations to improve use of existing space.</td>
</tr>
<tr>
<td>6</td>
<td>(10) Historical restoration.</td>
</tr>
<tr>
<td>7</td>
<td>(11) Improvements to roads, walks, drives, and utilities infrastructure.</td>
</tr>
<tr>
<td>8</td>
<td>(12) Drainage and landscape improvements.</td>
</tr>
<tr>
<td>9</td>
<td>(13) Building demolition.</td>
</tr>
<tr>
<td>10</td>
<td>(b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated by those agencies for repairs and renovations projects so long as all of the following conditions are satisfied:</td>
</tr>
<tr>
<td>11</td>
<td>(1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (a) of this section.</td>
</tr>
<tr>
<td>12</td>
<td>(2) If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars ($2,500,000) or more for a particular project, the Office of State Budget and Management or the Board of Governors, as appropriate, consults with the Joint Legislative Commission on Governmental Operations prior to the expenditure or reallocation.</td>
</tr>
<tr>
<td>13</td>
<td>(3) If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars ($2,500,000) for a particular project, the allocation or reallocation of funds is reported to the Joint Legislative Commission on Governmental Operations within 60 days of the expenditure or reallocation.</td>
</tr>
<tr>
<td>14</td>
<td>(c) Notwithstanding any provision of G.S. 143C-8-7 to the contrary, the chancellor of a constituent institution of The University of North Carolina may pay for projects for repairs and renovations with funds available to the constituent institution according to the following:</td>
</tr>
<tr>
<td>15</td>
<td>(1) The project meets all of the following requirements:</td>
</tr>
<tr>
<td>16</td>
<td>a. The total project costs do not exceed one million dollars ($1,000,000).</td>
</tr>
<tr>
<td>17</td>
<td>b. The project is one of the types set forth in subdivisions (1) through (13) of subsection (a) of this section, regardless of whether the relevant facilities and related infrastructure are supported from the General Fund or the State Capital and Infrastructure Fund.</td>
</tr>
<tr>
<td>18</td>
<td>(2) The constituent institution reports on projects undertaken pursuant to this subsection to the Board of Governors of The University of North Carolina and the Fiscal Research Division on a quarterly basis. The report shall include all of the following information for each project:</td>
</tr>
<tr>
<td>19</td>
<td>a. The facility at which the project is being undertaken.</td>
</tr>
<tr>
<td>20</td>
<td>b. The nature and scope of the project.</td>
</tr>
<tr>
<td>21</td>
<td>c. The source of funds for the project.</td>
</tr>
<tr>
<td>22</td>
<td>d. The category of projects set forth in subsection (a) of this section that the project falls within.</td>
</tr>
<tr>
<td>23</td>
<td>(3) Any funds from a General Fund appropriation that are contractually obligated for a project pursuant to this subsection shall not revert at the end of the fiscal year but shall remain available to fund the completion of the project.</td>
</tr>
</tbody>
</table>

SECTION 39.8.(d) G.S. 143C-8-7 reads as rewritten:

"§ 143C-8-7. When a State agency may begin a capital improvement project."
(a) No State agency may expend funds for the construction or renovation of any capital improvement project except as needed to comply with this Article or otherwise authorized by the General Assembly. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State agency or institution may be utilized for advanced planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget.

(b) Notwithstanding any other provision of law to the contrary, the Department of Agriculture and Consumer Services is authorized to utilize the types of funds described in subsection (a) of this section to build equipment structures that meet the description contained in G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the project is not a capital improvement within the meaning of G.S. 143C-1-1(d)(5)." 

SECTION 39.8.(e) 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.(f) 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.(g) G.S. 143C-4-3.1 reads as rewritten:

"§ 143C-4-3.1. State Capital and Infrastructure Fund.

..."
(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations of the State. In addition to meeting the State's debt service obligations, monies in the Fund may be used for the following purposes:

1. New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.
2. Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.
3. Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).

(f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

(g) Unexpended Funds. – Funds appropriated for a project that are unspent and unencumbered upon completion of the project shall revert to the Fund.

SECTION 39.8.(h) The recurring appropriation to the Growing Rural Economies with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on June 30, 2029.

NC BOND STATE CAPITAL ALLOCATIONS

SECTION 39.9. If House Bill 241, 2019 Regular Session, becomes law, then Section 1(e) of that act reads as rewritten:

"SECTION 1.(e) Use of Education Bond and Note Proceeds. –

(1a) Subject to the provisions of subdivision (2) of this subsection, two hundred million dollars ($200,000,000) of the proceeds of education bonds and notes, including premium thereon, if any, shall be used for paying the costs of capital outlay projects for constituent institutions and repairs and renovations in the following general amounts set forth below:

The University of North Carolina

<table>
<thead>
<tr>
<th>Institution</th>
<th>Project Details</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Statewide</td>
<td>New Construction, Repairs, Renovations</td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>New Library Building</td>
<td>$32,000,000</td>
</tr>
<tr>
<td>University of North Carolina School of the Arts</td>
<td>Stevens Center Renovation</td>
<td>$42,200,000</td>
</tr>
<tr>
<td>Appalachian State University</td>
<td>Wey Hall Renovation</td>
<td>$25,400,000</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>Rosenthal/Chick Building Renovation</td>
<td>$13,700,000</td>
</tr>
<tr>
<td>University of North Carolina at Pembroke</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Givens Performing Arts Center Renovation</td>
<td>$31,200,000</td>
</tr>
<tr>
<td>Winston-Salem State University</td>
<td>Hauser Bldg. Renovation/Addition</td>
<td>$15,100,000</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>Moore Building, Phase II Renovation</td>
<td>$11,900,000</td>
</tr>
<tr>
<td>North Carolina School of Science and Math</td>
<td>Various Repairs and Renovations</td>
<td>$10,000,000</td>
</tr>
<tr>
<td></td>
<td>Carver Hall Renovations</td>
<td>$18,500,000</td>
</tr>
<tr>
<td>Total for The University of North Carolina</td>
<td></td>
<td>$200,000,000</td>
</tr>
</tbody>
</table>

(2) Special allocation provisions. – In determining the use of the proceeds of education bonds and notes, including premium thereon, if any, set forth in this section, the following special allocation provisions apply:
b. The capital outlay projects for a constituent institution to be financed with the proceeds of the bonds issued under this act shall be determined by the Board of Governors of The University of North Carolina based upon the criteria set forth in this act, and upon application by the constituent institution in which the capital outlay projects for a constituent institution is to be located or that will otherwise be served by the capital outlay projects for a constituent institution. With respect to proceeds allocated in subdivision (1a) of this subsection:

3. The General Assembly may at this session or at any subsequent session increase or decrease the allocations of the proceeds for the bonds and notes, including premium thereon, if any, for projects set forth in subdivision (1a) of this subsection or reallocate any amounts among projects not listed in subdivision (1a) of this subsection but listed in the six-year capital improvement plan developed pursuant to G.S. 143C-8-5, so long as the aggregate amount of the allocations does not exceed two hundred million dollars ($200,000,000).

GROWING G.R.E.A.T. PROGRAM

SECTION 39.10.(a) G.S. 143B-1373 reads as rewritten:

"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.
(a) As used in this section, the following definitions apply:

(6) Eligible project. – An eligible project is a discrete and specific project located in an unserved area of an economically distressed county seeking to provide broadband service to homes, businesses, and community anchor points not currently served. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service to end users. If a project area is contiguously located within more than one county, for the purposes of this section, the project shall be deemed to be located in the county where the greatest number of unserved households will be served.

(c) Project areas comprised of census blocks, or portions thereof, within which a broadband provider is receiving State or federal matching funds to deploy technologically neutral scalable broadband service within the next 18 months are ineligible for the GREAT program. It is essential for the Office to know the location of census blocks, or portions thereof, comprising these areas so it can determine project eligibility. A private provider receiving State or federal matching funds to deploy broadband service within such an area shall, within 60 days of the effective date of this section, submit only a listing of the census blocks, or portions thereof, comprising each of its federally funded project areas meeting this requirement and nothing more to the Office. In future program years, the cutoff date for submitting this census block data shall be May 15. This will enable the office to update maps and advise applicants as to the unserved areas of the State that are eligible for consideration in that program year. The Office shall only utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the part of a provider to submit the listing of census blocks by the cutoff date shall result in those areas being eligible for inclusion under this program during the
upcoming program year. The Office shall use the census block data provided only for mapping
of unserved areas. Upon expiration of the 18-month period described in this subsection, a private
provider receiving State or federal matching funds to deploy broadband service shall submit
written documentation that broadband deployment has begun or been completed in the census
blocks, or portions thereof, that have been deemed ineligible by the Office due to the existence
of a federally funded project area. Information provided to the Office pursuant to this subsection
is not a public record, as that term is defined in G.S. 132-1.
(d) Applications for grants will be submitted at times designated by the Secretary and
will include, at a minimum, the following information:

(5) An illustration or description of the actual area to be served and the number
of homes, businesses, community anchor points, agricultural operations, or
agricultural processing facilities that will have access to broadband as a result
of the proposed project, including any publicly available addresses for the
foregoing.

(d1) A provider submitting an application pursuant to this section shall bear the burden of
proof that the proposed area to be served can, in fact, be served using the proposed technology.
The burden of proof may be satisfied by the submission of data, maps, and any other information
satisfactory to the Office, demonstrating that the area and number of households proposed to be
served can be provided the minimum upload and download speeds indicated in the application.
(e) Applications shall be made publicly available by posting on the Web site of the
Department of Information Technology for a period of at least 30 days prior to award. During
the 30-day period, any interested party may submit comments to the Secretary concerning any
pending application. A provider of broadband services may submit a protest of any application
on the grounds the proposed project covers an area that is not an eligible area under this section.
Protests shall be submitted in writing, accompanied by all relevant supporting documentation,
and shall be considered by the Office in connection with the review of the application. Upon
submission of evidence satisfactory to the Office that the proposed project area includes
households that have a minimum download and upload speed of 10:1, as measured using a
methodology satisfactory to the Office, the Office may amend an application to reduce the
number of unserved households in the project area to reflect an accurate level of current
broadband service. The Office may amend application scores in accordance with amended
applications. For applications with filed protests, the Secretary shall issue a written decision to
the protesting party at least 15 days prior to the approval of that application. Following a protest
that is granted for a portion of the application, the Office may release to an applicant the locations
or areas declared ineligible. The information released to the applicant is not a public record, as
that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a
protest shall verify that the information in the protest is accurate and that the protest is submitted
in good faith. The Office may disqualify any protest or application that contains inaccurate
information or information not submitted in good faith. The Office shall develop procedures that
address the consideration of protests.

In the resolution of a protest the Office may obtain speed tests, satisfactory to the Office,
from the home or business located at the very end of the segments or runs of the proposed service
extension. If the result of the test indicates that the tested home or business at the end of a given
segment or run is currently receiving a minimum download and upload speed of 10:1, then that
home or business, and all of the other homes or businesses along that segment or run of the
proposed service extension, shall be deemed ineligible and removed from consideration and the
application shall be adjusted accordingly. If the result of the speed test indicates that the home or
business is receiving less than a minimum download and upload speed of 10:1, then that home
or business, and all other homes or businesses situated along that segment or run of the proposed service extension, shall remain eligible.

(f) The Office may consult with the Department of Commerce to determine if a broadband project proposed under this section will benefit a potential economic development project relevant to the proposed area outlined in the broadband project.

(g) Applications shall be scored based upon a system that awards a single point for criteria considered to be the minimum level for the provision of broadband service with additional points awarded to criteria that exceed minimum levels. The Office shall score project applications in accordance with the following:

…

(3) Households – Unserved households to be served. – The Office shall give additional points to projects that will provide broadband service to based upon the percentage of the total unserved households within the eligible economically distressed county, as county that the project will serve. The number of unserved households shall be determined by using the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that will serve a percentage of unserved households within the project area as follows:

<table>
<thead>
<tr>
<th>Households To Be Served</th>
<th>Points Given</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 150</td>
<td>1</td>
</tr>
<tr>
<td>150-249</td>
<td>2</td>
</tr>
<tr>
<td>250 and up</td>
<td>3</td>
</tr>
</tbody>
</table>

…

(6) Base speed multiplier. – Projects that will provide minimum download and minimum upload speeds shall have the aggregate points given under subdivisions (1) through (5) of this subsection multiplied by a factor at the level indicated in the table below:

<table>
<thead>
<tr>
<th>Minimum Download:</th>
<th>Score Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:1 Mbps.</td>
<td>0.950</td>
</tr>
<tr>
<td>25:3 Mbps. or greater</td>
<td>0.850</td>
</tr>
<tr>
<td>100:10 Mbps. or greater</td>
<td>1.350</td>
</tr>
<tr>
<td>&gt; 100:10 Mbps. or greater</td>
<td>1.750</td>
</tr>
</tbody>
</table>

(h) The Office shall score applications based upon the metrics provided in subsection (g) of this section. In awarding grants based upon the scoring metrics, the Office shall also award an additional point to proposed projects according to the following:

(1) One point, where a county has a Community Broadband Planning Playbook that meets the guidelines established by the Office.

(2) Two points, where a proposed project will provide symmetrical minimum download and minimum upload speeds that exceed 25:25 Mbps.

(3) One point, where a proposed project will include digital literacy training.

(4) One point, where a proposed project will include low-cost service for qualified low-income households.

(5) One point, where a proposed project will include acceptance of Lifeline support, as offered by the Federal Communications Commission.

(i) Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office may first consider highest total households being served and then lowest project cost per household for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and
thresholds for disbursement of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that the proposed minimum upstream and minimum downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. A single grant award for either a single project or the cumulative total of projects in a given county shall not exceed two million dollars ($2,000,000). No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county. ($2,000,000) in any fiscal year.

"...

SECTION 39.10.(b) G.S. 143B-1373(a)(5) reads as rewritten:

"(5) Eligible economically distressed county. – A county designated as a development tier one or tier two area, as defined in G.S. 143B-473.08."

SECTION 39.10.(c) G.S. 143B-1373(i), as amended by subsection (a) of this section, reads as rewritten:

"(i) Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office may consider total households being served and the project cost per household for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that the proposed minimum upstream and minimum downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. Grant awards for either a single project or the cumulative total of projects in a given county shall not exceed two million dollars ($2,000,000) in any fiscal year. No more than one-third of the funds appropriated to the fund established in subsection (b) of this section shall be disbursed for projects located in a development tier two county."

SECTION 39.10.(d) G.S. 143B-1373(i), as amended by subsections (a) and (c) of this section, reads as rewritten:

"(i) Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office may consider total households being served and the project cost per household for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that the proposed minimum upstream and minimum downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections.
area prior to any end user connections. Grant awards for either a single project or the cumulative
total of projects in a given county shall not exceed two million dollars ($2,000,000) in any fiscal
year. No more than one-third one-half of the funds appropriated to the fund established in
subsection (b) of this section shall be disbursed for projects located in a development tier two
county. If the Office has not received enough grant applications for projects located in a
development tier one county to disburse one-half of the funds appropriated to the fund established
in subsection (b) of this section as of March 1 of each year, then the Office may allocate any
unencumbered funds in the fund for projects located in a development tier two county."

SECTION 39.10.(e) Subsections (b) and (c) of this section become effective July 1, 2020. Subsection (d) of this section becomes effective July 1, 2021.

DHHS WORKSPACE EVALUATION

SECTION 39.11.(a) Of the funds available to the Department of Health and Human
Services (Department), the Department, in coordination with the Department of Administration,
shall use up to two hundred twenty-five thousand dollars ($225,000) to complete a workspace
evaluation that does the following:

(1) Analyses employee functions to create a workspace design that adequately
and properly fits the business needs of the agency and its divisions.

(2) Diminishes any underutilized or unnecessary square footage in an effort to
right-size the necessary workspace for the agency and provide for the most
efficient use of available State funds.

SECTION 39.11.(b) The Department shall submit the results of the evaluation
described in this section to the Joint Legislative Oversight Committee on Capital Improvements
and the Fiscal Research Division on or before April 1, 2020.

SECTION 39.11.(c) The funds appropriated for the DHHS/Dix Campus Relocation
in this Part may not be used for other planning, conceptual design, design development, or
construction document preparation, including any programming of the workspace for building or
space design development purposes, until the workspace evaluation has been completed and
reported as described in this section and has been formally incorporated into space programming
efforts by the entity engaged by the Department to provide the design services for any new space
to accommodate any portion of the Department's workforce.

DHHS PRIVATE DEVELOPMENT CHANGES

SECTION 39.12.(a) The Department of Administration may issue a request for
proposal pursuant to G.S. 143-128.1C(b) for a development contract to design and construct the
new Department of Health and Human Services Administrative Complex while undertaking
planning associated with funds appropriated in this act. For the purposes of this complex only,
the Department may accept submissions for review that include less than fifty percent (50%)
financing, but not less than thirty percent (30%) financing, as defined in G.S. 143-128.1C(a)(4).

SECTION 39.12.(b) G.S. 111-42(c) of the General Statutes reads as rewritten:
"(c) "State property or State building" means building and land owned, leased, or
otherwise controlled by the State, exclusive of schools, colleges and universities, the North
Carolina State Fair, farmers markets and agricultural centers, the Legislative Office Building,
and the State Legislative Building, Building, and the new Health and Human Services
Administrative Complex."

REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL
OF DENTISTRY

SECTION 39.13.(a) Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)
of S.L. 2009-209, reads as rewritten:
SECTION 27.8.(a) The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the capital facility costs of the projects described in this subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness:

1. In the maximum aggregate principal amount of sixty-one million five hundred ninety-nine thousand three hundred sixty-nine dollars ($61,599,369) to finance the capital facility costs of completing a School of Dentistry building, life safety improvements to the Brody School of Medicine, and renovation of space at the ECU Health Science Campus, Brody School of Medicine, to accommodate the dental school at East Carolina University and no more than 10 satellite dental clinics across the State. No more than a maximum aggregate amount of twenty-one million dollars ($21,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2009. No more than a maximum aggregate amount of sixty million dollars ($60,000,000) of special indebtedness may be issued or incurred under this subdivision prior to July 1, 2010.

SECTION 39.13.(b) Nothing in this section shall be construed to authorize any entity to issue or incur additional indebtedness.

MOUNTAIN ISLAND EDUCATIONAL FOREST VISITOR CENTER

SECTION 39.14. The North Carolina Forest Service within the Department of Agriculture and Consumer Services shall rename the Visitor and Interpretive Center at Mountain Island Educational State Forest "The Laura Shidal Visitor and Interpretive Center at Mountain Island Educational State Forest."

PART XL. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 40.1.(a) Subsections (b) and (c) of Section 34.1 of S.L. 2018-5 are repealed.

SECTION 40.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021-2022</td>
<td>$2,436 million</td>
</tr>
<tr>
<td>2022-2023</td>
<td>$2,473 million</td>
</tr>
<tr>
<td>2023-2024</td>
<td>$2,506 million</td>
</tr>
<tr>
<td>2024-2025</td>
<td>$2,605 million</td>
</tr>
</tbody>
</table>

SECTION 40.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021-2022</td>
<td>$1,689 million</td>
</tr>
<tr>
<td>2022-2023</td>
<td>$1,727 million</td>
</tr>
<tr>
<td>2023-2024</td>
<td>$1,760 million</td>
</tr>
<tr>
<td>2024-2025</td>
<td>$1,811 million</td>
</tr>
</tbody>
</table>

SECTION 40.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a four-year revenue forecast. The first fiscal year in the four-year revenue forecast shall be the 2025-2026 fiscal year. The four-year revenue forecast developed under this subsection shall be used (i) to develop the four-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation...
CONTINGENCY FUNDS

SECTION 40.2.(a) Of the funds appropriated in this act to the Department of Transportation, twelve million dollars ($12,000,000) for each fiscal year of the 2019-2021 fiscal biennium shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 40.3. The funds appropriated in this act from the Highway Fund to the Department of Transportation for the 2019-2021 fiscal biennium for capital, repairs, and renovations are allocated as follows:

<table>
<thead>
<tr>
<th>Capital – Highway Fund</th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polk Maintenance Shop Replacement</td>
<td>$2,484,117</td>
<td>$0</td>
</tr>
<tr>
<td>Ocracoke Ferry Quarters</td>
<td>$1,190,000</td>
<td>$0</td>
</tr>
<tr>
<td>Currituck Maintenance &amp; Storage</td>
<td>$1,491,914</td>
<td>$0</td>
</tr>
<tr>
<td>Northampton County Jackson Sub-shop</td>
<td>$0</td>
<td>$5,239,960</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Repairs and Renovations – Highway Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Roof Repairs/Replacement</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Statewide Demolition of Obsolete Buildings</td>
<td>$500,000</td>
</tr>
<tr>
<td>Statewide Water and Sewer</td>
<td>$750,000</td>
</tr>
<tr>
<td>Statewide Asbestos Abatement</td>
<td>$500,000</td>
</tr>
<tr>
<td>Statewide ADA Compliance</td>
<td>$750,000</td>
</tr>
<tr>
<td>Statewide Small Office Repair and Renovation</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Statewide Security Upfits</td>
<td>$400,000</td>
</tr>
<tr>
<td>Replace 20 Rooftop HVAC Units at Century Center</td>
<td>$150,000</td>
</tr>
<tr>
<td>Art Museum Basement Concrete Repair</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

TOTAL CAPITAL, REPAIRS, AND RENOVATIONS – HIGHWAY FUND $11,716,031 $11,964,960

ADDITIONAL POWELL BILL FUNDS TO BE USED PRIMARILY FOR RESURFACING OF STREETS

SECTION 40.4. Of the funds appropriated from the Highway Fund in this act to the Department of Transportation for State Aid to Municipalities the sum of fourteen million seven hundred fifty thousand dollars ($14,750,000) in recurring funds for fiscal year 2019-2020 and the sum of twenty-nine million five hundred thousand dollars ($29,500,000) in recurring funds for fiscal year 2020-2021 shall be used by municipalities as follows: (i) at least eighty percent (80%) shall be used on the resurfacing of streets within the corporate limits of the municipality and (ii) the remaining funds may be used as authorized under G.S. 136-41.3(a).

AIRPORT IMPROVEMENT PROGRAM

SECTION 40.5.(a) Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:
§ 63-74. Airport Improvement Program.

(a) Purpose. – There is established an Airport Improvement Program (AIP) that shall serve to (i) fund improvements at eligible airports and (ii) pay debt service or related financing costs and expenses on revenue bonds or notes issued by eligible airports. The Department of Transportation shall allocate funds appropriated to this program to eligible airports based on the findings in the biennial economic impact study, as described in this section. The Department shall adopt rules governing the distribution and use of these funds.

(b) Eligible Airport. – Any publicly owned, commercial service airport with more than 10,000 passenger boardings during the two calendar years preceding the fiscal year in which funds are allocated is eligible to apply for Airport Improvement Program funds.

(c) Economic Impact Study and Distribution Formula. – The Department of Transportation shall conduct a biennial economic impact study that examines the annual economic impact of each commercial service airport in North Carolina. The Department shall disburse AIP funds appropriated in a year to each eligible airport in proportion to the total economic impact of the airport, adjusted as provided in this subsection.

(1) For an eligible airport with one of the three largest economic impacts, the airport's distribution amount shall be reduced by a percentage equal to the lesser of twenty percent (20%) or five percent (5%) multiplied by each full ten percent (10%) of economic impact calculated for that airport. The aggregate amount of the reduction to the eligible airports with the three largest economic impacts is the amount to be redistributed to the remaining eligible airports as provided in subdivision (2) of this subsection.

(2) For an eligible airport that does not have one of the three largest economic impacts, the airport's distribution amount shall be increased based upon the following formula:

a. Twenty-five percent (25%) of the redistribution amount shall be distributed equally.

b. Seventy-five percent (75%) of the redistribution amount shall be based upon the airport's share of passenger boardings compared to the total number of passenger boardings used for all airports receiving a distribution pursuant to this subdivision.

(d) Permissible Uses, Reporting, and Return of Funds. – The Department of Transportation shall not allocate funds to an airport under this section until that airport has provided a report outlining how the airport will use the funds in conformance with the purposes of the program. No later than 45 days from the date the Department receives the report required under this subsection, the Department shall make a determination whether the intended use of the funds matches the purposes of the program and, if so, allocate funds under this section to the compliant airport. An airport that receives funds under this section shall return the funds to the Department if the funds are in the possession or control of the airport and not expended or encumbered by August 31 of the year following the fiscal year in which the Department makes the allocation. All funds returned to the Department under this section, or retained by the Department for failure of an eligible airport to submit a report under this subsection, shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly.

(e) Limitation. – Notwithstanding any provision of law to the contrary, the allocation of funds under this section to eligible airports, the enactment of this section, and the issuance of bonds or notes by the airports in reliance thereon, shall not in any manner constitute a pledge of the full faith and credit and taxing power of the State. Additionally, allocations under this section are subject to the availability of funds appropriated to the Airport Improvement Program. A security interest shall not be granted in funds allocated under this section."

SECTION 40.5.(b) Section 34.19(b) of S.L. 2017-57 is repealed.
COMMISSION ON AEROSPACE AND INTELLIGENT TRANSPORTATION

SECTION 40.6.(a) Findings. – The General Assembly finds that opportunities exist for North Carolina to build on its rich aviation history, strong university research history, established aviation marketplace, as well as its unique geography for testing. North Carolina also boasts a demographic cross section for market testing that is unique and well-suited to examine urban and rural mobility needs. The State also has a strong military and National Guard presence, which could prove productive in expediting unmanned flight. The General Assembly recognizes that there are many unknown factors in this new aerospace and intelligent transportation sector.

SECTION 40.6.(b) Commission Established. – There is established the Commission on Aerospace and Intelligent Transportation (Commission) to be located administratively in the Department of Transportation, Division of Aviation. However, the Commission shall exercise all its prescribed powers and duties independently of the Department of Transportation.

SECTION 40.6.(c) Commission Membership. – The Commission shall consist of the following members:

1. The Lieutenant Governor or the Lieutenant Governor’s designee.
2. Two members of the House of Representatives appointed by the Speaker of the House of Representatives.
3. Two members of the Senate appointed by the President Pro Tempore of the Senate.
4. The Secretary of the Department of Commerce or the Secretary’s designee.
5. The Secretary of the Department of Transportation or the Secretary’s designee.

SECTION 40.6.(d) Commission Organization. – The Commission shall be organized as follows:

1. Chair. – The Lieutenant Governor or the Lieutenant Governor’s designee shall serve as Chair of the Commission.
2. Staff and consultants. – The Chair of the Commission may, with the approval of the Commission, hire staff and consultants to assist the Commission in performing the Commission’s purpose and duties.
3. Travel and subsistence. – Members, staff, and consultants of the Commission shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5 and G.S. 138-6 from funds made available to the Commission.
4. Meeting space. – With the approval of the Legislative Services Commission, space in the Legislative Building and the Legislative Office Building may be made available to the Commission.
5. Frequency of meetings and quorum. – The Commission shall meet upon the call of the Chair and shall have its first meeting no later than September 1, 2019. The Commission shall meet at least quarterly. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

SECTION 40.6.(e) Duties. – The duties of the Commission shall include the following:

1. Recommend State goals and a framework for achieving the benchmarks prescribed by the study authorized in subsection (f) of this section, and to ensure that by 2021 the appropriate funding and economic development exist in North Carolina to cultivate a culture for aerospace and intelligent transportation.
2. The Commission shall review the progress made toward the recommended goals, evaluate the strategies developed and used toward attaining those goals,
and may make additional recommendations above and beyond those laid out in the study.

SECTION 40.6.(f) Study. – The Commission shall study the following:

(1) Examine the feasibility and economic impact of creating an eVTOL (Electric Vertical Takeoff and Landing) and UAS (Unmanned Aircraft Systems) corridor in the State of North Carolina focused on research, development, and commercialization and use the emerging technology to serve the citizens of the State to improve safety, health, and overall well-being.

(2) Gather information that is available in the eVTOL and UAS fields, including commercial developments and technology initiatives, to (i) estimate the market potential, (ii) develop a point of view on opportunities, threats, and ecosystem requirements, and (iii) create a strategic advisory group to inform the strategic discussion and direction to assist the State of North Carolina in its approach to compete and win in the next generation of mobility.

(3) Conduct expert interviews with sector leaders in aviation, telecommunications, first responders, education, health, transportation, fuel technologies, emergency management, military, agriculture, city planning, state planning, and relevant venture capital entities to inform and define value-creation opportunities.

(4) Explore suppliers, demand sources (first responders, education, health care, other target industries, and individual citizens), regulatory issues, and current and emerging competitors.

(5) Consider current trends and forward-looking insights, with a focus on impact to include the following key areas: legislative or regulatory, suppliers, demand and users, participants, competitors, supporting technologies (such as fuel, connectivity, and vehicles), and infrastructure requirements.

SECTION 40.6.(g) Authorization to Contract Vendor to Perform Study. – The Commission may contract with any qualified vendor to perform the study authorized in subsection (f) of this section without complying with the provisions of Article 3, Article 3C, and Article 3D of Chapter 143 of the General Statutes or any other provision of law to the contrary.

SECTION 40.6.(h) EVTOL Summit. – Based on the findings from the study authorized under subsection (f) of this section, the Commission shall by July 31, 2020, organize and implement an eVTOL Summit in North Carolina. The Summit will coordinate with stakeholders who have verified Federal Aviation Administration (FAA) proof of concept eVTOL vehicles that meet the criteria of viable vehicles for North Carolina that are recommended in the study.

SECTION 40.6.(i) Report. – By October 1, 2020, the Commission shall report the findings from the study required under subsection (f) of this section and the eVTOL Summit authorized under subsection (h) of this section, including any legislative recommendations, to the chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

SECTION 40.6.(j) Funds. – Of the funds appropriated in this act from the Highway Fund to the Department of Transportation, the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for fiscal year 2019-2020 may be used for the study authorized in subsection (f) of this section, and the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for fiscal year 2019-2020 may be used by the Commission to implement the eVTOL Summit and pay for administrative costs, stipends, travel, and public relation costs associated with the Commission's duties.

SECTION 40.6.(k) Reversion. – Any unexpended or unencumbered funds in subsection (j) of this section shall not revert to the Highway Fund on June 30, 2020, but shall
remain available to the Commission for the purposes authorized in this section until November 1, 2020.

**SECTION 40.6.(l) Expiration.** – This section expires November 1, 2020.

**BUDGETING DOT LEGISLATIVE SALARY INCREASES**

**SECTION 40.7.(a)** The amount of funds appropriated for legislative salary increases for employees of the Department of Transportation (Department) shall be budgeted on a recurring basis in the correct Fund Code that corresponds to the positions in which it supports. Any transfer and use of the funds for any other purpose shall be done on a nonrecurring basis.

**SECTION 40.7.(b)** The Department shall report to the Joint Legislative Oversight Committee on Transportation the amount allocated to each division or unit no more than 30 days after an allocation has occurred.

**BRIDGE NAMING**

**SECTION 40.8.** Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate the bridge described in the subdivision below as follows:

  (1) The bridge over Stanley Creek on Black Snake Road between Millman Road and Chestnut Street Extension located in the Town of Stanley in Gaston County as the "Lance Corporal Nicholas S. O'Brien, U.S.M.C. Bridge."

**CODIFY MOBILITY/MODERNIZATION FUND**

**SECTION 40.9.(a)** Chapter 136 of the General Statutes is amended by adding a new Article to read:

"Article 14C.

"Mobility/Modernization Fund.

§ 136-189.20. Spot Mobility Program.

(a) Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, forty percent (40%) of the funds shall be used for a Spot Mobility Program that shall be managed by the State Traffic Engineer of the Department of Transportation. The purpose of the Spot Mobility Program is to provide funding for small projects that will reduce traffic congestion and vehicular delay times. The Department shall develop a quantitative, evidence-based formula to use in selecting projects to receive funding from the Spot Mobility Program. At a minimum, the Department shall consider all of the following in developing the formula required by this section:

  (1) The travel-time savings resulting from the proposed project.
  (2) Reductions to motor vehicle queues resulting from the proposed project.
  (3) The service life of the proposed project.
  (4) The benefit-cost ratio of the proposed project.

(b) In selecting projects to receive funding from the Spot Mobility Program, the Department shall give preference to projects that will improve access from the State highway system to a school. For purposes of this section, the term "school" means any facility engaged in the educational instruction of children in any grade or combination of grades from kindergarten through the twelfth grade at which attendance satisfies the compulsory attendance law and includes charter schools as authorized under G.S. 115C-218.5.

§ 136-189.21. Economic development; small construction; industrial access.

Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, twelve percent (12%) of the funds shall be used for the following purposes:

(1) To allocate to the Economic Development Fund to be used for prioritized transportation improvements and infrastructure that expedite commercial growth as well as either job creation or job retention.
For small construction projects recommended by the Chief Engineer in consultation with the Chief Operating Officer and approved by the Secretary of Transportation. Funds used in accordance with this subdivision shall be allocated equally among the 14 Highway Divisions for small construction projects.

To use for the development and expansion of access roads to industrial facilities.


Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, forty-eight percent (48%) of the funds shall be used for construction projects that are high impact and low cost. The funds shall be allocated equally among the 14 Highway Divisions. Projects funded under this section include intersection improvement projects, minor widening projects, and operational improvement projects. The Department shall develop a quantitative, evidence-based formula to use in selecting projects to receive funding under this section. At a minimum, the Department shall consider all of the following in developing the formula required by this section:

(1) The average daily traffic volume of a roadway and whether the proposed project will generate additional traffic.
(2) Any restrictions on a roadway.
(3) Any safety issues with a roadway.
(4) The condition of the lanes, shoulders, and pavement on a roadway.
(5) The site distance and radius of any intersection on a roadway.


The Department shall submit to the Joint Legislative Transportation Oversight Committee and to Fiscal Research Division an annual report beginning March 1, 2020, detailing: (i) the formulas developed under this article, (ii) the types of projects funded under this article, and (iii) the total amount of funding allocated to each project funded under this article.”

STI/AUTHORIZE DOT TO PROVIDE FINANCIAL SUPPORT FOR BICYCLE AND PEDESTRIAN IMPROVEMENTS

SECTION 40.10. G.S. 136-189.11(d)(3)c. reads as rewritten:

"c. Bicycle and pedestrian limitation. – The Department shall not be authorized to provide financial support for independent bicycle and pedestrian improvement projects, except for projects as a proportional match to federal funds administered by the Department for that purpose. Eligibility is determined by the population listed in the most recent State Aid to Municipalities report or, if the municipality is not included in the report, by certified letter:

1. Municipalities with a population of 25,000 or less are eligible for a fifteen percent (15%) State match of total project cost. The required local match is five percent (5%).
2. Municipalities with a population of more than 25,000 but less than or equal to 50,000 shall be eligible for a ten percent (10%) State match of total project cost. The required local match is ten percent (10%).
3. Municipalities with a population of greater than 50,000 are ineligible for State matching funds.

This sub-subdivision shall not apply to funds allocated to a municipality pursuant to G.S. 136-41.1 that are committed by the
municipality as matching funds for federal funds administered by the Department and used for bicycle and pedestrian improvement projects. This limitation shall not apply to funds authorized for projects in the State Transportation Improvement Program that are scheduled for construction as of October 1, 2013, in State fiscal year 2012-2013, 2013-2014, or 2014-2015."

**STI/REVISE LIGHT RAIL LIMITATIONS**

**SECTION 40.11.(a)** G.S. 136-189.10 reads as rewritten:


(2) Division needs projects. – Includes only the following:

   e. Public transportation service not included in subdivision (3) or (4) of this section. This sub-subdivision includes commuter rail, intercity rail, and light rail. Nothing in this sub-subdivision shall be construed as authorizing total State funding in excess of the maximum established in sub-subdivision g. of subdivision (3) of this section for commuter rail and light rail projects.

(3) Regional impact projects. – Includes only the following:

   g. Public transportation service that spans two or more counties and that serves more than one municipality. Programmed funds pursuant to this sub-subdivision shall not exceed ten percent (10%) of any distribution region allocation. This sub-subdivision includes commuter rail, intercity rail, and light rail. Total State funding for a commuter rail or light rail project shall not exceed the lesser of ten percent (10%) of the distribution region allocation or ten percent (10%) of the estimated total project costs used during the prioritization scoring process. The State shall not be responsible or liable for any project costs in excess of the maximum established under this sub-subdivision. Any agreement entered into by the State to fund a commuter rail or light rail project shall include language setting out the limitations set forth in this sub-subdivision.

......"

**SECTION 40.11.(b)** G.S. 136-189.11(d1) is repealed.

**DMV/HEARINGS UNIT ALIGNMENT**

**SECTION 40.12.(a)** Revised Budget. – The Office of State Budget and Management, in consultation with the Division of Motor Vehicles, shall adjust the Hearing Unit's certified budget for the 2019-2020 fiscal year to correctly align total requirements and receipts to reflect the requirement set forth in Section 34.9 of S.L. 2014-100, as amended by Section 29.30A of S.L. 2015-241 and Section 34.32 of S.L. 2017-57, that all functions, activities, and personnel associated with administering and conducting the hearings be fully receipt-supported from the fee proceeds collected by the Hearings Unit.

**SECTION 40.12.(b)** Report. – The Division of Motor Vehicles is required to report on any organizational changes occurring on or after October 1, 2018, to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation,
and the Fiscal Research Division. This report shall be submitted by November 1, 2019, and shall include the following:

(1) The role and responsibilities of each full-time equivalent (FTE) moved in or out of Fund Code 1304.
(2) The budgeted salary and benefits of each FTE moved in or out of Fund Code 1304.
(3) Justification of movement in or out of Fund Code 1304.
(4) Funding source before and after move, including Fund Code.
(5) The certified budget for the 2019-2020 fiscal year with total requirements, receipts, and FTEs.

DMV/ONLINE PERFORMANCE DASHBOARD TO INCLUDE DMV REGISTRATIONS OF HYBRID AND ELECTRIC VEHICLES

SECTION 40.13.(a) Expand Performance Dashboard. – The Department of Transportation shall expand its performance dashboard available on the Department's home page of the Department's Web site to track the following information about the Division of Motor Vehicles:

(1) The number of hybrid vehicle registrations issued per month and year-to-date.
(2) The number of hybrid vehicle registrations renewed per month and year-to-date.
(3) The number of plug-in electric vehicle registrations issued per month and year-to-date.
(4) The number of plug-in electric vehicle registrations renewed per month and year-to-date.

SECTION 40.13.(b) Definitions. – For purposes of this section, (i) a hybrid vehicle is one that is capable of being propelled, at least in part by electricity, but is also capable of using motor fuel to propel the vehicle and (ii) a plug-in electric motor vehicle is as defined in G.S. 20-4.01.

SECTION 40.13.(c) Implementation Date. – The expansion of the Department's performance dashboard required under subsection (a) of this section shall be completed by October 1, 2019.

DMV/REDUCE NUMBER OF YEARS FOR A VEHICLE TO QUALIFY FOR AN ANTIQUE REGISTRATION PLATE

SECTION 40.14. G.S. 20-79.4(b)(94) reads as rewritten:

"(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least 35 years old—25 years old measured from the date of manufacture. The plate for an historic vehicle shall bear the word "Antique" unless the vehicle is a model year 1943 or older. The plate for a vehicle that is a model year 1943 or older shall bear the word "Antique" or the words "Horseless Carriage", at the option of the vehicle owner."

DMV/REGISTRATION FEES FOR ELECTRIC AND HYBRID VEHICLES

SECTION 40.15.(a) Effective January 1, 2020, and applicable to initial registrations and registrations due for renewal on or after that date, G.S. 20-87 reads as rewritten:

"§ 20-87. Passenger vehicle registration fees.

These fees shall be paid to the Division annually for the registration and licensing of passenger vehicles, according to the following classifications and schedules:

…

(13) Additional fee for certain electric vehicles. – At the time of an initial registration or registration renewal, the owner of a plug-in electric vehicle that
is not a low-speed vehicle and that does not rely on a nonelectric source of
power shall pay a fee in the amount of one hundred thirty dollars ($130.00)
one hundred seventy dollars ($170.00) in addition to any other required
registration fees.

(14) Additional fee for plug-in hybrid vehicles. – At the time of an initial
registration or registration renewal, the owner of a plug-in hybrid vehicle shall
pay a fee in the amount of eighty-seven dollars and fifty cents ($87.50) in
addition to any other required registration fees. For purposes of this
subdivision, the term "plug-in hybrid vehicle" means a vehicle that has a
battery that can propel the vehicle using only an electric motor until the battery
is depleted and that has an onboard gasoline engine that can independently
propel the vehicle, recharge the battery, or both."

SECTION 40.15.(b) Effective January 1, 2021, and applicable to initial registrations
and registrations due for renewal on or after that date, G.S. 20-87, as rewritten by subsection (a)
of this section, reads as rewritten:

"§ 20-87. Passenger vehicle registration fees.
These fees shall be paid to the Division annually for the registration and licensing of
passenger vehicles, according to the following classifications and schedules:

…

(13) Additional fee for certain electric vehicles. – At the time of an initial
registration or registration renewal, the owner of a plug-in electric vehicle that
is not a low-speed vehicle and that does not rely on a nonelectric source of
power shall pay a fee in the amount of one hundred seventy dollars ($170.00)
two hundred dollars ($200.00) in addition to any other required registration
fees.

(14) Additional fee for plug-in hybrid vehicles. – At the time of an initial
registration or registration renewal, the owner of a plug-in hybrid vehicle shall
pay a fee in the amount of eighty-seven dollars and fifty cents ($87.50) one
hundred twelve dollars and fifty cents ($112.50) in addition to any other
required registration fees. For purposes of this subdivision, the term "plug-in
hybrid vehicle" means a vehicle that has a battery that can propel the vehicle
using only an electric motor until the battery is depleted and that has an
onboard gasoline engine that can independently propel the vehicle, recharge
the battery, or both."

SECTION 40.15.(c) Effective January 1, 2022, and applicable to initial registrations
and registrations due for renewal on or after that date, G.S. 20-87, as rewritten by subsection (b)
of this section, reads as rewritten:

"§ 20-87. Passenger vehicle registration fees.
These fees shall be paid to the Division annually for the registration and licensing of
passenger vehicles, according to the following classifications and schedules:

…

(14) Additional fee for plug-in hybrid vehicles. – At the time of an initial
registration or registration renewal, the owner of a plug-in hybrid vehicle shall
pay a fee in the amount of one hundred twelve dollars and fifty cents ($112.50)
one hundred thirty-seven dollars and fifty cents ($137.50) in addition to any other
required registration fees. For purposes of this subdivision, the term "plug-in
hybrid vehicle" means a vehicle that has a battery that can propel the vehicle
using only an electric motor until the battery is depleted and that has an
onboard gasoline engine that can independently propel the vehicle, recharge
the battery, or both."
§ 20-4.02. Quadrennial adjustment.

Adjustment of certain fees and rates.

(a) Quadrennial Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter, the Division shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection for inflation in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection shall be rounded to the nearest cent and all other adjustments under this subsection shall be rounded to the nearest twenty-five cents (25¢):

... (11) G.S. 20-87, except for the additional fee set forth in G.S. 20-87(6) for private motorcycles, motorcycles, G.S. 20-87(13) for electric vehicles, and G.S. 20-87(14) for plug-in hybrid vehicles.

... (b1) Annual Adjustment of Registration Fees for Electric and Hybrid Vehicles. – Beginning January 1, 2023, and every year thereafter, the Division shall adjust the registration fee imposed by G.S. 20-87(13) and G.S. 20-87(14) pursuant to the following formula. The registration fee shall be the amount for the preceding calendar year, multiplied by a percentage. The percentage is one hundred percent (100%) plus or minus the sum of the following:

(1) The percentage change in population for the applicable calendar year, as estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

(2) The annual percentage change in the Consumer Price Index for All Urban Consumers, multiplied by twenty-five percent (25%). For purposes of this subdivision, "Consumer Price Index for All Urban Consumers" means the United States city average for energy index contained in the detailed report released in October prior to the applicable calendar year by the Bureau of Labor Statistics of the United States Department of Labor or data determined by the Secretary to be equivalent.

... (d) Consultation and Publication. – At least 90 days prior to making an adjustment pursuant to subsection (a) and subsection (b1) of this section, and notwithstanding any provision of G.S. 12-3.1 to the contrary, the Division shall (i) consult with the Joint Legislative Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations Committee on Department of Transportation and the House of Representatives Appropriations Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the offices of the Division and on the Division's Web site.

"..."

SECTION 40.15.(d1) Notwithstanding any other provision of law, for the 2019-2021 biennium, fees collected under subdivisions G.S. 20-87(13) and G.S. 20-87(14), as enacted by this act, are appropriated to the General Maintenance Reserve fund.

SECTION 40.15.(e) Except as otherwise provided, this section is effective January 1, 2020.

DMV/STUDY REGISTRATION FEES FOR ALTERNATIVE FUEL MOTOR VEHICLES

SECTION 40.16.(a) Study Determining Amount. – The Division of Motor Vehicles (Division) shall study the feasibility of determining the amount of a registration fee owed under G.S. 20-87 for a motor vehicle using an alternative fuel source based on the actual usage of the vehicle.

SECTION 40.16.(b) Study Payment Method. – The Division shall study the feasibility of allowing the payment of a registration fee imposed under G.S. 20-87 for a motor vehicle using an alternative fuel source in installments instead of a lump sum.
SECTION 40.16.(c) Report. – The Division shall report the findings of the study required under subsection (a) of this section, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee by January 31, 2021. The Division shall report the findings of the study required under subsection (b) of this section, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee by January 15, 2020.

DMV/RFP FOR NEW OFFICE SPACE FOR DMV RAILEIGH STATE LICENSE PLATE AGENCY AND REPORTS RELATED TO MOVE FROM NEW BERN AVENUE BUILDING

SECTION 40.17.(a) The Department of Administration (Department) is directed to review the inventory of State-owned office space in the City of Raleigh for purposes of relocating the Division of Motor Vehicles State License Plate Agency located on New Bern Avenue. If by November 1, 2019, the Department is unable to locate suitable office space, the Department shall issue a request for proposal (RFP) within 30 days seeking new office space for lease or purchase for the State License Plate Agency. The geographic scope of the RFP shall be the City of Raleigh.

SECTION 40.17.(b) By January 15, 2020, the Department, in consultation with the Division of Motor Vehicles (Division), shall submit a report to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division containing the following information: (i) results of the review of State-owned office space in the City of Raleigh suitable for the State License Plate Agency, (ii) the RFP issued and a summary of all responses to the RFP, and (iii) the estimated cost to relocate the State License Plate Agency.

SECTION 40.17.(c) At least 30 days prior to approval by the Council of State of the lease or purchase of new office space for the State License Plate Agency, the Department of Administration shall submit a report to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division detailing the agreement.

SECTION 40.17.(d) By January 15, 2021, the Division shall submit a report to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division containing the following information: (i) an itemized list of expenses associated with the Division Headquarters relocation, (ii) an itemized list of expenses associated with State License Plate Agency relocation, and (iii) lease rates and agreements for both locations.

SECTION 40.17.(e) The Division of Motor Vehicles shall examine the anticipated attrition of Division headquarters' employees and determine the cost of recruiting, replacing, and training new employees. Additionally, the Division shall analyze the total cost to the employees who remain with the Division and commute to Rocky Mount from the Triangle area. The Division shall report on any transportation assistance and other compensation considerations for those Division employees. The Division shall report on the anticipated total cost to the Division to relocate to Rocky Mount, itemized by: packing and moving, furniture purchases, information technology set up, security equipment purchases, and other upfitting requirements. The Division shall report to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division by October 1, 2019.

DMV/TOWN OF MARSHALL
SECTION 40.18. The Division of Motor Vehicles is directed to reopen a Division office in the Town of Marshall, with the same hours of operation and services the office had provided before it closed, by September 1, 2019.

FERRY/PASSENGER FERRY FUNDS

SECTION 40.19. The Department of Transportation, Ferry Division, may enter into a contract to lease a ferry vessel for operation between Hatteras and Ocracoke from May 24, 2019, to September 2, 2019, without complying with the provisions of Article 8 of Chapter 143 of the General Statutes, G.S. 136-28.1, or any other provision of law to the contrary.

TRANSPORTATION NETWORK COMPANY PRIVILEGE TAX

SECTION 40.20.(a) Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 5J. Transportation Network Company Tax.

§ 105-187.91. Definitions. The definitions in G.S. 105-164.3 apply to this Article, and the following definition applies to this Article:

(1) Transportation network company. – Defined in G.S. 20-280.1.

§ 105-187.92. Tax imposed. A privilege tax is imposed on a transportation network company at a rate of seven percent (7%) of the gross receipts derived from intrastate services rendered by the company. These taxes are in addition to all other taxes.

§ 105-187.93. Administration. The taxes imposed in this Article shall be collected and administered in the same manner as the State sales and use taxes imposed by Article 5 of this Chapter.

§ 105-187.94. Exemptions and refunds. Except for the exemption for sales a state cannot constitutionally tax, the exemptions and refunds allowed in Article 5 of this Chapter do not apply to the taxes imposed by this Article.

§ 105-187.95. Use of tax proceeds. The Secretary must credit the taxes collected under this Article, less the Department of Revenue's allowance for administrative expenses, to the Highway Fund. The Secretary may retain the Department's cost of collection, not to exceed one hundred thousand dollars ($100,000) a year, as reimbursement to the Department."

SECTION 40.20.(b) For the 2019-2021 biennium, of the taxes credited to the Highway Fund under G.S. 105-187.95, as enacted by this section, up to ten million dollars ($10,000,000) is appropriated for the Contract Resurfacing fund. Any taxes credited to the Highway Fund in excess of ten million dollars ($10,000,000) is appropriated to the General Maintenance Reserve fund.

REPORT ON FUNDS APPROPRIATED FOR USE ON RAIL INFRASTRUCTURE

SECTION 40.21.(a) On or before March 1, 2020, and every year thereafter until the project is complete, the Department of Transportation shall submit an itemized report detailing the use of the funds appropriated for the Global TransPark Connector to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division.

SECTION 40.21.(b) On or before March 1, 2020, the Department of Transportation shall submit an itemized report detailing the use of the funds appropriated for the Piedmont locomotives and cars to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on Transportation, the House of Representatives Appropriations Committee on Transportation, and the Fiscal Research Division.
Committee on the Department of Transportation, and the Fiscal Research Division. The report shall include the overhaul policy for locomotives, a locomotives overhaul schedule with budget requirements, and amount of funds expended and/or committed for overhaul activities.

SECTION 40.21.(c) On or before March 1, 2020, the Department of Transportation shall submit an itemized report detailing the use of the funds appropriated for the train station maintenance needs to the Joint Legislative Transportation Oversight Committee, the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division. The report shall include the eligibility requirements of stations, methodology in allocating funds to stations, allowed uses of funds, and amount of funds expended and/or committed for projects.

Funds for Selma Union Station Depot

SECTION 40.22. Of the funds appropriated in this act to the Department of Transportation for train station maintenance, the sum of two hundred fifty-seven thousand five hundred dollars ($257,500) in nonrecurring funds shall be allocated to the Selma Union Station Depot.

Funds to Conduct a Study of Ports and a Supply Chain Analysis for Offshore Wind Energy

SECTION 40.23.(a) The Department of Transportation (Department) shall conduct a study of State ports and other transportation infrastructure to identify existing assets, current capabilities, and needed investments to assist in providing services for cargo, transportation, and trade, and to identify potential improvements to enhance the ability of the State to facilitate and foster the growth of offshore wind supply chain industries in North Carolina. In conducting the study, the Department shall consult with the North Carolina State Ports Authority and may engage local government entities and other stakeholders with relevant expertise as the Department deems appropriate.

SECTION 40.23.(b) The Department shall conduct an economic development study to evaluate the State's business advantages, economic climate, workforce readiness, ports and transportation assets studied in subsection (a) of this section, and any other relevant State assets to create a roadmap for North Carolina to effectively compete in attracting offshore wind energy supply chain industries to the State. In conducting this economic development study and in creating a roadmap, the Department shall consider at least all of the following:

1. Identification and characterization of discrete segments within the offshore wind supply chain, including major manufacturing operations, specialty component manufacturing, component assembly, and ancillary services for future offshore wind energy projects along the east coast of the United States.
2. Estimated number and type of direct manufacturing jobs.
3. Potential ancillary economic benefits.
4. Potential industry investment in North Carolina and opportunities for rural economic development.
5. Highest impact investment opportunities to produce the largest net economic benefit.
6. Potential benefits to local tax bases.
7. Expected additional contribution to State economic output.
8. Any additional information the Department identifies as relevant to the conduct of its study.

SECTION 40.23.(c) The Department shall submit the reports and the roadmap described in this section, and any legislative recommendations, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on or before March 1, 2020.
SECTION 40.23.(d) Of the funds appropriated in this act to the Department of Transportation for NC Ports Authority, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds shall be allocated to conduct the studies and create a roadmap described in this section.

PART XLI. FINANCE

INCREASE STANDARD DEDUCTION

SECTION 41.1.(a) G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Standard Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married, filing jointly/surviving spouse</td>
<td>$20,000</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$15,000</td>
</tr>
<tr>
<td>Single</td>
<td>$10,000</td>
</tr>
<tr>
<td>Married, filing separately</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

SECTION 41.1.(b) This section is effective for taxable years beginning on or after January 1, 2021.

INCOME EXCLUSION FOR IRA DISTRIBUTIONS TO CHARITIES BY TAXPAYERS AGE 70 1/2 OR OLDER

SECTION 41.2.(a) G.S. 105-153.5(a)(2)a. reads as rewritten:

"a. Charitable Contribution. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year. For taxable years beginning on or after 2014-2014 through 2018, a taxpayer who elected to take the income exclusion under section 408(d)(8) of the Code for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 1/2 may deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion."

SECTION 41.2.(b) G.S. 105-153.5(c2)(3) reads as rewritten:

"(3) For taxable years beginning on or after 2014, 2014 through 2018, the taxpayer must add the amount excluded from the taxpayer's gross income for a qualified charitable distribution from an individual retirement plan by a person who has attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law."

SECTION 41.2.(c) This section is effective when it becomes law.

FRANCHISE TAX CHANGES

SECTION 41.3.(a) G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, the greater of the following:

1. A franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) set in G.S. 105-122(d2) per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00)."
(2) If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate of one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) on the greater of the following: the total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d),

a. Fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d),

b. The total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).

SECTION 41.3.(b) G.S. 105-122(d)(2) is repealed.

SECTION 41.3.(c) G.S. 105-122(d)(2) reads as rewritten:

"(d2) Tax Rate. – For an electric power company or a company that is a member of a qualified group, the tax rate is one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the company's tax base as determined under subsection (d) of this section. For purposes of this subsection, the term "electric power company" has the same meaning as defined in G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more members that is an electric power company.

For a C Corporation, for all other C Corporations, as defined in G.S. 105-130.2, the tax rate is one dollar and fifty cents ($1.50) – one dollar and thirty cents ($1.30) per one thousand dollars ($1,000) of the corporation's tax base as determined under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars ($200.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and fifty cents ($1.50) – one dollar and thirty cents ($1.30) per one thousand dollars ($1,000) of its tax base that exceeds one million dollars ($1,000,000). In no event may the tax imposed by this section be less than two hundred dollars ($200.00)."

SECTION 41.3.(d) G.S. 105-122(d)(2), as amended by subsection (c) of this section, reads as rewritten:

"(d2) Tax Rate. – For an electric power company or a company that is a member of a qualified group, the tax rate is one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the company's tax base as determined under subsection (d) of this section. For purposes of this subsection, the term "electric power company" has the same meaning as defined in G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more members that is an electric power company.

For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is one dollar and thirty cents ($1.30) – one dollar ($1.00) per one thousand dollars ($1,000) of the corporation's tax base as determined under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars ($200.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and thirty cents ($1.30) – one dollar ($1.00) per one thousand dollars ($1,000) of its tax base that exceeds one million dollars ($1,000,000). In no event may the tax imposed by this section be less than two hundred dollars ($200.00)."

SECTION 41.3.(e) G.S. 105-122(d)(2), as amended by subsections (c) and (d) of this section, reads as rewritten:

"(d2) Tax Rate. – For an electric power company or a company that is a member of a qualified group, the tax rate is one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of the company's tax base as determined under subsection (d) of this section. For purposes of this subsection, the term "electric power company" has the same meaning as defined in G.S. 105–
130.4(s3) and the term "qualified group" means an affiliated group that has one or more members that is an electric power company.

For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is one dollar ($1.00) per one thousand dollars ($1,000) of the corporation's tax base as determined under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars ($200.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar ($1.00) per one thousand dollars ($1,000) of its tax base that exceeds one million dollars ($1,000,000).

In no event may the tax imposed by this section be less than two hundred dollars ($200.00)."

SECTION 4

1.3.(f) Subsections (a) through (c) of this section are effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of this section is effective for taxable years beginning on or after January 1, 2027, and applicable to the calculation of franchise tax reported on the 2026 and later corporate income tax returns. Except as otherwise provided, this section is effective when it becomes law.

USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX APPORTIONMENT

SECTION 41.4.(a) G.S. 105-130.4 reads as rewritten:

"§ 105-130.4. Allocation and apportionment of income for corporations.

…

(i) Sales Factor. – The sales factor is a fraction, the numerator of which is the total sales of the corporation in this State during the income year, and the denominator of which is the total sales of the corporation everywhere during the income year. Notwithstanding any other provision under this Part, the receipts from any casual sale of property shall be excluded from both the numerator and the denominator of the sales factor. Where a corporation is not taxable in another state on its apportionable income but is taxable in another state only because of nonapportionable income, all sales shall be treated as having been made in this State.

Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market for a receipt cannot be determined, the state or states of assignment shall be reasonably approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts of a sale are to be assigned through the use of a method of reasonable approximation, the receipts must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided by this section, a taxpayer's market for receipts is in this State as provided below:

(1) In the case of sale, rental, lease, or license of real property, if and to the extent the property is located in this State,

(2) Sales of tangible personal property are in this State if the property is received in this State by the purchaser. In the case of delivery of goods by common carrier or by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed shall be considered as the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person or firm designated by a purchaser from within or without the State shall constitute delivery to the purchaser in this State. In the case of rental, lease, or license of tangible personal property, if and to the extent the property is located in this State,

(3) Other sales are in this State if any of the following occur: In the case of sale of tangible personal property, if and to the extent the property is received in this State by the purchaser. In the case of delivery of goods by common carrier or
by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed is considered the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person or firm designated by a purchaser from within or without the State constitutes delivery to the purchaser in this State.

a. The receipts are from real or tangible personal property located in this State, and includes receipts from incidental services sold as part of, or in connection with, the sale of tangible personal property in this State.
b. The receipts are from intangible property and are received from sources within this State.
c. The receipts are from services and the income-producing activities are in this State. For the purposes of this subdivision, an "income-producing activity" means an activity directly performed by the taxpayer or its agents for the ultimate purpose of generating the sale of the service. Receipts from income-producing activities performed within and without this State are attributed to this State in proportion to the income-producing activities performed in this State to total income-producing activities performed everywhere that generate the sale of service.

(4) In the case of sale of a service, if and to the extent the service is delivered to a location in this State.

(5) In the case of intangible property that is rented, leased, or licensed, if and to the extent the property is used in this State. Intangible property utilized in marketing a good or service to a consumer is "used in this State" if that good or service is purchased by a consumer who is in this State.

(6) In the case of intangible property that is sold, if and to the extent the property is used in this State. A contract right, government license, or similar intangible property that authorized the holder to conduct a business activity in a specific geographic area is "used in this State" if the geographic area includes all or part of this State. Receipts from a sale of intangible property that is contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts from the rental, lease, or licensing of the intangible property as provided under subdivision (5) of this subsection. All other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the sales factor.

(1) Wholesale Content Distributors. – A whole content distributor's market for receipts is in this State as provided in G.S. 105-130.4A. In no event may the amount of income apportioned to this State be less than the amount determined under this subsection. The amount determined under this subsection is the total domestic gross receipts of the wholesale content distributor from advertising and licensing activities multiplied by two percent (2%). For purposes of this section, the term "wholesale content distributor" has the same meaning as defined in G.S. 105-130.4A.

(2) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4B. For purposes of this section, the term "bank" has the same meaning as defined in G.S. 105-130.4B.

(3) Electric Power Company. – All apportionable income of an electric power company shall be apportioned by a fraction, the numerator of which is the average value of the real and tangible personal property owned or rented and used in this State by the electric power company during the income year and the denominator of which is the average value of all the real and
tangible personal property owned or rented and used by the electric power company during the income year. For purposes of this subsection, the term "electric power company" is a company, including any of its wholly owned noncorporate limited liability companies, primarily engaged in the business of supplying electricity for light, heat, current, or power to persons in this State and that is subject to control of one or more of the following entities: the North Carolina Utilities Commission or the Federal Energy Regulatory Commission.

For purposes of this subsection, the average value of real and tangible personal property owned or rented by an electric power company is determined as follows:

1. The average value of property shall be determined by averaging the values at the beginning and end of the income year, but in all cases the Secretary may require the averaging of monthly or other periodic values during the income year if reasonably required to reflect properly the average value of the corporation's property.

2. An electric power company that ceases its operations in this State before the end of its income year because of its intention to dissolve or to relinquish its certificate of authority, or because of a merger, conversion, or consolidation, or for any other reason whatsoever shall use the real estate and tangible personal property values as of the first day of the income year and the last day of its operations in this State in determining the average value of property, but the Secretary may require averaging of monthly or other periodic values during the income year if reasonably required to reflect properly the average value of the electric power company's property.

3. Property owned by an electric power company is valued at its original cost.

4. Property rented by an electric power company is valued at eight times the net annual rental rate.

5. Net annual rental rate is the annual rental rate paid by an electric power company less any annual rental rate received by the electric power company from sub-rentals except that sub-rentals shall not be deducted when they constitute apportionable income.

6. Any property under construction and any property the income from which constitutes nonapportionable income shall be excluded from the computation of the average value of an electric power company's real and tangible personal property.

..."

SECTION 41.4.(b) Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

§ 105-130.4A. Market-based sourcing for wholesale content distributors.

(a) Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply to this section:

1. Customer. – A person who has a direct contractual relationship with a wholesale content distributor from whom the wholesale content distributor derives gross receipts, including a business customer such as an advertiser or licensee and an individual customer that directly subscribes with the wholesale content distributor for access to film programming.

2. Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.

3. Wholesale content distributor. – A broadcast television network, a cable program network, or any television distribution company owned by, affiliated with, or under common ownership with any such network. The term does not mean or include a multi-channel video programming distributor or a distributor of subscription-based Internet programming services.
(b) Market for Receipts. – The receipts factor of a wholesale content distributor is a fraction, the numerator of which is the sum of the wholesale content distributor's gross receipts from transactions and activity in the regular course of its trade or business from sources within the State and the denominator of which is the sum of the wholesale content distributor's gross receipts from transactions and activity in the regular course of its trade or business everywhere. A wholesale content distributor's receipts from transactions and activities in the regular course of its business, including, but not limited to, advertising, licensing, and distribution activities, but excluding receipts from the sale of real property or tangible personal property, are in this State if derived from a business customer whose commercial domicile is in this State. Receipts derived from an individual customer are in this State if the billing address of the individual customer as listed in the broadcaster's books and records is in this State."

SECTION 41.4.(c) Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.4B. Market-based sourcing for banks.

(a) Definitions. – The definitions in G.S. 105-130.4 apply to this section and the following definitions apply to this section:

(1) Bank. – Defined in G.S. 105-130.7B.

(2) Billing address. – The location indicated in the books and records of the taxpayer on the first day of the taxable year, or on the date in the taxable year when the customer relationship began, as the address where any notice, statement, or billing relating to the customer's account is mailed.

(3) Borrower, cardholder, or payor located in this State. – A borrower, credit cardholder, or payor whose billing address is in this State.

(4) Card issuer's reimbursement fee. – The fee a taxpayer receives from a merchant's bank because one of the persons to whom the taxpayer has issued a credit, debit, or similar type of card has charged merchandise or services to the card.

(5) Credit card. – A card, or other means of providing information, that entitles the holder to charge the cost of purchases, or a cash advance against a line of credit.

(6) Debit card. – A card, or other means of providing information, that enables the holder to charge the cost of purchases, or a cash withdrawal, against the holder's bank account or a remaining balance on the card.

(7) Loan. – Any extension of credit resulting from direct negotiations between the taxpayer and its customer, and/or the purchase, in whole or in part, of such an extension of credit from another. The term includes participations, syndications, and leases treated as loans for federal income tax purposes.

(8) Loan secured by real property. – A loan or other obligation of which fifty percent (50%) or more of the aggregate value of the collateral used to secure the loan or other obligation, when valued at fair market value as of the time the original loan or obligation was incurred, was real property.

(9) Merchant discount. – The fee, or negotiated discount, charged to a merchant by the taxpayer for the privilege of participating in a program whereby a credit, debit, or similar type of card is accepted in payment for merchandise or services sold to the cardholder, net of any cardholder chargeback and unreduced by any interchange transaction or issuer reimbursement fee paid to another for charges or purchased made by its cardholder.

(10) Participation. – An extension of credit in which an undivided ownership interest is held on a prorated basis in a single loan or pool of loans and related collateral. In a loan participation, the credit originator initially makes the loan
and then subsequently resells all or a portion of it to other lenders. The participation may or may not be known to the borrower.

(11) Payor. – The person who is legally responsible for making payment to the taxpayer.

(12) Real property owned. – Real property (i) on which the taxpayer may claim depreciation for federal income tax purposes or (ii) to which the taxpayer holds legal title and on which no other person may claim depreciation for federal income tax purposes or could claim depreciation if subject to federal income tax. Real property does not include coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

(13) Syndication. – An extension of credit in which two or more persons fund and each person is at risk only up to a specified percentage of the total extension of credit or up to a specified dollar amount.

(14) Tangible personal property owned. – Tangible personal property (i) on which the taxpayer may claim depreciation for federal income tax purposes or (ii) to which the taxpayer holds legal title and on which no other person may claim depreciation for federal income tax purposes could claim depreciation if subject to federal income tax. Tangible personal property does not include coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

(15) Transportation property. – Vehicles and vessels capable of moving under their own power as well as any equipment or containers attached to such property. Examples of transportation property include aircraft, trains, water vessels, motor vehicles, rolling stock, barges, and trailers.

(b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is the total receipts of the taxpayer in this State during the income year, and the denominator of which is the total receipts of the taxpayer everywhere during the income year. The method of calculating receipts for purposes of the denominator is the same as the method used in determining receipts for purposes of the numerator. The receipts factor includes only those receipts described herein that are apportionable income for the taxable year. Notwithstanding any other provision under this Part, the receipts from the following are excluded from both the numerator and the denominator of the receipts factor:

(1) Receipts from a casual sale of property.
(2) Receipts exempt from taxation.
(3) The portion of receipts realized from the sale or maturity of securities or other obligations that represents a return of principal.
(4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a) and (3b) and dividends excluded for federal tax purposes.
(5) The portion of receipts from financial swaps and other similar financial derivatives that represent the notional principal amount that generates the cash flow traded in the swap agreement.

(c) Receipts from the Sale, Lease, or Rental of Real Property. – The numerator of the receipts factor includes receipts from the sale, lease, or rental of real property owned by the taxpayer if the property is located within this State or receipts from the sublease of real property if the property is located within this State.

(d) Receipts from the Sale, Lease, or Rental of Tangible Personal Property. – The method for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

(1) Tangible personal property. – Except as provided in subdivision (2) of this subsection, the numerator of the receipts factor includes receipts from the sale, lease, or rental of tangible personal property owned by the taxpayer if the property is located within this State when it is first placed in service by the lessee.
(2) Transportation property. — Receipts from the lease or rental of transportation property owned by the taxpayer are included in the numerator of the receipts factor to the extent that the property is used in this State. The extent an aircraft will be deemed to be used in this State and the amount of receipts that is to be included in the numerator of this State's receipts factor is determined by multiplying all the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this State and the denominator of which is the total number of landings of the aircraft. If the extent of the use of any transportation property within this State cannot be determined, then the property will be deemed to be used wholly in the state in which the property has its principal base of operations. A motor vehicle will be deemed to be used wholly in the state in which it is registered.

(e) Interest, Fees, and Penalties from Loans Secured by Real Property. — The numerator of the receipts factor includes interest, fees, and penalties from loans secured by real property if the property is located within this State. If the property is located both within this State and one or more other states, the receipts described in this subsection are included in the numerator of the receipts factor if more than fifty percent (50%) of the fair market value of the real property is located within this State. If more than fifty percent (50%) of the fair market value of the real property is not located within any one state, then the receipts described in this subsection are included in the numerator of the receipts factor if the borrower is located in this State. The determination of whether the real property securing a loan is located within this State is made as of the time the original agreement was made and any and all subsequent substitutions of collateral are disregarded.

(f) Interest, Fees, and Penalties from Loans Not Secured by Real Property. — The numerator of the receipts factor includes interest, fees, and penalties from loans not secured by real property if the borrower is located in this State.

(g) Net Gains from the Sale of Loans. — The numerator of the receipts factor includes net gains from the sale of loans. Net gains from the sale of loans include income recorded under the coupon stripping rules of Section 1286 of the Code. The amount of net gains from the sale of loans that is included in the numerator is determined as follows:

(1) Secured by real property. — The amount of net gains, but not less than zero, from the sale of loans secured by real property is determined by multiplying the net gains by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subsection (e) of this section, and the denominator of which is the total amount of interest, fees, and penalties from loans secured by real property.

(2) Not secured by real property. — The amount of net gains, but not less than zero, from the sale of loans not secured by real property is determined by multiplying the net gains by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subsection (f) of this section, and the denominator of which is the total amount of interest, fees, and penalties from loans not secured by real property.

(h) Receipts from Interest, Fees, and Penalties from Cardholders. — The numerator of the receipts factor includes interest, fees, and penalties charged to credit, debit, or similar cardholders, including annual fees and overdraft fees, if the cardholder is located in this State.

(i) Receipts from ATM Fees. — The numerator of the receipts factor includes receipts from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this State. The receipts factor includes all ATM fees that are not forwarded directly to another bank. Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to subsection (l) of this section.
(j) Net Gains from the Sale of Credit Card Receivables. – The numerator of the receipts factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer’s total amount of interest, fees, and penalties charged to cardholders.

(k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the following:

(1) Card issuer’s reimbursement fees. – Receipts from card issuer’s reimbursement fees if the payor is located in this State.

(2) Receipts from merchant’s discount. – Receipts from a merchant discount if the payor is located in this State.

(3) Loan servicing fees. – Receipts from loan servicing fees if the payor is located in this State.

(4) Receipts from services. – Receipts from services not otherwise apportioned under this section if the payor is located in this State.

(5) Receipts from investment assets and activity and trading assets and activity. – Receipts from one or more of the following:

   a. Interest and dividends from investment assets and activities and trading assets and activities if the payor is located in this State.

   b. Net gains and other income, but not less than zero, from investment assets and activities and trading assets and activities multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subdivision a. of this subdivision, and the denominator of which is the taxpayer’s total amount of interest and dividends from investment assets and activities and trading assets and activities.

(l) All Other Receipts. – All other receipts not specifically enumerated in this section are included in the numerator of the receipts factor if the payor is located in this State."

SECTION 41.4.(d) The Utilities Commission shall adjust the rates for public utilities, excluding water public utilities with less than two hundred thousand dollars ($200,000) in annual operating revenues, for the tax changes in subsection (a) of this section. Each utility shall calculate the cumulative net effect of the tax changes and file the calculations with proposed rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected in the utility's books and records required by the tax changes shall be deferred and reflected in customer rates in either the utility’s next rate case or earlier if deemed appropriate by the Commission.

SECTION 41.4.(e) Under Section 38.4 of S.L. 2016-94, the Department of Revenue adopted and submitted to the Rules Review Commission rules regarding the implementation and administration of market-based sourcing principles based on legislation proposed in that section. The Department adopted the rules on January 4, 2017, and submitted the rules to the Rules Review Commission on January 18, 2017. The Rules Review Commission approved and delivered the rules to the Codifier of Rules on February 16, 2017. Pursuant to Section 38.4(b) of S.L. 2016-94, the Codifier of Rules did not enter the rules into the Administrative Code. The Department of Revenue shall revise the rules in a manner consistent with this section.

SECTION 41.4.(f) G.S. 105-130.4(s3), as enacted by subsection (a) of this section, is repealed.

SECTION 41.4.(g) G.S. 105-122(c1)(1) reads as rewritten:

"(1) Statutory. – A corporation that is subject to income tax under Article 4 of this Chapter must apportion its capital stock, surplus, and undivided profits by using the fraction it applies in apportioning its income under that Article. A
corporation that is not subject to income tax under Article 4 of this Chapter
must apportion its capital stock, surplus, and undivided profits by using the
fraction it would be required to apply in apportioning its income if it were
subject to that Article. The apportionment fraction for a wholesale content
distributor, as that term is defined in G.S. 105-130.4A, shall not be less than
two percent (2%). The apportionment method set out in this subdivision is
considered the statutory method of apportionment and is presumed to be the
best method of determining the amount of a corporation's capital stock,
surplus, and undivided profits attributable to the corporation's business in this
State."

SECTION 41.4.(h) Subsections (a) through (c) and subsection (g) of this section are
effective for taxable years beginning on or after January 1, 2020. Subsection (f) of this section is
effective for taxable years beginning on or after January 1, 2026. The remainder of this section
is effective when it becomes law.

MARKETPLACE FACILITATORS TO COLLECT SALES TAX

SECTION 41.5.(a) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.
The following definitions apply in this Article:

(20a) Marketplace. — A physical or electronic place, forum, platform, application,
or other method by which a marketplace seller sells or offers to sell items, the
delivery of or first use of which is sourced to this State.

(20b) Marketplace facilitated sale. — The sale of an item by a marketplace facilitator
on behalf of a marketplace seller that occurs through a marketplace.

(20c) Marketplace facilitator. — A person that, directly or indirectly and whether
through one or more affiliates, does both of the following:
   a. Lists or otherwise makes available for sale a marketplace seller's items
      through a marketplace owned or operated by the marketplace
      facilitator.
   b. Does one or more of the following:
      1. Collects the sales price or purchase price of a marketplace
         seller's items or otherwise processes payment.
      2. Makes payment processing services available to purchasers for
         the sale of a marketplace seller's items.
      3. Transmits the offer or acceptance for the sale of the items.

(20d) Marketplace seller. — A person that sells or offers to sell items through a
marketplace regardless of any of the following:
   a. Whether the person has a physical presence in this State.
   b. Whether the person is registered as a retailer in this State.
   c. Whether the person would have been required to collect and remit
      sales and use tax had the sales not been made through a marketplace.
   d. Whether the person would not have been required to collect and remit
      sales and use tax had the sales not been made through a marketplace.

"
(3) The retailer solicits or transacts business in this State by employees, independent contractors, agents, or other representatives, whether the remote sales subject to taxation by this State result from or are related in any other way to the solicitation or transaction of business. A retailer is presumed to be soliciting or transacting business by an independent contractor, agent, or other representative if the retailer enters into an agreement with a resident of this State under which the resident—person, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site or otherwise, to the retailer. This presumption applies only if the cumulative gross receipts from sales by the retailer to purchasers in this State who are referred to the retailer by all residents—persons with this type of agreement with the retailer is in excess of ten thousand dollars ($10,000) during the preceding four quarterly periods. This presumption may be rebutted by proof that the resident—person with whom the retailer has an agreement did not engage in any solicitation in the State on behalf of the seller that would satisfy the nexus requirement of the United States Constitution during the four quarterly periods in question.

(9) The retailer, with respect to remote sales into North Carolina sourced to this State, including sales as a marketplace seller, for the previous or the current calendar year, had one or more year that meet either of the following:
   a. Gross sales in excess of one hundred thousand dollars ($100,000).
   b. Two hundred or more separate transactions.

(10) The retailer is a marketplace facilitator that makes sales, including all marketplace facilitated sales for all marketplace sellers, sourced to this State for the previous or the current calendar year that meet either of the following:
   a. Gross sales in excess of one hundred thousand dollars ($100,000).
   b. Two hundred or more separate transactions.

SECTION 41.5.(c) Part 2 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.4J. Marketplace facilitated sales.

(a) Scope. – This section applies to a marketplace facilitator that makes sales, including all marketplace facilitated sales for all marketplace sellers, sourced to this State for the previous or the current calendar year that meet either of the following:
   (1) Gross sales in excess of one hundred thousand dollars ($100,000).
   (2) Two hundred or more separate transactions.

(b) Payment of Tax. – A marketplace facilitator that meets the threshold in subsection (a) of this section is considered the retailer of each marketplace facilitated sale it makes and is liable for collecting and remitting the sales and use tax on all such sales. A marketplace facilitator is required to comply with the same requirements and procedures as all other retailers registered or who are required to be registered to collect and remit sales and use tax in this State. A marketplace seller shall treat a sale made through a marketplace facilitator that is subject to the provisions of this section as a wholesale sale. A marketplace facilitator is required to collect and remit sales tax as required by this section regardless of whether a marketplace seller for whom it makes a marketplace facilitated sale meets any of the following conditions:
   (1) Has a physical presence in this State.
   (2) Is required to be registered to collect and remit sales and use tax in this State.
   (3) Would have been required to collect and remit sales and use tax in this State had the sale not been made through a marketplace."
The following definitions apply in this section:

(1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a similar lodging facility for occupancy by an individual.

(1a) Accommodation facilitator. – A person that contracts, either directly or indirectly, with a provider of an accommodation to do, either directly or indirectly, one or more of the activities listed in this subdivision. The term includes a real estate broker as defined in G.S. 93A-2. The activities are:

   a. Market the accommodation and accept payment or collect credit card or other payment information for the rental of the accommodation.
   b. List the accommodation for rental on a forum, platform, or other application for a fee or other consideration.

   …"
(2) **Facilitator.** A person who is not a rental agent and who contracts with a provider of an accommodation to market the accommodation and to accept payment from the consumer for the accommodation.

(3) **Rental agent.** The term includes a real estate broker, as defined in G.S. 93A-2.

(b) **Tax.** The gross receipts derived from the rental of an accommodation are taxed at the general rate set in G.S. 105-164.4. Gross receipts derived from the rental of an accommodation include the sales price of the rental of the accommodation. The sales price of the rental of an accommodation is determined as if the rental were a rental of tangible personal property. The sales price of the rental of an accommodation marketed made by a an accommodation facilitator includes charges designated as facilitation fees, service fees, listing fees, and any other charges necessary to complete the rental.

(b1) **Retailer.** For purposes of the tax imposed by this section, the retailer is the applicable person listed below. The liability of an accommodation facilitator for the tax imposed by this section relieves the provider of the accommodation from liability. The retailer is:

1. The provider of the accommodation, if the provider of the accommodation does any of the following with respect to the rental of the accommodation:
   a. Collects payment for the accommodation at the time of the reservation.
   b. Collects payment for the accommodation at the time the consumer occupies or has the right to occupy the accommodation.
   c. Contracts with an accommodation facilitator that makes the reservation and collects credit card or other payment information at the time of the reservation, but does not collect payment for the accommodation at the time of the reservation.

2. The accommodation facilitator, if the accommodation facilitator collects payment or a deposit for the accommodation at the time of the reservation.

(c) **Accommodation Facilitator Transactions.** For a transaction in which the rental of an accommodation is made by an accommodation facilitator, but the provider of the accommodation is considered the retailer, the following provisions apply:

1. **A.** The accommodation facilitator must report to the retailer with whom it has a contract the sales price a a consumer pays to the facilitator for an the accommodation rental marketed made by the accommodation facilitator.

2. **A.** A retailer must notify a an accommodation facilitator when an accommodation rental marketed made by the accommodation facilitator is completed, and the accommodation facilitator must send the retailer the portion of the sales price the accommodation facilitator owes the retailer and the tax due on the sales price no later than 10 days after the end of each calendar month.

3. **A.** An accommodation facilitator that does not send the retailer the tax due on the sales price is liable for the amount of tax the accommodation facilitator fails to send. A An accommodation facilitator is not liable for tax sent to a retailer but not remitted by the retailer to the Secretary. Tax payments received by a retailer from an accommodation facilitator are held in trust by the retailer for remittance to the Secretary.

4. **A.** A retailer that receives a tax payment from an accommodation facilitator must remit the amount received to the Secretary. A retailer is not liable for tax due but not received from an accommodation facilitator.

5. **A.** The requirements imposed by this section on a retailer and an accommodation facilitator are considered terms of the contract between the retailer and the accommodation facilitator.
(c1) Accommodation Facilitator Report. – An accommodation facilitator must file with the Secretary an annual report by March 31 of each year for the prior calendar year for accommodation rentals for which it is not considered the retailer under subsection (b1) of this section. The annual report must be provided in electronic format and include the property owner’s name, property owner’s mailing address, physical location of the accommodation, rental activity detail, available gross receipts information for rentals, and any other information deemed necessary by the Secretary.

(d) Rental Agent. – A person who, by written contract, agrees to be the rental agent for the provider of an accommodation is considered a retailer under this Article and is liable for the tax imposed by this section. The liability of a rental agent for the tax imposed by this section relieves the provider of the accommodation from liability.

(e) Exemptions. – The tax imposed by this section does not apply to the following:

(1) A private residence, cottage, or similar accommodation that is rented for fewer than 15 days in a calendar year other than a private residence, cottage, or similar accommodation listed with a real estate broker or agent unless the accommodation is rented by an accommodation facilitator that is considered the retailer under subsection (b1) of this section.

(2) An accommodation supplied to the same person for a period of 90 or more continuous days.

(3) An accommodation arranged or provided to a person by a school, camp, or similar entity where a tuition or fee is charged to the person for enrollment in the school, camp, or similar entity.”

SECTION 41.5.(g) G.S. 105-164.3 reads as rewritten:

"§ 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 season ticket, and an annual pass; a membership fee that provides for admission; 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.(h) G.S. 105-164.4G reads as rewritten:

§ 105-164.4G. Entertainment activity.

(a) Definition. The following definitions apply in this section:

(1) Admission charge. Gross receipts derived for the right to attend an entertainment activity. The term includes a charge for a single ticket, a multi-occasion ticket, a season 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.

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.

(4) Facilitator. A person who accepts payment of an admission charge to an entertainment activity and who is not the operator of the venue where the entertainment activity occurs.

(b) Tax. The gross receipts derived from an admission charge to an entertainment activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the retailer is the applicable person listed below:

(1) The operator of the venue where the entertainment activity occurs, unless the retailer and the admission facilitator have a contract between them allowing for dual remittance, as provided in subsection (d) of this section.

(2) The person that provides the entertainment and that receives admission charges directly from a purchaser.

(3) A person other than a person listed in subdivision (1) or (2) of this subsection that receives gross receipts derived from an admission charge sold at retail.

(c) Admission Facilitator. An admission facilitator must report to the retailer with whom it has a contract the admission charge a consumer pays to the admission facilitator for an entertainment activity. The admission facilitator must send the retailer the portion of the gross receipts the admission facilitator owes the retailer and the tax due on the gross receipts derived from an admission charge no later than 10 days after the end of each calendar month. An admission facilitator that does not send the retailer the tax due on the gross receipts derived from an admission charge is liable for the amount of tax the admission facilitator fails to send to the retailer. An admission facilitator is not liable for tax sent to a retailer but not remitted by the retailer to the Secretary. Tax payments received by a retailer from an admission facilitator are...
held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment from an admission facilitator must remit the amount received to the Secretary. A retailer is not liable for tax due but not received from an admission facilitator. The requirements imposed by this subsection on a retailer and an admission facilitator are considered terms of the contract between the retailer and the admission facilitator.

(d) Dual Remittance. – The tax due on the gross receipts derived from an admission charge may be partially reported and remitted to the operator of the venue for remittance to the Department and partially reported and remitted by the admission facilitator directly to the Department. The portion of the tax not reported and remitted to the operator of the venue must be reported and remitted directly by the admission facilitator to the Department. A–An admission facilitator that elects to remit tax under the dual remittance option is required to obtain a certificate of registration in accordance with G.S. 105-164.29. A–An admission facilitator is subject to the provisions of Article 9 of this Chapter.

SECTION 41.5.(i) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.
The following definitions apply in this Article:

(38c) Service contract facilitator. – A person who contracts with the obligor of a service contract to market the service contract and accepts payment from the purchaser for the service contract.

"...

SECTION 41.5.(j) G.S. 105-164.4I reads as rewritten:

"§ 105-164.4I. Service contracts.
(a) Tax. – The sales price of or the gross receipts derived from a service contract or the renewal of a service contract sold at retail is subject to the general rate of tax set in G.S. 105-164.4 and is sourced in accordance with the sourcing principles in G.S. 105-164.4B. The retailer of a service contract is required to collect the tax due at the time of the retail sale of the contract and is liable for payment of the tax. The tax is due and payable in accordance with G.S. 105-164.16.

The retailer of a service contract is the applicable person listed below:

(1) When a service contract is sold at retail to a purchaser by the obligor under the contract, the obligor is the retailer.

(2) When a service contract is sold at retail to a purchaser by a service contract facilitator on behalf of the obligor under the contract, the service contract facilitator is the retailer unless the provisions of subdivision (3) of this subsection apply.

(3) When a service contract is sold at retail to a purchaser by a service contract facilitator on behalf of the obligor under the contract and there is an agreement between the service contract facilitator and the obligor that states the obligor will be liable for the payment of the tax, the obligor is the retailer. The service contract facilitator must send the retailer the tax due on the sales price of or gross receipts derived from the service contract no later than 10 days after the end of each calendar month. A service contract facilitator that does not send the retailer the tax due on the sales price or gross receipts is liable for the amount of tax the service contract facilitator fails to send. A service contract facilitator is not liable for tax sent to a retailer but not remitted by the retailer to the Secretary. Tax payments received by a retailer from a service contract facilitator are held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment from a service contract facilitator must remit the amount received to the Secretary. A retailer is not liable for tax due but not received from a service contract facilitator. The requirements imposed...
§ 105-164.22. Record-keeping requirements, inspection authority, and effect of failure to keep records.

(a) Record Keeping Generally. — Retailers, wholesale merchants, facilitators, real property contractors, and consumers must keep records that establish their tax liability under this Article. The Secretary or a person designated by the Secretary may inspect these records at any reasonable time during the day.

(b) Retailers. — A retailer's records must include records of the retailer's gross income, gross sales, net taxable sales, and all items purchased for resale, resale, and any reports or records related to transactions with a facilitator with whom it has a contract as provided in this Article. Failure of a retailer to keep records that establish that a sale is exempt under this Article subjects the retailer to liability for tax on the sale.

(c) Wholesale Merchants. — A wholesale merchant's records must include a bill of sale for each customer that contains the name and address of the purchaser, the date of the purchase, the item purchased, and the sales price at which the wholesale merchant sold the item. A wholesale merchant must also keep records that establish a sale is exempt from tax and any reports or records related to transactions with a facilitator with whom it has a contract as provided in this Article. Failure of a wholesale merchant to keep these records for the sale of an item that establishes a sale is exempt from tax under this Article subjects the wholesale merchant to liability for tax at the rate that applies to the retail sale of the item.

(d) Facilitators. — A facilitator's records must include records of the facilitator's gross income, gross sales, net taxable sales, all items purchased for resale, reports or records related to transactions with a retailer with whom it has a contract as provided in this Article. Failure of a facilitator to keep records that establish a sale is exempt from tax under this Article subjects the facilitator to liability for tax on the sale.

(e) Real Property Contractors. — A real property contractor's records must include substantiation that a transaction is a real property contract or a mixed transaction contract pursuant to G.S. 105-164.4H(a1). Failure of a real property contractor to keep records that establish a real property contract under this Article subjects the real property contractor to liability for tax on the sale.

(f) Consumers. — A consumer's records must include an invoice or other statement of the purchase price of an item the consumer purchased from inside or outside the State and any sales and use tax paid thereon. Failure of the consumer to keep these records subjects the consumer to liability for tax on the purchase price of the item, as determined by the Secretary.

§ 105-164.3. Definitions.

The following definitions apply in this Article:

(1)(d) Advertising and promotional direct mail. — Printed material that meets the definition of "direct mail" and the primary purpose of which is to attract public attention to a product, an item, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a product, an item, person, business, or organization. As used in this subdivision, "product" means tangible personal property, digital property, or a service.
Affiliate. – Defined in G.S. 105-130.2.

Analytical services. – Testing laboratories that are included in national industry 541380 of NAICS or medical laboratories that are included in national industry 621511 of NAICS.

Ancillary service. – A service associated with or incidental to the provision of a telecommunications service. The term includes detailed communications billing, directory assistance, vertical service, and voice mail service. A vertical service is a service, such as call forwarding, caller ID, three-way calling, and conference bridging, that allows a customer to identify a caller or manage multiple calls and call connections.

Audio work. – A series of musical, spoken, or other sounds, including a ringtone.

Audiovisual work. – A series of related images and any sounds accompanying the images that impart an impression of motion when shown in succession.

Aviation gasoline. – Defined in G.S. 105-449.60.

Bundled transaction. – A retail sale of two or more distinct and identifiable products, items, at least one of which is taxable and one of which is exempt, nontaxable, for one nonitemized price. The term does not apply to real property and or services to real property. Products, items are not sold for one nonitemized price if an invoice or another sales document made available to the purchaser separately identifies the price of each product, item. A bundled transaction does not include the retail sale of any of the following:

a. A product, an item and any packaging item that accompanies the product, item and is exempt under G.S. 105-164.13(23).

b. A sale of two or more products, items whose combined price varies, or is negotiable, depending on the products, items the purchaser selects.

c. A sale of a product, an item accompanied by a transfer of another product, item with no additional consideration.

d. A product, an item and the delivery or installation of the product, item.

e. A product, an item and any service necessary to complete the sale.

Business. – An activity a person engages in or causes another to engage in with the object of gain, profit, benefit, or advantage, either direct or indirect. The term does not include an occasional and isolated sale or transaction by a person who does not claim to be engaged in business.

Cable service. – The one-way transmission to subscribers of video programming or other programming service and any subscriber interaction required to select or use the service.

Capital improvement. – One or more of the following:

k. An addition or alteration to real property that is permanently affixed or installed to real property and is not an activity listed in subdivision (33d)-(33m) of this section as repair, maintenance, and installation services.

Engaged in business. – Any of the following:

a. Maintaining, occupying, or using permanently or temporarily, directly or indirectly, or through a subsidiary or agent, by whatever name called, any office, place of distribution, sales or sample room,
warehouse or storage place, or other place of business for selling or delivering tangible personal property, digital property, or a service for storage, use, or consumption in this State, or permanently or temporarily, directly or through a subsidiary, having any representative, agent, sales representative, marketplace facilitator subject to the requirements of G.S. 105-164.4J, or solicitor operating or transacting business by mobile phone application or other applications in this State in the selling or delivering State. The fact that any corporate retailer, agent, or subsidiary engaged in business in this State may not be legally domesticated or qualified to do business in this State is immaterial.

e. Making marketplace facilitated sales subject to the requirements of G.S. 105-164.4J.

... (9e) Facilitator. – An accommodation facilitator, an admission facilitator, or a service contract facilitator.

... (20b)(20e) Mixed transaction contract. – A contract that includes both a real property contract for a capital improvement and repair, maintenance, and installation services for real property that are not related to the capital improvement.

... (33j) Remote sale. – A sale of tangible personal property or digital property an item ordered by mail, by telephone, via the Internet, mobile phone application, or by another similar method, to a purchaser who is in this State at the time the order is remitted, from method by a retailer who receives the order in another state and delivers the property item or makes it accessible to a person in this State or causes it to be delivered or made accessible to a person in this State or performs a service sourced to this State. It is presumed that a resident of this State who remits an order was in this State at the time the order was remitted.

... (33l)(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, 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.(m) There is no obligation to collect the sales and use tax required by this section retroactively.

SECTION 41.5.(n) 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.

SECTION 41.5.(o) The Revisor of Statutes is authorized to renumber the subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and in a manner that reduces the current use of alphanumeric designations, to make conforming changes, and to reserve sufficient space to accommodate future additions to the statutory section.

SECTION 41.5.(p) This section becomes effective September 1, 2019, and applies to sales occurring on or after that date.

DEDUCTION FOR AMOUNTS RECEIVED AS ECONOMIC INCENTIVES

SECTION 41.6.(a) G.S. 105-130.5(b) reads as rewritten:
"(b) The following deductions from federal taxable income shall be made in determining State net income:

…

(31) To the extent included in federal taxable income, the amount received by a taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of the General Statutes."

SECTION 41.6.(b) G.S. 105-153.5(b) reads as rewritten:
"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(14) The amount received by a taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of the General Statutes."

SECTION 41.6.(c) This section is effective for taxable years beginning on or after January 1, 2019, and applies to amounts received by a taxpayer pursuant to an economic incentive agreement entered into on or after that date.

EXTEND HISTORIC REHABILITATION TAX CREDIT

SECTION 41.7.(a) G.S. 105-129.110 reads as rewritten:
"§ 105-129.110. Sunset."
This Article expires for qualified rehabilitation expenditures and rehabilitation expenses incurred on or after January 1, 2020, January 1, 2024. For qualified rehabilitation expenditures and rehabilitation expenses incurred prior to January 1, 2020, January 1, 2024, this Article expires for property not placed in service by January 1, 2028, January 1, 2032.

SECTION 41.7.(b) This section is effective when it becomes law.

EXTEND SALES TAX EXEMPTION FOR QUALIFYING AIRLINES

SECTION 41.8.(a) G.S. 105-164.13(11b) reads as rewritten:
"(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft. For purposes of this subdivision, the term "commercial aircraft" has the same meaning as defined in subdivision (45a) of this section. This exemption also applies to aviation gasoline and jet fuel purchased for use in a commercial aircraft in interstate or foreign commerce by a person whose primary business is scheduled passenger air transportation. This subdivision expires January 1, 2020, January 1, 2024."

SECTION 41.8.(b) This section is effective when it becomes law.

EXTEND SALES TAX EXEMPTIONS FOR PROFESSIONAL MOTORSPORTS TEAMS

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 1 of Chapter 166A of the General Statutes is amended by adding a new section to read:

"§ 166A-19.70A. Tax and business relief for critical infrastructure businesses and employees during a disaster response period. (a) Purpose. – The State finds that it is appropriate to exempt from certain State laws businesses and employees who come from out-of-state to provide temporary resources and personnel to assist in disaster-related work related to critical infrastructure in response to a disaster declaration.

(b) Definitions. – In addition to the definitions in G.S. 166A-19.3, the following definitions apply in this section:

(1) Critical infrastructure. – Property and equipment owned or used by a critical infrastructure company for utility or communications transmission services to the public in the State. Examples of critical infrastructure include communications networks, electric generation, transmission and distribution systems, natural gas transmission and distribution systems, water pipelines, and related support facilities. Related support facilities may include buildings, offices, lines, poles, pipes, structures, and equipment.

(2) Critical infrastructure company. – One of the following:
   a. A registered public communications provider.
   b. A registered public utility.

(3) Disaster-related work. – Repairing, renovating, installing, building, or performing services on critical infrastructure that has been damaged, impaired, or destroyed as a result of a disaster or emergency in an area covered by the disaster declaration.

(4) Disaster response period. – A period that begins 10 days prior to the first day of a disaster declaration and extends for 60 days following the expiration of the disaster declaration.

(5) Out-of-state business. – A person that, except with regard to the performance of disaster-related work, meets all of the conditions of this subdivision. The term may include an affiliate or subsidiary of a critical infrastructure company. The conditions are as follows:
   a. Has no physical presence in the State.
   b. Does not conduct business operations in this State.
   c. Is not registered with any State agency to conduct business in the State.
   d. Has not been required to file any tax returns with the State for three years prior to the disaster response period, other than those arising from the performance of disaster-related work during a tax year prior to the enactment of this section.

(6) Out-of-state employee. – A nonresident who is an employee of an out-of-state business entitled to relief under subsection (c) of this section or a nonresident employee of a critical infrastructure company temporarily in the State to perform disaster-related work during the disaster response period. The term does not include a nonresident who otherwise works in this State.
(7) Registered public communications provider. – A person registered to conduct business in this State prior to the disaster declaration that provides the transmission to the public of one or more of the following:
   a. Broadband.
   b. Mobile telecommunications.
   c. Telecommunications.
   d. Wireless Internet access.

(8) Registered public utility. – A person registered to conduct business in this State prior to the disaster declaration that is subject to control of one or more of the following entities:
   b. Federal Communications Commission.

(c) State Relief for Out-of-State Business. – An out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is not considered to be conducting business in this State, and as such is exempt from the following statutory requirements:
   (1) Franchise tax, as provided under G.S. 105-125.
   (2) Income tax, as provided under G.S. 105-130.11.
   (3) S Corporation income tax, as provided under G.S. 105-131.7.
   (4) Information returns, as provided under G.S. 105-154(b).
   (5) Unemployment tax, as provided under G.S. 96-9.2.
   (6) Workers’ compensation, as provided under G.S. 97-13.
   (7) Registration with the Secretary of State to transact business in this State, as provided under G.S. 55-1-51.

(d) State Relief for Out-of-State Employee. – An out-of-state employee is not required to pay State income tax, or file an income tax return, on earnings received for disaster-related work performed during a disaster response period, as provided in G.S. 105-153.4(f) and G.S. 105-153.8(a)(2). The employer of an out-of-state employee is not required to withhold income tax from the wages of the employee, as provided in G.S. 105-163.2(f).

(e) Notification. – A critical infrastructure company that requests an out-of-state business to perform disaster-related work in this State during the disaster response period must notify the State Emergency Response Team within 30 business days of the out-of-state business’ entry into the State of the business’ presence in the State. The notification must include the contact information of the critical infrastructure company that requested the presence of the out-of-state business as well as the following information about the out-of-state business: name, state of domicile, principal business address, federal tax identification number, date of entry, and any other information required by the State Emergency Response Team. The State Emergency Response Team must disseminate the information to the appropriate State agencies. Failure of the critical infrastructure company to provide this information in a timely manner does not invalidate the relief provided by this section so long as the company provides it to the appropriate State agency upon request.

(f) Limitation. – The exemptions from the State laws provided by this section cease to apply when the disaster response period expires. An out-of-state business or out-of-state employee that remains in the State after the disaster response period expires must abide by all State and local registration, license, and filing requirements that apply to any other out-of-state business and out-of-state employee doing business in this State."

SECTION 41.10.(b) Article 1 of Chapter 55 of the General Statutes is amended by adding a new section to read:

§ 55-1-51. Exemption for disaster relief.
(a) Critical Infrastructure. — In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is not required to obtain a certificate of authority from the Secretary of State as otherwise required under G.S. 55-15-01.

(b) Motor Fuel. — A person issued a temporary license by the Department of Revenue under G.S. 105-449.69A to import, export, distribute, or transport motor fuel in this State in response to a disaster declaration is not required to obtain a certificate of authority from the Secretary of State to transact business in this State for the duration of the temporary license."

"SECTION 41.10.(c) G.S. 96-9.2(a) reads as rewritten:

"(a) Required Contribution. — An employer is required to make a contribution in each calendar year to the Unemployment Insurance Fund in an amount equal to the applicable percentage of the taxable wages the employer pays its employees during the year for services performed in this State. An employer may not deduct the contributions due in whole or in part from the remuneration of the individuals employed. Taxable wages are determined in accordance with G.S. 96-9.3. The applicable percentage for an employer is considered the employer's contribution rate and determined in accordance with this section.

In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is exempt from the provisions of this Chapter. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this section."

"SECTION 41.10.(d) G.S. 97-13 reads as rewritten:


..."

(e) Disaster Relief. — In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is exempt from the provisions of this Chapter. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this subsection."

"SECTION 41.10.(e) G.S. 105-125(a) reads as rewritten:

"(a) Exemptions. — The following corporations are exempt from the taxes levied by this Article. Upon request of the Secretary, an exempt corporation must establish its claim for exemption in writing:

..."

(10) In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is exempt from the provisions of this Article. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this subdivision."

"SECTION 41.10.(f) G.S. 105-130.11(a) reads as rewritten:

"(a) Exempt Organizations. — Except as provided in subsections (b) and (c), the following organizations and any organization that is exempt from federal income tax under the Code are exempt from the tax imposed under this Part.

..."

(12) In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is exempt from the provisions of this Part. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this subdivision."

"SECTION 41.10.(g) G.S. 105-131.7(a) reads as rewritten:
"(a) An S Corporation incorporated or doing business in the State shall file with the Department an annual return, on a form prescribed by the Secretary, on or before the due date prescribed for the filing of C Corporation returns in G.S. 105-130.17. The return shall show the name, address, and social security or federal identification number of each shareholder, income attributable to the State and the income not attributable to the State with respect to each shareholder as defined in G.S. 105-131(b)(4) and (5), and such other information as the Secretary may require.

In accordance with the policy established in G.S. 166A-19.70A, an S Corporation that is an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is not required to file an annual return for income derived for the work performed during this period. The definitions, provisions, and limitations in G.S. 166A-19.70A apply to this subsection."

SECTION 41.10.(h) G.S. 105-153.4 reads as rewritten:

"§ 105-153.4. North Carolina taxable income defined.

..."

SECTION 41.10.(i) G.S. 105-153.8(a)(2) reads as rewritten:

"§ 105-153.8. Income tax returns.

(a) Who Must File. – The following individuals must file with the Secretary an income tax return under affirmation:

..."

(2) Every nonresident individual who meets all of the following requirements: (i) has gross income under the Code that exceeds the applicable standard deduction amount provided in G.S. 105-153.5(a)(1) and (ii) receives:

a. Receives during the taxable year gross income that is derived from North Carolina sources and is attributable to the ownership of any interest in real or tangible personal property in this State, is derived from a business, trade, profession, or occupation carried on in this State, or is derived from gambling activities in this State. This subdivision does not apply to a nonresident individual who is not subject to withholding under G.S. 105-163.2(f).

b. Has gross income under the Code that exceeds the applicable standard deduction amount provided in G.S. 105-153.5(a)(1).
SECTION 41.10.(j) G.S. 105-154(c) reads as rewritten:

"(c) Information Returns of Partnerships. – A partnership doing business in this State and required to file a return under the Code shall file an information return with the Secretary. A partnership that the Secretary believes to be doing business in this State and to be required to file a return under the Code shall file an information return when requested to do so by the Secretary. The information return shall contain all information required by the Secretary. It shall state specifically the items of the partnership's gross income, the deductions allowed under the Code, each partner's distributive share of the partnership's income, and the adjustments required by this Part. A partner's distributive share of partnership net income includes any guaranteed payments made to the partner. The information return shall also include the name and address of each person who would be entitled to share in the partnership's net income, if distributable, and the amount each person's distributive share would be. The information return shall be signed by one of the partners under affirmation in the form required by the Secretary.

A partnership that files an information return under this subsection shall furnish to each person who would be entitled to share in the partnership's net income, if distributable, any information necessary for that person to properly file a State income tax return. The information shall be in the form prescribed by the Secretary and must be furnished on or before the due date of the information return.

In accordance with the policy established in G.S. 166A-19.70A, a partnership that is an out-of-state business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is not required to file an information return for income derived for the work performed during this period. The definitions, provisions, and limitations in G.S. 166A-19.70A apply to this subsection."

SECTION 41.10.(k) G.S. 105-163.2 reads as rewritten:

"§ 105-163.2. Employers must withhold taxes.
(a) Withholding Required. – An employer shall deduct and withhold from the wages of each employee the State income taxes payable by the employee on the wages. For each payroll period, the employer shall withhold from the employee's wages an amount that would approximate the employee's income tax liability under Article 4 of this Chapter if the employer withheld the same amount from the employee's wages for each similar payroll period in a calendar year. In calculating an employee's anticipated income tax liability, the employer shall allow for the additions that employee is required to make under Article 4 of this Chapter and the deductions, and credits to which the employee is entitled under Article 4 of this Chapter. The amount of State income taxes withheld by an employer is held in trust for the Secretary.

(f) Nonresident Disaster Relief Employees. – In accordance with the policy established in G.S. 166A-19.70A, an employer is not required to withhold from the wages of its out-of-state employees the State income taxes that may otherwise apply for disaster-related work performed in this State during a disaster response period. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this subsection."

SECTION 41.10.(l) G.S. 105-130.5(a) reads as rewritten:

"(a) The following additions to federal taxable income shall be made in determining State net income:

(30) Payments made to a related party that are not subject to tax under this Chapter in accordance with the policy established in G.S. 166A-19.70A, to the extent the payments are deducted in determining federal taxable income. For purposes of this subdivision, the term "related entity" has the same meaning as in G.S. 105-130.7A(b)(4)."
SECTION 41.10.(m) Part 2 of Article 36C of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-449.69A. Temporary license during disaster response period.

(a) Temporary License. – The Secretary may grant a temporary license to an applicant to import, export, distribute, or transport motor fuel in this State in response to a disaster declaration. The term "disaster declaration" has the same meaning as defined in G.S. 166A-19.3. The temporary license expires upon the expiration of the disaster declaration. A temporary license issued under this section may not be renewed or a new temporary license granted if the licensee failed to file the required returns or make payments of the required taxes.

(b) Requirements. – To obtain a temporary license, a person must file an application with the Secretary on a form prescribed by the Secretary within seven calendar days from the date of the disaster declaration. An application must include all of the following information:

(1) The legal name of the business and the trade name, if applicable, under which the person will transact business within the State.

(2) The federal identification number of the business or, if such number is unavailable, the Social Security number of the owner.

(3) The location, with a street number address, of the principal office or place of business and the location where records will be made available for inspection.

(4) Any other information required by the Secretary.

(c) Exceptions. – The Secretary may issue a temporary license under this section as an importer, exporter, distributor, or transporter without requiring the applicant to file with the Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and without requiring the applicant to be authorized to transact business in this State with the Secretary of State."

SECTION 41.10.(n) This section is effective when it becomes law and applies to taxable years beginning on or after January 1, 2019.

REPEAL DRY CLEANING SOLVENT PROGRAM AMENDMENTS

SECTION 41.11. Section 12.11 of this act, amending the Dry Cleaning Solvent Program, is repealed.

REPEAL TRANSPORTATION NETWORK COMPANY PRIVILEGE TAX

SECTION 41.12. Section 40.20 of this act, enacting Article 5J of Chapter 105 of the General Statutes and appropriating the corresponding tax revenue generated by that Article, are repealed.

REPEAL DMV/REGISTRATION FEES FOR ELECTRIC AND HYBRID VEHICLES

SECTION 41.13. Section 40.15 of this act, modifying the fees for electric and hybrid vehicles and appropriating the corresponding fee revenue generated by those modifications, is repealed.

PART XLII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 42.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 42.2.(a) N.C. House of Representatives Appropriations Committee Report on the Current Operations Appropriations Act for House Bill 966, dated April 30, 2019,
which was distributed in the House of Representatives and used to explain this act, shall indicate
action by the General Assembly on this act and shall, therefore, be used to construe this act, as
provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for
these purposes shall be considered a part of this act and, as such, shall be printed as a part of the
Session Laws.

SECTION 42.2.(b) The budget enacted by the General Assembly is for the
maintenance of the various departments, institutions, and other spending agencies of the State
for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the
appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended base budget to the General
Assembly in the Governor's Recommended Budget for the 2019-2021 fiscal biennium, dated
March 2019, and in the Budget Support Document for the various departments, institutions, and
other spending agencies of the State. The adjustments to the recommended base budget made by
the General Assembly are set out in the Committee Report.

SECTION 42.2.(c) The budget enacted by the General Assembly shall also be
interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
appropriate legislation. In the event that there is a conflict between the line-item budget certified
by the Director of the Budget and the budget enacted by the General Assembly, the budget
enacted by the General Assembly shall prevail.

SECTION 42.2.(d) Notwithstanding subsection (a) of this section, the following
portions of the Committee Report are for reference, and do not expand, limit, or define the text
of the Committee Report:

(1) Summary pages setting forth the enacted budget, the legislative changes, the
revised budget, and the related FTE information for a particular budget code
and containing no other substantive information.

(2) Summary pages setting forth the enacted budget, the legislative changes, the
revised budget, and the related FTE information for multiple fund codes
within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 42.3. The Fiscal Research Division shall issue a report on budget actions
taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a
revision of the Committee Report described in Section # of this act pursuant to G.S. 143C-5-5.
The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to
this section to the Director of the Budget. The report shall be published on the General
Assembly's Internet Web site for public access.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 42.4. Except where expressly repealed or amended by this act, the
provisions of enactments affecting the State budget during the 2019 Regular Session of the
General Assembly shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIAL

SECTION 42.5. Except for statutory changes or other provisions that clearly indicate
an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this
act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal
biennium.

EFFECT OF HEADINGS
SECTION 42.6. The headings to the Parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or subpart.

SEVERABILITY CLAUSE

SECTION 42.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 42.8. Except as otherwise provided, this act becomes effective July 1, 2019.