GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

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

Short Title: 2019 Appropriations Act. (Public)

Sponsors:

Referred to:

April 26, 2019

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

Current Operations - General Fund FY 2019-2020 FY 2020-2021

EDUCATION
<table>
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<tr>
<th>Institution</th>
<th>Requirements</th>
<th>Receipts</th>
<th>Net Appropriation</th>
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Agriculture and Consumer Services

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| Less: Receipts | 64,386,336 | 59,386,336 |
| **Net Appropriation** | 130,253,779 | 138,013,640 |

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House Bill 966-Fifth Edition
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<th>Requirements</th>
<th>Less: Receipts</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Assembly Of North Carolina</td>
<td>901,710</td>
<td>0</td>
<td>901,710</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
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<tr>
<td></td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Military and Veterans Affairs</td>
<td>64,841,061</td>
<td>53,160,945</td>
<td>11,680,116</td>
</tr>
<tr>
<td></td>
<td>8</td>
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</tr>
<tr>
<td></td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>166,047,274</td>
<td></td>
<td>150,523,007</td>
</tr>
<tr>
<td></td>
<td>12</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretary of State</td>
<td>14,580,614</td>
<td></td>
<td>14,239,158</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer</td>
<td>61,882,719</td>
<td></td>
<td>61,930,932</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td></td>
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<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer - Additional</td>
<td>31,905,423</td>
<td>32,255,423</td>
<td>31,905,423</td>
</tr>
<tr>
<td>Retirement Systems</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>33</td>
<td></td>
<td></td>
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<tr>
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<td>34</td>
<td></td>
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</tr>
<tr>
<td>INFORMATION TECHNOLOGY</td>
<td>35</td>
<td></td>
<td></td>
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<td>36</td>
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<tr>
<td></td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESERVES, DEBT, AND OTHER</td>
<td>48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUDGETS</td>
<td>49</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>51</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**General Debt Service**

- Requirements: 733,241,991
- Less: Receipts: 733,241,991
- Net Appropriation: 0

**Federal Debt Service**

- Requirements: 1,616,380
- Less: Receipts: 1,616,380
- Net Appropriation: 0

**Statewide Enterprise Resource Planning**

- Requirements: 47,758,778
- Less: Receipts: 22,757,778
- Net Appropriation: 25,000,000
## General Assembly Of North Carolina

### Session 2019

#### House Bill 966

- **Statewide Reserves**
  - Requirements: 13,421,748
  - Less: Receipts: 0
  - **Net Appropriation**: 13,421,748

- **OSHR Minimum of Market Adjustment**
  - Requirements: 424,316
  - Less: Receipts: 0
  - **Net Appropriation**: 424,316

### Total Requirements

<table>
<thead>
<tr>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>45,959,355,011</td>
<td>46,819,801,498</td>
</tr>
</tbody>
</table>

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

### 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>Fund Source</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance</td>
<td>645,592,678</td>
<td>742,926,797</td>
</tr>
<tr>
<td>Anticipated Reversions</td>
<td>275,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Projected Over Collections</td>
<td>643,300,000</td>
<td>-</td>
</tr>
<tr>
<td>Highway Fund Recovery Act (S605)</td>
<td>(120,000,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total, Prior Year-End Fund Balance</strong></td>
<td>1,443,892,678</td>
<td>942,926,797</td>
</tr>
<tr>
<td>Statutory Earmark, State Capital and Infrastructure Fund</td>
<td>(360,973,170)</td>
<td>(235,731,699)</td>
</tr>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td>1,082,919,509</td>
<td>707,195,097</td>
</tr>
</tbody>
</table>

#### Tax Revenues

- **Personal Income** | 12,974,900,000 | 13,596,800,000 |
- **Sales and Use** | 8,086,300,000 | 8,464,000,000 |
- **Corporate Income** | 753,500,000 | 792,400,000 |
- **Franchise** | 738,700,000 | 757,200,000 |
- **Insurance** | 566,400,000 | 581,700,000 |
- **Alcoholic Beverage** | 408,700,000 | 422,900,000 |
- **Tobacco Products** | 258,000,000 | 257,400,000 |
- **Other Tax Revenues** | 132,600,000 | 136,300,000 |
- **Subtotal, Tax Revenues** | 23,919,100,000 | 25,008,700,000 |

#### Non-tax Revenues

- **Judicial Fees** | 230,500,000 | 227,700,000 |
- **Investment Income** | 182,200,000 | 193,300,000 |
- **Disproportionate Share** | 165,300,000 | 130,000,000 |
- **Master Settlement Agreement** | 136,200,000 | 131,800,000 |
- **Insurance** | 84,100,000 | 85,400,000 |
- **Other Non-tax Revenues** | 202,900,000 | 203,900,000 |
- **Subtotal, Non-tax Revenues** | 1,001,200,000 | 972,100,000 |

#### Total, Net Revenues

- **Total, Net Revenues** | 24,920,300,000 | 25,980,800,000 |
Adjustments to Tax Revenues: 2019 Session

1. Corporate Income and Franchise Tax Changes (107,600,000) (255,200,000)
2. Personal Income Tax Changes (1,000,000) (53,000,000)
3. Sales and Use Tax Changes 94,600,000 132,200,000
4. Historic Rehabilitation Tax Credit Extension - (4,500,000)
5. Gross Premiums Tax/Prepaid Health Plans 12,000,000 187,000,000
6. Dry Cleaning Solvent Tax Extension - (8,000,000)

Subtotal, Adjustments to Tax Revenue (2,000,000) (1,500,000)

Statutory Reservations of Tax Revenues

7. Savings Reserve (46,965,000) (163,515,000)
8. State Capital and Infrastructure Fund (956,684,000) (1,000,288,000)

Subtotal, Statutory Reservations Tax Revenue (1,003,649,000) (1,163,803,000)

Other Adjustments to Availability

9. Additional Transfer to the Savings Reserve (350,000,000) (550,000,000)
10. Additional Transfer to the State Capital and Infrastructure Fund - (30,037,523)
11. Judicial Fee Increases 724,418 1,448,835
12. Adjustment to Transfer from Department of Insurance 1,171,309 2,562,440
13. Adjustment to Transfer from State Treasurer (39,439) 7,382

Subtotal, Other Adjustments (348,143,712) (576,018,866)

Total, Adjustments and Reservations (1,353,792,712) (1,741,321,866)

Revised Total Net General Fund Availability 24,649,426,797 24,946,673,231

Less General Fund Net Appropriations (23,906,500,000) (24,688,606,276)

Unappropriated Balance Remaining 742,926,797 258,066,955

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

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

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

SECTION 2.2.(e) The State Controller shall transfer the sum of two hundred ten million dollars ($210,000,000) for the 2019-2020 fiscal year and the sum of twenty-two million three hundred forty-four thousand thirty-seven dollars ($22,344,037) 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.
SECTION 2.2.(f) Funds reserved in the Medicaid Contingency Reserve established in Section 12H.38 of S.L. 2014-100 do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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:

Current Operations – Highway Fund

<table>
<thead>
<tr>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation Administration</td>
<td>$89,090,615</td>
</tr>
<tr>
<td>Division of Highways Administration</td>
<td>40,700,089</td>
</tr>
<tr>
<td>Construction</td>
<td>46,643,869</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,458,546,213</td>
</tr>
<tr>
<td>Governor's Highway Safety Program</td>
<td>267,914</td>
</tr>
<tr>
<td>OSHA Program</td>
<td>358,030</td>
</tr>
<tr>
<td>State Aid to Municipalities</td>
<td>147,500,000</td>
</tr>
<tr>
<td>Intermodal Divisions Ferry</td>
<td>50,379,026</td>
</tr>
<tr>
<td>Public Transportation, Bicycle, and Pedestrian</td>
<td>86,598,071</td>
</tr>
<tr>
<td>Aviation</td>
<td>142,846,918</td>
</tr>
<tr>
<td>Rail</td>
<td>47,222,269</td>
</tr>
<tr>
<td>Division of Motor Vehicles</td>
<td>141,571,442</td>
</tr>
<tr>
<td>Reserves, Transfers, and Other</td>
<td>44,174,322</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>8,201,222</td>
</tr>
<tr>
<td>Total Highway Fund Appropriations</td>
<td>$2,304,100,000</td>
</tr>
</tbody>
</table>

HIGHWAY FUND AVAILABILITY

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

Highway Fund Availability

<table>
<thead>
<tr>
<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>
</tr>
<tr>
<td>Highway Short-Term Lease</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Licenses and Fees</td>
<td>772,200,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,000,000</td>
</tr>
<tr>
<td>NCRR Dividend Payment</td>
<td>3,550,000</td>
</tr>
<tr>
<td>Aviation Fuel Tax Adjustment</td>
<td>0</td>
</tr>
<tr>
<td>Electric &amp; Hybrid Increase Fee</td>
<td>800,000</td>
</tr>
<tr>
<td>Repeal Dividend Payment</td>
<td>(3,550,000)</td>
</tr>
</tbody>
</table>
HIGHTWAY 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:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Administration</td>
<td>$35,626,560</td>
<td>$35,626,560</td>
</tr>
<tr>
<td>Bonds</td>
<td>88,334,015</td>
<td>56,824,500</td>
</tr>
<tr>
<td>Turnpike Authority</td>
<td>49,000,000</td>
<td>49,000,000</td>
</tr>
<tr>
<td>State Ports Authority</td>
<td>45,000,000</td>
<td>45,000,000</td>
</tr>
<tr>
<td>FHWA State Match</td>
<td>4,640,000</td>
<td>4,640,000</td>
</tr>
<tr>
<td>Strategic Prioritization Funding Plan for Transportation Investments</td>
<td>1,376,699,425</td>
<td>1,465,308,940</td>
</tr>
<tr>
<td>Transfer to Visitor Center</td>
<td>400,000</td>
<td>400,000</td>
</tr>
</tbody>
</table>

Total Highway Trust Fund Appropriations

$1,599,700,000  $1,656,800,000

HIGHTWAY TRUST FUND AVAILABILITY

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

<table>
<thead>
<tr>
<th>Highway Trust Fund Availability</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Use Tax</td>
<td>$833,900,000</td>
<td>$855,500,000</td>
</tr>
<tr>
<td>Motor Fuels Tax</td>
<td>618,500,000</td>
<td>636,400,000</td>
</tr>
<tr>
<td>Fees</td>
<td>145,300,000</td>
<td>162,900,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

Total Highway Trust Fund Availability

$1,599,700,000  $1,656,800,000

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, as follows:

(1) 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 42.2 of this act, or in another act of the General Assembly.

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

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></th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noninstructional Support Personnel</td>
<td>$385,914,455</td>
<td>$385,914,455</td>
</tr>
<tr>
<td>Prekindergarten Program</td>
<td>78,252,110</td>
<td>78,252,110</td>
</tr>
<tr>
<td>Public School Building Capital Fund</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Needs-Based Public School Capital Fund</td>
<td>95,452,612</td>
<td>109,352,612</td>
</tr>
<tr>
<td>Scholarships for Needy Students</td>
<td>30,450,000</td>
<td>30,450,000</td>
</tr>
<tr>
<td>UNC Need-Based Financial Aid</td>
<td>10,744,733</td>
<td>10,744,733</td>
</tr>
<tr>
<td>LEA Transportation</td>
<td>21,386,090</td>
<td>21,386,090</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATION</strong></td>
<td><strong>$722,200,000</strong></td>
<td><strong>$736,100,000</strong></td>
</tr>
</tbody>
</table>

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

"§ 18C-162. Allocation of revenues.

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

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

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

**INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

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

**CIVIL PENALTY AND FORFEITURE FUND**

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Technology Fund</td>
<td>$18,000,000</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Drivers Education</td>
<td>27,393,768</td>
<td>27,393,768</td>
</tr>
<tr>
<td>State Public School Fund</td>
<td>162,941,640</td>
<td>162,941,640</td>
</tr>
<tr>
<td>Classroom Supplies</td>
<td>15,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>School Safety</td>
<td>25,000,000</td>
<td>0</td>
</tr>
<tr>
<td>LEA Transportation</td>
<td>15,000,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Appropriation</strong></td>
<td><strong>$263,335,408</strong></td>
<td><strong>$223,335,408</strong></td>
</tr>
</tbody>
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**2019 DISASTER RECOVERY**

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

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

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

**SECTION 4.6.(d) Expand DACS Farmer Assistance.** – Notwithstanding the deadline set forth in Section 5.11(e) of S.L. 2018-136, as amended by S.L. 2018-141, a person who experienced a verifiable loss of agricultural commodities as a result of excessive rain and flooding that occurred during May 15, 2018, through December 31, 2018, and whose farm is located in a North Carolina county that, between January 31, 2019, and February 15, 2019, was included in a Secretarial Disaster Declaration, either as a primary county or as a contiguous...
county, 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.(e) 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.(f) 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.(f1) No Match; Dredging Pelletier Creek. – Funds allocated as provided in the Committee Report described in Section 42.2 of this act for a directed grant to the Town of Morehead City for the renovation and dredging of Pelletier Creek shall not be subject to the requirements of G.S. 143-215.73F(c).

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

SECTION 4.6.(g) Applicability. – Unless otherwise provided in this section or the Committee Report described in Section 42.2 of this act, 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. Section 3.1 of S.L. 2018-134, as amended, applies to this section and is incorporated by reference, except Section 3.1(b) shall not apply to any directed grants or funds provided to a State agency for future disaster studies as allocated by the Committee Report described in Section 42.2 of this act. 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 and the Committee Report described in Section 42.2 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 to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law.

(3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection 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.

Governmental 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, fiduciary funds. 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.
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.

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.

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.

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

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 that meet certain Governmental Accounting Standards Board (GASB) criteria.

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."

"§ 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."

CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

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

WEB SITE POSTING OF REPORTS

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

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

(a) Submission. – Whenever a report is directed by law or resolution to be made to the General Assembly, the State agency preparing the report shall deliver one copy of the report to each of the following officers: the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the House Principal Clerk, and the Senate Principal Clerk; and two copies of the report to the Legislative Library. The State agency is encouraged to inform members of
the General Assembly that an electronic copy is available. This section does not affect any responsibilities for depositing documents with the State Library or the State Publications Clearinghouse under Chapter 125 of the General Statutes.

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

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

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."
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. 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.

(3) 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.

(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.

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

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

..."

SECTION 6.5.(b) G.S. 115B-2(a) reads as rewritten:
"(a) The constituent institutions of The University of North Carolina and the community colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

…

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

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

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

…"

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

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

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

AUTHORIZE COMMUNITY COLLEGE USE OF INSURANCE IN LIEU OF A BOND

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


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

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

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

Supplemental Funding in Low-Wealth Counties

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

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

(1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.

(2) Anticipated total county revenue availability. – The sum of the following:
   a. Anticipated county property tax revenue availability.
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
   c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

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

(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) Non-supplant 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 supplanting 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>
</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 supplant 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.
2. 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.
3. For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
4. 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, except as otherwise provided
in this act, 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.

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.
5. Section 2.6 of S.L. 2018-97.

SECTION 7.9.(b) Article 20 of Chapter 115C of the General Statutes 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 evidence-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.

4. 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.

5. 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.

6. 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.

7. 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:
   a. Salary supplements for classroom teachers in advanced teaching roles.
   b. Development of advanced teaching role plans.
   c. Development of professional development courses for teachers in advanced teaching roles that lead to improved student outcomes.
   d. 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.
   e. 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."

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.

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.

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.

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."

BROADEN CERTAIN CHARTER SCHOOL ENROLLMENT PRIORITIES

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.

2. Siblings who apply to the charter school for admission beginning in the same school year, such as when a sibling was not initially admitted due to grade level capacity.

3. 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 full time employees, persons (i) employed full
time by the charter school or (ii) working full time in the daily
operation of the charter school, including children of persons
employed by an education management organization or charter
management organization for the charter school.
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.

RENEWAL SCHOOLS
SECTION 7.17. Section 6(l) of S.L. 2018-32 reads as rewritten:
"SECTION 6(l) Available State Funds. – Beginning with the 2018-2019-2019-2020 fiscal
year, the Department of Public Instruction shall calculate the amount of State funds to be
allocated to the local school administrative unit operating under a renewal school system plan on
the same basis as other local school administrative units and shall distribute those funds to the
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
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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.

c. (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 sub-subdivision to read:

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

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

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

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

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

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

CHANGE SUPPLEMENTAL FUNDING FOR COOPERATIVE INNOVATIVE HIGH SCHOOLS TO FIRST THREE YEARS OF OPERATION

SECTION 7.27.(a) G.S. 115C-238.50A(1b) reads as rewritten:
"(1b) Cooperative innovative high school allotment. – Funds appropriated by the General Assembly to the Department of Public Instruction to provide additional resources to approved cooperative innovative high schools schools for the schools' first three years of operation."

SECTION 7.27.(b) G.S. 115C-238.51(b)(8) reads as rewritten:
"(8) A description of the funds that will be used and a proposed budget for the first five years of the implementation of the cooperative innovative high school. This description shall identify how the average daily membership (ADM) and full-time equivalent (FTE) students are counted. If additional funds are requested, a description of how those additional funds will be used shall be submitted. Additional funds may include the cooperative innovative high school allotment and tuition payments. For cooperative innovative high schools that have a community college as their partner institution of higher education, the proposed budget shall include the cost of including their students in calculations of budget full-time equivalent students for the North Carolina Community College System. For cooperative innovative high schools that have a constituent institution or a private North Carolina college as their partner institution of higher education, the proposed budget shall include the cost of tuition payments."

SECTION 7.27.(c) 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.
(b) No Additional Funds. Application Approval; Supplemental 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. Within the funds available for this purpose, the Department of Public Instruction shall allocate funds from the cooperative innovative high school allotment to a local school administrative unit operating a cooperative innovative high school approved under this subsection for each of the first three years of the school's operation. The amount of funds allocated to a local school administrative unit for each cooperative innovative high
For a cooperative innovative high school located in a development tier one area as defined in G.S. 143B-437.08, a local school administrative unit shall be allocated the sum of two hundred seventy-five thousand dollars ($275,000) for each year.

For a cooperative innovative high school located in a development tier two area as defined in G.S. 143B-437.08, a local school administrative unit shall be allocated the sum of two hundred thousand dollars ($200,000) for each year.

For a cooperative innovative high school located in a development tier three area as defined in G.S. 143B-437.08, a local school administrative unit shall be allocated the sum of one hundred eighty thousand dollars ($180,000) for each year.

If funds are insufficient in a fiscal year for all eligible local school administrative units to receive the full amounts set forth in this subsection, the Department shall allocate funds on a pro rata basis according to the development tier designation for the location of each school being funded for that fiscal year.

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.

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

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

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

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

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

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

SECTION 7.27.(h) Notwithstanding any other provision of this section, of the funds appropriated to the Department of Public Instruction for the cooperative innovative high school allotment, the Department shall allocate to the Northeast Regional School of Biotechnology and Agriscience the same amount of funds allocated for the school for the 2018-2019 fiscal year for each fiscal year of the 2019-2021 fiscal biennium and for subsequent fiscal years.
SECTION 7.27.(i) Subsections (a) through (d) of this section apply to applications to establish a cooperative innovative high school for the 2020-2021 school year and any subsequent school years.

CLASSROOM SUPPLIES TO TEACHERS

SECTION 7.31.(a) Establishment of the Program. – Notwithstanding any other provision of law, beginning with the 2019-2020 fiscal year, funds appropriated from the General Fund to the Department of Public Instruction each fiscal year for the Classroom Materials/Instructional Supplies/Equipment allotment shall be used for the North Carolina Classroom Supply Program (Program) established in accordance with this section. The Program shall provide for electronic access to funds 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.

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

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 shall be required for the Department of Public Instruction and the teacher 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 teachers to crowd-fund for certain products.

SECTION 7.31.(e) Alternative Vendor. – In the event that the vendor contracted
with the Authority described under subsection (d) of this section 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 teachers to receive and
spend funds online and includes the capabilities described in subsection (d) of this section.

SECTION 7.31.(f) Use of Funds for the Program. – The funds appropriated for the
Program shall be used to supplement the materials and supplies otherwise available to classroom
teachers. 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 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 teacher for the
following school year or for other eligible classroom teachers as appropriate. Any unexpended
funds in the classroom teacher accounts established in subsection (c) of this section shall revert
to the General Fund at the end of each fiscal year.

SCHOOL SAFETY GRANTS PROGRAMS

SECTION 7.36.(a) 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) Public school unit. – A local school administrative unit, regional school,
innovative school, laboratory school, or charter school.
(2) School mental health support personnel. – All of the following:
d. School nurses, school counselors, school psychologists, and school
social workers.
e. 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.
(3) Other health support services. – Mental or physical health support services
provided by one or more third-party entities, including local management
entities/managed care organizations (LME/MCOs), to a public school unit on
a contracted basis. These services may include 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 and (ii) 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. The application shall identify current and ongoing needs and estimated costs associated with those needs.

(d) Criteria and Guidelines. – By August 1, 2019, 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 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 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 subsection.

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

(h) 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.

(i) Report. – No later than April 1, 2020, 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.(b) 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.

(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) services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.

(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 students in crisis. – Of the funds appropriated to the Department of Public Instruction by this act 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.
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 ten percent (10%) for the services identified in this sub-subdivision.

(6) Grants for training to increase school safety. – Of the funds appropriated to the Department of Public Instruction by this act 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 ten percent (10%) for the services identified in this sub-subdivision.

(7) Grants for safety equipment. – Of the funds appropriated to the Department of Public Instruction by this section for grants for school safety equipment, the Superintendent of Public Instruction shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii)
training associated with the use of safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.

(8) 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.

(9) 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.(c) Section 7.27 of S.L. 2018-5 is repealed.

EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE GRANT PROGRAM

SECTION 7.38.(a) Of the funds appropriated by this act 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.

EXCEPTIONAL CHILDREN TRANSPORTATION RESERVE FUND

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

(1) In determining extraordinary transportation cost, the Department shall consider total prior-year transportation expenditures for high-needs children with disabilities, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.

(2) Applicants with highest extraordinary transportation costs shall receive highest priority in the award of grant funds.

READ TO ACHIEVE READING CAMP CURRICULUM PILOT PROGRAM
SECTION 7.42.(a) Purpose. – Of the funds appropriated to the Department of Public Instruction for the 2019-2020 fiscal year for the Read to Achieve Reading Camp Pilot, the Department shall acquire Imagine Learning and Failure Free Reading reading camp curriculums for the purpose of conducting a Reading Camp Curriculum Pilot Program (Pilot). The purpose of the Pilot is to determine the effectiveness of specific reading camp curriculums for furthering reading proficiency.

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

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

1. The number and percentage of third grade students who did not demonstrate proficiency upon entering reading camp and who became proficient after completing reading camp.

2. For each grade level, the number and percentage of first and second grade students who demonstrated reading comprehension below grade level upon entering camp and who demonstrated reading comprehension at or above grade level after completing reading camp.

STUDENT MEAL DEBT REPORT AND REDUCED-PRICE LUNCH CO-PAYS

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

1. The percentage of students of all grade levels in each local school administrative unit who qualify for reduced-price meals and do not carry an unpaid meal charge.

2. The total amount of debt carried by each local school administrative unit related to unpaid meal charges.

3. Policies adopted by each local school administrative unit regarding unpaid meal charges.

4. A recommended statewide policy on the uniform administration of unpaid meal charges in local school administrative units. The recommended policy shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charge.

SECTION 7.43.(b) Funds appropriated to the Department of Public Instruction by this act for the 2019-2020 fiscal year for reduced-price lunch co-pays shall be used to provide school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Lunch Program in the 2019-2020 school year. If the funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price meals, the Department of Public Instruction shall also use any excess funds appropriated for the National School Breakfast Program for the purposes of this subsection.

INNOVATIVE SIGNATURE CAREER ACADEMY PILOT

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

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

(1) One school-selected priority career pathway that does not compete with career
pathways at other signature career academies in the local school
administrative unit in addition to CTE courses offered as elective options and
business and computer science courses.

(2) School and community stakeholder input on the development of the priority
career pathways and the phase-out of other CTE programs.

(3) Partnerships with higher education institutions and business and industry
entities for specific equipment needs and the design of clearly defined career
pathways.

(4) The option for eighth grade students to apply to attend a signature career
academy of their choice at a high school located in the local school
administrative unit.

(5) Reassignment of current CTE teachers to focus on an area of expertise for a
signature career academy and the creation of partnerships with higher
education faculty and employees of industry and business to volunteer to serve
as co-teachers in the specialized areas.

SECTION 7.44.(c) Flexibility for Teachers. – Notwithstanding any other provision
of law, in addition to the authority provided to a local board of education to employ adjunct
instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the
local school administrative unit shall have the flexibility to contract with individuals who have
education and training related to the specific skills and career pathways that are the focus of a
signature career academy. Any individual who has direct contact with students pursuant to the
authority provided by this subsection 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.

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

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

SECTION 7.44.(e) Term of the Program. – The Program may operate for up to six
school years as a pilot program, beginning with the 2019-2020 school year. Before the end of the
school year in which the Program will expire as a pilot, the Guilford County Board of Education
may apply to the State Board of Education for the Program to be included as an ongoing
component of Guilford County Schools' career and technical education local plan submitted to
the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in
subsequent school years, Guilford County Schools shall continue to have flexibility in regard to
teachers as provided in subsection (c) of this section. The Guilford County Board of Education
may request as part of the application that the General Assembly appropriate additional resources
for the operation of the Program but may continue to operate the Program if other sources of
funds are available. The State Board shall consider the data submitted to the Department of Public Instruction on the operation of the Program pursuant to subsection (d) of this section when reviewing the Program to become a component of the career and technical education local plan.

SCHOOL PSYCHOLOGISTS ALLOTMENT

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

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

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

TRANSFER OF FUNDS FOR BUSINESS SYSTEM MODERNIZATION PLAN

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

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

SCHOOL MENTAL HEALTH CRISIS RESPONSE PROGRAM

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

(1) Participating unit. – A local school administrative unit that elects to transfer school mental health personnel to a requesting unit for a temporary period of time.

(2) Requesting unit. – A local school administrative unit requesting additional school mental health support personnel for a temporary period of time.

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

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

REPEAL RIGHT OF ACTION/CAPITAL OUTLAY FUND

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

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

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

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

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

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

FUNDS FOR WORKFORCE DEVELOPMENT/HOSPITALITY

SECTION 7.49.(a) Of the funds appropriated to the Department of Public Instruction by this act for the 2019-2021 fiscal biennium for the North Carolina Hospitality Education Foundation (Education Foundation), the Department shall provide a grant-in-aid to the Education Foundation of the North Carolina Restaurant and Lodging Association to be used to provide nationally certified programs in career and technical education focused on developing critical skills necessary for students to succeed in the hospitality sector. The purpose of the funds shall be to support instructor and student training and student testing to increase the State’s skilled workforce in the restaurant and lodging sectors. The Education Foundation shall match State funds made available pursuant to this section on the basis of one dollar ($1.00) in State funds for every one dollar ($1.00) in non-State funds.

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

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

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

2019-2020 Teacher Monthly Salary Schedule

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<td>$4,221</td>
</tr>
<tr>
<td>8</td>
<td>$4,322</td>
</tr>
<tr>
<td>9</td>
<td>$4,422</td>
</tr>
<tr>
<td>10</td>
<td>$4,523</td>
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<tr>
<td>11</td>
<td>$4,623</td>
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<tr>
<td>12</td>
<td>$4,724</td>
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<td>13</td>
<td>$4,824</td>
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<td>14</td>
<td>$4,925</td>
</tr>
<tr>
<td>15-24</td>
<td>$5,025</td>
</tr>
<tr>
<td>25+</td>
<td>$5,226</td>
</tr>
</tbody>
</table>

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

(1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.

(2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

(3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the supplement provided to them as "M" teachers.

(4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the supplement provided to them as "M" teachers.

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

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

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

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

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

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

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

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

### 2020-2021 Teacher Monthly Salary Schedule

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>&quot;A&quot; Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$3,500</td>
</tr>
<tr>
<td>1</td>
<td>$3,636</td>
</tr>
<tr>
<td>2</td>
<td>$3,738</td>
</tr>
<tr>
<td>3</td>
<td>$3,838</td>
</tr>
<tr>
<td>4</td>
<td>$3,940</td>
</tr>
<tr>
<td>5</td>
<td>$4,040</td>
</tr>
<tr>
<td>6</td>
<td>$4,142</td>
</tr>
<tr>
<td>7</td>
<td>$4,242</td>
</tr>
<tr>
<td>8</td>
<td>$4,344</td>
</tr>
<tr>
<td>9</td>
<td>$4,444</td>
</tr>
<tr>
<td>10</td>
<td>$4,546</td>
</tr>
<tr>
<td>11</td>
<td>$4,646</td>
</tr>
<tr>
<td>12</td>
<td>$4,748</td>
</tr>
<tr>
<td>13</td>
<td>$4,848</td>
</tr>
<tr>
<td>14</td>
<td>$4,950</td>
</tr>
<tr>
<td>15-24</td>
<td>$5,050</td>
</tr>
<tr>
<td>25+</td>
<td>$5,252</td>
</tr>
</tbody>
</table>
SECTION 7A.3.(a) For purposes of this section, a "highly qualified graduate" or "graduate" is an individual entering the teaching profession and hired on or after the effective date of this section who has graduated from an approved educator preparation program located in North Carolina with both of the following criteria:

(1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

(2) A score of the following or higher on an edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance:
   a. A score of 42 for the World Languages and Classical Languages edTPA assessment.
   b. A score of 57 for the Elementary Education edTPA assessment.
   c. A score of 48 for all other edTPA assessments.

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

(1) A graduate who accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with three years of experience on the "A" Teachers Salary Schedule, as long as the graduate (i) remains teaching at the same school or (ii) accepts subsequent employment at another low-performing school or local school administrative unit identified as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with two years of experience on the "A" Teachers Salary Schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with one year of experience on the "A" Teachers Salary Schedule.

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

VETERAN TEACHER BONUSES

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

(1) For any teacher with between 15 and 24 years of teaching experience, a bonus of five hundred dollars ($500.00).

(2) For any teacher with 25 or more years of teaching experience, a bonus of one thousand dollars ($1,000).
SECTION 7A.3A.(b) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

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

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

(1) For any teacher with between 15 and 24 years of teaching experience, a bonus of five hundred dollars ($500.00).

(2) For any teacher with 25 or more years of teaching experience, a bonus of one thousand dollars ($1,000).

PRINCIPAL SALARY SCHEDULE

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

2019-2020 Principal Annual Salary Schedule

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

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

(1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.

(2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:

   a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
   b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
   c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column if either of the following apply:

   a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.
   b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

SECTION 7A.4.(b) For purposes of determining the average daily membership of a principal's school, the following amounts shall be used during the following time periods:
Between July 1, 2019, and December 31, 2019, the average daily membership for the school from the 2018-2019 school year. If the school did not have an average daily membership in the 2018-2019 school year, the projected average daily membership for the school for the 2019-2020 school year.

Between January 1, 2020, and June 30, 2020, the average daily membership for the school for the 2019-2020 school year.

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

(1) Between July 1, 2019, and December 31, 2019, the school growth scores from the 2015-2016, 2016-2017, and 2017-2018 school years. If a principal does not have a school growth score from any of the school years identified in this subdivision, the most recent available growth scores, up to the 2017-2018 school year, shall be used.

(2) Between January 1, 2020, and June 30, 2020, the school growth scores from the 2016-2017, 2017-2018, and 2018-2019 school years. If a principal does not have a school growth score from any of the school years identified in this subdivision, the most recent available growth scores, up to the 2018-2019 school year, shall be used.

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

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

(1) The applicable amount determined pursuant to subsections (a) through (d) of this section.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
   a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
   b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

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

"(5c) Funds allocated for school building administration may be converted for any purpose authorized by the policies of the State Board of Education. For funds related to principal positions, the salary transferred shall be based on the first step of the Principal III Salary Schedule, the Base column of the Principal Salary Schedule. For funds related to assistant principal months of employment, the salary transferred shall be based on the first step of the Assistant Principal Salary Schedule. "A" Teachers Salary Schedule at the salary level for assistant principals. Certified position allotments shall not be transferred to dollars to hire the same type of position."

PRINCIPAL BONUSES

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

2019-2020 Principal Bonus Schedule

<table>
<thead>
<tr>
<th>Statewide Growth Percentage</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5%</td>
<td>$15,000</td>
</tr>
<tr>
<td>Top 10%</td>
<td>$10,000</td>
</tr>
<tr>
<td>Top 15%</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Top 20%</td>
<td>$ 2,500</td>
</tr>
<tr>
<td>Top 50%</td>
<td>$ 1,000</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

PRINCIPAL RECRUITMENT SUPPLEMENT

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

"§ 115C-285.1. Principal recruitment supplement.

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

(1) Eligible employer. – The governing board of a local school administrative unit
with an eligible school.

(2) Eligible school. – A low-performing school, as defined in G.S. 115C-105.37,
that received an overall school performance score that placed it in the bottom
five percent (5%) of all schools in the State in the prior school year.

(3) Qualifying principal. – A principal who is paid on the Exceeded Growth
column of the Principal Salary Schedule.

(4) Qualifying school. – An eligible school selected by the Department to
participate in the Program.

(b) Program; Purpose. – The Department of Public Instruction shall establish the
Principal Recruitment Supplement Program (Program). To the extent funds are made available,
the purpose of the Program shall be to provide significant, time-limited salary supplements to
qualifying principals who accept employment as principals of qualifying schools.

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

(1) A qualifying principal who contracts with an eligible employer to receive the
salary supplement shall not be excluded in future years from contracting with
the same eligible employer or a different eligible employer for another salary
supplement, subject to the requirements of this section."
(2) A qualifying principal who accepts employment as a principal at a qualifying school shall continue to receive the salary supplement during performance of the contract, up to 36 months, even if one or more of the following occur:
   a. The principal is no longer a qualifying principal.
   b. The school is no longer an eligible school.
(3) Notwithstanding G.S. 135-1(7a), salary supplements provided pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.
(d) Time Line. – To the extent funds are made available for the Program, the following time line shall apply:
   (1) No later than October 1, 2019, and annually thereafter, the Department shall notify an eligible employer with one or more eligible schools that the eligible employer may be selected to participate in the Program.
   (2) No later than November 1, 2019, and annually thereafter, each eligible employer that seeks to participate in the Program shall notify the Department of its intent.
   (3) No later than November 15, 2019, and annually thereafter, the Department shall notify any eligible employer with a qualifying school that the school qualifies for the program, up to a statewide total of 40 schools. In making its selections, the Department shall prioritize eligible schools with the lowest overall school performance scores.
   (4) No later than May 1, 2020, and annually thereafter, each eligible employer with a qualifying school shall do all of the following:
      a. Execute all applicable contracts with qualifying principals.
      b. Notify the Department of the (i) identity of principals and schools in the unit that will participate in the program, (ii) length of the contract period between the eligible employer and each qualifying principal, and (iii) length of time the qualifying principal will receive the salary supplement.
   (5) No later than August 1, 2020, and annually thereafter, all qualifying principals identified pursuant to sub-subdivision (4)b. of this subsection shall begin employment as a principal at the applicable qualifying school.
(e) Additional Funds. – In the event an eligible employer is unable to award funds for the salary supplement because of resignation, dismissal, reduction in force, death, retirement, or failure to execute a contract with a qualifying principal, the Department shall award the funds, as soon as is practicable, to another eligible employer identified in subdivision (a)(2) of this section.
(f) Supplement Not Supplant. – Salary supplements provided to qualifying principals pursuant to this section shall be used to supplement and not supplant State and non-State funds already provided for principal compensation.
(g) Report. – No later than March 15, 2021, and every year thereafter in which funds are expended under the Program, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the Program, including, at a minimum, the following information:
   (1) The impact of the Program on school performance, including the performance of (i) schools receiving a principal under the Program and (ii) schools that lost a principal due to the Program.
   (2) The number of principals participating in the Program.
   (3) The identity of schools participating in the Program.
   (4) The length and rate of retention of principals (i) within the Program and (ii) at specific schools within the Program."
ASSISTANT PRINCIPAL SALARIES

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

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

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

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

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

1. The applicable amount determined pursuant to subsections (a) through (d) of this section.
2. The sum of the following:
   a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
   b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.
3. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

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

<table>
<thead>
<tr>
<th>Position</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Administrator I</td>
<td>$3,632</td>
<td>$6,697</td>
</tr>
<tr>
<td>School Administrator II</td>
<td>$3,842</td>
<td>$7,096</td>
</tr>
<tr>
<td>School Administrator III</td>
<td>$4,070</td>
<td>$7,520</td>
</tr>
<tr>
<td>School Administrator IV</td>
<td>$4,228</td>
<td>$7,814</td>
</tr>
</tbody>
</table>
The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

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

2019-2020 Fiscal Year

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent I</td>
<td>$5,125</td>
<td>$9,488</td>
</tr>
<tr>
<td>Superintendent II</td>
<td>$5,433</td>
<td>$10,054</td>
</tr>
<tr>
<td>Superintendent III</td>
<td>$5,755</td>
<td>$10,657</td>
</tr>
<tr>
<td>Superintendent IV</td>
<td>$6,100</td>
<td>$11,297</td>
</tr>
<tr>
<td>Superintendent V</td>
<td>$6,467</td>
<td>$11,978</td>
</tr>
</tbody>
</table>

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

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

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

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

NONCERTIFIED PERSONNEL SALARIES

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

1. For permanent, full-time employees on a 12-month contract, by one percent (1%).
2. For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:
   a. Permanent, full-time employees on a contract for fewer than 12 months.
   b. Permanent, part-time employees.
   c. Temporary and permanent hourly employees.
SECTION 7A.8.(b) It is the intent of the General Assembly to increase the annual salary for noncertified public school employees whose salaries are supported from State funds in the 2020-2021 fiscal year, beginning July 1, 2020, as follows:

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

SMALL COUNTY SIGNING BONUS FOR TEACHERS

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

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

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

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

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

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

CONSOLIDATE CERTAIN TEACHER BONUSES

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

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

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

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

(1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:
   a. Is employed by at least one of the following:
      1. A public school unit.
      2. A school operated by the State Board of Education under Section 7.22 of S.L. 2011-145.
   b. Taught one or more students who received a score listed in subsection (d) of this section.

(2) Eligible career and technical education teacher. – A teacher who meets the following criteria:
   a. Is employed by a public school unit.
   b. Taught one or more students who attained approved industry certifications or credentials consistent with G.S. 115C-156.2.

(3) Eligible EVAAS teacher. – A teacher who meets at least one of the following criteria:
   a. Is employed by a public school unit and meets one of the following criteria:
      1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.
      2. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
      3. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
   b. Is employed by a local school administrative unit and meets one of the following criteria:
      1. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for third grade reading from the previous school year.
      2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
      3. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
sixth, seventh, or eighth grade mathematics from the previous school year.

c. Was employed by a local school administrative unit that employed in the previous school year three or fewer total teachers in that teacher's grade level as long as the teacher has an EVAAS student growth index score from the previous school year of exceeded expected growth in one of the following subject areas:
   1. Third grade reading.
   2. Fourth or fifth grade reading.
   3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.

(4) 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 the State Board of Education under Article 7A of Chapter 115C of the General Statutes.
   e. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 29A of Chapter 116 of the General Statutes.

(5) Qualifying teacher.—An eligible advanced course teacher, eligible career and technical education teacher, or eligible EVAAS teacher who remains employed teaching in the same public school unit, or, if an eligible advanced course teacher is only employed by a school pursuant to sub-subdivision (1)a.2. of this subsection, remains employed teaching in that school, at least from the school year the data is collected until January 1 of the corresponding school year that the bonus is paid.

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

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

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

   (1) A bonus in the amount of twenty-five dollars ($25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a twenty-five dollar ($25.00) value ranking as determined under subsection (f) of this section.
   (2) A bonus in the amount of fifty dollars ($50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty dollar ($50.00) value ranking as determined under subsection (f) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

1. Bonus funds awarded to a teacher pursuant to subsection (d), subsection (e),
subdivision (g)(1), or subdivision (h)(1) of this section shall not exceed three
thousand five hundred dollars ($3,500) per subsection or subdivision in any
given school year.

2. A qualifying teacher who is an eligible teacher under sub-sub-divisions
(c)(3)a.1., (c)(3)b.1., or (c)(3)c.1. of this section may receive a bonus under
both subdivision (g)(1) and subdivision (h)(1) of this section, but shall not
receive more than seven thousand dollars ($7,000) pursuant to subdivisions
(g)(1) and (h)(1) of this section in any given school year.

3. A qualifying teacher who is an eligible teacher under sub-sub-divisions
(c)(3)a.2., (c)(3)b.2., or (c)(3)c.2. of this section may receive a bonus under
both subdivision (g)(2) and subdivision (h)(2) of this section, but shall not
receive more than two bonuses pursuant to subdivisions (g)(2) and (h)(2) of this section in any given school year.

(4) A qualifying teacher who is an eligible teacher under sub-sub-divisions (c)(3)a.3., (c)(3)b.3., or (c)(3)c.3. of this section may receive a bonus under both subdivision (g)(3) and subdivision (h)(3) of this section, but shall not receive more than two bonuses pursuant to subdivisions (g)(3) and (h)(3) of this section in any given school year.

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

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

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

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

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

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.

NC PROMISE TUITION PLAN/FUTURE FUNDS

SECTION 8.2A. 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 the following additional funds for the purpose of the "buy down" of any financial obligations incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University for the NC Promise Tuition Plan established pursuant to G.S. 116-143.11:

1. For the 2021-2022 fiscal year, the sum of five million dollars ($5,000,000) in recurring funds.
2. For the 2022-2023 fiscal year, the sum of four million dollars ($4,000,000) in recurring funds.
3. For the 2023-2024 fiscal year, the sum of three million four hundred thousand dollars ($3,400,000) in recurring funds.
4. For the 2024-2025 fiscal year, the sum of three million dollars ($3,000,000) in recurring funds.

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

UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS

SECTION 8.5.(a) 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 deemed to 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.(b) 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 toward 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.(c) 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.(d) 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.
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.

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.

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.

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.

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

"SECTION 11.6.(d) Notwithstanding G.S. 116-239.5, (i) 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 2019-2020-2021 school year and (ii) at least an additional three laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes and in operation by the beginning of the 2021-2022 school year."

SECTION 8.5.(f) 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 not be used to create new positions or to hire additional consultants for The University of North Carolina System Office.

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

NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

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

(1) Armed Forces. – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.

(2) Eligible child or eligible children. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:

   a. Meets one of the following residency conditions:
      1. Is a resident of North Carolina at the time of scholarship documentation completion.
      2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
      3. Was permanently stationed in North Carolina at the time of his or her death.
      4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.

   b. Meets one of the following service conditions:
      1. Was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
      2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war or national emergency. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
      3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service-connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.
      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 and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible children and eligible spouses in accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program. In administering the Program, each nonprofit corporation shall be responsible for program oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section.

Each nonprofit corporation 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 its 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.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship 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.

CHANGES TO THE UNC ENROLLMENT FORMULA FOR STATE FUNDING

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

(1) Enrollment funding for the appropriation of State funds for UNC based on the
number of credit hours required for undergraduate student completion of
four- and five-year programs offered by each constituent institution. The
enrollment funding shall apply to credit hours offered during the fall, spring,
and summer academic terms in order for a student to complete a program.

(2) Application of the enrollment funding formula beginning with undergraduate
students who are initially enrolled as freshman or transfer students in
curriculum programs at a constituent institution for the fall 2021 academic
term and for subsequent academic terms.

(3) A methodology that will be used for UNC to determine the number of credit
hours required for undergraduate student completion of four- and five-year
programs. A uniform buffer of credit hours shall not be used in the calculation
of the number of credit hours required for program completion.

(4) A methodology for calculating the cost of a credit hour to the student so that
the tuition rate applicable to students at a constitution institution is applied
uniformly. The Board of Governors shall allocate State funds to constituent
institutions based on this methodology for the offset of tuition payments.
Nothing in this subdivision shall be construed to limit a constituent
institution's authority to charge course fees in accordance with State law and
policies established by the Board of Governors.

(5) A procedure and cost budgeting method for UNC that shall be applied in
circumstances in which a student is unable to complete the required credit
hours as a full-time student continuously enrolled in a constituent institution
due to unavailability of courses in program scheduling by the constituent
institution. The burden of the cost of meeting the credit hour course
requirements under these circumstances shall not be transferred to the student.
The burden of this cost shall be covered by UNC and shall reflect the potential
loss of student financial aid and expected loan repayments due to loss of an
individual student's status as full-time and continuously enrolled.

SECTION 8.9.(b) The Board of Governors shall report the proposal for the new
enrollment funding formula as required by subsection (a) of this section to the Joint Legislative
Education Oversight Committee, the Senate Appropriations Committee on Education/Higher
Education, the House of Representatives Appropriations Subcommittee on Education, the Fiscal

SECTION 8.9.(c) The Board of Governors shall begin implementation of the
transition to the new enrollment funding formula required by this section during the 2020-2021
fiscal year. The enrollment funding formula shall be fully implemented by July 1, 2021, and shall
apply beginning with the 2021-2022 fiscal year for undergraduate students entering the 2021 fall
academic term and for subsequent academic terms.

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

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

§ 116-143.9. Fixed tuition payment.
(a) There is established the fixed tuition payment program. The rate of tuition of any
freshman or transfer undergraduate student who is admitted to any constituent institution of The
University of North Carolina and deemed to be a North Carolina resident for purposes of tuition
shall be guaranteed as provided by this section. The program shall have the following
components:
(1) A guarantee that the rate of tuition approved by either the Board of Governors or the Board of Trustees of the constituent institution will remain constant or decrease during the tuition period.

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

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

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

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

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

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

MODIFY FUTURE TEACHERS OF NORTH CAROLINA

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

"(b) Program. – FTNC shall be a program providing professional development and curricula for courses that provide selective, application-based symposium for high school juniors and seniors, offering a challenging introduction to teaching as a profession for high school students through courses offered by participating high schools in conjunction with college partners. FTNC courses shall include both content on pedagogy and the profession of teaching and field experiences for high school students, provide instruction on pedagogy, ethics and professionalism, child development, successful teaching strategies and classroom management practices, effective lesson planning, assessment and intervention, and requirements of teacher licensure. The FTNC Symposium should provide practical benefits to participating students, which may include interaction with current educators, administrators, and educator preparation program faculty members, a simulated student teaching experience, and information about financial aid and scholarship opportunities."

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


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

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

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

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

§ 116-41.32. Future Teachers of North Carolina reporting.

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

(1) Total number and names of local school administrative units with List of high schools and local school administrative units represented by participating in FTNC. Total number and names of high schools offering FTNC, partner institution of higher education for each high school, and number of sections of the course being offered at each high school: students.

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

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

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

(2a) Description of the event agenda and content.
(3) Percentage of students who, after completing the course, attending the FTNC Symposium, reported the following:
   a. The student plans to choose teaching as a profession.
   al. The student plans to enroll in a community college, a constituent institution, a private postsecondary institution located in North Carolina, or a postsecondary institution located in another state.
   b. The course—FTNC Symposium was very or somewhat effective in helping the student formulate a positive perception of the education profession.
   c. The coursework and activities—FTNC Symposium increased the student's knowledge of the teaching profession and other careers in education.
   d. The field experience helped the student understand the many factors that contribute to effective teaching.

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

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

(6) Number of teachers provided professional development for FTNC.

MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS

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

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

(a) Definitions. – The following definitions apply in this section:
(1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).
(2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).
(3) Veteran. – A person who served active duty for not less than 90 days in the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration and who was discharged or released from such service.

(b) Waiver of 12-Month Residency Requirement for Veteran Certain Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended, 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the veteran individual meets all of the following criteria:
(1) The veteran applies for admission to the institution of higher education and enrolls within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.
(2) The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill—Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.
(3) The veteran's individual's abode is North Carolina.
(4) The veteran individual provides the institution of higher education at which the veteran individual intends to enroll a letter of intent to establish residence in North Carolina.

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

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

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

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

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

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

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

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

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

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

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

UMSTEAD ACT EXEMPTION/NC A&T STATE UNIVERSITY

SECTION 8.14. G.S. 66-58(c) reads as rewritten:
"(c) The provisions of subsection (a) shall not prohibit:

1. The sale of products of experiment stations or test farms.

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

2a. The sale of products raised or produced incident to the operation of a community college or college viticulture/enology program as authorized by G.S. 18B-1114.4 or the operation of a community college or college brewing, distillation, or fermentation program as authorized by G.S. 18B-1114.6.

2b. The sale by North Carolina State University at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the Dairy and Process Applications Laboratory, so long as any profits are used to support the Department of Food Science and College of Agriculture and Life Sciences at North Carolina State University.

2c. The sale by North Carolina Agricultural and Technical State University (NC A&T State University) at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the University Farm at NC A&T State University, so long as any profits are used to support the Agricultural Research Program in the College of Agriculture and Environmental Sciences at NC A&T State University.

2d. The sale by North Carolina Agricultural and Technical State University (NC A&T State University) at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the University Farm at NC A&T State University, so long as any profits are used to support the Agricultural Research Program in the College of Agriculture and Environmental Sciences at NC A&T State University.

..."
PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

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(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 subsections (b) and (c) 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(c)(3) reads as rewritten:

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

a. Up in an amount of up to two thousand two hundred dollars ($2,200) for each Program recipient. Funds shall be prioritized for teachers serving as a teacher in a North Carolina public school schools identified as low-performing under G.S. 115C-105.37.

b. Up to one thousand dollars ($1,000) for each Program recipient serving as a teacher in a North Carolina public school not identified as low-performing under G.S. 115C-105.37."

SECTION 8A.6.(c) 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.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, Article 25 of this Chapter. A child who is the age of four on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application.

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 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 of year.
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 (i) nine thousand dollars ($9,000) per eligible student for the fiscal school 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) per eligible student for the fiscal school 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 deposited 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 35-70 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.

(c) Eligibility for the other scholarship programs is provided for as follows:

Eligibility for 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 is 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 to be 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 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, math
ematics, 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 1H 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 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 of Education, 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) 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.(f) 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."

SECTION 8A.9.(g) This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended by this section before the effective date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued under the amended statute before the effective date of its amendment.
SECTION 8A.9.(h) Subsection (a) of this section applies beginning with scholarship funds awarded for the 2020-2021 school year. Subsections (c) through (e) of this section become effective July 1, 2020. Subsection (f) of this section applies to taxable years beginning on or after January 1, 2020.

MAINTAIN ADMINISTRATION FOR CURRENT GRANT RECIPIENTS OF THE EXISTING TRANSFORMING PRINCIPAL PREP PROGRAM AND PHASE IN ADMINISTRATION BY THE NEW PRINCIPAL FELLOWS AND TP3 COMMISSION

SECTION 8A.10.(a) Effective June 30, 2019, subsections (a) through (d) of Section 2 of S.L. 2018-145 are repealed.

SECTION 8A.10.(b) Section 2(f) of S.L. 2018-145 reads as rewritten:

"SECTION 2.(f) Notwithstanding any provision of Part 4 of Article 23 of Chapter 116 of the General Statutes to the contrary, the nonprofit corporation contracting with the State Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law, shall not enter into or execute any new contracts, including the award of any new grants, associated with grants or award a grant renewal for the Transforming Principal Preparation Grant Program on or after the date this act becomes law."

SECTION 8A.10.(c) Section 2(g) of S.L. 2018-145 reads as rewritten:

"SECTION 2.(g) As soon as practicable, but no later than June 30, 2019, for grantees selected for grants prior to January 1, 2019, through the Transforming Principal Preparation Grant Program under G.S. 116-209.73, the nonprofit corporation contracting with the State Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law, G.S. 116-209.71 shall transfer to the North Carolina Principal Fellows and TP3 Commission (i) by June 30, 2020, all of the data in its possession that was collected from grant recipients with the term of the grant ending prior to July 1, 2020, in accordance with G.S. 116-209.73, including any data collected during the 2018-2019-2019-2020 fiscal year, and (ii) by June 30, 2021, all of the data in its possession that was collected from grant recipients with the term of the grant ending prior to July 1, 2022, in accordance with G.S. 116-209.73, including any data collected during the 2020-2021 fiscal year."

SECTION 8A.10.(d) Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5 of S.L. 2017-57 and as amended by Section 10A.4 of S.L. 2018-5, reads as rewritten:

"SECTION 11.9.(o) Beginning with the 2017-2018-2017-2018, 2018-2019, and 2019-2020 fiscal years, of the funds appropriated for this program, the sum of four million two hundred thousand dollars ($4,200,000) shall be allocated each fiscal year to the State Education Assistance Authority (Authority) to award grants to selected recipients selected prior to January 1, 2019, pursuant to G.S. 116-209.73.

For the 2020-2021 fiscal year, of the funds appropriated for this program, the sum of two million five hundred fifteen thousand ninety-eight dollars ($2,515,098) shall be allocated to the Authority to award grants to recipients selected prior to January 1, 2019, pursuant to G.S. 116-209.73."

SECTION 8A.10.(e) G.S. 116-209.70 reads as rewritten:

"§ 116-209.70. Purpose and definitions. Purpose, definitions, and applicability.

(a) Purpose. – The purpose of this Part is to establish the Transforming Principal Preparation Grant Program as a competitive grant program for eligible entities to elevate educators in North Carolina public schools by transforming the preparation of principals across the State and providing for forgivable scholarship loans to participants of those school leader preparation programs. The Authority shall administer this Program through a cooperative agreement with a private, nonprofit corporation to provide funds for the preparation and support of highly effective future school principals in North Carolina.

(b) Definitions. – For the purposes of this Part, the following definitions apply:
... (5a) Public school. – An elementary or secondary school located in North Carolina that is operated by a local board of education, charter school board of directors, regional school board of directors, chancellor for a University of North Carolina laboratory school, an innovative school operator, or the United States government.

(c) Applicability of Part. – The provisions of this Part shall only apply to the administration of the Transforming Principal Preparation Grant Program for grant recipients selected for the award of grants prior to January 1, 2019."

SECTION 8A.10.(f) G.S. 116-209.73(c) reads as rewritten:
"(c) Duration of Grants. – The nonprofit corporation shall also recommend to the Authority the duration and renewal of grants to eligible entities according to the following:
(1) The duration of grants shall be as follows:
   a. Grants shall be no more than five years in duration.
   b. The nonprofit corporation may recommend renewal of a grant based on performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (2) of this subsection.

(1a) The following conditions shall apply during the grant period:
   c.a. The nonprofit shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities.
   b. Grantees shall develop and enforce requirements for program graduates to serve a minimum of four years as school-based administrators in public school located in North Carolina. Requirements are subject to the approval of The grantee shall facilitate the execution of promissory notes between the Authority and program participants containing the terms for forgivable scholarship loans, including requirements for forgiveness or repayment, consistent with requirements approved by the nonprofit corporation and the provisions of G.S. 116-209.76.

(2) In evaluating performance for purposes of grant renewal and making recommendations to the Authority, the nonprofit corporation shall consider at least the following:
   a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.
   b. Other criteria from data received in the annual report in subsection (d) of this section may include the following:
      1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.
      2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric."

SECTION 8A.10.(g) Part 4 of Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:
"§ 116-209.76. Terms of forgivable scholarship loans.
(a) Notes. — All forgivable scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the nonprofit corporation and the grantee.

(b) Forgiveness. — The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars ($20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars ($40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The nonprofit corporation, in collaboration with the grantees, shall monitor the acceptability of service repayment agreements and compliance of the recipient with the agreement. The nonprofit corporation shall notify the Authority of any relevant information or change in the circumstances pertaining to the recipient impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the nonprofit corporation finds it is impossible for the recipient to work for four years as a school administrator, within seven years after completion of the preparation program supported by the loan, because of the death or permanent disability of the recipient. If the recipient repays the forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid within 12 years after completion of the school leader preparation program supported by the loan. If the recipient completes the school leader preparation program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the forgivable scholarship loan in cash to no more than a total of 15 years."

SECTION 8A.10.(h) Effective July 1, 2021, Part 4 of Article 23 of Chapter 116 of the General Statutes, as amended, is repealed.

SECTION 8A.10.(i) Effective July 1, 2021, Section 11.9(m) of S.L. 2015-241, as amended by Section 4.3 of S.L. 2016-123, Section 10A.5 of S.L. 2017-57, and Section 10A.4 of S.L. 2018-5, is repealed.

SECTION 8A.10.(j) Effective July 1, 2021, Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5 of S.L. 2017-57, and amended by Section 10A.4 of S.L. 2018-5 and subsection (d) of this section, is repealed.

SECTION 8A.10.(k) Article 5C of Chapter 116 of the General Statutes reads as rewritten:

"Article 5C.

§ 116-74.41. North Carolina Principal Fellows and Transforming Principal Preparation Program.

(a) There is established the North Carolina Principal Fellows and TP3 Commission. The Commission shall exercise its powers and duties independently of the Board of Governors of The University of North Carolina, in its administration of the North Carolina Principal Fellows and Transforming Principal Preparation Program, which includes the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program, in accordance with this Article. The Director of the Principal Fellows Program shall staff the Commission. The State Education Assistance Authority (SEAA)—as created in G.S. 116-203 shall be responsible for (i) implementing scholarship loan agreements, monitoring, cancelling through service, collecting
and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with G.S. 116-74.42, G.S. 116-74.42 and (ii) awarding grants upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be administratively housed in The University of North Carolina System Office. Office space for the Commission shall not be located on the campus of a constituent institution.

(a) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

(b) The Commission shall consist of 12 members appointed as follows:

1. One member of the Board of Governors of The University of North Carolina appointed by the chair of that board, notwithstanding G.S. 116-7(b).
2. One member of the State Board of Education appointed by the State Board chair.
3. Two deans of schools of education appointed by the President of The University of North Carolina.
3a. One dean of a school of education appointed by the President of the North Carolina Independent Colleges and Universities.
4. One public school teacher appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
5. One public school principal appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
6. A local superintendent chosen by the State Superintendent of Public Instruction.
7. One member to represent business and industry appointed by the Governor.
8. One local school board member appointed by the chair of the State Board of Education.
9. One parent of a public school child human resources expert from the private sector appointed by the State Superintendent of Public Instruction.
10. The chairperson of the Board of the State Education Assistance Authority.
11. The director of the Principal Fellows Program. The director shall chair the Commission.
12. The Executive Director of the North Carolina Principals and Assistant Principals' Association or his or her designee.
13. The President of the Personnel Administrators of North Carolina or his or her designee.
14. The President and Chief Executive Officer of North Carolina Business Leaders for Education (BEST NC) or his or her designee.

(c) Initial appointments shall be made no later than September 15, 1993. Initial terms of those members appointed to fill the teacher, principal, parent, superintendent, and the local school board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the Board of Governors of The University of North Carolina, State Board of Education, deans of schools of education, and the member of business and industry seats shall expire July 1, 1997. Thereafter, all appointments for these seats to the Commission shall be for four-year terms.

(d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. In the discretion of the appointing authority, a State Board of Education member or a member of the Board of Governors of The University of North Carolina may complete a term on the Commission after the member's appointment from the appointing board has expired.

(e) Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.
The Commission shall meet regularly, at times and places deemed necessary by the chair.

§ 116-74.41A. Definitions.

For the purposes of this Article, the following definitions apply:

(1) Authority or SEAA. – The State Education Assistance Authority as created in G.S. 116-203.

(2) Commission. – The North Carolina Principal Fellows and TP3 Commission.

(3) Eligible entity. – A for-profit or nonprofit organization or an institution of higher education that has an evidence-based plan for preparing school leaders who implement school leadership practices linked to increased student achievement.

(4) High-need local school administrative unit. – A local school administrative unit with the majority of its schools deemed to be high-need schools as defined in subdivision (5) of this subsection.

(5) High-need school. – A public school that meets one or more of the following criteria:
   a. Is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
   b. Is a persistently low-achieving school, as identified by the Department of Public Instruction for purposes of federal accountability.
   c. A middle school containing any of grades five through eight that feeds into a high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
   d. A high school with less than a seventy-five percent (75%) four-year cohort graduation rate.

(6) North Carolina Transforming Principal Preparation Program. – The North Carolina Transforming Principal Preparation Program established pursuant to G.S. 116-74.44.

(7) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.

(8) Principal Fellows Program. – The Principal Fellows Program established pursuant to G.S. 116-74.42.

(9) Program. – The North Carolina Principal Fellows and Transforming Principal Preparation Program, which shall include the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program.

(10) Public school. – An elementary or secondary school located in North Carolina that is operated by a local board of education, charter school board of directors, regional school board of directors, chancellor for a University of North Carolina laboratory school, an innovative school operator, or the United States government.

(11) School leader. – An individual employed in a school leadership role, including principal or assistant principal roles.

(12) Student achievement. – At the whole school level, after three years of leading a school, consistent and methodologically sound measures of:
   a. Student academic achievement.
   b. Aggregated individual student academic growth.
   c. Additional outcomes, such as high school graduation rates, the percentage of students taking advanced-level coursework, or the percentage of students who obtain a career-related credential through a national business certification exam.
"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund."

(a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, (i) the Principal Fellows Program for scholarships and other program purposes, (ii) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) all funds received as repayment of scholarship loans, and (iv) all interest earned on these funds shall be placed in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including (i) scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship loans awarded under the Principal Fellows Program and from any funds appropriated for the Program. The Authority may also use up to eight hundred thousand dollars ($800,000) from the Trust Fund each fiscal year for the following:

(1) The Authority's Program administrative costs, including recovery of funds advanced under the program.

(2) The salary and benefits of the director and staff of the Principal Fellows Program.

(3) The expenses of the Commission for the Principal Fellows Program, including applicant recruitment.

(4) Funds provided to the Commission for Principal Fellows Program monitoring and evaluation and extracurricular enhancement activities for program recipients.

(5) The expenses of the Commission to administer grants pursuant to G.S. 116-74.44.

"§ 116-74.42. Principal Fellows Program established; administration."

(a) Program. – A Principal Fellows Program shall be administered by the North Carolina Principal Fellows and TP3 Commission in collaboration with the State Education Assistance Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to selected recipients and shall provide extracurricular enhancement activities for recipients. The North Carolina Principal Fellows and TP3 Commission shall determine selection criteria, methods of selection, and shall select recipients to receive scholarship loans made under the Principal Fellows Program.

(a1) Trust Fund. – The Principal Fellows Trust Fund (Trust Fund) shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, the Principal Fellows Program for scholarships and other program purposes, all funds received as repayment of scholarship loans, and all interest earned on these funds shall be placed in the Trust Fund.

(a2) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article. The Authority may use up to eight hundred thousand dollars ($800,000) from the Trust Fund each fiscal year for (i) its administrative costs, including recovery of funds advanced under the program; (ii) the salary and benefits of the director of the program; (iii) the expenses of the Commission, including applicant recruitment; and (iv) funds provided to the Commission for program monitoring and evaluation and extracurricular enhancement activities for program recipients.

(b) Director. – The Board of Governors of The University of North Carolina shall appoint a director of the Principal Fellows Program. The director shall chair and staff the Principal
Fellows and TP3 Commission, and shall administer the extracurricular enhancement activities of
the program. The Board of Governors, University of North Carolina System Office shall provide
office space and clerical support staff for the program. The office space shall not be located on
the campus of a constituent institution.

... (g) Administration of the Program. – Upon the naming of recipients of the scholarship
loans by the Principal Fellows and TP3 Commission, the Commission shall transfer to the State
Education Assistance Authority (SEAA) its decisions. The SEAA Authority shall perform all of
the administrative functions necessary to implement the requirements for the Principal Fellows
Program under this Article, which functions shall include: rule making, dissemination of
information, disbursement, receipt, liaison with participating educational institutions,
determination of the acceptability of service repayment agreements, and all other functions
necessary for the execution, payment, and enforcement of promissory notes required for the
Principal Fellows Program under this Article.

§ 116-74.43. Terms of loans; loans for the Principal Fellows Program; receipt and
disbursement of funds.
(a) All scholarship loans for the Principal Fellows Program shall be evidenced by notes
made payable to the State Education Assistance Authority that bear interest at a rate not to exceed
ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the
school administrator program, or 90 days after termination of the scholarship loan, whichever is
earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or
by the recipient's failure to meet the standards set by the Commission.

§ 116-74.44. North Carolina Transforming Principal Preparation Program established;
admission.
(a) Established. – There is established the North Carolina Transforming Principal
Preparation Program as a competitive grant program for eligible entities for the purpose of
elevating educators in North Carolina public schools by transforming the preparation of
principals across the State and providing for forgivable scholarship loans to the participants of
those school leader preparation programs. The Authority shall administer the grants in
collaboration with the Commission to provide funds for the preparation and support of highly
effective future school principals in North Carolina.

(b) Administration. – The Commission shall select grant recipients and notify the
Authority for the award of the grants and monitor the implementation of forgivable scholarship
loans to school leader preparation program participants, as authorized by this Article.

§ 116-74.45. Grant applications; priority.
(a) Application Requirements. – Subject to the availability of funds for this purpose, the
Commission shall issue a request for proposal with guidelines and criteria for applying for a
grant. An eligible entity that seeks a grant shall submit to the Commission an application at such
time, in such manner, and accompanied by such information as the Commission may require.
Eligible entities may create partnerships to develop and establish school leader preparation
programs and apply jointly to be a grant recipient. An applicant shall include at least the
following information in its application for consideration by the Commission:

(1) The extent to which the entity has a demonstrated record of preparing school
leaders who implement school leadership practices linked to increased student
achievement.

(2) The extent to which the entity has a rigorous school leader preparation
program design that includes the following research-based programmatic
elements:
  a. A proactive, aggressive, and intentional recruitment strategy.
b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the public school level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.

c. Alignment to high-quality national standards for school leadership development.

d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.

e. Full-time paid clinical practice of at least five months and 750 hours in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.

f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.

g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.

h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.

i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.

j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

(b) Application Priority. – The Commission shall evaluate the applicants for grants by giving priority to an eligible entity with a record of preparing principals demonstrating the following:

(1) Improvement in student achievement.

(2) Placement as school leaders in eligible schools.

(3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.

(4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.

(5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs.

"§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants; reporting requirements.

(a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of grants for each fiscal year. The Commission shall select up to eight grant recipients to be operating a school leader preparation program with grant funds in any fiscal year.

(b) Use of Funds. – Each eligible entity that receives grant funds shall use those funds to carry out the following:

(1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.
Operating a school leader preparation program that provides the opportunity for all candidates to earn a master’s degree, if they do not already have one, and subsequent principal licensure by doing the following:

a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion that prepares candidates to do the following:
   1. Provide instructional leadership, such as developing teachers’ instructional practices and analyzing classroom and school-wide data to support teachers.
   2. Manage talent, such as developing a high-performing team.
   3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners, maintaining active engagement with family and community members, and ensuring student safety.
   4. Develop organizational practices, such as aligning staff, budget, and time to the instructional priorities of the school.

b. Providing opportunities for sustained and high-quality job-embedded practice in an authentic setting where candidates are responsible for moving the practice and performance of a subset of teachers or for school-wide performance as principal-in-planning or interim school leaders.

(3) Collecting data on program implementation and program completer outcomes for continuous program improvement.

(4) Covering the cost of attendance and completion for program participants for the school leader preparation program from the funds received on behalf of program participants through forgivable scholarship loans issued in accordance with the requirements of G.S. 116-74.48.

(c) Duration and Conditions of Grants. – The Commission shall also notify the Authority of its decisions on the duration and renewal of grants to eligible entities made in accordance with the following:

(1) The duration of grants shall be as follows:
   a. Grants shall be no more than five years and no fewer than two years in duration, unless the Commission finds early termination of a grant is necessary due to noncompliance with grant terms.
   b. The Commission may renew a grant based on compliance with the grant terms and performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (3) of this subsection.

(2) The following conditions shall apply during the grant period:
   a. The Commission shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities.
   b. The Commission shall develop and enforce requirements for the disbursement of funds to the grantee for forgivable scholarship loans on behalf of program participants, which shall include the requirement that program graduates serve a minimum of four years as school-based administrators in public schools located in North Carolina. The grantee shall facilitate the execution of promissory notes between the
Authority and program participants containing the terms for forgivable scholarship loans, including requirements for forgiveness or repayment, consistent with requirements established by the Commission and the provisions of G.S. 116-74.48. The Commission shall monitor the repayment of a forgivable scholarship loan, in collaboration with grantees.

(3) In evaluating performance for purposes of grant renewal and making its renewal decisions to provide to the Authority, the Commission shall consider at least the following:

a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.

b. Other criteria from data received in the annual report in subsection (d) of this section may include the following:

1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.

2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

(d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate in all evaluation activities required by the Commission and submit an annual report to the Commission with any information requested by the Commission. The recipients shall comply with additional report requests made by the Commission. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission shall work with recipients, local school administrative units, and public schools, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

1. Student achievement in eligible schools.

2. The percentage of program completers who are placed as school leaders within three years in the State.

3. The percentage of program completers rated proficient or above on school leader evaluation and support systems.

4. The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

§ 116-74.47. Reports.

The Commission shall provide the State Board of Education, the Authority, and the Joint Legislative Education Oversight Committee with the data collected from grant recipients in accordance with G.S. 116-74.46 on an annual basis.

§ 116-74.48. Terms of forgivable scholarship loans for program recipients.

(a) Notes. – All forgivable scholarship loans for school leader preparation program participants shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The funds from the forgivable scholarship loan shall be disbursed directly to the grantee on behalf of the recipient for participation in the school leader preparation program.
The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the school leader preparation program or by the recipient's failure to meet the standards set by the Commission or the grantee.

(b) Forgiveness. – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars ($20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars ($40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The Commission, in collaboration with the grantees, shall monitor the acceptability of service repayment agreements and compliance of the recipient with the agreement. The Commission shall notify the Authority of any relevant information or change in the circumstances pertaining to the recipient impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the Commission finds it is impossible for the recipient to work for four years as a school administrator, within seven years after completion of the preparation program supported by the loan, because of the death or permanent disability of the recipient. If the recipient repays the forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid within 12 years after completion of the school leader preparation program supported by the loan. If the recipient completes the school leader preparation program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the forgivable scholarship loan in cash to no more than a total of 15 years."

SECTION 8A.10.(l) G.S. 120-123(59a) reads as rewritten:

"(59a) The North Carolina Principal Fellows and TP3 Commission established by G.S. 116-74.41."

SECTION 8A.10.(m) Notwithstanding G.S. 116-74.41, as amended by subsection (k) of this section, the terms of the current members serving on the Principal Fellows Commission representing two deans of schools of education and a parent of a public school child shall expire July 1, 2019. The initial appointment of the (i) human resources expert, (ii) one dean of a school of education appointed by the President of The University of North Carolina, and (iii) one dean of a school of education appointed by the President of the North Carolina Independent Colleges and Universities to the North Carolina Principal Fellows and TP3 Commission pursuant to G.S. 116-74.41, as amended by subsection (k) of this section, shall be made by August 1, 2019. The member appointed to represent a human resources expert shall serve for a term of four years to expire July 1, 2023. The member appointed to represent one dean of a school of education by the President of The University of North Carolina and the member appointed to represent one dean of a school of education by the President of the North Carolina Independent Colleges and Universities shall serve for terms of two years to expire July 1, 2021. The remaining members serving on the Principal Fellows Commission as of July 1, 2019, who were appointed pursuant to G.S. 116-74.41, shall serve the remainder of their terms as members of the North Carolina Principal Fellows and TP3 Commission.

SECTION 8A.10.(n) Notwithstanding G.S. 116-74.46, as enacted by subsection (k) of this section, a grantee awarded a grant pursuant to G.S. 116-209.73 for the 2019-2020 or 2020-2021 fiscal year may apply to the North Carolina Principal Fellows and TP3 Commission for renewal of the grant in accordance with the requirements of G.S. 116-74.46. Effective July 1, 2021, a grantee awarded a grant pursuant to G.S. 116-209.73 with a grant term extending on or
after July 1, 2021, shall be subject to administration of the grant pursuant to Article 5C of Chapter 116 of the General Statutes, as amended by this section, for the remainder of the grant term.

SECTION 8A.10.(o) Effective July 1, 2021, G.S. 116-74.42 and G.S. 116-74.43 are repealed.

SECTION 8A.10.(p) The North Carolina Principal Fellows and TP3 Commission shall make final scholarship loan awards for the Principal Fellows Program for the 2021 spring academic semester.

SECTION 8A.10.(q) Effective July 1, 2021, G.S. 116-74.42 and G.S. 116-74.43 are repealed.

SECTION 8A.10.(r) The North Carolina Principal Fellows and TP3 Commission shall make final scholarship loan awards for the Principal Fellows Program for the 2021 spring academic semester.

SECTION 8A.10.(s) Effective July 1, 2021, G.S. 116-204 reads as rewritten:

§ 116-204. Powers of Authority.

The Authority is hereby authorized and empowered:

…

(13) To collect loan repayments for scholarship loans awarded under the former Principal Fellows Program pursuant to Article 5C of this Chapter if the loan repayment is outstanding for more than 30 days."

SECTION 8A.10.(t) Effective July 1, 2021, Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows Program.

(a) The Authority shall, as of July 1, 2021, administer all outstanding scholarship loans previously awarded by the former North Carolina Principal Fellows Commission and subject to repayment under the former Principal Fellows Program administered pursuant to Article 5C of this Chapter.

(b) All funds received by the Authority in association with its administration of the Principal Fellows Program, including all funds received as repayment of scholarship loans and all interest earned on these funds, shall be deposited into the North Carolina Principal Fellows and TP3 Trust Fund established in G.S. 116-74.41B."

SECTION 8A.10.(u) Effective July 1, 2021, G.S. 116-74.41(a), as amended by this section, reads as rewritten:

"(a) There is established the North Carolina Principal Fellows and TP3 Commission. The Commission shall exercise its powers and duties independently in its administration of the North Carolina Principal Fellows and Transforming Principal Preparation Program, which includes the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program, in accordance with this Article. The Director of the Principal Fellows Program shall staff the Commission. The State Education Assistance Authority as created in G.S. 116-203 shall be responsible for (i) implementing scholarship loan agreements, monitoring, cancelling through service, collecting and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with G.S. 116-74.42 and (ii) for awarding grants upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be administratively housed in the University of North Carolina System Office. Office space for the Commission shall not be located on the campus of a constituent institution."

SECTION 8A.10.(v) Effective July 1, 2021, G.S. 116-74.41(b), as amended by this section, reads as rewritten:

"(b) The Commission shall consist of 15 members appointed as follows:

…

(11) The director of the Principal Fellows Program. The director shall chair the Commission."

SECTION 8A.10.(w) Effective July 1, 2021, G.S. 116-74.41A, as enacted by this section, reads as rewritten:

"§ 116-74.41A. Definitions."
For the purposes of this Article, the following definitions apply:

1. **North Carolina Transforming Principal Preparation Program.**—The North Carolina Transforming Principal Preparation Program established pursuant to G.S. 116-74.44.

2. **Principal.**—The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.

3. **Principal Fellows Program.**—The Principal Fellows Program established pursuant to G.S. 116-74.42.

4. **Program.**—The North Carolina Principal Fellows and Transforming Principal Preparation Program, which shall include the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program established pursuant to G.S. 116-74.44.

**SECTION 8A.10.(v)** Effective July 1, 2021, G.S. 116-74.41B, as enacted by this section, reads as rewritten:

"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.

(a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, (i) the Principal Fellows Program for scholarships and other program purposes, (ii) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) all funds received as repayment of scholarship loans, including under the former Principal Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation Program under G.S. 116-209.76, and (iv) all interest earned on these funds shall be placed in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including (i) scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship loans awarded under the Principal Fellows Program and from any funds appropriated for the Program, administrative costs, and costs associated with Program operations in accordance with this Article. The Authority may also use up to two percent (2%) of the funds appropriated for the Program for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars ($800,000) from the Trust Fund each fiscal year for the following:

1. The Authority's Program administrative costs, including recovery of funds advanced under the program.
2. The salary and benefits of the director and staff of the Principal Fellows Program.
3. The expenses of the Commission for the Principal Fellows Program, including applicant recruitment to administer the Program.
4. Funds provided to the Commission for Principal Fellows Program monitoring and evaluation and extracurricular enhancement activities for program recipients/participants.
5. The expenses of the Commission to administer grants pursuant to G.S. 116-74.44."

**SECTION 8A.10.(w)** Effective July 1, 2021, G.S. 116-74.44, as enacted by this section, reads as rewritten:
General Assembly Of North Carolina

Session 2019

House Bill 966

§ 116-74.44. North Carolina Principal Fellows and Transforming Principal Preparation Program established; administration.

(a) Established. – There is established the North Carolina Principal Fellows and Transforming Principal Preparation Program as a competitive grant program for eligible entities for the purpose of elevating educators in North Carolina public schools by transforming the preparation of principals across the State and providing for forgivable scholarship loans to the participants of those school leader preparation programs. The Authority shall administer the grants in collaboration with the Commission to provide funds for the preparation and support of highly effective future school principals in North Carolina.

(b) Administration. – The Commission shall select grant recipients and notify the Authority for the award of the grants and monitor the implementation of forgivable scholarship loans to school leader preparation program participants, as authorized by this Article. The Commission shall also coordinate with grant recipients to provide extracurricular enhancement activities for program participants.

(c) Prior Loan Monitoring. – The Commission shall also monitor the implementation of forgivable scholarship loans to school leader preparation program participants executed pursuant to G.S. 116-209.76, and the Authority shall administer all outstanding forgivable scholarship loans previously awarded and subject to repayment under the former Transforming Principal Preparation Program administered pursuant to Part 4 of Article 23 of this Chapter.

SECTION 8A.10.(x) Effective July 1, 2021, Article 5C of Chapter 116 of the General Statutes, as amended by this section, is amended by adding a new section to read:

§ 116-74.49. Staff to the Commission.

The Commission shall appoint a director of the North Carolina Principal Fellows and Transforming Principal Preparation Program. The director shall chair and staff the Commission and shall administer the extracurricular enhancement activities of the Program. The University of North Carolina System Office shall provide office space for the Program. The office space shall not be located on the campus of a constituent institution.

SECTION 8A.10.(y) Notwithstanding any other provision of law, beginning with the 2021-2022 fiscal year, of the funds appropriated from the General Fund to the Board of Governors of The University of North Carolina for the Transforming Principal Preparation Grant Program established under G.S. 116-209.70, the sum of three million forty-five thousand one hundred sixteen dollars ($3,045,116) in recurring funds shall instead be appropriated to the Principal Fellows and TP3 Trust Fund established under G.S. 116-74.41B, as enacted by this section.

RAISE CAP ON OPPORTUNITY SCHOLARSHIP ADMINISTRATIVE COSTS

SECTION 8A.11. G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain the lesser of up to four percent (4%) of the funds appropriated or one two million five hundred thousand dollars ($1,500,000) - ($2,000,000) each fiscal year for administrative costs associated with the scholarship grant program."

SEAA ADMINISTRATIVE COSTS FOR THE UNC NEED-BASED GRANT PROGRAM

SECTION 8A.12. Beginning with the 2019-2020 fiscal year and subsequent fiscal years thereafter, of the funds appropriated to the Board of Governors of The University of North Carolina, the Board of Governors shall use three million four hundred thousand dollars ($3,400,000) each fiscal year to cover the administrative costs of the State Education Assistance Authority in administering The University of North Carolina Need-Based Financial Aid Program.

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.(a) 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 fifty-eight dollars ($58.00) per month per recipient.

SECTION 9A.2.(b) Effective October 1, 2019, and notwithstanding the increase in the personal needs allowance authorized by subsection (a) of this section or any other provision of law to the contrary, the following limits are applicable for determining financial eligibility for State-County Special Assistance:

(1) The total countable monthly income for individuals residing in adult care home facilities shall not exceed one thousand two hundred twenty-eight dollars ($1,228) per month.

(2) The total countable monthly income for individuals residing in Alzheimer's/Dementia special care units shall not exceed one thousand five hundred sixty-one dollars ($1,561) per month.

AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS

SECTION 9A.3. G.S. 108A-47.1(a) reads as rewritten:

"(a) The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. These payments may be made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance. The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. The Department shall implement Special Assistance in-home eligibility policies and procedures to assure that in-home program participants are those individuals who need and, but for the in-home program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment."

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 ninety-one thousand eight hundred sixty-four dollars ($18,091,864) in nonrecurring funds for the
2019-2020 fiscal year and the sum of eleven million two hundred twenty-nine thousand eight hundred twenty-one dollars ($11,229,821) 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 hours per day/seven days per week access to the NC FAST system, and (iii) a document management solution to allow State and federal Program Integrity staff and the county departments of social services to share and provide data in a timely manner. 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 one hundred twenty-nine thousand six hundred two dollars ($41,129,602) for the 2019-2020 fiscal year and in the sum of twenty-three million seven hundred seventy thousand seven hundred fifty-three dollars ($23,770,753) 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.

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.

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.

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 ten million six hundred fifty-three thousand nine hundred eleven dollars ($10,653,911) in recurring funds for each year of the 2019-2021 fiscal biennium.
(2) 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 of this act in Social Services Block Grant funds.
(3) 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.
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 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 7 to 20 years of age.
TELEHEALTH PILOT PROGRAM

SECTION 9B.10.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2019-2020 fiscal year shall be allocated to Southeastern Regional Medical Center (Southeastern), a nonprofit corporation, to develop and administer a telehealth pilot program. The purpose of the pilot program is to purchase telehealth infrastructure and equipment that will enable Southeastern to establish telehealth services with health care providers in Robeson County, Bladen County, and Columbus County. The pilot program expires on December 31, 2020, unless otherwise extended by law.

SECTION 9B.10.(b) By November 1, 2020, Southeastern shall submit to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, a written report of all telehealth services provided under the pilot program authorized by this section. The report shall include at least all of the following information:

(1) A description of all telehealth infrastructure and equipment funded by State appropriations.
(2) A description of the types of telehealth services provided under the pilot program, and a list of the health care providers participating in the pilot program.
(3) Statistical and demographical information on the number of persons served under the pilot program.
(4) Objective outcome measures that demonstrate the impact and effectiveness of the telehealth services provided under the pilot program.
(5) A detailed budget and list of expenditures funded by State appropriations.

SECTION 9B.10.(c) By March 1, 2021, the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the pilot program authorized by this section. The report shall include, at a minimum, the information described in subdivisions (1) through (5) of subsection (b) of this section.

PROVIDER PARTICIPATION IN NORTH CAROLINA'S HEALTH INFORMATION EXCHANGE NETWORK KNOWN AS NC HEALTHCONNEX

SECTION 9B.11.(a) G.S. 90-414.4 reads as rewritten:

"§ 90-414.4. Required participation in HIE Network for some providers.
(a) Findings. – The General Assembly makes the following findings:
(1) That controlling escalating health care costs of the Medicaid program and other State-funded health care services is of significant importance to the State, its taxpayers, its Medicaid recipients, and other recipients of State-funded health care services.
(2) That the State and covered entities in North Carolina need timely access to certain demographic and clinical information pertaining to services rendered to Medicaid and other State-funded health care program beneficiaries and paid for with Medicaid or other State-funded health care funds in order to assess performance, improve health care outcomes, pinpoint medical expense trends, identify beneficiary health risks, and evaluate how the State is spending money on Medicaid and other State-funded health care services.
(3) That making demographic and clinical information available to the State and covered entities in North Carolina by secure electronic means as set forth in
subsection (b) of this section will, with respect to Medicaid and other State-funded health care programs, will improve care coordination within and across health systems, increase care quality for such beneficiaries, enable more effective population health management, reduce duplication of medical services, augment syndromic surveillance, allow more accurate measurement of care services and outcomes, increase strategic knowledge about the health of the population, and facilitate health care cost containment.

(a1) Mandatory Connection to HIE Network. – Notwithstanding the voluntary nature of the HIE Network under G.S. 90-414.2, the following providers and entities shall be connected to the HIE Network and begin submitting data through the HIE Network pertaining to services rendered to Medicaid beneficiaries and to other State-funded health care program beneficiaries and paid for with Medicaid or other State-funded health care funds in accordance with the following time line:

(1) The following providers of Medicaid services licensed to operate in the State that have an electronic health record system shall begin submitting demographic and clinical data by June 1, 2018:
   a. Hospitals as defined in G.S. 131E-176(13).
   b. Physicians licensed to practice under Article 1 of Chapter 90 of the General Statutes, except for licensed physicians whose primary area of practice is psychiatry.
   c. Physician assistants as defined in 21 NCAC 32S.0201.
   d. Nurse practitioners as defined in 21 NCAC 36.0801.

(2) Except as provided in subdivisions (3), (4), and (5) of this subsection, all other providers of Medicaid and State-funded health care services shall begin submitting demographic and clinical data by June 1, 2019.

(3) The following entities shall submit encounter and claims data, as appropriate, in accordance with the following time line:
   a. Prepaid Health Plans, as defined in S.L. 2015-245, by the commencement date of a capitated contract with the Division of Health Benefits for the delivery of Medicaid and NC Health Choice services as specified in S.L. 2015-245.
   b. Local management entities/managed care organizations, as defined in G.S. 122C-3, by June 1, 2020.

(4) The following entities shall begin submitting demographic and clinical data by June 1, 2021:
   a. Ambulatory surgical centers as defined in G.S. 131E-146.
   b. Dentists licensed under Article 2 of Chapter 90 of the General Statutes.
   c. Licensed physicians whose primary area of practice is psychiatry.

(5) The following entities shall begin submitting claims data by June 1, 2021:
   a. Pharmacies registered with the North Carolina Board of Pharmacy under Article 4A of Chapter 90 of the General Statutes.
   b. State health care facilities operated under the jurisdiction of the Secretary of the Department of Health and Human Services, including State psychiatric hospitals, developmental centers, alcohol and drug treatment centers, neuro-medical treatment centers, and residential programs for children such as the Wright School and the Whitaker Psychiatric Residential Treatment Facility.
   c. The State Laboratory of Public Health operated by the Department of Health and Human Services.

(a2) Extensions of Time for Establishing Connection to the HIE Network. – The Department of Information Technology, in consultation with the Department of Health and...
Human Services, may establish a process to grant limited extensions of the time for providers and entities to connect to the HIE Network and begin submitting data as required by this section upon the request of a provider or entity that demonstrates an ongoing good-faith effort to take necessary steps to establish such connection and begin data submission as required by this section. The process for granting an extension of time must include a presentation by the provider or entity to the Department of Information Technology and the Department of Health and Human Services on the expected time line for connecting to the HIE Network and commencing data submission as required by this section. Neither the Department of Information Technology nor the Department of Health and Human Services shall grant an extension of time (i) to any provider or entity that fails to provide this information to both Departments, (ii) that would result in the provider or entity connecting to the HIE Network and commencing data submission as required by this section later than June 1, 2020, or (iii) that would result in any provider or entity specified in subdivisions (4) and (5) of subsection (a1) of this section connecting to the HIE Network and commencing data submission as required by this section later than June 1, 2021, 2022. The Department of Information Technology shall consult with the Department of Health and Human Services to review and decide upon a request for an extension of time under this section within 30 days after receiving a request for an extension.

(e) Voluntary Connection for Certain Providers. – Notwithstanding the mandatory connection and data submission requirements in subsections (a1) and (b) of this section, the following providers of Medicaid services or other State-funded health care services are not required to connect to the HIE Network or submit data, but may connect to the HIE Network and submit data voluntarily:

(1) Community-based long-term services and supports providers, including personal care services, private duty nursing, and hospice care providers.
(2) Intellectual and developmental disability services and supports providers, such as day supports and supported living providers.
(3) Community Alternatives Program waiver services (including CAP/DA, CAP/C, and Innovations) providers.
(4) Eye and vision services providers.
(5) Speech, language, and hearing services providers.
(6) Occupational and physical therapy providers.
(7) Durable medical equipment providers.
(8) Non-emergency medical transportation service providers.
(9) Ambulance (emergency medical transportation service) providers.
(10) Local education agencies and school-based health providers.

(f) Confidentiality of Data. – All data submitted to or through the HIE Network containing protected health information, personally identifying information, or a combination of these, that are in the possession of the Department of Information Technology or any other agency of the State are confidential and shall not be defined as public records under G.S. 132-1. This subsection shall not be construed to prohibit the disclosure of any such data as otherwise permitted under federal law."

SECTION 9B.11.(b) G.S. 90-414.10(d) reads as rewritten:
"(d) Except as otherwise permitted in G.S. 90-414.9(a)(3), G.S. 90-414.11(a)(3), or as required by law, the protected health information of an individual who has exercised the right to opt out may not be made accessible or disclosed to covered entities or any other person or entity through the HIE Network for any purpose."

SECTION 9B.11.(c) This section is effective when it becomes law.
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 each year of the 2019-2021 fiscal biennium. 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) Effective October 1, 2019, 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 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**

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

(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.
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>$5,208</td>
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<tr>
<td>2</td>
<td>2</td>
<td>6,828</td>
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<td>3</td>
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<td>8,004</td>
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<tr>
<td>4</td>
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<td>8,928</td>
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<tr>
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<td>5</td>
<td>9,888</td>
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<tr>
<td>6</td>
<td>6</td>
<td>10,812</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>11,700</td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td>12,432</td>
</tr>
<tr>
<td>9</td>
<td>9</td>
<td>13,152</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
<td>14,028</td>
</tr>
</tbody>
</table>

each additional family member add $936

(3) Children under the age of 6 with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines.

(4) Children aged 6 through 18 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines.

(5) Children under the age of 19 who are receiving foster care or adoption assistance under title IV-E of the Social Security Act, without regard to income.

(6) Children in the legal custody of State-sponsored foster care who are under the age of 21 and ineligible for Title IV-E assistance, without regard to income.

(7) Independent foster care adolescents ages 18, 19, and 20, as defined in 42 U.S.C. § 1396d(w)(1), without regard to income.

(8) Former foster care children under the age of 26 in accordance with 42 U.S.C. § 1396a(a)(10)(A)(i)(IX), without regard to income.

(9) Adoptive children with special or rehabilitative needs, regardless of the adoptive family's income.

(10) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines. Coverage for pregnant women eligible under this subdivision include only services related to pregnancy and to other conditions determined by the Department as conditions that may complicate pregnancy.

(11) Men and women of childbearing age with family incomes equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to coverage for family planning services.


(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.
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.

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.

Recipients of an optional State supplementation program provided in accordance with 42 U.S.C. § 1382e.

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.


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-five million three hundred thousand dollars ($165,300,000) 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 thirty million dollars ($130,000,000) 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 the Department of Health and Human Services 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.(a) The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) in the 2019-2020 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars ($18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

<table>
<thead>
<tr>
<th>Provider</th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance Behavioral Healthcare</td>
<td>$2,994,453</td>
<td>$2,994,453</td>
</tr>
<tr>
<td>Cardinal Innovations Healthcare</td>
<td>$4,032,586</td>
<td>$4,032,586</td>
</tr>
<tr>
<td>Eastpointe</td>
<td>$1,701,156</td>
<td>$1,701,156</td>
</tr>
<tr>
<td>Partners Behavioral Health Management</td>
<td>$1,914,860</td>
<td>$1,914,860</td>
</tr>
<tr>
<td>Sandhills Center</td>
<td>$1,978,939</td>
<td>$1,978,939</td>
</tr>
<tr>
<td>Trillium Health Resources</td>
<td>$3,119,822</td>
<td>$3,119,822</td>
</tr>
<tr>
<td>Vaya Health</td>
<td>$2,286,401</td>
<td>$2,286,401</td>
</tr>
</tbody>
</table>

SECTION 9D.8.(b) In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

SECTION 9D.8.(c) If DHB does not make the additional capitation payment associated with the Medicaid risk reserve to an LME/MCO in any given month, then the intergovernmental transfer required to be made by that LME/MCO under subsection (a) shall be reduced on a pro rata basis and the aggregate amount to be collected by DHB in the corresponding fiscal year shall be adjusted accordingly.

CO-PAYMENTS FOR MEDICAID SERVICES

SECTION 9D.9.(a) Beginning November 1, 2019, the co-payments for Medicaid services shall be increased to four dollars ($4.00). This section does not apply to services provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

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.(a) 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 1,000 slots. These additional slots shall be made available on January 1, 2020.

SECTION 9D.10.(b) The Department of Health and Human Services, Division of Health Benefits (DHB), shall convene a workgroup of stakeholders to develop a 10-year plan to address the registry of unmet needs for the North Carolina Innovations Waiver. The workgroup
shall consider alternatives to the Innovations Waiver to address the registry of unmet needs, including the implementation of a new waiver program for individuals who qualify for the Innovations Waiver and alternative means of distribution of the waiver slots. This 10-year plan shall include a detailed cost analysis of all recommendations and methods proposed to address the registry of unmet needs. No later than December 1, 2020, DHB shall submit a report on the 10-year plan to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.

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.

INCREASE IN REIMBURSEMENT FOR PRIMARY CARE PROVIDERS

SECTION 9D.12A. The Department of Health and Human Services, Division of Health Benefits, shall increase the reimbursement for the evaluation and management codes that are (i) paid to primary care physicians, including obstetricians and gynecologists, nurse practitioners, and physician assistants, and (ii) contained in the State Plan Amendment #2018-0012 submitted by the Department of Health and Human Services on March 8, 2019.

ESTABLISH NEW ADULT CARE HOME PAYMENT METHODOLOGY

SECTION 9D.12B.(a) It is the intent of the General Assembly to provide funding to adult care homes in the State in a manner that recognizes the importance of a stable and reliable funding stream to ensure access, choice, and quality of care within the adult care home segment of the care continuum. In furtherance of this intent, and as the North Carolina Medicaid program transitions to a managed care delivery system, the Department of Health and Human Services is directed to establish and convene a workgroup to evaluate reimbursement options for services provided by adult care homes that take into account all funding streams and to develop a new service definition, or definitions, under Medicaid managed care for these services. The workgroup shall consist of adult care home industry representatives and other relevant stakeholders. In development of the new service definition, or definitions, the workgroup shall include all of the following components:

1. Support for alternative payment models available under the State's 1115 Medicaid waiver for Medicaid transformation, including pay-for-performance initiatives.
2. Best practices for long-term services and supports.
3. Efficient payment methodologies.

SECTION 9D.12B.(b) No later than December 1, 2020, the Department of Health and Human Services shall submit a report on the new service definition, or definitions, developed by the workgroup, as required in subsection (a) of this section, 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.
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.

USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9D.15.(a) Claims Run Out. – Funds from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), as needed for the purpose of paying claims related to services billed under the fee-for-service payment model for recipients who are being, or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the need to pay claims run out arises and need not be transferred in one lump sum. To the extent that any funds are transferred under this subsection, the funds are appropriated for the purpose set forth in this subsection.

SECTION 9D.15.(b) Non-Claims Run Out Medicaid Transformation Needs. – Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of forty-nine million sixteen thousand four hundred fifty-two dollars ($49,016,452) in nonrecurring funds for the 2019-2020 fiscal year and the sum of ten million nine hundred eighty-three thousand five hundred forty-eight dollars ($10,983,548) 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 fiscal biennium and need not be transferred in one lump sum. Funds transferred during the 2020-2021 fiscal year shall be for one-time, nonrecurring qualifying needs only.

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. Medicaid transformation program design.
2. Enrollment broker services.
3. NC FAST upgrades related to Medicaid transformation.
4. Data management.
5. Program integrity.
6. Technical and operational integration.
7. In the 2019-2020 fiscal year only, administrative expenses related to the transition to managed care.

SECTION 9D.15.(c) Requests for Transfer of Funds for Qualifying Need. – 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 fiscal biennium.
2. The amount requested provides a State share that will not result in total requirements that exceed one hundred ninety million dollars ($190,000,000) in nonrecurring funds for the 2019-2021 fiscal biennium and ninety-six million dollars ($96,000,000) in recurring funds for the 2019-2021 fiscal biennium.
The amount requested for a qualifying need in the 2020-2021 fiscal year is for a nonrecurring qualifying need.

SECTION 9D.15.(d) Federal Fund Receipts. – 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.

MEDICAID TRANSFORMATION ADMINISTRATIVE REDUCTION FLEXIBILITY AND REPORT

SECTION 9D.15B.(a) In order to achieve the budgeted reduction in administrative costs attributable to the implementation of Medicaid transformation in the amount of thirty million six hundred fifty-eight thousand eight hundred fifty-five dollars ($30,658,855) in recurring funds for the 2019-2020 fiscal year and in the amount of forty-two million six hundred ninety-one thousand six hundred fifteen dollars ($42,691,615) in recurring funds for the 2020-2021 fiscal year, the Secretary of the Department of Health and Human Services (Secretary) may reduce administrative costs across all Divisions within the Department of Health and Human Services. In achieving these budgeted reduction amounts, the Secretary shall not reduce any funds that (i) impact direct services or (ii) are used to support the 2012 settlement agreement entered into between the United States Department of Justice and the State of North Carolina to ensure that the State will willingly meet the requirements of the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in Olmstead v. L.C., 527 U.S. 581 (1999). The prohibition on reducing funds that impact direct services shall not be construed to prohibit a reduction in administrative costs associated with contracts for the provision of direct services.

SECTION 9D.15B.(b) By January 15, 2020, and January 15, 2021, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and North Carolina Health Choice, 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 on the actions taken during that fiscal year to achieve the budgeted reduction in administrative costs attributable to the implementation of Medicaid transformation. If the Secretary elects to eliminate positions, the report shall include a list of each position eliminated, along with its position number, title, and the amount of salary and fringe benefits associated with each position.

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 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 NC Health Choice medical coverage policy adopted or amended by the Department of Health and Human Services; however, the coverage shall be in compliance with federal regulations and policies related to the receipt of federal funding for these health care or health care–related services.

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).

…"

SECTION 9D.16.(c) Subdivision 9 of Section 4 of S.L. 2015-245, as amended by S.L. 2018-48, reads as rewritten:

"(9) LME/MCOs. – Beginning on the date that capitated contracts begin, LME/MCOs shall cease managing Medicaid services for all Medicaid recipients other than recipients described in sub-subdivisions a., d., e., e1., f., g., j., k., and l. of subdivision (5) of this section. Until BH IDD Tailored Plans become operational, all of the following shall occur:

a. LME/MCOs shall continue to manage the Medicaid services that are currently covered by the LME/MCOs for Medicaid recipients described in sub-subdivisions a., d., e., e1., f., g., j., k., and l. of subdivision (5) of this section.

…"

SECTION 9D.16.(d) 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 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.

"Part I. General.

"§ 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's 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.
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 two and thirty-one hundredths percent (2.31%) 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 one and fifty-one hundredths percent (1.51%) 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) Notwithstanding any provision of Section 11H.9 of S.L. 2017-57 to the contrary, the State Controller shall transfer funds from the Medicaid Contingency Reserve, established by Section 12H.38 of S.L. 2014-100, to the Department of Health and Human Services, Division of Health Benefits (DHB), only upon request by the DHB as needed to cover any shortfall in receipts from the supplemental or base assessments under G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, that are anticipated in this act, and only if the following two conditions are met:

1. The Office of State Budget and Management (OSBM) has certified that there will be a shortfall in receipts anticipated in this act from the supplemental or base assessments.

2. OSBM has certified that the amount requested by DHB does not exceed the shortfall in receipts certified by OSBM under subdivision (1) of this subsection.

Upon making the request to the State Controller for the transfer of funds pursuant to this section, DHB shall notify the Fiscal Research Division and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice of the request and the amount of the request. To the extent any funds are transferred under this subsection, the funds are hereby appropriated for the purpose set forth in this subsection. The authority set forth in this subsection expires June 30, 2020.

SECTION 9D.18.(k) The Department of Health and Human Services, Division of Health Benefits (DHB) shall establish a new fund code entitled "Hospital Assessment Fund" in Budget Code 24445. If there is a collection of receipts greater than the amount anticipated in this act for the 2019-2020 fiscal year from the supplemental or base assessments under G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, then up to thirty million dollars ($30,000,000) shall be transferred to the Hospital Assessment Fund in Budget Code 24445 only if the following two conditions are met:
(1) The Office of State Budget and Management (OSBM) has certified that there will be over-realized receipts for the 2019-2020 fiscal year from the supplemental or base assessments.

(2) OSBM has certified that the amount to be transferred does not exceed the amount of over-realized receipts certified by OSBM under subdivision (1) of this subsection and does not exceed thirty million dollars ($30,000,000).

Funds in the Hospital Assessment Fund shall be used in the 2020-2021 fiscal year to support a decrease in the supplemental assessment rate, base assessment rate, or both, that corresponds with the amount of over-realized receipts for the 2019-2020 fiscal year.

SECTION 9D.18.(l) Except as otherwise provided, this section becomes effective July 1, 2019.

GROSS PREMIUMS TAX/PREPAID HEALTH PLANS

SECTION 9D.19.(a) The title of Article 8B of Chapter 105 of the General Statutes reads as rewritten:

"Article 8B.
"Taxes Upon Insurance Companies-Companies and Prepaid Health Plans."

SECTION 9D.19.(b) G.S. 105-228.3 reads as rewritten:

"§ 105-228.3. Definitions.
The following definitions apply in this Article:

(1) Article 65 corporation. – A corporation subject to Article 65 of Chapter 58 of the General Statutes, regulating hospital, medical, and dental service corporations.

(2) Capitation payment. – Amounts paid by the Department of Health and Human Services to prepaid health plans under capitated contracts for the delivery of Medicaid and NC Health Choice services in accordance with S.L. 2015-245, as amended.


(4) Foreign captive insurance company. – A captive insurance company as defined in G.S. 58-10-340(9), except that such company is not formed or licensed under the laws of this State but is formed and licensed under the laws of any jurisdiction within the United States other than this State.

(5) Insurer. – An insurer as defined in G.S. 58-1-5 or a group of employers who have pooled their liabilities pursuant to G.S. 97-93 of the Workers' Compensation Act.

(6) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.

(7) Self-insurer. – An employer that carries its own risk pursuant to G.S. 97-93 of the Workers' Compensation Act."

SECTION 9D.19.(c) G.S. 105-228.5 reads as rewritten:

"§ 105-228.5. Taxes measured by gross premiums.
(a) Tax Levied. – A tax is levied in this section on insurers, Article 65 corporations, health maintenance organizations, prepaid health plans, and self-insurers. An insurer, health maintenance organization, prepaid health plan, or Article 65 corporation that is subject to the tax levied by this section is not subject to franchise or income taxes imposed by Articles 3 and 4, respectively, of this Chapter.

(b) Tax Base. –
(1) Insurers. – The tax imposed by this section on an insurer or a health maintenance organization shall be measured by gross premiums from business done in this State during the preceding calendar year.

(2) Repealed by Session Laws 2006-196, effective for taxable years beginning on or after January 1, 2008.
(3) Article 65 Corporations. – The tax imposed by this section on an Article 65 corporation shall be measured by gross collections from membership dues, exclusive of receipts from cost plus plans, received by the corporation during the preceding calendar year.

(4) Self-insurers. – The tax imposed by this section on a self-insurer shall be measured by the gross premiums that would be charged against the same or most similar industry or business, taken from the manual insurance rate then in force in this State, applied to the self-insurer's payroll for the previous calendar year as determined under Article 36 of Chapter 58 of the General Statutes modified by the self-insurer's approved experience modifier.

(5) Prepaid Health Plans. – The tax imposed by this section on a prepaid health plan shall be measured by gross capitation payments received by the prepaid health plan from the Department of Health and Human Services for services provided to enrollees in the State Medicaid program or NC Health Choice program in the preceding calendar year.

(b1) Calculation of Tax Base. – In determining the amount of gross premiums from business in this State, all gross premiums received in this State, credited to policies written or procured in this State, or derived from business written in this State shall be deemed to be for contracts covering persons, property, or risks resident or located in this State unless one of the following applies:

(1) The premiums are properly reported and properly allocated as being received from business done in some other nation, territory, state, or states.

(2) The premiums are from policies written in federal areas for persons in military service who pay premiums by assignment of service pay.

Gross premiums from business done in this State in the case of life insurance contracts, including supplemental contracts providing for disability benefits, accidental death benefits, or other special benefits that are not annuities, means all premiums collected in the calendar year, other than for contracts of reinsurance, for policies the premiums on which are paid by or credited to persons, firms, or corporations resident in this State, or in the case of group policies, for contracts of insurance covering persons resident within this State. The only deductions allowed shall be for premiums refunded on policies rescinded for fraud or other breach of contract and premiums that were paid in advance on life insurance contracts and subsequently refunded to the insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been collected for the amounts as provided in the policy contracts for the time in force during the year, whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or by any other means except waiver of premiums by companies under a contract for waiver of premium in case of disability.

Gross premiums from business done in this State in the case of prepaid health plans means all capitation payments received by a prepaid health plan from the Department of Health and Human Services for the delivery of services to enrollees in the State Medicaid program or NC Health Choice program in the calendar year. Capitation payments refunded by a prepaid health plan to the State are the only allowable deductions.

Gross premiums from business done in this State for all other health care plans and contracts of insurance, including contracts of insurance required to be carried by the Workers’ Compensation Act, means all premiums written during the calendar year, or the equivalent thereof in the case of self-insurers under the Workers’ Compensation Act, for contracts covering property or risks in this State, other than for contracts of reinsurance, whether the premiums are designated as premiums, deposits, premium deposits, policy fees, membership fees, or assessments. Gross premiums shall be deemed to have been written for the amounts as provided in the policy contracts, new and renewal, becoming effective during the year irrespective of the time or method of making payment or settlement for the premiums, and with no deduction for
dividends whether returned in cash or allowed in payment or reduction of premiums or for
additional insurance, and without any other deduction except for return of premiums, deposits,
fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies.

(c) Exclusions. – Every insurer, in computing the premium tax, shall exclude all of the
following from the gross amount of premiums, and the gross amount of excluded premiums is
exempt from the tax imposed by this section:

(1) All premiums received on or after July 1, 1973, from policies or contracts
issued in connection with the funding of a pension, annuity, or profit-sharing
plan qualified or exempt under section 401, 403, 404, 408, 457 or 501 of the
Code as defined in G.S. 105-228.90.

(2) Premiums or considerations received from annuities, as defined in
G.S. 58-7-15.

(3) Funds or considerations received in connection with funding agreements, as
defined in G.S. 58-7-16.

(4) The following premiums, to the extent federal law prohibits their taxation
under this Article:
   b. Medicaid or Medicare premiums.
   c. Medicaid or NC Health Choice premiums, other than capitation
      payments, paid by or on behalf of a Medicaid or NC Health Choice
      beneficiary.

(d) Tax Rates; Disposition. –

(1) Workers’ Compensation. – The tax rate to be applied to gross premiums, or
the equivalent thereof in the case of self-insurers, on contracts applicable to
liabilities under the Workers’ Compensation Act is two and five-tenths percent
(2.5%). The net proceeds shall be credited to the General Fund.

(2) Other Insurance Contracts. – The tax rate to be applied to gross premiums on
all other taxable contracts issued by insurers or health maintenance
organizations and to be applied to gross premiums and gross collections from
membership dues, exclusive of receipts from cost plus plans, received by
Article 65 corporations is one and nine-tenths percent (1.9%). The net
proceeds shall be credited to the General Fund.

(2a) Prepaid Health Plans. – The tax rate to be applied to gross premiums from
capitation payments received by prepaid health plans is one and nine-tenths
percent (1.9%). The net proceeds shall be credited to the General Fund.

(3) Additional Rate on Property Coverage Contracts. – An additional tax at the
rate of seventy-four hundredths percent (0.74%) applies to gross premiums on
insurance contracts for property coverage. The tax is imposed on ten percent
(10%) of the gross premiums from insurance contracts for automobile
physical damage coverage and on one hundred percent (100%) of the gross
premiums from all other contracts for property coverage. Twenty percent
(20%) of the net proceeds of this additional tax must be credited to the
Volunteer Fire Department Fund established in Article 87 of Chapter 58 of
the General Statutes. Twenty percent (20%) of the net proceeds must be
credited to the Department of Insurance for disbursement pursuant to
G.S. 58-84-25. Up to twenty percent (20%), as determined in accordance with
G.S. 58-87-10(f), must be credited to the Workers’ Compensation Fund. The
remaining net proceeds must be credited to the General Fund. The additional
tax imposed on property coverage contracts under this subdivision is a special
purpose assessment based on gross premiums and not a gross premiums tax.

The following definitions apply in this subdivision:
a. Automobile physical damage. – The following lines of business identified by the NAIC: private passenger automobile physical damage and commercial automobile physical damage.

b. Property coverage. – The following lines of business identified by the NAIC: fire, farm owners multiple peril, homeowners multiple peril, nonliability portion of commercial multiple peril, ocean marine, inland marine, earthquake, private passenger automobile physical damage, commercial automobile physical damage, aircraft, and boiler and machinery. The term also includes insurance contracts for wind damage.

c. NAIC. – National Association of Insurance Commissioners.

(4) Repealed by Session Laws 2006-196, effective for taxable years beginning on or after January 1, 2008.

(5) Repealed by Session Laws 2003-284, s. 43.1, effective for taxable years beginning on or after January 1, 2004.

(6) Repealed by Session Laws 2005-276, s. 38.4(a), effective for taxable years beginning on or after January 1, 2007.

(e) Report and Payment. – Each taxpayer doing business in this State shall, within the first 15 days of March, file with the Secretary of Revenue a full and accurate report of the total gross premiums as defined in this section, the payroll and other information required by the Secretary in the case of a self-insurer, or the total gross collections from membership dues exclusive of receipts from cost plus plans collected in this State during the preceding calendar year. The taxes imposed by this section shall be remitted to the Secretary with the report.

(f) Installment Payments Required. – Taxpayers that are subject to the tax imposed by this section and have a premium tax liability of ten thousand dollars ($10,000) or more for business done in North Carolina during the immediately preceding year shall remit three equal quarterly installments with each installment equal to at least thirty-three and one-third percent (33 1/3%) of the premium tax liability incurred in the immediately preceding taxable year. The quarterly installment payments shall be made on or before April 15, June 15, and October 15 of each taxable year. The company taxpayer shall remit the balance by the following March 15 in the same manner provided in this section for annual returns.

The Secretary may permit an insurance company or prepaid health plan to pay less than the required estimated payment when the insurer or prepaid health plan reasonably believes that the total estimated payments made for the current year will exceed the total anticipated tax liability for the year.

An underpayment or an overpayment of an installment payment required by this subsection accrues interest in accordance with G.S. 105-241.21. An overpayment of tax shall be credited to the company taxpayer and applied against the taxes imposed upon the company taxpayer under this Article.

(g) Exemptions. – This section does not apply to farmers’ mutual assessment fire insurance companies or to fraternal orders or societies that do not operate for a profit and do not issue policies on any person except members. This section does not apply to a captive insurance company taxed under G.S. 105-228.4A."

SECTION 9D.19.(d) G.S. 58-6-25 reads as rewritten:

"§ 58-6-25. Insurance regulatory charge.

..."
SECTION 9D.19.(e)  G.S. 105-259 reads as rewritten:

§ 105-259.  Secrecy required of officials; penalty for violation.

... (b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

... (49) To exchange information concerning a tax imposed by Article 8B of this Chapter with the North Carolina Department of Insurance or the North Carolina Department of Health and Human Services when the information is needed to fulfill a duty imposed on the Department of Revenue.

..."

SECTION 9D.19.(f) This section is effective October 1, 2019, and applies to capitation payments received by prepaid health plans on or after that date.

REIMBURSEMENT CHANGES FOR THE PRIMARY AFFILIATED TEACHING HOSPITAL FOR THE EAST CAROLINA UNIVERSITY BRODY SCHOOL OF MEDICINE

SECTION 9D.20.(a) Effective July 1, 2019, the Department of Health and Human Services shall amend the Medicaid State Plan to no longer reimburse the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine for all allowable costs for inpatient and outpatient services. The primary affiliated teaching hospital for the East Carolina University Brody School of Medicine shall be reimbursed in the same manner as other private hospitals under the Medicaid State Plan.

SECTION 9D.20.(b) Effective July 1, 2019, notwithstanding G.S. 108A-122(c), the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine shall be subject to the equity assessment under Article 7 of Chapter 108A of the General Statutes.

SECTION 9D.20.(c) Notwithstanding G.S. 108A-140, as enacted by Section 9D.18(b) of this act, the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine shall be subject to the supplemental assessment under Article 7A of Chapter 108A of the General Statutes, as enacted by Section 9D.18(b) of this act.

PART IX-E. HEALTH SERVICE REGULATION

FUNDS TO CONTINUE THE MCDOWELL COUNTY EMERGENCY MEDICAL SERVICES COMMUNITY PARAMEDICINE PILOT PROGRAM SITE

SECTION 9E.1.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Health Service Regulation, the sum of seventy thousand dollars ($70,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventy thousand dollars ($70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to continue, at the McDowell County Emergency Medical Services site, 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. 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 December 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 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 updated estimate of the cost to expand the program incrementally and statewide.
3. An updated estimate of any potential savings of State funds associated with expansion of the program.
4. If expansion of the program is recommended, an updated time line for expanding the program.
5. Recommendations to make all piloted program sites fully receipt supported.

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.

MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE SERVICES

SECTION 9E.3.(a) For the period beginning July 1, 2019, and ending June 30, 2021, and notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part, the Department of Health and Human Services shall not issue any licenses for home care agencies...
as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does not apply to companion, sitter, or respite services and shall not restrict the Department from doing any of the following:

(1) Issuing a license to a certified home health agency as defined in G.S. 131E-176(12) that intends to offer in-home aide services.

(2) Issuing a license to an agency that needs a new license for an existing home care agency being acquired.

(3) Issuing a license for a new home care agency in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to care is necessary in that area.

SECTION 9E.3.(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 home care agencies in the State that offer in-home aide services.

(2) The capacity of the currently licensed home care agencies to provide in-home aide services to people in need of their services.

(3) The anticipated growth in the number of people who will need in-home aide services provided by a licensed home care agency.

(4) The number of applications received from home care agencies that intend to offer in-home aide services, seeking licensure as permitted by this section, and the number of those applications that were not approved.

AMEND CERTIFICATE OF NEED LAWS

SECTION 9E.4.(a) G.S. 131E-176 reads as rewritten:

"§ 131E-176. Definitions."

As used in this Article, unless the context clearly requires otherwise, the following terms have the meanings specified:

... (2) "Bed capacity" means space used exclusively for inpatient care at a health service facility, including space designed or remodeled for licensed inpatient beds even though temporarily not used for such purposes. The number of beds to be counted in any patient room shall be the maximum number for which adequate square footage is provided as established by rules of the Department except that single beds in single rooms are counted even if the room contains inadequate square footage. The term "bed capacity" also refers to the number of dialysis stations in kidney disease treatment centers, including freestanding dialysis units.

... (5) "Change in bed capacity" means (i) any relocation of health service facility beds, or dialysis stations beds from one licensed facility or campus to another, or (ii) any redistribution of health service facility bed capacity among the categories of health service facility bed as defined in G.S. 131E-176(9c), or (iii) any increase in the number of health service facility beds, or dialysis stations in kidney disease treatment centers, including freestanding dialysis units beds.

... (9a) "Health service" means an organized, interrelated medical, diagnostic, therapeutic, and/or rehabilitative activity or any combination of these, that is integral to the prevention of disease or the clinical management of a sick, injured, or disabled person. "Health service" does not include...
administrative and other activities that are not integral to clinical
management, or any activities performed at a facility that does
not meet the definition of a health service facility.

(9b) "Health service facility" means a hospital; long-term care hospital; psychiatric
facility, rehabilitation facility; nursing home facility; adult care home; kidney
disease treatment center, including freestanding hemodialysis units;
intermediate care facility for the mentally retarded; home health agency
office; chemical dependency treatment facility, diagnostic center, hospice
office, hospice inpatient facility, and hospice residential care facility; and
ambulatory surgical facility. The term "health service facility" does not
include a licensable facility, as defined in G.S. 122C-3(14)b.

(9c) "Health service facility bed" means a bed licensed for use in a health service
facility in the categories of (i) acute care beds; (ii) psychiatric beds; (iii)
rehabilitation beds; (iv) (iii) nursing home beds; (v) intermediate care beds for
the mentally retarded; (vi) chemical dependency treatment beds; (vii)-(iv)
hospice inpatient facility beds; (viii)-(v) hospice residential care facility beds;
(ix)-(vi) adult care home beds; and (x) or (vii) long-term care hospital beds.

…

(14a) "Intermediate care facility for the mentally retarded"—"Intermediate care
facility for individuals with intellectual disabilities" means facilities licensed
pursuant to Article 2 of Chapter 122C of the General Statutes for the purpose
of providing health and habilitative services based on the developmental
model and principles of normalization for persons with mental retardation,
intellectual disabilities, autism, cerebral palsy, epilepsy or related conditions.

…

(16) "New institutional health services" means any of the following:

…

d. The offering of dialysis services or home health services by or on
behalf of a health service facility if those services were not offered
within the previous 12 months by or on behalf of the facility.

…

r. The conversion of a specialty ambulatory surgical program to a
multispecialty ambulatory surgical program or the addition of a
specialty to a specialty ambulatory surgical program.

…

u. The construction, development, establishment, increase in the number,
or relocation of an operating room or gastrointestinal endoscopy room
in a licensed health service facility, other than the relocation of an
operating room or gastrointestinal endoscopy room within the same
building or on the same grounds or to grounds not separated by more
than a public right-of-way adjacent to the grounds where the operating
room or gastrointestinal endoscopy room is currently located.

v. The change in designation, in a licensed health service facility, of an
operating room to a gastrointestinal endoscopy room or change in
designation of a gastrointestinal endoscopy room to an operating room
that results in a different number of each type of room than is reflected
on the health service facility’s license in effect as of January 1, 2005.

"..."

SECTION 9E.4.(b) G.S. 131E-177 reads as rewritten:

"§ 131E-177. Department of Health and Human Services is designated State Health
Planning and Development Agency; powers and duties.
The Department of Health and Human Services is designated as the State Health Planning and Development Agency for the State of North Carolina, and is empowered to exercise the following powers and duties:

(1) To establish standards and criteria or plans required to carry out the provisions and purposes of this Article and to adopt rules pursuant to Chapter 150B of the General Statutes, to carry out the purposes and provisions of this Article.

(2) Adopt, amend, and repeal such rules and regulations, consistent with the laws of this State, as may be required by the federal government for grants-in-aid for health service facilities and health planning which may be made available by the federal government. This section shall be liberally construed in order that the State and its citizens may benefit from such grants-in-aid.

(3) Define, by rule, procedures for submission of periodic reports by persons or health service facilities subject to agency review under this Article.

(4) Develop policy, criteria, and standards for health service facilities planning, all of the following:
   a. Conduct statewide registration and inventories of and make determinations of need for health service facilities, health services as specified in G.S. 131E-176(16)f., and equipment as specified in G.S. 131E-176(16)f1., which shall include consideration of adequate geographic location of equipment and services, and develop services.
   b. Develop a State Medical Facilities Plan, provided, however, that the State Medical Facilities Plan shall not include policies or need determinations that limit the number of operating rooms or gastrointestinal endoscopy rooms.

(5) Implement, by rule, criteria for project review.

(6) Have the power to grant, deny, or withdraw a certificate of need and to impose such sanctions as are provided for by this Article.

(7) Solicit, accept, hold and administer on behalf of the State any grants or devises of money, securities or property to the Department for use by the Department in the administration of this Article.

(8) Repealed by Session Laws 1987, c. 511, s. 1.

(9) Collect fees for submitting applications for certificates of need.

(10) The authority to review all records in any recording medium of any person or health service facility subject to agency review under this Article which pertain to construction and acquisition activities, staffing or costs and charges for patient care, including but not limited to, construction contracts, architectural contracts, consultant contracts, purchase orders, cancelled checks, accounting and financial records, debt instruments, loan and security agreements, staffing records, utilization statistics and any other records the Department deems to be reasonably necessary to determine compliance with this Article.

The Secretary of Health and Human Services shall have final decision-making authority with regard to all functions described in this section.

SECTION 9E.4.(c) G.S. 131E-178(a) reads as rewritten:

"(a) No person shall offer or develop a new institutional health service without first obtaining a certificate of need from the Department; provided, however, no person who provides gastrointestinal endoscopy procedures in one or more gastrointestinal endoscopy rooms located in a nonlicensed setting, shall be required to obtain a certificate of need to license that setting as
an ambulatory surgical facility with the existing number of gastrointestinal endoscopy rooms,
provided that:

(1) The license application is postmarked for delivery to the Division of Health Service Regulation by December 31, 2006;

(2) The applicant verifies, by affidavit submitted to the Division of Health Service Regulation within 60 days of the effective date of this act, that the facility is in operation as of the effective date of this act or that the completed application for the building permit for the facility was submitted by the effective date of this act;

(3) The facility has been accredited by The Accreditation Association for Ambulatory Health Care, The Joint Commission on Accreditation of Healthcare Organizations, or The American Association for Accreditation of Ambulatory Surgical Facilities by the time the license application is postmarked for delivery to the Division of Health Service Regulation of the Department; and

(4) The license application includes a commitment and plan for serving indigent and medically underserved populations.

All other persons proposing to obtain a license to establish an ambulatory surgical facility for the provision of gastrointestinal endoscopy procedures shall be required to obtain a certificate of need. The annual State Medical Facilities Plan shall not include policies or need determinations that limit the number of gastrointestinal endoscopy rooms that may be approved.

SECTION 9E.4.(d) G.S. 131E-181 reads as rewritten:


(d) A recipient of a certificate of need shall complete the project authorized by the certificate of need within two years after the decision to issue the certificate of need becomes final. If the recipient does not complete the project authorized by the certificate of need within this two-year time period, the certificate of need for the authorized project expires the day after the two-year time period ends. A project authorized by a certificate of need is complete when the health service or the health service facility for which the certificate of need was issued is licensed and certified and is in material compliance with the representations made in the certificate of need application.

(e) The Department shall withdraw a certificate of need issued to any recipient that ceases operating the health service or health service facility included in that certificate of need for more than one year."

SECTION 9E.4.(e) G.S. 131E-183(a)(1) reads as rewritten:

" (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved."

SECTION 9E.4.(f) G.S. 131E-184(c) reads as rewritten:

"(c) The Department shall exempt from certificate of need review any conversion of existing acute care beds to psychiatric beds provided:

(1) The hospital proposing the conversion has executed a contract with the Department's Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and/or one or more of the Area Mental Health, Developmental Disabilities, and Substance Abuse Authorities to provide psychiatric beds to patients referred by the contracting agency or agencies; and
(2) The total number of beds to be converted shall not be more than twice the number of beds for which the contract pursuant to subdivision (1) of this subsection shall provide."

SECTION 9E.4.(g) G.S. 131E-184(e)(1) reads as rewritten:
"(1) The proposed capital expenditure would:

a. Be used solely for the purpose of renovating, replacing on the same site, or expanding an existing:
   1. Nursing home facility, or
   2. Adult care home facility, or facility; and
   3. Intermediate care facility for the mentally retarded; and

b. Not result in a change in bed capacity, as defined in G.S. 131E-176(5), or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b."

SECTION 9E.4.(h) G.S. 131E-184 is amended by adding new subsections to read:
"(i) The Department shall exempt from certificate of need review the development, acquisition, construction, expansion, or replacement of a health service facility or health service that obtained certificate of need approval prior to October 1, 2019, as an ambulatory surgical facility, including an ambulatory surgical facility with one or more operating rooms or gastrointestinal endoscopy procedure rooms; a diagnostic center; kidney disease treatment center, including freestanding dialysis units; chemical dependency treatment facility; intermediate care facility for individuals with intellectual disabilities; psychiatric hospital; or any other licensable facility, as defined in G.S. 122C-3(14)b.

(i) The Department shall exempt from certificate of need review the establishment of a home health agency by a continuing care retirement community licensed under Article 64 of Chapter 58 of the General Statutes to provide home health services to one or more residents of a continuing care retirement community who have entered into a contract with the continuing care retirement community to receive continuing care services with lodging. A continuing care retirement community that seeks to provide home health services to individuals who do not reside at the continuing care retirement community pursuant to a contract to receive continuing care services with lodging shall be required to obtain a certificate of need as a home health agency prior to developing or offering home health services to any individual not a resident of the continuing care retirement community under a contract to receive continuing care services with lodging. As used in this subsection, the terms "continuing care" and "lodging" are as defined in G.S. 58-64-1. Nothing in this subsection shall be construed to exempt from the State's home health agency licensure and certification requirements a continuing care retirement community that has been exempted from certificate of need review for the provision of home health services to one or more residents pursuant to this subsection."

SECTION 9E.4.(i) G.S. 131E-184(j), as enacted by this section, applies to continuing care retirement communities engaged in the direct provision of home health services on or after October 1, 2019.

SECTION 9E.4.(j) G.S. 131E-186(a) reads as rewritten:
"(a) Within the prescribed time limits in G.S. 131E-185, the Department shall issue a decision to "approve," "approve with conditions," or "deny," an application for a new institutional health service. Approvals involving new or expanded nursing care or intermediate care for the mentally retarded bed capacity shall include a condition that specifies the earliest possible date the new institutional health service may be certified for participation in the Medicaid program. The date shall be set far enough in advance to allow the Department to identify funds to pay for care in the new or expanded facility in its existing Medicaid budget or to include these funds in its State Medicaid budget request for the year in which Medicaid certification is expected."

SECTION 9E.4.(k) G.S. 131E-188 reads as rewritten:
"§ 131E-188. Administrative and judicial review.
(a) After a decision of the Department to issue, deny or withdraw a certificate of need or exemption or to issue a certificate of need pursuant to a settlement agreement with an applicant to the extent permitted by law, any affected person, as defined in subsection (c) of this section, shall be proponent of an application that was reviewed with the application for that certificate of need is entitled to a contested case hearing under Article 3 of Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department makes its decision. When a petition is filed, the Department shall send notification of the petition to the proponent of each application that was reviewed with the application for a certificate of need that is the subject of the petition. Any affected person shall be entitled to intervene in a contested case.

A contested case shall be conducted in accordance with the following timetable:

(1) An administrative law judge or a hearing officer, as appropriate, shall be assigned within 15 days after a petition is filed.

(2) The parties shall complete discovery within 90 days after the assignment of the administrative law judge or hearing officer.

(3) The hearing at which sworn testimony is taken and evidence is presented shall be held within 45 days after the end of the discovery period.

(4) The administrative law judge or hearing officer shall make a final decision within 75 days after the hearing.

(5) Repealed by Session Laws 2011-398, s. 46, as amended by Session Laws 2011-326, s. 23, effective January 1, 2012, and applicable to contested cases commenced on or after that date.

The administrative law judge or hearing officer assigned to a case may extend the deadlines in subdivisions (2) through (4) so long as the administrative law judge or hearing officer makes a final decision in the case within 270 days after the petition is filed.

...
The term "affected persons" includes: the applicant; any individual residing within the service area or the geographic area served or to be served by the applicant; any individual who regularly uses health service facilities within that geographic area or the service area; any person who provides services, similar to the services under review, to individuals residing within the service area or the geographic area proposed to be served by the applicant; any person who, prior to receipt by the agency of the proposal being reviewed, has provided written notice to the agency of an intention to provide similar services in the future to individuals residing within the service area or the geographic area to be served by the applicant; third party payers who reimburse health service facilities for services in the service area in which the project is proposed to be located; and any agency which establishes rates for health service facilities or HMOs located in the service area in which the project is proposed to be located.

SECTION 9E.4.(f) G.S. 131E-147 is amended by adding a new subsection to read:

"(f) The Department shall not issue or renew a license to operate an ambulatory surgical facility developed, acquired, or replaced on or after October 1, 2019, unless the application includes all of the following:

(1) A commitment that the Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid surgical cases shall be at least four percent (4%) of the total revenue collected for all surgical cases performed in the facility or proposed facility.

(2) For each year of operation, a commitment to report to the Department the total number of cases by each of the following payer categories:

a. Self-pay surgical cases.
b. Medicaid surgical cases.
c. Medicare surgical cases.
d. Commercial insurance surgical cases.
e. Managed care surgical cases.
f. Other surgical cases.

(3) A commitment to report utilization and payment data for services provided by the ambulatory surgical facility to the statewide data processor, as required by G.S. 131E-214.2."

SECTION 9E.4.(m) G.S. 131E-175(11) and (12) are repealed.

SECTION 9E.4.(n) This section becomes effective October 1, 2019.

PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

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

SECTION 9F.1.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the 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) In addition to the recurring reduction for single-stream funding 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, the DMH/DD/SAS is directed to further reduce its allocation for single-stream funding by fifteen million dollars ($15,000,000) in recurring funds for the 2019-2020 fiscal year and by fifteen million dollars ($15,000,000) in recurring funds for the 2020-2021 fiscal year.

The DMH/DD/SAS shall allocate the combined total of the recurring reduction for single-stream funding required by this section and 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>($5,554,338)</td>
<td>($5,554,338)</td>
</tr>
<tr>
<td>Cardinal Innovations Healthcare</td>
<td>($24,998,210)</td>
<td>($24,998,210)</td>
</tr>
<tr>
<td>Eastpointe</td>
<td>($2,784,425)</td>
<td>($2,784,425)</td>
</tr>
<tr>
<td>Partners Behavioral Health Management</td>
<td>($3,253,332)</td>
<td>($3,253,332)</td>
</tr>
<tr>
<td>Sandhills Center</td>
<td>($2,338,367)</td>
<td>($2,338,367)</td>
</tr>
<tr>
<td>Trillium Health Resources</td>
<td>($6,158,214)</td>
<td>($6,158,214)</td>
</tr>
<tr>
<td>Vaya Health</td>
<td>($6,354,009)</td>
<td>($6,354,009)</td>
</tr>
<tr>
<td>Total</td>
<td>($51,440,895)</td>
<td>($51,440,895)</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) During each year of the 2019-2021 fiscal biennium, each LME/MCO shall fund at least the same level of single-stream service utilization as during the 2014-2015 fiscal year across the LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. Further, this requirement shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or Chapter 108D of the General Statutes.

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:
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.

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.

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.

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.

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 provide services and supports, established by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in its operating processes, including residential, day program, transportation, respite, and home modification, to individuals with TBI statewide.

ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM

SECTION 9F.3A.(a) 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 nonrecurring funds for the 2019-2020 fiscal year shall be used to continue the adult and pediatric traumatic brain injury pilot program, as authorized by Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212.

SECTION 9F.3A.(b) By April 1, 2020, the Department of Health and Human Services shall submit a report on the pilot program authorized by Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212, to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. At a minimum, the report shall include all of the following:
(1) The number and outcome of patients served at each program site, broken down by patient age and county of origin.
(2) A breakdown of expenditures at each program site by type of service.
(3) An estimate of the cost to expand the program incrementally and statewide.
(4) An estimate of any potential savings of State funds associated with expansion of the program.
(5) If expansion of the program is recommended, a time line for expanding the program.

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.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR SUBSTANCE ABUSE TREATMENT FACILITY

SECTION 9F.4A. Of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2019-2020 fiscal year, the sum of five hundred thousand dollars ($500,000) in nonrecurring funds shall be used to pay for the completion of the construction of the Residential Treatment Center for Women operated by The Samaritan Colony, Inc., in Richmond County.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR TREATMENT AND RECOVERY SERVICES

SECTION 9F.4B. Of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2019-2020 fiscal year, the sum of six hundred thousand dollars ($600,000) in nonrecurring funds shall be provided to Bridge to Recovery, Inc., a nonprofit corporation in Monroe, North Carolina. Bridge to Recovery, Inc., shall not use these funds for any purpose other than to provide treatment and recovery services to individuals with substance use disorders.

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 2020-2021 fiscal year, the sum of four million nine hundred thousand dollars ($4,900,000) in recurring funds shall be used for new staffing and operational support, including utilities, maintenance costs, and other physical plant operating costs to open new Psychiatric Intensive Care Unit beds in 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 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 million eight hundred thousand dollars ($1,800,000) in nonrecurring funds for each year of the 2019-2021 fiscal biennium 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.

3. 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, 2021, or upon depletion of the one million eight hundred thousand dollars ($1,800,000) 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 each year of the 2019-2021 fiscal biennium for the purpose of this section, whichever is earlier.

4. The Department shall make monthly payments authorized by this section only to the extent sufficient funds are available from the one million eight hundred thousand dollars ($1,800,000) 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 each year of the 2019-2021 fiscal biennium for the purpose of this section.

5. 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.

6. The Department shall terminate all monthly payments pursuant to this section on June 30, 2021, or upon depletion of the one million eight hundred thousand dollars ($1,800,000) 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 each year of the 2019-2021 fiscal biennium for the purpose of this section, whichever is earlier.

7. 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.(d) The Department 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 group homes. The Department shall not, under any circumstances, use any portion of the one million eight hundred thousand dollars ($1,800,000) 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 each year of the 2019-2021 fiscal biennium for any other purpose than the purpose specified in this section.

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) This section expires June 30, 2021.

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).

Medication-Assisted Opioid Use Disorder Treatment Pilot Program Funding

SECTION 9F.16.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (Division), the sum of five hundred thousand dollars ($500,000) for each year of the 2019-2021 fiscal biennium allocated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds for Substance Abuse Services – Treatment for Children/Adults shall be allocated and used to fund the continuation of the medication-assisted opioid use disorder treatment pilot program as authorized by Section 12F.1 of S.L. 2016-94, as amended by Section 3.1 of S.L. 2017-212.

SECTION 9F.16.(b) Section 12F.1(g) of S.L. 2016-94, as amended by Section 3.1 of S.L. 2017-212, reads as rewritten:

"SECTION 12F.1.(g) Evaluation of Pilot Program. – By November 1, 2020, March 1, 2021, the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the effectiveness of this pilot program in addressing North Carolina's growing opioid addiction and overdose crisis. The Department may contract with an institution of higher education or other qualified entity with expertise in
evaluating programs similar to the pilot program authorized by this section. The comprehensive evaluation shall include whether this pilot program was successful as measured by at least all of the following:

(1) The total number of program participants who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

(2) A cost-benefit analysis of the pilot program."

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:

(1) Improve North Carolina's birth outcomes.

(2) Improve the overall health status of children in this State from birth to age 5.

(3) 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:

(1) 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.

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.

MOUNTAIN AREA PREGNANCY SERVICES FUNDS

SECTION 9G.5A. 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 Mountain Area Pregnancy Services, 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, 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.

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.


SECTION 9I.1.(b) Nonrecurring funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall be used to provide temporary financial assistance in the form of a monthly payment to these facilities on behalf of each resident who is a recipient of State-County Special Assistance. The counties shall pay to the State fifty percent (50%) of the cost of providing these monthly payments to these facilities. The monthly payments provided by DSS to these facilities shall be subject to all of the following requirements and limitations:

1. The amount of the monthly payments authorized by this section is as follows:
   a. For the 2019-2020 fiscal year, an amount equal to thirty-four dollars ($34.00) per month for each resident of the facility as of the first day of the month who is a recipient of State-County Special Assistance.
   b. For the 2020-2021 fiscal year, an amount equal to seventy dollars ($70.00) 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.
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.

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 reallocate 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 reallocation, 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 utilization 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 shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 16 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 91.6.(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. § 1087ll for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 91.6.(b) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for each year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 91.6.(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 91.6.(d) Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 91.7.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

1. In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.

2. Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.
(3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 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 twenty-five percent (25%) 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 support 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 QUALITY ASSURANCE POSITIONS

SECTION 9I.16. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of seven hundred fifty thousand dollars ($750,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to provide a fifty percent (50%) match for participating counties to establish new quality assurance positions for child welfare within county departments of social services offices in the State. The Division shall prioritize receipt of the matching funds based on county need. The Division shall allocate the positions funded pursuant to this section based on a percentage of county population such that (i) counties having at least one percent (1%) of the State's population each shall receive one position and (ii) counties having less than one percent (1%) of the State's population shall share a position, as determined by the Division. The Division shall implement a comprehensive continuous quality improvement (CQI) training plan that provides all staff, new and existing, with introductory and ongoing training on the Division's CQI plan, policies, and requirements that provide clarity regarding staff and stakeholder roles in the CQI process.

REPORT ON CERTAIN SNAP AND TANF EXPENDITURES

SECTION 9I.17.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2019-2021 fiscal biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor costs to generate the data regarding expenditures of those programs. The vendor shall generate data to be submitted to the Division that includes, at a minimum, each of the following:

(1) The dollar amount and number of transactions accessed or expended out-of-state, by state, for both SNAP benefits and TANF benefits.

(2) The amount of benefits expended out-of-state, by state, from active cases for both SNAP and TANF.

(3) The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

SECTION 9I.17.(b) Upon receiving the expenditures data for SNAP and TANF from the vendor, the Division shall evaluate the data. The Division shall also provide the Program Evaluation Division of the General Assembly with a copy of the "raw" data submitted by the vendor in accordance with subsection (c) of this section. After evaluating the expenditures data,
the Division shall submit a report on its analysis of the data by June 30 and December 31 of each
year to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal
Research Division. The Division shall post its report required by this subsection on its Web site
and otherwise make the data available by June 30 and December 31 of each year. In the first
report required by this section, the Division shall report how this data is used to investigate fraud
and abuse in both SNAP and TANF. The Division shall also report on other types of data and
how that data is utilized in the detection of fraud and abuse.

SECTION 91.17.(c) The Division shall maintain the confidentiality of information
not public under Chapter 132 of the General Statutes. The Division shall properly redact any
information subject to reporting under this section to prevent identification of individual
recipients of SNAP or TANF benefits.

INCREASE FOSTER CARE RATES

SECTION 91.18.(a) G.S. 108A-49.1 reads as rewritten:

"§ 108A-49.1. Foster care and adoption assistance payment rates.
(a) The maximum rates for State participation in the foster care assistance program are
established on a graduated scale as follows:
(1) $475.00-$514.00 per child per month for children from birth through five
years of age.
(2) $581.00-$654.00 per child per month for children six through 12 years of age.
(3) $634.00-$698.00 per child per month for children at least 13 but less than 21
years of age.
(b) The maximum rates for the State adoption assistance program are established
consistent with the foster care rates as follows:
(1) $475.00-$514.00 per child per month for children from birth through five
years of age.
(2) $581.00-$654.00 per child per month for children six through 12 years of age.
(3) $634.00-$698.00 per child per month for children at least 13 but less than 21
years of age.

...."

SECTION 91.18.(b) This section becomes effective July 1, 2020.

CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT

SECTION 91.19.(a) From funds appropriated in this act to the Department of Health
and Human Services, Division of Social Services, for the 2019-2020 fiscal year, the Division of
Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities,
and Substance Abuse Services, shall establish a two-year child welfare and behavioral health
pilot project that will provide easier access to comprehensive health services for children in foster
care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster
care, and (iii) ensuring care and services are available without disruption to a child's foster care
placement while accessing services needed to treat the child's trauma. Four counties shall
participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

SECTION 91.19.(b) The purpose of the pilot project is to establish a
trauma-informed integrated health foster care model to facilitate partnerships between county
departments of social services and local management entities/managed care organizations
(LME/MCOs) regarding children placed in foster care that will do each of the following:
(1) Address safety and health needs of children with the application of
trauma-informed tools.
(2) Address appropriate preventive and medical care for children placed in foster
care.
(3) Address other social determinants of health, specifically those related to education and social development.

(4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the federal Families First Prevention Services Act (Family First Act).

(5) Provide for collaboration across agencies, including private behavioral health providers, health systems, and agencies of social determinants of health.

(6) Allow for the development of alternative funding models and service definitions.

(7) Allow for behavioral health services in family foster homes augmented with mental health services.

(8) Allow for wraparound services for the child to support a singular, unified goal of children in foster care having a single placement.

(9) Assign dedicated care coordination to each county social services agency.

SECTION 9I.19.(c) The Division of Social Services and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report on the pilot project established under this section to the Joint Legislative Oversight Committee on Health and Human Services (Committee) by April 1, 2020, and submit a final report to the Committee by October 1, 2021, that, at a minimum, includes each of the following:

(1) The average cost of providing alternatives to therapeutic foster care.

(2) An outline of enhanced services offered and developed during the pilot project, including barriers and challenges.

(3) The outcomes achieved from the pilot project.

(4) A plan outlining the potential for replication across other counties, including cost-modeling recommendations.

POSTPONE DEPLOYMENT OF CHILD WELFARE AND AGING COMPONENTS OF NC FAST

SECTION 9I.20.(a) The Department of Health and Human Services, Division of Social Services, shall postpone deployment of the North Carolina Families Accessing Services through Technology (NC FAST) system as it relates to case-management functionality for the child welfare system and aging and adult services’ programs. The Division shall not deploy the child welfare case-management component of the NC FAST system statewide prior to October 1, 2019, but shall instead continue to develop and improve case-management functionality for the child welfare component of NC FAST only in those counties that participated in the initial pilot program prior to January 1, 2019.

SECTION 9I.20.(b) All counties other than the counties that participated in the pilot program prior to January 1, 2019, may elect to utilize the Intake and Assessment functionality of the NC FAST system.

SECTION 9I.20.(c) The Division shall move forward with developing and issuing requests for proposals (RFP) to consider a vehicle for the child welfare case-management component of NC FAST, but shall not issue any contracts without prior approval from the General Assembly.

SECTION 9I.20.(d) The Joint Legislative Program Evaluation Oversight Committee shall revise the biennial 2019-2020 work plan for the Program Evaluation Division to include a study of the case-management functionality of the child welfare component of NC FAST. The Program Evaluation Division shall submit its evaluation to the Joint Legislative Program Evaluation Oversight Committee and to the chairs of the Joint Legislative Oversight Committee on Health and Human Services no later than May 1, 2020.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Work First Family Assistance</td>
<td>$37,549,914</td>
<td>$35,549,914</td>
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<tr>
<td>02. Work First County Block Grants</td>
<td>80,093,566</td>
<td>80,093,566</td>
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<tr>
<td>03. Work First Electing Counties</td>
<td>2,378,213</td>
<td>2,378,213</td>
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<tr>
<td>04. Adoption Services – Special Children</td>
<td></td>
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<tr>
<td>Adoption Fund</td>
<td>2,026,877</td>
<td>2,026,877</td>
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<tr>
<td>05. Child Protective Services – Child Welfare</td>
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<tr>
<td>Workers for Local DSS</td>
<td>9,412,391</td>
<td>9,412,391</td>
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<tr>
<td>06. Funding for Counties to Assist with County Implementation of NC FAST, Project 4</td>
<td>8,092</td>
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<tr>
<td>07. Child Welfare Program Improvement Plan</td>
<td>775,176</td>
<td>775,176</td>
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<tr>
<td>08. Child Welfare Collaborative</td>
<td>400,000</td>
<td>400,000</td>
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<tr>
<td>09. Child Welfare Initiatives</td>
<td>1,400,000</td>
<td>1,400,000</td>
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</tbody>
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Division of Child Development and Early Education

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Subsidized Child Care Program</td>
<td>53,203,069</td>
<td>45,813,694</td>
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<td>11. Swap-Child Care Subsidy</td>
<td>5,400,000</td>
<td>12,600,000</td>
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<td>12. NC Pre-K Services</td>
<td>66,300,000</td>
<td>68,300,000</td>
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Division of Public Health

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<tr>
<th>Description</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
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</thead>
<tbody>
<tr>
<td>13. Teen Pregnancy Prevention Initiatives</td>
<td>3,450,000</td>
<td>3,450,000</td>
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DHHS Administration

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-2020</th>
<th>FY 2020-2021</th>
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<tbody>
<tr>
<td>14. Division of Social Services</td>
<td>2,482,260</td>
<td>2,482,260</td>
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<tr>
<td>General Assembly Of North Carolina</td>
<td>Session 2019</td>
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<tr>
<td>15. Office of the Secretary</td>
<td>34,042</td>
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<td>17. NC FAST Implementation</td>
<td>1,817,362</td>
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<tr>
<td>18. Division of Social Services – Workforce Innovation &amp; Opportunity Act (WIOA)</td>
<td>93,216 93,216</td>
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</tbody>
</table>

**Transfers to Other Block Grants**

**Division of Child Development and Early Education**

| 19. Transfer to the Child Care and Development Fund | 21,773,001 21,773,001 |

**Division of Social Services**

| 20. Transfer to Social Services Block Grant for Child Protective Services – Training | 1,300,000 1,300,000 |
| 21. Transfer to Social Services Block Grant for Child Protective Services | 5,040,000 5,040,000 |
| 22. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services | 13,097,783 13,097,783 |
| 23. Transfer to Social Services Block Grant – Foster Care Services | 1,385,152 1,385,152 |
| 24. Transfer to Social Services Block Grant – Child Advocacy Centers | 1,582,000 1,582,000 |
| 25. Transfer to Social Services Block Grant – Child Protective Services, Child Welfare Training for Counties | 737,067 737,067 |

**TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS** $312,392,996 $310,435,701

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS**

**Local Program Expenditures**

**Division of Child Development and Early Education**

| 01. Subsidized Child Care | $33,439,988 $33,439,988 |
**TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS**  
$33,439,988 $33,439,988

**SOCIAL SERVICES BLOCK GRANT**

**Local Program Expenditures**

**Divisions of Social Services and Aging and Adult Services**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>01. County Departments of Social Services</td>
<td>$19,905,849</td>
<td>$19,905,849</td>
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<tr>
<td>02. County Departments of Social Services (Transfer From TANF)</td>
<td>$13,097,783</td>
<td>$13,097,783</td>
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<tr>
<td>03. EBCI Tribal Public Health and Human Services</td>
<td>244,740</td>
<td>244,740</td>
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<tr>
<td>04. Child Protective Services (Transfer From TANF)</td>
<td>5,040,000</td>
<td>5,040,000</td>
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<tr>
<td>05. State In-Home Services Fund</td>
<td>1,943,950</td>
<td>1,943,950</td>
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<tr>
<td>06. Adult Protective Services</td>
<td>1,720,404</td>
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<tr>
<td>07. State Adult Day Care Fund</td>
<td>1,994,084</td>
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<tr>
<td>08. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program</td>
<td>901,868</td>
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<tr>
<td>09. Special Children Adoption Incentive Fund</td>
<td>462,600</td>
<td>462,600</td>
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<tr>
<td>10. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)</td>
<td>1,300,000</td>
<td>1,300,000</td>
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<tr>
<td>11. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)</td>
<td>737,067</td>
<td>737,067</td>
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<tr>
<td>12. Home and Community Care Block Grant (HCCBG)</td>
<td>2,696,888</td>
<td>2,696,888</td>
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<tr>
<td>13. Child Advocacy Centers (Transfer from TANF $1,582,000)</td>
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<td>2,000,000</td>
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<td>14. Guardianship – Division of Social Services</td>
<td>1,802,671</td>
<td>1,802,671</td>
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<tr>
<td>15. Foster Care Services (Transfer From TANF)</td>
<td>1,385,152</td>
<td>1,385,152</td>
</tr>
</tbody>
</table>
### 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

#### Division of Services for the Blind

18. Independent Living Program  
   $3,603,793  
   $3,603,793

#### Division of Health Service Regulation

19. Adult Care Licensure Program  
   $402,951  
   $402,951

20. Mental Health Licensure and Certification Program  
   $200,880  
   $200,880

#### Division of Aging and Adult Services

21. Guardianship  
   $3,825,443  
   $3,825,443

#### DHHS Administration

22. Division of Aging and Adult Services  
   $679,541  
   $679,541

23. Division of Social Services  
   $654,220  
   $654,220

24. Office of the Secretary/Controller's Office  
   $132,047  
   $132,047

25. Legislative Increases/Fringe Benefits  
   $236,278  
   $236,278

26. Division of Child Development and Early Education  
   $13,878  
   $13,878

27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services  
   $27,446  
   $27,446

28. Division of Health Service Regulation  
   $121,719  
   $121,719

**TOTAL SOCIAL SERVICES BLOCK GRANT**  
   $74,055,372  
   $74,055,372

**LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**
## Local Program Expenditures

### Division of Social Services

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Low-Income Energy Assistance Program (LIEAP)</td>
<td>$40,298,638</td>
<td>$40,298,638</td>
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<tr>
<td>02. Crisis Intervention Program (CIP)</td>
<td>40,298,638</td>
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### Local Administration

### Division of Social Services

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
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<tr>
<td>03. County DSS Administration</td>
<td>6,618,366</td>
<td>6,618,366</td>
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### DHHS Administration

### Division of Central Management and Support

<table>
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<tr>
<th>Item</th>
<th>Amount 1</th>
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<td>04. Division of Social Services</td>
<td>10,000</td>
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<td>05. Office of the Secretary/DIRM</td>
<td>128,954</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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<tr>
<td>08. NC FAST Operations and Maintenance</td>
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### Transfers to Other State Agencies

### Department of Environmental Quality

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<tr>
<th>Item</th>
<th>Amount 1</th>
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<tr>
<td>09. Weatherization Program</td>
<td>8,692,641</td>
<td>8,552,641</td>
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<tr>
<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>
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<td>514,742</td>
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<td>14. DEQ – HARRP Administration</td>
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### Department of Administration

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<th>Item</th>
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<th>Amount 2</th>
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<td>15. N.C. Commission on Indian Affairs</td>
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<td>Description</td>
<td>Fifth Edition</td>
<td>Fourth Edition</td>
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<td>TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</td>
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<td>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</td>
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<td>Local Program Expenditures</td>
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<tr>
<td>Division of Child Development and Early Education</td>
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<tr>
<td>01. Child Care Services</td>
<td>$232,109,943</td>
<td>$239,499,318</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>
<td>21,773,001</td>
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<td>04. Quality and Availability Initiatives (TEACH Program $3,800,000)</td>
<td>55,217,124</td>
<td>55,217,124</td>
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<tr>
<td>DHHS Administration</td>
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<td></td>
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<tr>
<td>Division of Child Development and Early Education</td>
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<td></td>
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<tr>
<td>05. DCDEE Administrative Expenses</td>
<td>9,710,886</td>
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<td>Division of Social Services</td>
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<td>06. Local Subsidized Child Care Services Support</td>
<td>18,533,357</td>
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<td>07. Direct Deposit for Child Care Payments</td>
<td>505,100</td>
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<td>Division of Central Management and Support</td>
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<td>08. NC FAST Development</td>
<td>464,290</td>
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<td>09. NC FAST Operations and Maintenance</td>
<td>1,104,504</td>
<td>1,201,697</td>
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<td>10. DHHS Central Administration – DIRM Technical Services</td>
<td>645,162</td>
<td>645,162</td>
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<td>11. DHHS Central Administration</td>
<td>7,346</td>
<td>7,346</td>
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<tr>
<td>Division of Public Health</td>
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<tr>
<td>12. Child Care Health Consultation Contracts</td>
<td>62,205</td>
<td>62,205</td>
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<td>TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</td>
<td>$347,525,572</td>
<td>$354,547,850</td>
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</table>
## 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 | 18,531,361 | 18,531,360 |
| 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

| $25,487,418 | $25,487,417 |

## 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 |
| 02. Substance Abuse Prevention | 9,110,422 | 9,110,422 |

| 03. Substance Abuse Services – Treatment for Children/Adults (Medication-Assisted Opioid Use Disorder Treatment Pilot Program $500,000; First Step Farm of WNC, Inc. $100,000) | 29,856,450 | 29,856,449 |

| 05. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery | 1,085,000 | 1,085,000 |
| 06. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management | 20,000 | 20,000 |

### DHHS Program Expenditures

#### Division of Central Management and Support

| 07. Competitive Grants | 1,600,000 | 1,600,000 |

### DHHS Administration

#### Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
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<th>Item</th>
<th>Description</th>
<th>Fiscal Year</th>
<th>2019-2020</th>
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<tr>
<td>08</td>
<td>Administration</td>
<td>454,000</td>
<td>454,000</td>
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<td>09</td>
<td>Controlled Substance Reporting System Enhancement</td>
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<td>427,655</td>
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<td>10</td>
<td>Veterans Initiatives</td>
<td>250,000</td>
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<td></td>
<td><strong>Division of Public Health</strong></td>
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<td>11</td>
<td>HIV Testing for Individuals in Substance Abuse Treatment</td>
<td>241,488</td>
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<td><strong>TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</strong></td>
<td>$45,595,930</td>
<td>$45,354,441</td>
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<td></td>
<td><strong>MATERNAL AND CHILD HEALTH BLOCK GRANT</strong></td>
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<td></td>
<td><strong>Local Program Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Women and Children's Health Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Safe Sleep Campaign $45,000; Sickle Cell Centers $100,000; Prevent Blindsight $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>
<td>$14,719,224</td>
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<td>02</td>
<td>Oral Health</td>
<td>48,227</td>
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<td>03</td>
<td>Evidence-Based Programs in Counties With Highest Infant Mortality Rates</td>
<td>1,575,000</td>
<td>1,575,000</td>
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<td></td>
<td><strong>DHHS Program Expenditures</strong></td>
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<td>Children's Health Services</td>
<td>1,427,323</td>
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<td>05</td>
<td>Women's Health – Maternal Health</td>
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<td>Women and Children's Health – Perinatal Strategic Plan Support Position</td>
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<td>07</td>
<td>State Center for Health Statistics</td>
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<td>08</td>
<td>Health Promotion – Injury and Violence Prevention</td>
<td>87,271</td>
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<tr>
<td>General Assembly Of North Carolina</td>
<td>Session 2019</td>
<td></td>
<td></td>
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<td>-----------------------------------</td>
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<tr>
<td><strong>DHHS Administration</strong></td>
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<tr>
<td>09. Division of Public Health Administration</td>
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<td><strong>TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT</strong></td>
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<td><strong>PREVENTIVE HEALTH SERVICES BLOCK GRANT</strong></td>
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<td><strong>Local Program Expenditures</strong></td>
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<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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<td><strong>DHHS Program Expenditures</strong></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>150,000</td>
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<td>05. Laboratory Services – Testing, Training, and Consultation</td>
<td>21,000</td>
<td>21,000</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>
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<td>08. State Center for Health Statistics</td>
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<td><strong>DHHS Administration</strong></td>
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<td><strong>Division of Public Health</strong></td>
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<tr>
<td>09. Division of Public Health</td>
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<td><strong>TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT</strong></td>
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<td><strong>COMMUNITY SERVICES BLOCK GRANT</strong></td>
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<tr>
<td>01. Community Action Agencies</td>
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<td>$22,354,709</td>
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<td>02. Discretionary Funding</td>
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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  
   $24,316,901  
   $24,316,901

GENERAL PROVISIONS

SECTION 9K.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

1. A delineation of the proposed allocations by program or activity, including State and federal match requirements.

2. A delineation of the proposed State and local administrative expenditures.

3. An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

4. A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

5. A projection of current year expenditures by program or activity.

6. A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

7. The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9K.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated 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 (i) Item 03 of the Substance Abuse Prevention and Treatment Block Grant or (ii) 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 youth in foster care or the juvenile justice system.

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 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 only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

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 two million dollars ($2,000,000) 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 four hundred seventy-five thousand forty-one dollars ($475,041) 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 sixty-seven dollars ($737,067) 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, Division of Public Health, 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 Resources and the Fiscal Research Division no later than March 1. The report shall contain information regarding all revenues and expenditures of the Animal Shelter Support Fund."

**SECTION 10.1.(c)** 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 Subcommittees on 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 Commission, the Agriculture and Forestry Awareness Study 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 Subcommittees on Natural and Economic Resources, the Senate Appropriations Committee on Agriculture, 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 Joint Legislative Oversight 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, the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission. 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 Natural and Economic Resources.
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 and Juvenile Justice 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 Foothills Correctional 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.

North Carolina Agricultural Foundation—FFA Foundation (hereinafter "FFA Foundation") The North Carolina Agricultural Foundation, Inc., shall do the following if the Department of Agriculture and Consumer Services allocates funds to the entity for programs of the North Carolina Future Farmers of America Association:

(1) 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.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement."

TIMBER SALES/RETENTION OF PROCEEDS

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.

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.

SWINE BIOGAS

SECTION 10.9. Of the funds appropriated in this act to the Department of Commerce for the Gas Products Service to Agriculture Fund, the sum of four hundred fifty thousand dollars ($450,000) is allocated for the purpose of providing cost share assistance to swine farmers for the installation of anaerobic digesters to be used for the production of biogas at an eligible farm.

The funds shall be administered through the Agriculture Cost Share Program for Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General Statutes. Notwithstanding G.S. 106-850(b)(6), participants shall be eligible for cost share of no more than seventy-five percent (75%) of that portion of the construction and equipment costs for the project in excess of four hundred forty dollars ($440.00) per 1,000 pounds of steady state live weight of swine located at the eligible farm. The annual limit specified in G.S. 106-850(b)(6) shall not apply to funds allocated by this section, but total funding provided for any project shall not exceed one hundred thousand dollars ($100,000) over the lifetime of the project. Any allocated funds not awarded for the purposes specified in this section by June 30, 2020, shall revert to the General Fund.

For purposes of this section, an "eligible farm" shall be a swine farm meeting the following criteria:

1. The swine farm has a design capacity of less than 1,000,000 pounds steady state live weight.

2. The swine farm has entered into a contract with a duration of 10 years or more for the purchase of the biogas produced by the anaerobic digester.

INNOVATIVE LAGOON SLUDGE TREATMENT
SECTION 10.10. Of the funds appropriated in this act to the Department of Commerce for the Gas Products Service to Agriculture Fund, the sum of four hundred fifty thousand dollars ($450,000) is allocated for the purpose of providing cost share assistance to swine farmers for the installation of innovative swine anaerobic lagoon sludge management systems utilizing constructed wetlands as the primary system component.

The funds shall be administered through the Agriculture Cost Share Program for Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General Statutes. The annual limit specified in G.S. 106-850(b)(6) shall not apply to funds allocated by this section, but total funding provided for any project shall not exceed one hundred fifty thousand dollars ($150,000) over the lifetime of the project. Any allocated funds not awarded for the purposes specified in this section by June 30, 2020, shall revert to the General Fund.

HEMLOCK RESTORATION REPORT

SECTION 10.12. The North Carolina Forest Service shall report on the hemlock restoration initiatives funded by this act. The report shall include the following with respect to each hemlock restoration initiative funded during the 2019-2021 biennium:

1. Identification of goals and outcomes for the initiative.
2. A description of the measures used or data collected to evaluate the efficiency and effectiveness of the initiative in reaching its desired goals and outcomes.
3. The performance of each initiative with respect to the identified goals and outcomes.

The Forest Service shall provide its report on the prior fiscal year's funding to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than October 1 of each year in the 2019-2021 fiscal biennium.

PRESCRIBED BURNING MATCHING GRANT PROGRAM

SECTION 10.13.(a) Article 80 of Chapter 106 of the General Statutes is amended by adding a new section to read:

§ 106-971. Prescribed burn grants.

(a) Establishment. – The Prescribed Burn Grant Program is established within the North Carolina Forest Service of the Department of Agriculture and Consumer Services. The Forest Service is responsible for administering the Program and shall issue rules setting forth the form and contents of the application, grant cycle time lines, and funding limits for individual projects and for grant recipients.

(b) Purposes. – The Program shall be used for support of prescribed burning on privately owned forestlands that will maximize the benefits set forth in this Article.

(c) Eligibility. – To be eligible for funding from the Program, prescribed burning projects must meet all of the following criteria:

1. The project must meet the requirements of this Article, as determined by the Forest Service.
2. Funds provided by the Program must be matched in an equal amount by the landowner or another non-State source of funds.

SECTION 10.13.(b) Notwithstanding G.S. 150B-21.1A(a), the Department of Agriculture and Consumer Services shall adopt emergency rules in accordance with G.S. 150B-21.1A to implement G.S. 106-971, as enacted by this section.

PART XI. COMMERCE

COMMERCE REPORT CHANGE

SECTION 11.1. G.S. 143B-434.01(b) reads as rewritten:
"(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1 of each year. The Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The Secretary shall provide copies of the Plan and each annual update to the Governor and the Joint Legislative Commission on Governmental Operations, Governor, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Economic Development and Global Engagement Oversight Committee. The Plan shall encompass all of the components set out in this section."

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.2.(a) Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2020, and June 30, 2021, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. State Administration</td>
<td>$1,610,278</td>
</tr>
<tr>
<td>02. Neighborhood Revitalization</td>
<td>10,000,000</td>
</tr>
<tr>
<td>03. Economic Development</td>
<td>11,000,000</td>
</tr>
<tr>
<td>04. Infrastructure</td>
<td>25,719,918</td>
</tr>
</tbody>
</table>

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2020 Program Year $48,330,196

2021 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 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 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 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 FOUNDATION CODIFICATION AND REPORT CHANGES

SECTION 11.3.(a) Chapter 143 of the General Statutes is amended by adding a new Article 74A, to be entitled "Golden LEAF Foundation." Section 1 of S.L. 1999-2 is codified as G.S. 143-710, to be entitled "Golden LEAF Foundation." Section 2(c) of S.L. 1999-2, as amended by Section 15.10A(a) of S.L. 2013-360, is codified as G.S. 143-711, to be entitled "Board of directors." Section 3 of S.L. 1999-2 is codified as G.S. 143-712, to be entitled "Articles of incorporation; reporting." Section 4 of S.L. 1999-2 is repealed. Section 5 of S.L. 1999-2 is codified as G.S. 143-711(b). Section 6 of S.L. 1999-2, as amended by Section 6.11(d) of S.L. 2011-145, Section 7(b) of S.L. 2011-391, and Section 6.4(b) of S.L. 2013-360, is codified as G.S. 143-713, to be entitled "Use of funds."

SECTION 11.3.(b) Article 74A of Chapter 143 of the General Statutes, as enacted by subsection (a) of this section, reads as rewritten:

"Article 74A.

"Golden LEAF Foundation.

§ 143-710. Golden LEAF Foundation.

The creation of the nonprofit corporation Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc., ("Golden LEAF Foundation") pursuant to subparagraph VI.A.1 of the Consent Decree and Final Judgment entered in that action of 98 CVS 14377 on December 21, 1998, is hereby approved for the purposes and on the terms and conditions set forth in subparagraph VI.A.1 of the Consent Decree and Final Judgment.

§ 143-711. Board of directors.

(a) The General Assembly also approves the provisions in the Consent Decree concerning the governance of the nonprofit corporation Golden LEAF Foundation by 15 directors holding staggered, four-year terms, five directors to be appointed by the Governor of the State of North Carolina, one of whom shall be the chair of the Rural Infrastructure Authority created in G.S. 143B-472.128, or the chair's designee, five by the President Pro Tempore of the North Carolina Senate, and five by the Speaker of the North Carolina House of Representatives; and that the Governor shall appoint the first Chair among his appointees, and the directors shall elect their own Chair from among their number for subsequent terms. Members of the General Assembly may not be appointed to serve on the board of directors while serving in the General Assembly.

(b) It is the intent of the General Assembly that the Governor, Speaker of the House of Representatives, and President Pro Tempore of the Senate, in appointing directors to the nonprofit corporation, Golden LEAF Foundation, shall, in their sole discretion, include among their appointments representatives of tobacco production, tobacco manufacturing, tobacco-related employment, health, and economic development interests, with each appointing authority selecting at least two directors from these interests. It is also the intent of the General Assembly that the appointing authorities, in appointing directors, shall appoint members that represent the geographic, gender, and racial diversity of the State.

§ 143-712. Articles of incorporation; reporting.

The Attorney General shall draft articles of incorporation for the nonprofit corporation Golden LEAF Foundation to enable the nonprofit corporation Golden LEAF Foundation 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 Golden LEAF Foundation 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 Golden LEAF Foundation shall also report on its programs and activities to the Commission Joint Legislative Commission on Governmental Operations, the 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, any of these entities. 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.

a. Grants made in the prior fiscal year, including the amount, term, and purpose of the grant.

b. Outcome data collected by the Golden LEAF Foundation, including the number of jobs created.

c. Cumulative grant data by program and by county.

d. Unaudited actual administrative expenses and grants made in the prior fiscal year.

e. Current fiscal year budget, planned activities, and goals for the current fiscal year.

The nonprofit corporation Golden LEAF Foundation 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 and tax return information for the previous fiscal year by September 15 of each year, a copy of its annual audited financial statement for the previous fiscal year within 30 days of having received an audit report from an independent auditor, and a copy of its annual federal income tax return for the previous fiscal year within 30 days of filing.

(2) Public records; open meetings. – The nonprofit corporation Golden LEAF Foundation is subject to the Open Meetings Law as provided in Article 33C of Chapter 143 of the General Statutes and the Public Records Act as provided in Chapter 132 of the General Statutes. The nonprofit corporation Golden LEAF Foundation shall publish at least annually a report, available to the public and filed with the Joint Legislative Commission on Governmental Operations, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee, of every expenditure or distribution in furtherance of the public charitable purposes of the nonprofit corporation Golden LEAF Foundation.

(3) Transfer of assets. – The nonprofit corporation Golden LEAF Foundation shall not dispose of assets pursuant to G.S. 55A-12-02 without the approval of the General Assembly.

(4) Charter repeal. – The charter of the nonprofit corporation Golden LEAF Foundation may be repealed at any time by the legislature General Assembly pursuant to Article VIII, Section 1 of the North Carolina Constitution. The nonprofit corporation Golden LEAF Foundation shall not amend its articles of incorporation without the approval of the General Assembly.
Dissolution. – The nonprofit corporation Golden LEAF Foundation may be dissolved pursuant to Chapter 55A of the General Statutes, by the General Assembly, or by the Court pursuant to the Consent Decree. Upon dissolution, all unencumbered assets and funds of the nonprofit corporation Golden LEAF Foundation, including the right to receive future funds pursuant to Section 2 of this act, funds, are transferred to the Settlement Reserve Fund established pursuant to G.S. 143-16.4.

§ 143-713. Use of funds.
   (a) The funds under the Master Settlement Agreement, which is incorporated into the Consent Decree, shall be credited to the Settlement Reserve Fund.
   (b) Any monies paid into the North Carolina State Specific Account from the Disputed Payments Account on account of the Non-Participating Manufacturers that would have been transferred to The Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., the Golden LEAF Foundation shall be deposited in the Settlement Reserve Fund.

SECTION 11.3.(c) G.S. 105-113.4C reads as rewritten:

§ 105-113.4C. Enforcement of Master Settlement Agreement Provisions.
   The Master Settlement Agreement between the states and the tobacco product manufacturers, incorporated by reference into the consent decree referred to in S.L. 1999-2, G.S. 143-710, requires each state to diligently enforce Article 37 of Chapter 66 of the General Statutes. The Office of the Attorney General and the Secretary of Revenue shall perform the following responsibilities in enforcing Article 37:

   ...."

COMMERCE NONPROFITS/REPORTING REQUIREMENTS

SECTION 11.4.(a) The entities listed in subsection (b) of this section shall do the following for each year that State funds are expended:

   (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.

   (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 thirteen million six hundred thousand three hundred thirty-eight dollars
($13,600,338) for each fiscal year in the 2019-2021 biennium 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 – two million nine hundred twenty-four thousand seventy-three dollars ($2,924,073).

(2) Science and commercialization: science and technology development, Centers of Innovation, business and technology development, education and training, and related activities – eight million eight hundred thirteen thousand nineteen dollars ($8,813,019).

(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).

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.

MODIFY FILM Grant

SECTION 11.6.(a) G.S. 143B-437.02A reads as rewritten:

"§ 143B-437.02A. The Film and Entertainment Grant Fund.
(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

(1) The funds are reserved for a production on which the production company has qualifying expenses of at least the following:

a. For a feature-length film:
   1. Three million dollars ($3,000,000), One million five hundred thousand dollars ($1,500,000), if for theatrical viewing.
   2. One million dollars ($1,000,000), Five hundred thousand dollars ($500,000), if a movie for television.

b. For a television series, one million dollars ($1,000,000), five hundred thousand dollars ($500,000) per episode.

c. For a commercial for theatrical or television viewing or on-line distribution, two hundred fifty thousand dollars ($250,000).

..."

SECTION 11.6.(b) This section becomes effective July 1, 2019, and applies to grants made on or after that date.

FILM SCHOOL ALLOCATION OF FILM Grant PROGRAM

SECTION 11.7. Of the funds appropriated in this act to the Department of Commerce for the Film and Entertainment Grant Fund, the Department may award up to one million dollars ($1,000,000) in each fiscal year of the 2019-2021 fiscal biennium for grants for productions that are a project of one or more students of a film program of an accredited university in or an accredited college in this State. The provisions of G.S. 143B-437.02A, other
than the provisions of subsections (d) and (f) of that section, apply to grants made pursuant to this section. The Department shall submit to the Joint Economic Development and Global Engagement Oversight Committee and to the Fiscal Research Division an initial report on grants made pursuant to this section no later April 1, 2020, and a final report no later than October 1, 2021.

ROWLAND FUNDING CLARIFICATION

SECTION 11.8. Notwithstanding any other provision of law to the contrary, funds appropriated to the Rural Economic Development Fund by S.L. 2018-5 and allocated to the Town of Rowland for road signage improvements shall instead be used for renovation, restoration, and preservation work on the Rowland train depot.

PART XII. ENVIRONMENTAL QUALITY

DEQ REPORT CHANGES

SECTION 12.1.(a) 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.(b) 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—April 15 of each year on the status of solid waste management efforts in the State. The report shall include:

…


…

(20) A report on the use of funds for Superfund cleanups and inactive hazardous site cleanups."

SECTION 12.1.(c) 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.(d) 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.(e) 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.(f) 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.(g) 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 these 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 the 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 these 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 or April 15 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.(h) G.S. 130A-310.40 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:

..."
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 15 of each year. The Department shall mail a notice of the annual fees to each permitted septage management firm and each individual who operates a septage treatment or disposal facility prior to November 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 1 following the November 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."
operations, limited to one hundred thousand dollars ($100,000) in each fiscal year.

(3b) For administrative support of activities related to beach and inlet management in the State. Funding for the position is limited to ninety-nine thousand dollars ($99,000) in each fiscal year. State, limited to one hundred thousand dollars ($100,000) in each fiscal year.

(4) To provide funding for siting and acquisition of dredged disposal easement sites associated with the maintenance of the Atlantic Intracoastal Waterway between the border with the state of South Carolina and the border with the Commonwealth of Virginia, under a Memorandum of Agreement between the State and the federal government.

(5) For assessments and data collection regarding dredge material disposal sites located in the State.

MOUNT AIRY FUNDING CLARIFICATION

SECTION 12.5. Subdivision (2) of Section 13.4 of S.L. 2018-5 reads as rewritten:

"(2) One million dollars ($1,000,000) to the Town of Mount Airy for a water and sewer line extension project, water or sewer projects." 

WATER AND SEWER INFRASTRUCTURE GRANTS

SECTION 12.6. Of the funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants, the following sums are allocated to the indicated local governments for the 2019-2020 fiscal year for various water and sewer infrastructure projects, including asset inventory and assessment:

(1) Two hundred thousand dollars ($200,000) to the Town of Four Oaks.
(2) Three million dollars ($3,000,000) 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.
(5) One hundred fifty thousand dollars ($150,000) to the Town of Salemburg.
(6) One hundred fifty thousand dollars ($150,000) to the Town of Bethel.
(7) One million dollars ($1,000,000) to Sampson County.

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)-(17l), and (17n) of subsection (a) of this section in any of the investments
authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section.
The State Treasurer may require a minimum deposit, up to one hundred thousand dollars
($100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of
participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to
defray the costs of administering the funds and expenditures authorized under this section. Funds
deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation
Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the
Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest
or other investment income earned thereon shall be prorated and credited to the North Carolina
Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem
Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the
basis of the amounts contributed to the respective Funds, figured according to sound accounting
principles."

CERTAIN TIMBER SALES/NONREVERT

SECTION 12.9. Section 14.3 of S.L. 2015-241 reads as rewritten:

"SECTION 14.3. The Department of Environment and Natural Resources’ Environmental
Quality’s Stewardship Program may retain revenue generated from timber harvesting on the
Great Coharie property in the Conservation Grant Endowment Interest Fund (6705) (Fund Code
64307-6705) for the purpose of restoration and stewardship of that property and these funds are
hereby appropriated for that purpose. Any unused portion of this revenue remaining in the Fund
on June 30, 2019-June 30, 2021, 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 monies funds
appropriated to it by the General Assembly and any monies 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 monies funds in the Fund from other sources shall not revert
and shall remain available for expenditure in accordance with this Article.
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.

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.
   ...."
§ 113A-235. Conservation easements, properties eligible for funding.

(a) Property Eligibility. – In order for real property or an interest in real property to be the subject of a grant under this Article, Article as a conservation property, the real property or interest in real property must meet all of the following conditions:

(a1) Acquisition and Protection of Conservation Easements. Properties. – Ecological systems and appropriate public use of these systems may be protected through conservation easements, including conservation agreements under Article 4 of Chapter 121 of the General Statutes, the Conservation and Historic Preservation Agreements Act, and conservation easements under the Conservation Reserve Enhancement Program. The Department may acquire conservation properties and easements by purchase, gift, or assignment, in accordance with G.S. 146-22. The Department of Environmental Quality shall work cooperatively with State and local agencies and qualified nonprofit organizations to monitor compliance with conservation easements and conservation agreements and to ensure the continued viability of the protected ecosystems. Soil and water conservation districts established under Chapter 139 of the General Statutes may acquire easements under the Conservation Reserve Enhancement Program by purchase or gift.

FUNDS FOR BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND

SECTION 12.12. Funds appropriated to the Division of Water Infrastructure of the Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of S.L. 2018-5 and deposited into the PFAS Recovery Fund may be used for the purposes set forth in G.S. 87-98.

REDIRECT PFAS RECOVERY FUNDS

SECTION 12.13. Funds appropriated to the Division of Water Infrastructure of the Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of S.L. 2018-5 and deposited into the PFAS Recovery Fund shall be transferred and reallocated for other projects as follows:

(1) Eight hundred thirty-seven thousand seven hundred fifty-five dollars ($837,755) to the Compensatory Mitigation Fund for the purpose of dissolving the conservation easement associated with the Little Alamance Creek stream restoration project in Alamance County and held by the State of North Carolina. Any additional funds needed to dissolve the conservation easement shall be provided by the Department of Environmental Quality from funds available to the Department.

(2) Two hundred thousand dollars ($200,000) to the Oil or Other Hazardous Substances Pollution Protection Fund established by G.S. 143-215.87 to be used by the Department of Environmental Quality for investigation and remediation of discharges of petroleum products into waters of the State that are ineligible for funding from programs addressing leaking underground storage tanks.

(3) One hundred thousand dollars ($100,000) to provide a directed grant to MountainTrue for recreational water quality testing.

(4) Five hundred thousand dollars ($500,000) to provide a directed grant to the Town of Maysville for construction of a public water supply well to replace a contaminated well.

DRY CLEANING SOLVENT PROGRAM EXTENSION
SECTION 12.14.(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. This part expires January 1, 2022, 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, 2012, 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 12.14.(b)

"§ 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 12.14.(c)

"§ 105-187.35. Sunset.

This Article is repealed effective January 1, 2030."

WATER/WASTEWATER PUBLIC ENTERPRISE REFORM

SECTION 12.15.(a)


The following definitions apply in this Chapter:

…

(4a) Distressed unit. – A public water system or wastewater system operated by a local government unit exhibiting signs of failure to identify or address those financial or operating needs necessary to enable that system to become or to remain a local government unit generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services.

…

(13) Local government unit. – Any of the following:

a. A city as defined in G.S. 160A-1.

b. A county.

c. A consolidated city-county as defined in G.S. 160B-2.

d. A county water and sewer district created pursuant to Article 6 of Chapter 162A of the General Statutes. Any of the following entities created pursuant to Chapter 162A of the General Statutes:

1. A water and sewer authority created pursuant to Article 1.
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<td>A metropolitan water and sewerage district created pursuant to Article 5A.</td>
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<td>A county water and sewer district created pursuant to Article 6.</td>
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<td>e.</td>
<td>A metropolitan sewerage district or a metropolitan water district created pursuant to Article 4 of Chapter 162A of the General Statutes.</td>
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<tr>
<td>g.</td>
<td>A sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes.</td>
</tr>
<tr>
<td>h.</td>
<td>A joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes.</td>
</tr>
<tr>
<td>i.</td>
<td>A joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water and wastewater services off the airport premises before 1 January 1995.</td>
</tr>
</tbody>
</table>

... (22a) Viable Utility Reserve. – The Viable Utility Reserve established in G.S. 159G-22 as an account in the Water Infrastructure Fund. |

**SECTION 12.15.(b)** G.S. 159G-22 is amended by adding two new subsections to read:

"(h) Viable Utility Reserve. – The Viable Utility Reserve is established as an account within the Water Infrastructure Fund. The account is established to receive appropriated State funds to be used for grants to local government units for those purposes authorized under this Article. Revenue credited to the Viable Utility Reserve is neither received from the federal government nor provided as a match for federal funds. |

(i) Viable Utility Accounts. – The Department is directed to establish accounts within the Viable Utility Reserve to administer grants for public water systems or wastewater systems owned by local government units."

**SECTION 12.15.(c)** G.S. 159G-30 reads as rewritten:

"§ 159G-30. Department's responsibility. The Department, through the Division of Water Infrastructure, administers loans the following:

(1) Loans and grants made from the CWSRF, the DWSRF, the Wastewater Reserve, and the Drinking Water Reserve and shall administer the Reserve;

(2) The award of funds by the State Water Infrastructure Authority from the Community Development Block Grant program to local government units for infrastructure projects.

(3) Grants made from the Viable Utility Reserve."

**SECTION 12.15.(d)** G.S. 159G-31 is amended by adding a new subsection to read:

"(d) A local government unit is eligible to apply for a grant from the Viable Utility Reserve."

**SECTION 12.15.(e)** G.S. 159G-32 is amended by adding a new subsection to read:

"(d) Viable Utility Reserve. – The Department is authorized to make grants from the Viable Utility Reserve to do any of the following:

(1) Provide physical interconnection and extension of public water or wastewater infrastructure to provide regional service.

(2) Rehabilitate existing public water or wastewater infrastructure."
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**(3)** Decentralize an existing public water system or wastewater system into smaller viable parts.

**(4)** Fund a study of any one or more of the following:

- **a.** Rates.
- **b.** Asset inventory and assessment.
- **c.** Merger and regionalization options.

**(5)** Fund other options deemed feasible which results in local government units generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services.

**SECTION 12.15.(f)** Article 2 of Chapter 159G of the General Statutes is amended by adding a new section to read:

> **§ 159G-34.5. Grant types available from Viable Utility Reserve.**

(a) The Department is authorized to make the following types of grants from the Viable Utility Reserve:

1. **Asset assessment and rate study grant.** – An asset inventory and assessment grant is available to inventory the existing public water or wastewater system, or both, document the condition of the inventoried infrastructure, and conduct a rate study to determine a rate structure sufficient to prevent the local government unit from becoming a distressed unit.

2. **Merger/regionalization feasibility grant.** – A merger/regionalization grant is available to determine the feasibility of consolidating the management of multiple water or wastewater systems into a single operation or to provide regional treatment or water supply and the best way of carrying out the consolidation or regionalization. The Department shall not make a grant under this subdivision for a merger or regionalization proposal that would result in a new surface water transfer regulated under G.S. 143-215.22L.

3. **Project grant.** – A project grant is available for a portion of the costs of a public water system or wastewater system project as defined in G.S. 159G-32(d).

(b) A grant awarded from the Viable Utility Reserve may be awarded to a regional council of government created under Part 2 of Article 20 of Chapter 160A of the General Statutes or to a regional planning commission created under Article 19 of Chapter 153A of the General Statutes, if the Department and the Local Government Commission determine it is in the best interest of the local government unit.

(c) Each type of grant must be administered through a separate account within the Viable Utility Reserve.

**SECTION 12.15.(g)** G.S. 159G-35 reads as rewritten:

> **§ 159G-35. Criteria for loans and grants.**

(a) **CWSRF and DWSRF.** – Federal law determines the criteria for awarding a loan or grant from the CWSRF or the DWSRF. An award of a loan or grant from one of these accounts must meet the criteria set under federal law. The Department is directed to establish through negotiation with the United States Environmental Protection Agency the criteria for evaluating applications for loans and grants from the CWSRF and the DWSRF and the priority assigned to the criteria. The Department must incorporate the negotiated criteria and priorities in the Capitalization Grant Operating Agreement between the Department and the United States Environmental Protection Agency. The criteria and priorities incorporated in the Agreement apply to a loan or grant from the CWSRF or the DWSRF. The priority considerations in G.S. 159G-23 do not apply to a loan or grant from the CWSRF or the DWSRF.

(b) **Certain Reserves.** – The priority considerations in G.S. 159G-23 apply to a loan or grant from the Wastewater Reserve or the Drinking Water Reserve. The Department may...
establish by rule other criteria that apply to a loan or grant from the Wastewater Reserve or the Drinking Water Reserve.

(c) Viable Utility Reserve. – The Local Government Commission and the Authority shall jointly develop evaluation criteria for grants from the Viable Utility Reserve. These evaluation criteria shall be used to review applications and award grants as provided in G.S. 159G-39."

SECTION 12.15.(h) G.S. 159G-36 reads as rewritten:

§ 159G-36. Limits on loans and grants.

(a) CWSRF and DWSRF. – Federal law governs loans and grants from the CWSRF and the DWSRF. An award of a loan or grant from one of these accounts must be consistent with federal law.

(b) Certain Reserve Cost Limit. – The amount of a loan or grant from the Wastewater Reserve or the Drinking Water Reserve may not exceed the construction costs of a project. A loan or grant from one of these Reserves is available only to the extent that other funding sources are not reasonably available to the applicant.

(b1) Viable Utility Reserve Cost Limit. – The amount of a grant from the Viable Utility Reserve shall not exceed the construction costs of a project. A grant from this Reserve is available only to the extent that other funding sources are not reasonably available to the applicant.

(c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant types made from the Wastewater Reserve or the Drinking Water Reserve to the same local government unit or nonprofit water corporation:

(1) The amount of loans awarded for a fiscal year may not exceed three million dollars ($3,000,000).

(2) The amount of loans awarded for three consecutive fiscal years for targeted interest rate projects may not exceed three million dollars ($3,000,000).

(3) The amount of project grants awarded for three consecutive fiscal years may not exceed three million dollars ($3,000,000).

(4) The amount of merger/regionization feasibility grants awarded for three consecutive fiscal years may not exceed fifty thousand dollars ($50,000).

(5) The amount of asset inventory and assessment grants awarded for three consecutive fiscal years may not exceed one hundred fifty thousand dollars ($150,000).

(d) Viable Utility Reserve Recipient Limit. – Grants under the Viable Utility Reserve shall not exceed fifteen million dollars ($15,000,000) to any single local government unit. Where two or more local government units are merging into a single utility, the total grant awarded shall not exceed thirty million dollars ($30,000,000)."

SECTION 12.15.(i) G.S. 159G-37 reads as rewritten:

§ 159G-37. Application to CWSRF, Wastewater Reserve, DWSRF, and Drinking Water Reserve, Reserve, and Viable Utility Reserve.

(a) Application. – An application for a loan or grant from the CWSRF, the Wastewater Reserve, the DWSRF, or the Drinking Water Reserve, or a grant from the Viable Utility Reserve, must be filed with the Division of Water Infrastructure of the Department. An application must be submitted on a form prescribed by the Division and must contain the information required by the Division. An applicant must submit to the Division any additional information requested by the Division to enable the Division to make a determination on the application. An application that does not contain information required on the application or requested by the Division is incomplete and is not eligible for consideration. An applicant may submit an application in as many categories as it is eligible for consideration under this Article.

(b) Certification. – The Division of Water Infrastructure shall require all local governments applying for loans or grants for water or wastewater purposes to certify that no funds received from water or wastewater utility operations have been transferred to the local government’s general fund for the purpose of supplementing the resources of the general fund.
The prohibition in this section shall not be interpreted to include payments made to the local
government to reimburse the general fund for expenses paid from that fund that are reasonably
allocable to the regular and ongoing operations of the utility, including, but not limited to, rent
and shared facility costs, engineering and design work, plan review, and shared personnel costs."

**SECTION 12.15.(j)** G.S. 159G-39 is amended by adding a new subsection to read:

"(e) Viable Utility Reserve Terms. – The Department shall not award a grant from the
Viable Utility Reserve Fund unless the Local Government Commission approves the award of
the grant and the terms of the grant. The Department and the Local Government Commission
may, in their discretion, impose specific performance measures or conditions on any grant
awarded from the Viable Utility Reserve."

**SECTION 12.15.(k)** Article 2 of Chapter 159G of the General Statutes is amended
by adding a new section to read:

> § 159G-45. Assessment of local government units; assistance.
> 
> (a) The Authority and the Local Government Commission shall develop criteria to
determine how local government units should be assessed and reviewed in accordance with this
section, and these criteria shall address at least all of the following:

1. Whether the public water or wastewater system serves less than 10,000
   customers.
2. Whether the public water or wastewater system has an established,
   operational, and adequately funded program for its repair, maintenance, and
   management.
3. Whether the annual debt service is disproportionate to the public water or
   wastewater system’s annual revenue.
4. Whether the local government unit has appropriated funds from its utility or
   public service enterprise fund in accordance with G.S. 159-13(b)(14) in two
   or more of the preceding five fiscal years without maintaining a reserve fund
   sufficient to provide for operating expenses, capital outlay, and debt service.
5. Whether the local government unit has appropriated funds to supplement the
   operating expenses, capital outlay, or debt service on outstanding utility or
   enterprise bonds or notes in excess of the user fees collected in two or more
   of the preceding five fiscal years.

(b) Utilizing the assessment and review process, the Authority and Local Government
Commission shall identify distressed units. Each distressed unit identified under this subsection
shall do all of the following:

1. Conduct an asset assessment and rate study, as directed and approved by the
   Authority and the Local Government Commission.
2. Participate in a training and educational program approved by the Authority
   and the Local Government Commission for that distressed unit. Attendance
   shall be mandatory for any governing board members and staff whose
   participation is required by the Authority and Local Government Commission.
   The scope of training and education, and its method of delivery, shall be at the
discretion of the Authority and Local Government Commission.
3. Develop an action plan, taking into consideration all of the following:
   a. A short-term and a long-term plan for infrastructure repair,
      maintenance, and management.
   b. Continuing education of the governing board and system operating
      staff.
   c. Long-term financial management to ensure the public water system or
      wastewater system will generate sufficient revenue to adequately fund
      management and operations, personnel, appropriate levels of
maintenance, and reinvestment that facilitate the provision of reliable 
water or wastewater services.

d. Any other matters identified by the Authority or the Local Government 
Commission.

(c) Once an identified distressed unit has completed all of the requirements of subsection 
(b) of this section, that unit shall no longer be identified as a distressed unit for the remainder of 
that assessment and review cycle.

(d) The Authority and the Local Government Commission shall establish the frequency 
of the cycle for assessment and review of local government units under this section, which shall 
be no less than every two years.

SECTION 12.15.(l) Chapter 162A of the General Statutes is amended by adding a 
new Article to read:

"Article 10.
"Dissolution and Merger of Units.

§ 162A-850. "Unit" defined.
For purposes of this Article, the term "unit" means any of the following entities created 
pursuant to this Chapter:

(1) A water and sewer authority created pursuant to Article 1.
(2) A metropolitan water district created pursuant to Article 4.
(3) A metropolitan sewerage district created pursuant to Article 5.
(4) A metropolitan water and sewerage district created pursuant to Article 5A.
(5) A county water and sewer district created pursuant to Article 6.

§ 162A-855. Information needed to merge or dissolve.

(a) Prior to any action by the Environmental Management Commission under this 
Article, for any unit to merge or dissolve all of the following information must be supplied to the 
Environmental Management Commission:

(1) The name of the unit or units to be merged or dissolved.
(2) The names of the district board members of the unit or units to be merged or 
dissolved.
(3) The proposed date of the merger or dissolution.
(4) A map or description of the jurisdiction of the unit or units to be merged or 
dissolved.
(5) The name of the entity with whom the unit or units will be merged, if 
applicable.
(6) The names of the governing board members or district board members of the 
entity with which the unit is proposed to be merged, if applicable.
(7) A map or description of the jurisdiction of the entity with which the unit is 
proposed to be merged.
(8) Resolutions adopted by each district board or governing board requesting the 
merger or dissolution.
(9) A request from each chair of a district board requesting a merger or dissolution 
that a representative of the Environmental Management Commission hold a 
public hearing in that district to discuss the proposed merger or dissolution 
and to receive public comment. The date, time, and place of the public hearing 
shall be mutually agreed to by the chair of the Environmental Management 
Commission and the chair of each requesting district board.
(10) A copy of the most recent audit performed in accordance with G.S. 159-34 for 
the unit to be merged or dissolved.
(11) A copy of any permits issued by the Department of Environmental Quality to 
the unit or units to be merged or dissolved.
A copy of any grant awarded under Article 2 of this Chapter involving the unit or units to be merged or dissolved, and any conditions thereof, if applicable.

Any other information deemed necessary by the Department of Environmental Quality, the Local Government Commission, or the Environmental Management Commission.

(b) Upon receipt of a request to dissolve or merge, the Environmental Management Commission shall provide a copy of all information submitted in accordance with this section to the Department of Environmental Quality and the Local Government Commission.

(c) Upon confirmation of the time and place of the public hearing, each district board of an affected unit and any other governing board affected shall do all of the following:

1. Cause notice of the public hearing to be posted, at least 30 days prior to the hearing, at the courthouse in any county within which the affected unit lies.
2. Publish the notice at least once a week for four successive weeks in a newspaper having general circulation in the affected unit, the first publication to be at least 30 days prior to the public hearing.
3. Publish notice in any other manner required by the Environmental Management Commission.

§ 162A-860. Merger of units.

(a) Any unit may merge with any other unit, any county, any city, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water and wastewater services off the airport premises before January 1, 1995, if the merger is a condition of receiving a grant from the Viable Utility Reserve as provided in Article 2 of Chapter 159G of the General Statutes. The Environmental Management Commission shall adopt a resolution transferring the assets, liabilities, and other obligations to the entity with which the unit is being merged and dissolving the unit as provided for in this Article.

(b) Any unit may merge with any other unit, any county, any city, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water and wastewater services off the airport premises before January 1, 1995, on approval by the Environmental Management Commission, upon consultation with the Department of Environmental Quality and the Local Government Commission. The Environmental Management Commission may adopt a resolution transferring the assets, liabilities, and other obligations to the entity with which the unit is being merged and dissolving the unit as provided for in this Article, if the Environmental Management Commission deems the merger in the best interest of the people of the State.

(c) The Environmental Management Commission shall adopt a resolution dissolving a unit and transferring the assets, liabilities, and other obligations of the unit to another unit when the procedures set forth in G.S. 162A-855 have been completed and all of the following apply:

1. Both units are created pursuant to Article 5 of this Chapter.
2. Both units are located in the same county.
3. The jurisdiction of the units are contiguous.
4. The unit to be merged and dissolved does not directly provide sewerage services to any customers.
5. The unit to be merged and dissolved leases its assets to the unit with which it is proposed to be merged.
6. The unit to be merged and dissolved has no outstanding debts.
§ 162A-865. Dissolution of units.

(a) Any unit may be dissolved, if the dissolution is a condition of a grant from the Viable Utility Reserve as provided in Article 2 of Chapter 159G of the General Statutes. The Environmental Management Commission shall adopt a resolution transferring the assets, liabilities, and other obligations as provided for in the grant conditions imposed under Article 2 of Chapter 159G of the General Statutes.

(b) Any unit may be dissolved in order to merge that unit with any other unit, any county, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water and wastewater services off the airport premises before January 1, 1995, and establish a new entity created under the General Statutes, on approval by the Environmental Management Commission, upon consultation with the Department of Environmental Quality and the Local Government Commission. The Environmental Management Commission may adopt a resolution transferring the assets, liabilities, and other obligations to the new entity and dissolving the unit as provided for in this Article, if the Environmental Management Commission deems the merger in the best interest of the people of the State.

§ 162A-870. Effective date of merger or dissolution.

Upon the adoption of a resolution of merger or dissolution by the Environmental Management Commission as provided in this Article, the effective date for merger and dissolution shall be fixed as of June 30 following the adoption of the resolution or the second June 30 following adoption of the resolution.

§ 162A-875. Effect of merger or dissolution.

(a) Upon adoption of the resolution of merger or dissolution by the Environmental Management Commission, all of the following shall apply on the effective date set forth in the resolution:

(1) All property, real, personal, and mixed, including accounts receivable, belonging to the dissolving unit shall be transferred, disposed of, or otherwise accounted for as provided in the resolution of merger or dissolution.

(2) All judgments, liens, rights of liens, and causes of action of any nature in favor of the dissolving unit shall vest in and remain and inure to the benefit of the merged district.

(3) All taxes, assessments, sewer charges, and any other debts, charges, or fees owing to the dissolving unit shall be owed to and collected as provided in the resolution of merger or dissolution.

(4) All actions, suits, and proceedings pending against, or having been instituted by, the dissolving unit shall not be abated by merger, but all such actions, suits, and proceedings shall be continued and completed in the same manner as if merger had not occurred, and the merged entity shall be a party to all such actions, suits, and proceedings in the place and stead of the dissolving unit and shall pay or cause to be paid any judgments rendered against the dissolving unit in any such actions, suits, or proceedings. No new process is required to be served in any such action, suit, or proceeding.

(5) All obligations of the dissolving unit, including outstanding indebtedness, shall be assumed as provided in the resolution of merger or dissolution, and all such obligations and outstanding indebtedness shall constitute obligations and indebtedness as provided in the resolution of merger or dissolution.

(6) All ordinances, rules, regulations, and policies of the dissolving unit shall continue in full force and effect until repealed or amended by the governing body of the merged entity.
The dissolving unit shall be abolished and shall no longer be constituted a public body or a body politic and corporate, except for purposes of carrying into effect the provisions and intent of this section.

Governance of the district shall be as specified in the resolution of merger or dissolution, which may be amended by the Environmental Management Commission as needed.

All governing boards and district boards are authorized to take the actions and execute the documents necessary to effectuate the provisions and intent of this section.

SECTION 12.15.(m) Article 20 of Chapter 160A of the General Statutes is amended by adding a new Part to read:


The words defined in this section shall have the meanings indicated when used in this Part:

(1) Local government unit. – Defined in G.S. 159G-20.

(2) Undertaking. – Defined in G.S. 160A-460.

(3) Unit of local government. – Defined in G.S. 160A-460.

§ 160A-481.2. Interlocal cooperation authorized.
Interlocal cooperation, as provided in Part 1 of this Article, is authorized between any local government unit and any other unit of local government in this State for any purpose. When two or more local government units agree to contract for one or more undertakings under this Part, the provisions of Part 1 of this Article apply."

SECTION 12.15.(n) The Department of Environmental Quality shall study the statutes and rules governing subbasin transfers and make recommendations as to whether the statutes and rules should be amended. The study shall specifically examine whether transfers of water between subbasins within the same major river basin should continue to be required to comply with all of the same requirements under G.S. 143-215.22L as transfers of water between major river basins. In conducting this study, the Department shall consider whether the costs of complying with specific requirements, including financial costs and time, are justified by the benefits of the requirements, including the production of useful information and public notice and involvement. No later than October 1, 2019, the Department of Environmental Quality shall report its findings and recommendations to the Environmental Review Commission.

SECTION 12.15.(o) The Treasurer and Secretary of State shall study and make recommendations as to the feasibility of authorizing historical charters for units of local government that have become, or are on the brink of becoming, defunct. The study shall specifically examine whether these historical charters are needed, the impact of these charters on the bond rating of the State and its political subdivisions, and the consequences of these historical charters. No later than March 1, 2020, the Treasurer and Secretary of State shall report their findings and recommendations to the General Assembly.

SECTION 12.15.(p) Subsections (a) through (m) of this section become effective October 1, 2019. The remainder of this section is effective when it becomes law.

COMMERCIAL FISHING LICENSE BUYBACK

SECTION 12.16.(a) Notwithstanding G.S. 113-175.1(c) or any other provision of law to the contrary, the Division of Marine Fisheries of the Department of Environmental Quality may use up to one million dollars ($1,000,000) in each fiscal year of the 2019-2021 fiscal biennium from the Commercial Fishing Fund (Fund Codes 24318-2353 or 24318-2358) to implement a voluntary fisheries license buyback program for holders of underutilized commercial fishing licenses.

SECTION 12.16.(b) The Division of Marine Fisheries shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division as follows:
(1) No later than September 1, 2019, on its plan for the voluntary license buyback program, with consideration of a reverse auction model.

(2) No later than April 15, 2020, on interim progress in implementing the buyback program, including any required legislative changes.

(3) No later than September 1, 2020, and September 1, 2021, on activities and results of the buyback program during the prior fiscal year.

DEQ ORGANIZATIONAL LAYER REFORM

SECTION 12.17.(a) Definition. – For purposes of this section, "organizational layers" refer to the number of levels in a Department's hierarchy, from the highest to the lowest position.

SECTION 12.17.(b) Directive. – The Department of Environmental Quality shall examine its organizational structure as recommended in the Program Evaluation Division report "Most Departments' Spans of Control and Number of Organizational Layers Do Not Meet Recommended Levels" (December 12, 2016) (the PED Report). Based on this examination, and on the benchmark maximum of seven organizational layers recommended by the PED Report, the Department shall implement the following reforms:

(1) Eliminate one organizational layer no later than June 30, 2020.

(2) Eliminate a second organizational layer no later than June 30, 2021.

SECTION 12.17.(c) Study. – The Department shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding its implementation of this section no later than March 1, 2020, (with respect to the directive set forth in subdivision (b)(1) of this section) and March 1, 2021 (with respect to the directive set forth in subdivision (b)(2) of this section).

IMPUTED RENT PILOT PROGRAM

SECTION 12.18.(a) Notwithstanding G.S. 143C-4-3.1(e), of the funds appropriated from the State Capital and Infrastructure Fund to the Department of Environmental Quality, the sum of one million dollars ($1,000,000) in each fiscal year of the fiscal biennium shall be allocated to the Imputed Rent Pilot Program, as established by this section.

SECTION 12.18.(b) There is established the Imputed Rent Pilot Program in which the Department of Environmental Quality shall pay to the State Capital and Infrastructure Fund the imputed rent value of the space occupied by the Department of Environmental Quality in State-owned buildings. By September 1, 2019, the Department of Administration shall determine the amount of square footage of the space occupied by the Department of Environmental Quality in State-owned buildings and shall calculate the imputed rent value per square foot by dividing one million dollars ($1,000,000) by this amount. Quarterly thereafter, the Department of Administration shall redetermine the square footage of the space occupied by the Department of Environmental Quality in State-owned buildings.

SECTION 12.18.(c) By October 1, 2019, and quarterly thereafter, the Department of Environmental Quality shall pay to the State Capital and Infrastructure Fund the imputed rent value of the space occupied by the Department of Environmental Quality in State-owned buildings. This imputed rent value shall be based on the imputed rent value per square foot, as calculated by the Department of Administration pursuant to subsection (b) of this section, multiplied by the square footage of the space occupied by the Department of Environmental Quality in State-owned buildings, as determined by the Department of Administration in the previous month.

SECTION 12.18.(d) If, during the Imputed Rent Pilot Program, the Department of Environmental Quality reduces the amount of square footage that it occupies in State-owned buildings and thereby reduces the amount of its quarterly payments under this section, it may spend any savings in its discretion on a nonrecurring basis.
SECTION 12.18.(e) During the Imputed Rent Pilot Program, the Office of State Budget and Management, when allocating funds under G.S. 143C-8-13, shall prioritize any repairs and renovations that would facilitate the Department of Environmental Quality reducing the amount of square footage that it occupies in State-owned buildings.

SECTION 12.18.(f) The Department of Environmental Quality shall submit the following reports on the Imputed Rent Pilot Program to the chairs of the Senate Appropriations Committee, the chairs of the House of Representatives Appropriations Committee, 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 Joint Legislative Program Evaluation Oversight Committee:

1. By September 30, 2020, an interim report on the previous fiscal year.
2. By September 30, 2021, a final report on the previous fiscal year.

SECTION 12.18.(g) The Imputed Rent Pilot Program shall terminate on June 30, 2021.

DELAY ANIMAL WASTE GENERAL PERMITS/STUDY

SECTION 12.19.(a) Notwithstanding 15A NCAC 02T .0111(e), the Department of Environmental Quality, pursuant to the powers relative to general permits and to permits for facilities not discharging to the surface waters of the State that are granted to the Environmental Management Commission under G.S. 143-215.1 and G.S. 143-215.10C and delegated by the Commission to the Department, shall extend the expiration of general permits AWG100000 (Swine), AWG200000 (Cattle), and AWG300000 (Poultry) until October 1, 2020. Subject to the provisions of 40 Code of Federal Regulations Part 123 and of subsections (g) and (h) of 15A NCAC 02T .0111, the Department of Environmental Quality shall extend the expiration of individual certificates of coverage issued under these general permits until October 1, 2020.

SECTION 12.19.(b) The Environmental Review Commission shall study the Department of Environmental Quality's process for the development and adoption of general permits for animal waste management systems for swine, cattle, and poultry operations. The study shall specifically include consideration of whether the general permit process should comply with the Administrative Procedure Act, Chapter 150B of the General Statutes. In conducting this study, the Environmental Review Commission shall seek input from the Department of Environmental Quality; the Department of Agriculture and Consumer Services; the Office of Administrative Hearings; the College of Agriculture and Life Sciences at North Carolina State University; representatives of swine, cattle, and poultry farmers; and representatives of environmental protection and natural resource conservation groups. The Environmental Review Commission shall report its findings and recommendations, including any legislative proposals, to the 2020 Regular Session of the 2019 General Assembly upon its convening.

SECTION 12.19.(c) This section is effective when it becomes law.

REPURPOSE PRE-REGULATORY LANDFILL FUNDS AMENDMENT

SECTION 12.20. Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L. 2018-97, reads as rewritten:

"SECTION 13.2. Notwithstanding G.S. 130A-310.11(b), up to two million dollars ($2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used by the Department of Environmental Quality's Division of Waste Management to provide a matching grant to Charlotte Motor Speedway, LLC (CMS) for the purpose of remediation activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one dollar ($1.00) for every two non-State dollars ($2.00) one non-State dollar ($1.00) provided in
kind or otherwise, up to a maximum of two million dollars ($2,000,000) for the matching grant described in this section. CMS may allocate all or a portion of the grant provided by this section to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an allocation shall be considered a subgrantee as defined in G.S. 143C-6-23.

**REGIONAL WATER AND SEWER FUNDING**

**SECTION 12.21.(a)** Section 14.20A of S.L. 2016-94, as amended by Section 1 of S.L. 2017-17, reads as rewritten:

"REGIONAL WATER AND SEWER FUNDING"

"SECTION 14.20A.(a)" Of the funds appropriated to the Department of Environmental Quality, Division of Water Infrastructure, by this act, the sum of fourteen million five hundred forty-eight thousand nine hundred eighty-one dollars ($14,548,981) shall be used to fund interconnection, extension of water and sewer lines, and related water and wastewater system modification and expansion involving the Counties of Rockingham and Guilford and the municipalities of Oak Ridge, Stokesdale, Summerfield, Reidsville, Madison, and Mayodan. Of the funds allocated by this section, no more than twenty-five percent (25%) of the funds shall be used for Guilford County and may include one or more of the municipalities listed in this section located in Guilford County, and no more than seventy-five percent (75%) shall be used for Rockingham County and may include one or more of the municipalities listed in this section located in Rockingham County. The funds allocated by this section may be spent for planning, design, survey, real property acquisition, construction, repair, and any other activities necessary to improve the performance and reliability and expand the capacity and service footprint of participating water and wastewater systems in Rockingham and Guilford Counties. The Counties of Rockingham and Guilford and the municipalities participating in the interconnection and extension of water and sewer lines within each county funded by this section shall agree on the use of the funds allocated by this section through any combination of (i) interlocal agreements under Article 20 of Chapter 160A of the General Statutes that specify, at a minimum, the ownership of the water lines, sewer lines, and related infrastructure funded by this section and long-term maintenance, repair, and replacement responsibility or (ii) one or more regional water and sewer authorities under Article 1 of Chapter 162A of the General Statutes.

"SECTION 14.20A.(b)" Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds allocated by this section shall be held in reserve by the Office of State Budget and Management and the allocations to each County shall be released when the County and one or more of the municipalities specified in subsection (a) of this section reach agreement on the funds allocated to that County by this section through interlocal agreements or the formation of regional water and sewer authorities or a combination of interlocal agreements and regional water and sewer authorities. Funds not spent or encumbered by June 30, 2020, shall be returned by the local governments or regional water and sewer authority to the Office of State Budget and Management and revert to the General Fund.

**SECTION 12.21.(b)** This section becomes effective June 30, 2019.

**DEQ GRANTS-IN-AID**

**SECTION 12.22.(a)** Section 13.9 of S.L. 2018-5, as amended by Section 2.9 of S.L. 2018-138, reads as rewritten:

"DEQ GRANT-IN-AID GRANTS-IN-AID"

"SECTION 13.9.(a)" Of the funds appropriated in this act to the Department of Environmental Quality, Division of Water Resources, the sum of five million dollars ($5,000,000) shall be used following sums are allocated to the indicated recipients for the indicated storm resiliency purposes:

(1) Three million four hundred thousand dollars ($3,400,000) to provide a grant-in-aid to Resource Institute, Inc., for the purpose of working with local
governments on Topsail Island and engineering firms to develop, plan, or implement projects in or benefitting the Towns of Surf City and Topsail Beach intended to mitigate the impacts of future hurricanes on Topsail Island, those local governments and their adjoining coastlines.

(2) One million six hundred thousand dollars ($1,600,000) to the Town of North Topsail Beach for hurricane recovery projects in or benefitting the Town and its adjoining coastline.

"SECTION 13.9.(b) On or before October 1, 2019, Resource Institute, Inc., the recipients of allocations under this section shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report shall contain at least all of the following:

(1) A list of participating local governments and engineering firms and other partners in projects funded under this section.
(2) A list of projects funded on Topsail Island, including a summary of the costs and the scope of the project.
(3) A summary of the emerging techniques developed and implemented as a result of the efforts of the collaboration between local governments, engineering firms, and Resource Institute, Inc.
(4) Documentation of the impact on the resilience of beach nourishment projects and the number of beach nourishment projects assisted."

SECTION 12.22.(b) This section becomes effective June 30, 2019.

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."

"§ 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, 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, including the authority to charge reasonable admission fees 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, 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, fees, or related activity fees pursuant to G.S. 143B-71.
(25) U.S.S. Battleship Commission with respect to operating hours, admission fees, fees, or related activity fees pursuant to G.S. 143B-73."

SYMPHONY CHALLENGE GRANT

SECTION 14.3.(a) Of the funds appropriated in this act to the Department of Natural and Cultural Resources, the sum of two million dollars ($2,000,000) in recurring funds for the 2019-2020 fiscal year and two million dollars ($2,000,000) in recurring funds for the 2020-2021 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least nine million 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 funding, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2020-2021 fiscal year.
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).

(4) 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
Zoo Fund shall be used for the following types of projects and activities at the North Carolina
Zoological Park and to match private funds raised for these types of projects and
activities:

(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, to be 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 is designated as the State liaison officer with
respect to 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. Of the funds appropriated in this act to the Parks and Recreation
Trust Fund, nonrecurring funds for the 2019-2020 fiscal year are allocated for various projects
in the following amounts:

(1) One million five hundred thousand dollars ($1,500,000) to the North Carolina
Freedom Monument Project, Inc., 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 the North
Carolina Freedom Monument Project, Inc., 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.

(2) One million dollars ($1,000,000) to the Department of Natural and Cultural
Resources 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.

(3) One million dollars ($1,000,000) to provide a grant to the Town of Madison
for development of the Lindsey Bridge river landing and park.

(4) Two million dollars ($2,000,000) to the Department of Natural and Cultural
Resources for the development of Pisgah View Park in Buncombe and
Haywood Counties.

(5) Two million dollars ($2,000,000) to the Department of Natural and Cultural
Resources for the development of the Wilderness Gateway Trail in McDowell,
Rutherford, Burke, and Catawba Counties.

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 FEE WAIVER**

**SECTION 14.9.** G.S. 143B-135.272 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.

..."

"(c) The Secretary may reduce or waive fees established under this section if the Secretary determines that a reduction or waiver of the fees is in the public interest or serves the purposes declared in the Nature Preserves Act, Part 42 of Article 2 of Chapter 143B of the General Statutes.""

**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-eight thousand seven hundred ninety-four dollars ($98,794) to address storm damage at the Core Sound Waterfowl Museum and Heritage Center in Harkers Island, North Carolina.

(2) One hundred fifty-five thousand dollars ($155,000) to add the home of civil rights leader Golden Frinks to the Historic Edenton State Historic Site.

HISTORIC SITES MAINTENANCE FUNDS

SECTION 14.11A. Funds appropriated to the Department of Natural and Cultural Resources by this act and allocated for maintenance of State Historic Sites may be used at any State Historic Site other than Tryon Palace, the North Carolina Transportation Museum, or the Battleship U.S.S. North Carolina.

REPEAL OBSOLETE ONE MILLION ACRES PROGRAM

SECTION 14.11B.(a) G.S. 113A-240(a) and (b) are recodified as G.S. 143B-135.230(a) and (c), respectively.

SECTION 14.11B.(b) G.S. 143B-135.230, as amended by subsection (a) of this section, reads as rewritten:

§ 143B-135.230. Purpose.

(a) It is the intent of the General Assembly to continue to support and accelerate the State's programs of land conservation and protection, protection and farmland and open space preservation and coordination to find means to assure and increase funding for these programs, to support the long-term management of conservation lands acquired by the State, and to improve the coordination, efficiency, and implementation of the various State and local land protection programs operating in North Carolina.

(b) It is the further intent of the General Assembly that moneys from the Fund created under this Part shall be used to help finance projects that enhance or restore degraded surface waters; protect and conserve surface waters, including drinking supplies, and contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits; provide buffers around military bases to protect the military mission; acquire land that represents the ecological diversity of North Carolina; and acquire land that contributes to the development of a balanced State program of historic properties.

(c) It is the further intent of the General Assembly that the State's lands should be protected in a manner that minimizes any adverse impacts on the ability of local governments to carry out their broad mandates."

SECTION 14.11B.(c) Article 17 of Chapter 113A of the General Statutes, as amended by subsection (a) of this section, is repealed.

WRC REPORT CHANGE

SECTION 14.12. G.S. 143-250 reads as rewritten:

§ 143-250. Wildlife Resources Fund.

...
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.

"...."

OUTDOOR HERITAGE AMENDMENTS

SECTION 14.13.(a) G.S. 126-5(c1) reads as rewritten:

"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

... (36) Employees of the Outdoor Heritage Advisory Council."

SECTION 14.13.(b) The introductory language of Section 13A.1(a) of S.L. 2018-5 reads as rewritten:

"SECTION 13A.1.(a) G.S. 143B-344.62, G.S. 143B-344.60 reads as rewritten:"

SECTION 14.13.(c) Funds appropriated to the Outdoor Heritage Advisory Council by this act for grants shall not be used for the Council's administrative expenses. The Council shall report annually on the grant program until the funds have been expended. The report shall be submitted by April 1 of each fiscal year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division, and shall include, at a minimum, a listing of grantees, award amounts, and a brief description of the purpose or use of each award.

PRESCRIBED BURNING PLAN

SECTION 14.14. The Wildlife Resources Commission, in consultation with the Department of Agriculture, shall formulate a plan to conduct prescribed burning on State lands to enhance wildlife biodiversity. The Commission shall report this plan to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by March 1, 2020.

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:
The specific budgetary actions taken that resulted in unexpended or unencumbered funds that were transferred pursuant to subsection (a) of this section.

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, 2020, 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.

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:

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<tr>
<th>Prosecutorial District</th>
<th>Counties</th>
<th>No. of Full-Time Asst. District</th>
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<td>1</td>
<td>Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans</td>
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<td>2</td>
<td>Beaufort, Hyde, Martin, Tyrrell, Washington</td>
<td>8</td>
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<td>3</td>
<td>Pitt</td>
<td>12</td>
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<tr>
<td>4</td>
<td>Carteret, Craven, Pamlico Duplin, Jones, Onslow, Sampson</td>
<td>13, 19</td>
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<td>5</td>
<td>New Hanover, Pender Bertie, Halifax, Hertford, Northampton</td>
<td>19</td>
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<td>6</td>
<td>Edgecombe, Nash, Wilson Greene, Lenoir, Wayne Wake</td>
<td>19, 1415</td>
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<tr>
<td>7</td>
<td>Franklin, Granville, Person Vance, Warren Harnett, Lee Johnston Cumberland Bladen, Brunswick, Columbus Durham Alamance Orange, Chatham Scotland, Hoke</td>
<td>15, 12, 11, 25, 1415, 18, 12, 10, 10</td>
</tr>
</tbody>
</table>
SECTION 15.6.(c) 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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SECTION 15.6.(d) Subsection (a) of this section becomes effective July 1, 2019. Subsection (c) of this section becomes effective January 1, 2023.

INNOVATIVE COURT PILOT PROJECT REPORT

SECTION 15.7. The Administrative Office of the Courts, in conjunction with Haywood County and Robeson County, shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2020, on the results of the innovative court pilot projects in each county.

IMPLEMENT RECOMMENDATIONS MADE BY NORTH CAROLINA HUMAN TRAFFICKING COMMISSION
SECTION 15.8.(a) G.S. 14-43.13 reads as rewritten:


(a) A person commits the offense of sexual servitude when that person knowingly or in reckless disregard of the consequences of the action subjects or maintains subjects, maintains, or obtains another in for the purposes of sexual servitude.

...."

SECTION 15.8.(b) Article 27 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-208.1. Promoting travel for unlawful sexual conduct.

(a) Definition. – For purposes of this section, the term "travel services" means transportation by air, sea, or ground; hotel or other lodging accommodations; package tours, or the provision of vouchers or coupons to be redeemed for future travel; or accommodations for a fee, commission, or other valuable consideration.

(b) Offense. – A person commits the offense of promoting travel for unlawful sexual conduct if the person sells or offers to sell travel services that the person knows to include travel for the purpose of engaging in conduct that would constitute any one of the following offenses if occurring within this State:

(1) An offense under Article 7B of Chapter 14 of the General Statutes.

(2) Any of the following offenses involving the sexual exploitation of a minor:

a. G.S. 14-190.16.

b. G.S. 14-190.17.

c. G.S. 14-190.17A.

(3) Any of the following offenses involving indecent liberties with a minor:


(4) Any of the following prostitution offenses:

a. G.S. 14-204.

b. G.S. 14-205.1.

c. G.S. 14-205.2.

d. G.S. 14-205.3.

(c) Punishment. – A violation of this section is a Class G felony."

SECTION 15.8.(c) Article 10A of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-43.18. Civil cause of action; damages and attorneys' fees; limitation.

(a) Cause of Action. – An individual who is a victim may bring a civil action against a person who violates this Article or a person who knowingly benefits financially or by receiving anything of value from participation in a venture which that person knew or should have known violates this Article.

(b) Relief and Damages. – The victim may seek and the court may award any or all of the following types of relief:

(1) An injunction to enjoin continued violation of this Article.

(2) Compensatory damages, which include the following:

a. The greater of (i) the gross income or value to the defendant of the victim's labor or (ii) the value of the victim's labor as guaranteed under the Minimum Wage Law and overtime provisions of the Fair Labor Standards Act (FLSA).

b. Any costs reasonably incurred by the victim for medical care, psychological treatment, temporary housing, transportation, and any other services designed to assist a victim in recovering from any injuries or loss resulting from a violation of this Article.

(3) General damages for noneconomic losses.
(c) Attorneys' Fees. – The court may award to the plaintiff and assess against the defendant the reasonable costs and expenses, including attorneys' fees, of the plaintiff in bringing an action pursuant to this section. If the court determines that the plaintiff's action is frivolous, it may award to the defendant and assess against the plaintiff the reasonable costs and expenses, including attorneys' fees, of the defendant in defending the action brought pursuant to this section.

(d) Stay Pending Criminal Action. – Any civil action filed under this section shall be stayed during the pendency of any criminal action arising out of the same occurrence in which the plaintiff is the victim. The term "criminal action" includes investigation and prosecution and is pending until final adjudication in the trial court.

(e) Statute of Limitations. – No action may be maintained under subsection (a) of this section unless it is commenced no later than either of the following:

1. 10 years after the cause of action arose.
2. 10 years after the victim reaches 18 years of age if the victim was a minor at the time of the alleged offense.

(f) Jury Trial. – Parties to a civil action brought pursuant to this section shall have the right to a jury trial as provided under G.S. 1A-1, Rules of Civil Procedure.

SECTION 15.8.(d) G.S. 15A-145.6(b) reads as rewritten:

"(b) A person who has been convicted of a prostitution offense may file a petition in the court of the county where the person was convicted for expunction of the prostitution offense from the person's criminal record provided that all the following criteria are met:

1. The person has not previously been convicted of any violent felony or violent misdemeanor under the laws of the United States or the laws of this State or any other state.
2. The person satisfies any one of the following criteria:

a. The person's participation in the prostitution offense was a result of having been a trafficking victim under G.S. 14-43.11 (human trafficking) or G.S. 14-43.13 (sexual servitude) or a victim of a severe form of trafficking under the federal Trafficking Victims Protection Act (22 U.S.C. § 7102(13)).

b. The person has no prior convictions for a prostitution offense and at least three years have passed since the date of conviction or the completion of any active sentence, period of probation, and post-release supervision, whichever occurs later.

c. The person received was discharged, and the charge was dismissed upon completion of a conditional discharge pursuant to G.S. 14-204(b)."

SECTION 15.8.(e) Article 5 of Chapter 15A of the General Statutes is amended by adding a new section to read:


(a) Definition. – For purposes of this section, the following terms apply:

1. Nonviolent offense. – Any misdemeanor or felony except the following:

a. A Class A through G felony.

b. An offense that includes assault as an essential element of the offense.

c. An offense requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, whether or not the person is currently required to register.

d. Any of the following sex-related or stalking offenses:

G.S. 14-27.25(b), 14-27.30(b), 14-190.7, 14-190.8, 14-190.9, 14-202, 14-208.11A, 14-208.18, 14-277.3A, or 14-321.1.
e. An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any offense for which punishment was determined pursuant to G.S. 14-3(c).

f. An offense under G.S. 14-401.16.

g. A traffic offense.

h. Any offense that is an attempt to commit an offense described in subdivisions a. through g. of this subdivision.

(2) Trafficking victim. – A person that meets the definition for the term "victim" set forth in G.S. 14-43.10 or a victim of a severe form of trafficking under the federal Trafficking Victims Protection Act (22 U.S.C. § 7102(13)).

(b) Expunction Authorized. – A person who has been convicted of a nonviolent offense may file a petition in the court of the county where the person was convicted for expunction of the nonviolent offense from the person's criminal record if the court finds that the person was coerced or deceived into committing the offense as a direct result of having been a trafficking victim.

(c) Petition Requirements. – The petition shall contain all of the following:

(1) An affidavit by the petitioner that the petitioner: (i) is a victim of human trafficking, (ii) was coerced or deceived into committing the offense as a direct result of the person's status as a trafficking victim, and (iii) has been of good moral character since the date of conviction of the offense in question.

(2) A statement that the petition is a motion in the cause in the case wherein the petitioner was convicted.

(3) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a search by the Department of Public Safety for any outstanding warrants. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the Department of Public Safety, which shall conduct the search and report its findings to the court.

(4) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

(d) Service of Petition. – The petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 30 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition.

(e) Issues for Consideration. – The court in which the petition was filed may take the following steps and may consider the following issues in rendering a decision upon a petition for expunction of records of an offense under this section:

(1) Call upon a probation officer for additional investigation or verification of the petitioner's conduct during the period since the date of conviction of the offense in question.

(2) Review any other information the court deems relevant, including, but not limited to, affidavits or other testimony provided by law enforcement officers, district attorneys, or licensed social workers.

(f) Restoration of Status. – The court shall order that the person be restored, in the contemplation of the law, to the status the person occupied before the arrest or indictment or information if the court finds all of the following after a hearing:

(1) The criteria set out in subsection (b) of this section are satisfied.

(2) The petitioner has remained of good moral character.

(3) The petitioner has no outstanding warrants.
(4) The petitioner has no outstanding restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner.

(g) Effect. – No person as to whom an order has been entered pursuant to subsection (f) of this section shall be held thereafter under any provision of any laws to be guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite or acknowledge the arrest, indictment, information, trial, or conviction. Persons required by State law to obtain a criminal history record check on a prospective employee shall not be deemed to have knowledge of any convictions expunged under this section.

(h) Law Enforcement Certification. – Persons pursuing certification under the provisions of Article 1 of Chapter 17C or 17E of the General Statutes, however, shall disclose all convictions to the certifying Commission regardless of whether or not the convictions were expunged pursuant to the provisions of this section.

(i) Records Expunged. – The court shall also order that the conviction of the offenses be expunged from the records of the court and direct all law enforcement agencies bearing record of the same to expunge their records of the conviction. The clerk shall notify State and local agencies of the court's order as provided in G.S. 15A-150.

(j) Additional Records Expunged. – Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section. The agency shall also reverse any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank.

(k) Costs Waived. – The costs of expunging the records shall not be taxed against the petitioner.

SECTION 15.8.(f) G.S. 15A-151.5(a) reads as rewritten:

"(a) Notwithstanding any other provision of this Article, the Administrative Office of the Courts shall make all confidential files maintained under G.S. 15A-151 electronically available to all prosecutors of this State if the criminal record was expunged on or after July 1, 2018, under any of the following:

(7a) G.S. 15A-145.8. Expunction of records of certain offenses committed by human trafficking victims.

..."

SECTION 15.8.(g) G.S. 15A-1415(b) reads as rewritten:

"(b) The following are the only grounds which the defendant may assert by a motion for appropriate relief made more than 10 days after entry of judgment:

... (10) The defendant was convicted of a first offense of prostitution under G.S. 14-204, and the court did not discharge the defendant and dismiss the charge pursuant to G.S. 14-204(b); nonviolent offense as defined in G.S. 15A-145.9; the defendant's participation in the offense was a result of having been a victim of human trafficking under G.S. 14-43.11, sexual servitude under G.S. 14-43.13, or the federal Trafficking Victims Protection Act (22 U.S.C. § 7102(13)); and the defendant seeks to have the conviction vacated."

SECTION 15.8.(h) G.S. 15A-1416.1 reads as rewritten:

"§ 15A-1416.1. Motion by the defendant to vacate prostitution—a nonviolent offense conviction for sex-human trafficking victim.

(a) A motion for appropriate relief seeking to vacate a conviction for prostitution—a nonviolent offense based on the grounds set out in G.S. 15A-1415(b)(10) shall be filed in the court where the conviction occurred. The motion may be filed at any time following the entry of a verdict or finding of guilty under G.S. 14-204—guilty. Any motion for appropriate relief filed..."
under this section shall state why the facts giving rise to this motion were not presented to the
trial court and shall be made with due diligence after the defendant has ceased to be a victim of
such trafficking or has sought services for victims of such offenses, subject to reasonable
concerns for the safety of the defendant, family members of the defendant, or other victims of
such trafficking that may be jeopardized by the bringing of such motion or for other reasons
consistent with the purpose of this section. Reasonable notice of the motion shall be
ccontemporaneously served upon the State, the district attorney in the prosecutorial district in
which the conviction was entered. The district attorney shall have 30 days thereafter in which to
file any objection thereto and shall be duly notified as to the date of the hearing of the motion.

(b) The court may grant the motion if, in the discretion of the court, the defendant has
demonstrated, by the preponderance of the evidence, that the violation was a direct result of the
defendant having been a victim of human trafficking or sexual servitude and that the
offense would not have been committed but for the defendant having been a victim of human
trafficking or sexual servitude. Evidence of such may include any of the following documents
listed in subdivisions (1) through (3)(4) of this subsection; alternatively, the court may consider
such other evidence as it deems of sufficient credibility and probative value in determining
whether the defendant is a trafficking victim:

(1) Certified records of federal or State court proceedings which demonstrate that
the defendant was a victim of a person charged with an offense under
G.S. 14-43.11, G.S. 14-43.13, or under 22 U.S.C. Chapter 78.
(2) Certified records of "approval notices" or "enforcement certifications"
generated from federal immigration proceedings available to such victims.
(3) A sworn statement from a trained professional staff of a victim services
organization, an attorney, a member of the clergy, or a medical or other
professional from whom the defendant has sought assistance in addressing the
trauma associated with being trafficked.
(4) A sworn statement or affidavit from a federal, State, or local law enforcement
officer who investigated the violation of G.S. 14-43.11, G.S. 14-43.13, or the
federal Trafficking Victims Protection Act, as stated within the defendant's
motion.

(d) A previous or subsequent conviction shall not affect a person's eligibility for relief
under this section."

SECTION 15.8.(i) Subsection 15.8(c) of this section becomes effective July 1, 2019.
The remainder of this section becomes effective on December 1, 2019.

EXPAND CIRCUMSTANCES UNDER WHICH EMERGENCY JUDGE MAY BE
ASSIGNED BY THE CHIEF JUSTICE OF THE NORTH CAROLINA SUPREME
COURT

SECTION 15.9.(a) G.S. 7A-52(a) reads as rewritten:
"(a) Judges of the district court and judges of the superior court who have not reached the
mandatory retirement age specified in G.S. 7A-4.20, but who have retired under the provisions
of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed five years
of creditable service, may apply as provided in G.S. 7A-53 to become emergency judges of the
court from which they retired. From the commissioned emergency district, superior, and special
superior court judges, the Chief Justice of the Supreme Court shall create two lists of active
emergency judges and two lists of inactive emergency judges. For emergency superior and
special superior court judges, the active list shall be limited to a combined total of 10 emergency
judges; all other emergency superior and special superior court judges shall be on an inactive list.
For emergency district court judges, the active list shall be limited to 25 emergency judges; all
other emergency district court judges shall be on an inactive list. There is no limit to the number
of emergency judges on either inactive list. In the Chief Justice's discretion, emergency judges may be added or removed from their respective active and inactive lists, as long as the respective numerical limits on the active lists are observed. The Chief Justice is requested to consider geographical distribution in assigning emergency judges to an active list but may utilize any factor in determining which emergency judges are assigned to an active list. The Chief Justice of the Supreme Court may order any emergency district, superior, or special superior court judge on an active list who, in his opinion, is competent to perform the duties of a judge, to hold regular or special sessions of the court from which the judge retired, as needed. Order of assignment shall be in writing and entered upon the minutes of the court to which such emergency judge is assigned. An emergency judge shall only be assigned in the event of a:

1. Death of a sitting judge.
2. Disability or medical leave of absence of a sitting judge.
3. Recall to active military duty of a sitting judge.
4. Retirement or removal of a sitting judge.
5. Court case-management emergency or disaster declaration made pursuant to G.S. 166A-19.3(3).
6. Assignment by the Chief Justice of a Rule 2.1 exceptional case to an emergency judge.
7. Court coverage need created by holdover sessions, administrative responsibilities of the chief district court judge, or cases in which a judge has a conflict or judicial educational responsibilities.

SECTION 15.9.(b) This section is effective when it becomes law.

ADDITIONAL DISTRICT COURT JUDGES

SECTION 15.10.(a) G.S. 7A-133 reads as rewritten:

"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.

(a) Each district court district shall have the numbers of judges as set forth in the following table:

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<td>Catawba</td>
<td>27B</td>
</tr>
<tr>
<td>28</td>
<td>Gaston</td>
<td>27B</td>
</tr>
<tr>
<td>29</td>
<td>Cleveland</td>
<td>27C</td>
</tr>
<tr>
<td>30</td>
<td>Lincoln</td>
<td>27D</td>
</tr>
<tr>
<td>31</td>
<td>Burke</td>
<td>27E</td>
</tr>
<tr>
<td>32</td>
<td>Caldwell</td>
<td>27F</td>
</tr>
</tbody>
</table>

(see subsection (b))
### Section 15.10.(b)

Section 2(b) of S.L. 2018-14 reads as rewritten:

"SECTION 2.(b) In order to implement the district court districts as enacted by this section, the following shall apply:

1. Judges in the following districts, as set out in this section, shall take office on January 1, 2019, with elections in 2018, and every four years thereafter, to be held accordingly:
   a. District 10A – one judge.
   b. District 10B – one judge.
   c. District 10D – three judges.
   d. District 10E – two judges.
   e. District 10F – one judge.
   f. District 26A – three judges.
   g. District 26B – one judge.
   h. District 26E – two judges.
   i. District 26F – two judges.
   j. District 26G – one judge.

2. Judges in the following districts, as set out in this section, shall take office on January 1, 2021, with elections in 2020, and every four years thereafter, to be held accordingly:
   a. District 10A – two judges.
   b. District 10B – two judges.
   c. District 10D – three judges.
   d. District 10E – two judges.
   e. District 10F – two judges.
   f. District 26B – two judges.
   g. District 26C – two judges.
   h. District 26D – two judges.
   i. District 26E – one judge.
   j. District 26F – one judge.
   k. District 26G – one judge.
   l. District 26H – three judges."

### Section 15.10.(c)

Subsection 15.10(b) of this section becomes effective July 1, 2019. Subsection 15.10(a) of this section becomes effective January 1, 2021, and elections conducted in 2020 shall be conducted in accordance with the judgeships created in subsection 15.10(a) of this section.
MODIFY CERTAIN FEES/ESTATES/IN REM FORECLOSURES/MARRIAGE CEREMONIES

SECTION 15.11.(a) G.S. 7A-307 reads as rewritten:


(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, in the administration of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36C-2-203, in estate proceedings under G.S. 28A-2-4, in power of attorney proceedings under G.S. 32C-1-116(a), and in collections of personal property by affidavit, the following costs shall be assessed:

(2b) Notwithstanding subdivisions (1) and (2) of this subsection, no costs shall be the only cost assessed when the estate is administered or settled pursuant to G.S. 28A-25-6. G.S. 28A-25-6 shall be a fee of twenty dollars ($20.00) to be assessed upon filing of the application.

SECTION 15.11.(b) G.S. 7A-309 reads as rewritten:

"§ 7A-309. Magistrate's special fees.

The following special fees shall be collected by the magistrate and remitted to the clerk of superior court for the use of the State in support of the General Court of Justice:

(1) Performing marriage ceremony $20.00
(2) Hearing petition for year's allowance to surviving spouse or child, issuing notices to commissioners, allotting the same, and making return $4.00
(3) Taking a deposition 10.00
(4) Proof of execution or acknowledgment of any instrument 2.00
(5) Performing any other statutory function not incident to a civil or criminal action $2.00."

SECTION 15.11.(c) G.S. 7A-308(a) reads as rewritten:

"(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:

(1) Foreclosure under power of sale in deed of trust or mortgage............ $300.00
If the property is sold under the power of sale, an additional amount will be charged, determined by the following formula: forty-five cents (.45) per one hundred dollars ($100.00), or major fraction thereof, of the final sale price. If the amount determined by the formula is less than ten dollars ($10.00), a minimum ten dollar ($10.00) fee will be collected. If the amount determined by the
formula is more than five hundred dollars ($500.00), a maximum
five hundred-dollar ($500.00) fee will be collected.
(1a) In rem foreclosures conducted under G.S. 105-375, if the property is sold
under execution...............................................$300.00

SECTION 15.11.(d) G.S. 105-375 reads as rewritten:
"§ 105-375. In rem method of foreclosure.

(b) Docketing Certificate of Taxes as Judgment. – In lieu of following the procedure set
forth in G.S. 105-374, the governing body of any taxing unit may direct the tax collector to file
with the clerk of superior court, no earlier than 30 days after the tax liens were advertised, a
certificate showing the following: the name of the taxpayer as defined in G.S. 105-273(17), for
each parcel on which the taxing unit has a lien for unpaid taxes, together with the amount of
taxes, penalties, interest, and costs that are a lien thereon; the year or years for which the taxes
are due; and a description of the property sufficient to permit its identification by parol testimony.
The fees for docketing and indexing the certificate assessed pursuant to G.S. 7A-308(a)(11) shall
be payable to the clerk of superior court at the time the taxes are collected or the property is sold.

(i1) Fee. – The fee assessed in G.S. 7A-308(a)(1a) shall be payable to the clerk of superior
court out of the sale proceeds at the time the property is sold.

SECTION 15.11.(e) G.S. 28A-25-6(f) reads as rewritten:
"(f) If no administrator has been appointed, the clerk of superior court shall, upon
motion of the clerk or upon the application of an interested party, disburse the money received
under this section for the following purposes and in the following order:
(1) To pay the surviving spouse's year's allowance and children's year's allowance
assigned in accordance with law.
(2), (3) Repealed by Session Laws 1981, c. 383, s. 3.
(4) All other claims shall be disbursed according to the order set out in

Notwithstanding the foregoing provisions of this subsection, the clerk shall pay, out of funds
provided the deceased pursuant to G.S. 111-18 and Part 3 of Article 2 of Chapter 108A of the
General Statutes of North Carolina, any lawful claims for care provided by an adult care home
to the deceased, incurred not more than 90 days prior to the deceased's death. After the death of
a spouse who died intestate and after the disbursements have been made in accordance with this
subsection, the balance in the clerk's hands belonging to the estate of the decedent shall be paid
to the surviving spouse, and if there is no surviving spouse, the clerk shall pay it to the heirs in
proportion to their respective interests."

SECTION 15.11.(f) Subsections (a) and (b) of this section become effective January
1, 2020, and apply to petitions filed on or after that date. Subsections (c) and (d) of this section
become effective October 1, 2019, and apply to execution sales conducted on or after that date.

PART XVI. INDIGENT DEFENSE SERVICES

COURT COSTS FOR SUPPORT OF INDIGENT DEFENSE/REPORT/MODIFY
APPOINTED COUNSEL FEE APPLICATIONS

SECTION 16.3.(a) G.S. 7A-455.1 reads as rewritten:
"§ 7A-455.1. Appointment fee in criminal cases.
(a) In every criminal case in which counsel is appointed at the trial level, the judge shall
order the defendant to pay to the clerk of court an appointment fee of
sixty dollars ($60.00). No fee shall be due unless the person is convicted.
(b) The mandatory sixty-dollar ($60.00) seventy-five dollar ($75.00) fee may not be remitted or revoked by the court and shall be added to any amounts the court determines to be owed for the value of legal services rendered to the defendant and shall be collected in the same manner as attorneys’ fees are collected for such representation.

(c) Repealed by Session Laws 2005-250 s. 3, effective August 4, 2005.

(d) Inability, failure, or refusal to pay the appointment fee shall not be grounds for denying appointment of counsel, for withdrawal of counsel, or for contempt.

(e) The appointment fee required by this section shall be assessed only once for each attorney appointment, regardless of the number of cases to which the attorney was assigned. An additional appointment fee shall not be assessed if the charges for which an attorney was appointed were reassigned to a different attorney.

(f) Of each appointment fee collected under this section, the sum of fifty-five dollars ($55.00) seventy dollars ($70.00) shall be credited to the Indigent Persons’ Attorney Fee Fund and the sum of five dollars ($5.00) shall be credited to the Court Information Technology Fund under G.S. 7A-343.2. These fees shall not revert.

(g) The Office of Indigent Defense Services shall adopt rules and develop forms to govern implementation of this section."

SECTION 16.3.(b) G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or costs without providing notice and opportunity to be heard by all government entities directly affected. The court shall provide notice to the government entities directly affected of (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the remission or waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be made to the government entities affected by first-class mail to the address provided for receipt of court costs paid pursuant to the order.

…

(3c) For legal representation to indigent defendants and others entitled to counsel under North Carolina law, the sum of two dollars ($2.00) to be remitted to the Office of Indigent Defense Services.

...."

SECTION 16.3.(e) The Office of Indigent Defense Services and the Administrative Office of the Courts shall update all appointed counsel fee application forms in order to provide space for the itemization of time spent on appointed cases.

SECTION 16.3.(d) The Office of Indigent Defense Services shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2020, regarding the implementation of rate increases to the Private Assigned Counsel Fund and modifications to appointed counsel fee application forms.

SECTION 16.3.(e) Subsections (a) and (b) of this section become effective December 1, 2019, and apply to costs assessed on or after that date. Subsection (c) of this section becomes effective December 1, 2019, and applies to all appointed counsel fee application forms submitted on or after that date.

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.

REQUIRE TESTING OF ALL SEXUAL ASSAULT EXAMINATION KITS

SECTION 17.2.(a) This act shall be known and may be cited as "The Standing Up for Rape Victims (SURVIVOR) Act of 2019."

SECTION 17.2.(b) Article 13 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-266.5A. Statewide sexual assault examination kit testing protocol."

(a) Legislative Intent. – The General Assembly finds that deoxyribonucleic acid (DNA) evidence is a powerful law enforcement tool that can identify unknown suspects, create case linkages, connect crimes to known perpetrators, and exonerate the innocent. Timely testing is vital to solve cases, punish offenders, bring justice to victims, and prevent future crimes. It is the intent of the General Assembly that every sexual assault examination kit reported to law enforcement in this State be tested and eliminate the inventory of untested sexual assault examination kits located statewide. The purpose of this section is to address the manner in which sexual assault examination kits are processed and the protocol for testing the statewide inventory of untested sexual assault examination kits identified pursuant to the findings of the statewide audit completed pursuant to Section 17.7 of S.L. 2017-57.

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

(1) CODIS. – As defined in G.S. 15A-266.2.

(2) Collecting agency. – Any agency, program, center, or other entity that collects a sexual assault examination kit.

(3) State DNA database. – As defined in G.S. 15A-266.2.

(4) Reported sexual assault examination kit. – A sexual assault examination kit collected from a person who consented to the collection of the sexual assault examination kit and has consented to participate in the criminal justice process by reporting the crime to law enforcement.

(5) Unfounded sexual assault examination kit. – A reported sexual assault examination kit, whereupon completion of the investigation it was concluded by the investigating law enforcement agency, based on clear and convincing evidence, that a crime did not occur.

(6) Unreported sexual assault examination kit. – A sexual assault examination kit collected from a person who consented to the collection of the sexual assault examination kit, but has not consented to participate in the criminal justice process.

(c) Notification and Submission Requirements for Kits Completed On or After July 1, 2019. – Any collecting agency that collects a sexual assault examination kit completed on or after July 1, 2019, shall preserve the kit according to guidelines established under G.S. 15A-268(a2) and notify the appropriate law enforcement agency as soon as practicable, but no later than 24 hours after the collection occurred. A law enforcement agency notified under this subsection shall do all of the following:

(1) Take custody of a sexual assault examination kit from the collecting agency that collected the kit within seven days of receiving notification. The law enforcement agency that takes custody of a kit under this subdivision shall retain and preserve the kit in accordance with the requirements of G.S. 15A-268.
Submit a reported sexual assault examination kit to the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, not more than 45 days after taking custody of the reported sexual assault examination kit.

Submit an unreported sexual assault examination kit to the Department of Public Safety not more than 45 days after taking custody of the unreported sexual assault examination kit. The Department of Public Safety shall store any kit it receives under this subdivision pursuant to the authority set forth in G.S. 143B-601(13).

(d) Notification and Submission Requirements for Kits Completed On or Before January 1, 2018. – Any law enforcement agency that possesses a sexual assault examination kit completed on or before January 1, 2018, shall do the following:

(1) Establish a review team that may consist of prosecutors, active or retired law enforcement officers, sexual assault nurse examiners, victim advocacy groups, and representatives from a forensic laboratory. The review team required under this subdivision shall be established as soon as practicable, but no later than three months after the effective date of this section.

(2) Utilize the review team established under subdivision (1) of this subsection to survey the law enforcement agency's entire untested sexual assault examination kit inventory and conduct a case review to determine each sexual assault examination kit's testing priority. The survey and review required under this subdivision shall be completed as soon as practicable, but no later than six months after the effective date of this section. The review required under this subdivision shall consider each of the following factors in determining the submission priority of a sexual assault examination kit:

a. Investigative and evidentiary value for the individual case.
b. CODIS potential to link profiles and identify possible serial offenders.
c. Potential for victim participation in the investigation and prosecution.
d. Potential value for admission as evidence under Rule 404(b) of the North Carolina Rules of Evidence.
e. Age and health of victim.
f. Potential for exculpatory value for a convicted person.
g. Any other factor the review team deems to be relevant.

(3) Upon determination by the review team that a sexual assault examination kit is of priority status and not subject to subsection (e) of this section, the law enforcement agency shall notify the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, of the sexual assault examination kit and submit a request for testing of the sexual assault examination kit. The law enforcement agency shall continue the process set forth in subdivisions (2) and (3) of this subsection until all untested sexual assault examination kits eligible for submission within its inventory have been submitted for testing. The following untested sexual assault examinations kits are not eligible for submission for testing under this subdivision:

a. Unreported sexual assault examination kits. Unreported sexual assault examination kits shall be sent within 45 days of the review required under subdivision (2) of this subsection to the Department of Public Safety for storage pursuant to the authority set forth in G.S. 143B-601(13).
b. Sexual assault examination kits that have been confirmed as unfounded sexual assault examination kits after a comprehensive case review by the law enforcement agency and complete review by the
review team established under subdivision (1) of this subsection. The law enforcement agency shall track within the agency the number of sexual assault examination kits which are concluded to be unfounded along with a brief summary indicating the information and evidence supporting the determination of an unfounded sexual assault examination kit. If the law enforcement agency receives any information or evidence that creates investigative or evidentiary value for testing the unfounded sexual assault examination kit, the law enforcement agency shall send the unfounded sexual assault examination kit to the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, as soon as practicable.

c. Sexual assault examination kits in which (i) a criminal prosecution has resulted in conviction, (ii) the convicted person does not seek DNA testing, and (iii) the convicted person's DNA profile is already in CODIS.

(e) Submission Requirements for Other Kits. – Sexual assault examination kits that are not subject to the requirements of subsections (c) or (d) of this section shall be submitted to the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, as soon as practicable.

(f) Testing Requirements for Accepted Kits. – As soon as practicable after receiving a written request for testing of a sexual assault examination kit subject to subsection (d) of this section, the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, shall notify the submitting law enforcement agency of the request's approval and provide shipment instructions for the sexual assault examination kit. The State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, shall pursue DNA analysis of any sexual assault examination kit accepted from a law enforcement agency under this section to develop DNA profiles that are eligible for entry into CODIS and the State DNA Database pursuant to G.S. 15A-266.5 and G.S. 15A-266.7. The State CODIS System Administrator, or the Administrator's designee, shall enter a DNA profile developed under this subsection into the CODIS database pursuant to G.S. 15A-266.8 and into the State DNA Database, provided that the testing of the sexual assault examination kit resulted in an eligible DNA profile.

(g) Lack of Compliance. – Lack of compliance with the requirements set forth in this section shall not result in any of the following:

(1) Constituting grounds upon which a person may challenge in any hearing, trial, or other court proceeding the validity of DNA evidence in any criminal or civil proceeding.

(2) Justification for the exclusion of evidence generated from a sexual assault examination kit.

(3) Providing a person who is accused or convicted of committing a crime against a victim a basis to request that the person's case be dismissed or conviction set aside, or providing a cause of action or civil claim.

(h) Sexual Assault Response and Training. – The Department of Justice, the North Carolina Coalition Against Sexual Assault, the North Carolina Victims Assistance Network, and the Conference of District Attorneys shall jointly develop and provide response and training programs to law enforcement and their sexual assault examination kit review teams regarding sexual assault investigations, including victim interactions and kit collection, storage, tracking, and testing.

SECTION 17.2.(c) G.S. 15A-266.8 is amended by adding a new subsection to read:

"(d) A law enforcement agency that receives an actionable CODIS hit on a submitted DNA sample shall provide electronic notice to the State Crime Laboratory as follows:
(1) Detailing any arrest of a person made in connection with the CODIS hit, no later than 15 days after the arrest.

(2) Detailing any conviction of a person resulting from the CODIS hit, no later than 15 days from the date of conviction."

SECTION 17.2.(d) The State Crime Lab shall report to the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2020, on the use of funds appropriated in this act to test sexual assault evidence collection kits.

SECTION 17.2.(e) This section is effective when it becomes law and applies to CODIS hits received on or after that date.

EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM ELIGIBILITY

SECTION 17.3.(a) G.S. 17C-20 reads as rewritten:

"§ 17C-20. Definitions.
As used in this Article, the following definitions apply:

(5) Eligible county. — A county with a population of less than 75,000 according to the latest federal decennial census or a county designated as a development tier one area pursuant to G.S. 143B-437.08, or both.

..."

SECTION 17.3.(b) This section is effective when it becomes law and applies to Criminal Justice Fellows Program recipients selected on or after that date.

PART XVIII. PUBLIC SAFETY

JPS GRANT REPORTING

SECTION 18.1. 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.

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.

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.
The Department of Public Safety 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:

(a) The amount of lapsed salary generated by fund code for the previous six months.

(b) An itemized accounting of the use of lapsed salary funds including:

- Fund code.
- Current certified budget.
- Annual projected expenditure.
- Annual projected shortfall.
- Amount of lapsed salary funds transferred to date.

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.

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:

- A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
  - The position type.
  - The agency to which the position is assigned.
  - The source of funding for the position.

- 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:

- The position type.
- The agency to which the position is being assigned.
- The position salary.
- The total amount of the contract.
- 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 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. Article 3 of Chapter 148 of the General Statutes is amended by adding a new section to read:

"§ 148-32.3. Inmate Construction Program. Notwithstanding any other provision of law, but subject to the provisions of this Article, 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 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 by February 1, 2020, and by February 1, 2021:
(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. The Department of Public Safety, Division of Adult Correction, shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2020, and by February 1, 2021:

(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.

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 five hundred thousand dollars ($500,000) shall be transferred each fiscal year of the 2019-2021 biennium 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 of the 2019-2021 biennium 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.

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 supervises 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.

STAFFING FOR LONG-TERM CARE FACILITY

SECTION 18.17A.(a) The Secretary of the Department of Public Safety shall
transfer funding for 22 custody positions vacant one year or longer for the operation of the Central
Prison Long-Term Care Facility. In addition, the Secretary shall reallocate vacant health care positions totaling no more than one million seven hundred fifty thousand dollars ($1,750,000) to staff the Central Prison Long-Term Care Facility. The reallocation shall be made according to the following priorities, but the Secretary shall have discretion to select positions from either subdivision (1) or (2) of this subsection, or both, according to the overall needs of the adult correctional system:

(1) All vacant health care–related positions.
(2) Any position that has been vacant for more than one year.

SECTION 18.17A.(b) The Secretary shall have the discretion to create additional positions from savings achieved through the one million dollar ($1,000,000) reduction in the purchased services and supplies accounts to operate the Long-Term Care Facility.

SECTION 18.17A.(c) The Department shall report by November 1, 2019, to the Joint Legislative Oversight Committee on Justice and Public Safety on the implementation of this section. The report shall specify for each reallocated position (i) the type of position and (ii) the amount of time the position had been vacant.

DOT CONTRACT OF INMATE LITTER CREW

SECTION 18.17B. After the issuance of a request for information (RFI) and receipt of bids by the Department of Transportation for litter pickup on State highways and roads, the Department of Transportation shall first offer the contract to the Division of Adult Correction upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Division of Adult Correction shall have 30 days to accept or decline the offered contract.

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 for 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.

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) For purposes of updating the E-Procurement System (hereinafter
"System"), the Department of Administration shall do all of the following:

(1) Create a detailed plan for updating the 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, submit a report on the detailed plan required
by subdivision (1) of this subsection to the Joint Legislative Oversight
Committee on General Government.
No later than October 1, 2019, submit 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).

PROCUREMENT SIMPLIFICATION AND INCREASED ACCOUNTABILITY

SECTION 19.2.(a) G.S. 143-52.1 reads as rewritten:

"§ 143-52.1. Award recommendations; State Purchasing Officer action.
(a) Award Recommendation. – When the dollar value of a contract to be awarded under Article 3 of Chapter 143 of the General Statutes exceeds the benchmark established pursuant to G.S. 143-53.1, an award recommendation shall be submitted to the State Purchasing Officer for approval or other action. The State Purchasing Officer shall promptly notify the agency or institution making the recommendation, or for which the purchase is to be made, of the action taken.

(b) through (d) Repealed by Session Laws 2013-234, s. 4, effective July 3, 2013.
(e) Reporting. – The State Procurement Officer shall provide a monthly report of all contract awards greater than twenty-five thousand dollars ($25,000) the benchmark established under G.S. 143-53.1 approved through the Division of Purchase and Contract to the Cochairs of the Joint Legislative Committee on Governmental Operations. The report shall include the amount of the award, the award recipient, the using agency, and a short description of the nature of the award."

SECTION 19.2.(b) G.S. 143-53 reads as rewritten:

"§ 143-53. Rules.
(a) The Secretary of Administration may adopt rules governing the following:
(1) Prescribing the routine and procedures to be followed in canvassing bids and awarding contracts, and for reviewing decisions made pursuant thereto, and the decision of the reviewing body shall be the final administrative review. The Division of Purchase and Contract shall review and decide a protest on a contract valued at twenty-five thousand dollars ($25,000) or more, an amount that exceeds the benchmark established under G.S. 143-53.1. The Secretary shall adopt rules or criteria governing the review of and decision on a protest on a contract of less than twenty-five thousand dollars ($25,000) valued at or below the benchmark established under G.S. 143-53.1 by the agency that awarded the contract.
...
(5) Prescribing conditions under which purchases and contracts for the purchase, installment or lease-purchase, rental or lease of goods and services may be entered into by means other than competitive bidding, including, but not limited to, negotiation, reverse auctions, and acceptance of electronic bids. Notwithstanding the provisions of subsections (a) and (b) of this section, any waiver of competition for the purchase, rental, or lease of goods and services is subject to prior review by the Secretary, if the expenditure exceeds ten thousand dollars ($10,000), the benchmark established under G.S. 143-53.1. The Division may levy a fee, not to exceed one dollar ($1.00), for review of each waiver application.
...

SECTION 19.2.(c) G.S. 143-53.1 reads as rewritten:

"§ 143-53.1. Setting of benchmarks; increase by Secretary.
(a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to rule making by the Secretary of Administration for competitive bidding shall promote compliance with the principles of procurement efficiency, transparency, and fair competition to
obtain the State's business. For State departments, institutions, and agencies, except the President
of The University of North Carolina or a special responsibility constituent institution of The
University of North Carolina and community colleges, the benchmark shall not be greater than
one hundred thousand dollars ($100,000). For the President of The University of North Carolina
or a special responsibility constituent institution of The University of North Carolina, the
benchmark prescribed in this section is as provided in G.S. 116-31.10. For community colleges,
the benchmark prescribed in this section is as provided in G.S. 115D-58.14.

"....."

SECTION 19.2.(d) G.S. 143-57 reads as rewritten:

"§ 143-57. Purchases of articles in certain emergencies.

In case of any emergency or pressing need arising from unforeseen causes including but not
limited to delay by contractors, delay in transportation, breakdown in machinery, or unanticipated
volume of work, the Secretary of Administration shall have power to obtain or authorize
obtaining in the open market any necessary supplies, materials, equipment, printing or services
for immediate delivery to any department, institution or agency of the State government. A report
on the circumstances of such emergency or need and the transactions
thereunder shall be made a
matter of record promptly thereafter. If the expenditure exceeds
ten thousand dollars ($10,000),
the benchmark established under G.S. 143-53.1, the report shall also be made promptly thereafter
to the Division of Purchase and Contract."

SECTION 19.2.(e) This section is effective when it becomes law and applies to
contracts entered into on or after that date.

VACANT POSITION ELIMINATION FLEXIBILITY AND REPORT

SECTION 19.3. Notwithstanding any provision of this act to the contrary, the
Department of Administration, Department of Insurance, Department of Revenue, Department
of State Treasurer, State Board of Elections, and Office of the Governor shall meet the personal
services reduction by eliminating positions, either vacant or filled, for each year of the 2019-2021
fiscal biennium. By October 1, 2019, and October 1, 2020, each of the agencies listed in this
section shall submit a report to the Joint Legislative Oversight Committee on General
Government, the House of Representatives Appropriations Subcommittee on General
Government, the Senate Appropriations Committee on General Government and Information
Technology, and the Fiscal Research Division on the actions taken to achieve the budgeted
reduction for vacant position eliminations for the fiscal year. The report shall include a list of
each alternative position eliminated, along with its position number, title, and the amount of
salary and fringe benefits associated with each position.

PART XX. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXI. AUDITOR [RESERVED]

PART XXII. BUDGET AND MANAGEMENT

Funds for Eastern Triad Workforce Development

SECTION 22.2. The sum of four million five hundred thousand dollars ($4,500,000)
in nonrecurring funds appropriated in this act to the Office of State Budget and Management,
Special Appropriations, for each year of the 2019-2021 fiscal biennium for the Triad Workforce
Solutions Collaborative shall be allocated each fiscal year as follows:

<table>
<thead>
<tr>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamance County</td>
<td>$875,000</td>
</tr>
<tr>
<td>Guilford County</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>Rockingham County</td>
<td>$625,000</td>
</tr>
<tr>
<td>Randolph County</td>
<td>$750,000</td>
</tr>
</tbody>
</table>
PLAN FOR RESULTS FIRST BENEFIT-COST ANALYSIS OF DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS

SECTION 22.3. By January 15, 2020, the Office of State Budget and Management (OSBM) shall submit to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division a plan to conduct, as part of North Carolina’s Results First project, a benefit-cost analysis of all Department of Health and Human Services (Department) programs funded by State appropriations. OSBM shall include in the plan required by this section (i) an inventory of all Department programs funded by State appropriations and (ii) an estimate of the cost to conduct the Results First benefit-cost analysis for each Department program funded by State appropriations. The Department shall cooperate with the OSBM in OSBM’s development of the plan required by this section.

PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS
[RESERVED]

PART XXIV. CONTROLLER

OVERPAYMENTS AUDIT

SECTION 24.1.(a) During the 2019-2021 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

SECTION 24.1.(b) Of the funds appropriated in this act from the Special Reserve Account 24172, and for each year of the 2019-2021 fiscal biennium, two hundred fifty thousand dollars ($250,000) of the funds shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 24.1.(c) The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue.

PART XXV. ELECTIONS

BOARD OF ELECTIONS/REPORT ON POST-ELECTION AUDITS

SECTION 25.1. After conducting a post-election audit, the Board of Elections shall produce a report which summarizes the audit, including the rationale for and the findings of the audit. The report shall be submitted to the Joint Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee on General Government within 10 business days of the date the audit is completed.

PART XXVI. GENERAL ASSEMBLY [RESERVED]

PART XXVII. GOVERNOR [RESERVED]

PART XXVIII. HOUSING FINANCE AGENCY [RESERVED]

PART XXIX. INSURANCE

INSURANCE REGULATORY FEE
SECTION 29.1. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2020 calendar year.

PART XXX. INSURANCE – INDUSTRIAL COMMISSION

INDUSTRIAL COMMISSION USE ELECTRONIC MAIL TO SEND DECISIONS

SECTION 30.1.(a) G.S. 143-293 reads as rewritten:

"§ 143-293. Appeals to Court of Appeals.

Either the claimant or the State may, within 30 days after receipt of the decision and order of the full Commission, to be sent by registered or certified, registered, certified, or electronic mail, but not thereafter, appeal from the decision of the Commission to the Court of Appeals. Such appeal shall be for errors of law only under the same terms and conditions as govern appeals in ordinary civil actions, and the findings of fact of the Commission shall be conclusive if there is any competent evidence to support them. The appellant shall cause to be prepared a statement of the case as required by the rules of the Court of Appeals. A copy of this statement shall be served on the respondent within 45 days from the entry of the appeal taken; within 20 days after such service, the respondent shall return the copy with his approval or specified amendments endorsed or attached; if the case be approved by the respondent, it shall be filed with the clerk of the Court of Appeals as a part of the record; if not returned with objections within the time prescribed, it shall be deemed approved. The chairman of the Industrial Commission shall have the power, in the exercise of his discretion, to enlarge the time in which to serve statement of case on appeal and exceptions thereto or counterstatement of case.

If the case on appeal is returned by the respondent within 15 days after the respondent serves his countercase or exceptions to the chairman, then the exceptions filed by the respondent shall be allowed; or the countercase served by him shall constitute the case on appeal; but the time may be extended by agreement of counsel.

The chairman shall forthwith notify the attorneys of the parties to appear before him for that purpose at a certain time and place, which time shall not be more than 20 days from the receipt of the request. At the time and place stated, the chairman of the Industrial Commission or his designee shall settle and sign the case and deliver a copy to the attorneys of each party. The appellant shall within five days thereafter file it with the clerk of the Court of Appeals, and if he fails to do so the respondent may file his copy.

No appeal bond or supersedeas bond shall be required of State departments or agencies."

SECTION 30.1.(b) This section becomes effective July 1, 2019, and applies to decisions and orders sent on or after that date.

PART XXXI. LIEUTENANT GOVERNOR [RESERVED]

PART XXXII. MILITARY AND VETERANS AFFAIRS

DMVA/TECHNICAL AMENDMENT TO DELETE OBSOLETE LANGUAGE FROM STATUTE REGULATING SCHOLARSHIPS

SECTION 32.1. G.S. 143B-1225 reads as rewritten:

"§ 143B-1225. Scholarship.
(a) A scholarship granted pursuant to this Part shall consist of the following benefits in either a State or private educational institution:

…

(4) No educational assistance shall be afforded a child under this Part after the end of an eight-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Part prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, 2010. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years.

..."

AMEND RESIDENCY REQUIREMENT FOR QUALIFIED VETERANS ELIGIBLE TO BE BURIED IN STATE VETERANS' CEMETERIES

SECTION 32.2.(a) G.S. 65-43 reads as rewritten:

"§ 65-43. Definitions.

For purposes of this Article, the following definitions shall apply, unless the context requires otherwise:

…

(3) A "qualified veteran" means a veteran who meets the requirements of sub-subdivisions a. and b. of this subdivision:

a. A veteran who served an honorable military service or who served a period of honorable nonregular service and is any of the following:

1. A veteran who is entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended.
2. A veteran who would have been entitled to retired pay for nonregular service under 10 U.S.C. §§ 12731-12741, as amended, but for the fact that the person was under 60 years of age.

b. Who is a legal resident of North Carolina:

1. At the time of death, or
2. For a period of at least 10 years, years immediately prior to death, or
3. At the time he or she entered the Armed Forces of the United States."

SECTION 32.2.(b) This section is effective when it becomes law, and applies to burials on or after that date.

VETERANS AFFAIRS COMMISSION/AWARDING OF SERVICE MEDALS

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.”

Funds for NC Veterans Memorial Pavilion Shall Not Revert

SECTION 32.5.(a) Notwithstanding any provision of S.L. 2017-57, or of the Committee Report described in Section 39.2 of that act to the contrary, the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2017-2018 fiscal year appropriated in that act to the Department of Military and Veterans Affairs for the construction of public facilities at the North Carolina Veterans Memorial Pavilion in Broadway, North Carolina shall not revert on June 30, 2019, as required by Section 6.13(c) of that act, but shall remain available for expenditure until June 30, 2020.

SECTION 32.5.(b) This section becomes effective June 30, 2019.

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.

DOR TAX FRAUD ANALYTICS

SECTION 33.2.(a) Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars ($4,400,000) in nonrecurring funds for the 2019-2020 fiscal year shall be used to continue and expand the Department’s tax fraud analysis contract. These funds shall be used as follows:

(1) Three million three hundred thousand dollars ($3,300,000) to pay for fraud detection analytics and information reporting.

(2) One million one hundred thousand dollars ($1,100,000) for hosting infrastructure.

SECTION 33.2.(b) The Department of Revenue shall continue to coordinate with the Government Data Analytics Center (GDAC) and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection analytics and infrastructure.

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.(a) 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.
4. Esophageal cancer.
5. Oral cavity cancer.
6. Pharynx cancer.

…"

SECTION 35.1.(b) This section is effective when it becomes law and applies to deaths occurring on or after that date.

TECHNICAL CHANGES TO THE STATE AND LOCAL RETIREMENT SYSTEMS

SECTION 35.2.(a) G.S. 128-21 is amended by adding a new subdivision to read:

"(8a) "Duly acknowledged" means notarized, including electronic notarization, or verified through an identity authentication service approved by the Department of State Treasurer."

SECTION 35.2.(b) G.S. 135-1 is amended by adding a new subdivision to read:

"(8a) "Duly acknowledged" means notarized, including electronic notarization, or verified through an identity authentication service approved by the Department of State Treasurer."

PART XXXVI. GENERAL GOVERNMENT

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 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 regard to projects funded by the proceeds of university improvement general 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.

... The Department of Administration shall collect and compile the data described in this section and report it annually to the General Assembly Joint Legislative Oversight Committee on General Government.

" § 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.

... The Secretary shall study and recommend to the General Assembly 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, 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) Annually, on or before September 1, beginning September 1, 2019, the Secretary shall report findings and recommendations, as required under this section, to the Joint Legislative Committee on Governmental Operations annually on or before June 1, beginning June 1, 2002, and the Joint Legislative Oversight Committee on General Government and shall post the report findings and recommendations on the Department's Web site."

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 Joint Legislative Oversight Committee on General Government on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

   ... 

(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.

   d. The number and condition of any backup motor vehicles managed by the Department of Administration and available for use by the Department of Public Safety, including the location and condition of each 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-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, 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 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 November 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 Budget and Management and shall be submitted to 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 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 reads 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 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 reads 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.

SECTION 36.1.(n) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

ETHICS COMMISSION

SECTION 36.2.(a) 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 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.

...."

SECTION 36.2.(b) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

OFFICE OF STATE HUMAN RESOURCES

SECTION 36.3.(a) 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."

SECTION 36.3.(b) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

OFFICE OF STATE AUDITOR

SECTION 36.4.(a) G.S. 147-64.11 reads as rewritten:
§ 147-64.11. Review of office.

The Auditor may, on his or her own initiative and as often as he or she 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 or her 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.

SECTION 36.4.(b) G.S. 147-64.6 reads as rewritten:

§ 147-64.6. Duties and responsibilities.

(b) The duties of the Auditor are independently to examine into and make findings of fact on whether State agencies:

(6) Are adhering to statutory requirements that include conditions precedent, classifications, and similar eligibility or qualifying standards to assure that statutory intent is carried out while the requirements are in effect.

(c) The Auditor shall be responsible for the following acts and activities:

(22) Verification audits for compliance with statutory requirements, with or without advance notice to the organization or State agency being audited, which may be initiated at the discretion of the Auditor or as requested by the Governor or General Assembly.

(e) Access to Records. – The Auditor may examine the accounts and records of any organization or State agency relating to a verification audit for compliance with a statutory condition precedent, classification, or other similar eligibility or qualifying standard."

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 report may include recommendations for legislation.

SECTION 36.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

SECTION 36.5.(c) 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 line 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. 143C-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, to 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:

"...

SECTION 36.7.(c) Subsection (b) of this section becomes effective July 1, 2019,
and applies to reports submitted on or after that date.

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—Operations, 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 1 and July 1 at the end of each fiscal 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 Joint Legislative Oversight Committee on General
Government at the end of each fiscal 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 Joint Legislative Oversight Committee on General Government at the end of each fiscal year describing the operation of the Emergency Program to Reduce Home Foreclosures established in S.L. 2008-226 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, and recommendations for further efforts needed to reduce foreclosures. The report shall also provide any other aggregated information the Agency determines is pertinent or the Joint Legislative Oversight Committee on General Government 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.

SECTION 36.8.(f) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

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 General Assembly, 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 Committee, the Joint Legislative Commission on Governmental 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 inflammable 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 the Commissioner's direction, and unless by his the Commissioner's 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 the Commissioner's official action under this Article, and it shall be embodied in his the report to the General Assembly 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.

(c) Report. – The Commissioner must submit a written report to the General Assembly Joint Legislative Oversight Committee on General Government within 60 days after the grants have been made. This report must contain the following:

..."

SECTION 36.9.(e) G.S. 58-87-5 reads as rewritten:


(e) Report. – The Commissioner must submit a written report to the General Assembly Joint Legislative Oversight Committee on General Government within 60 days after the grants have been made. This report must contain the following:

..."

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 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."

SECTION 36.9.(g) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

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.

..."
(e) No later than October 1 of each year, the Commission shall publish annually for free distribution a report of the administration of this Article, together with such recommendations as the Commission deems advisable. No later than October 1 of each year, the Commission shall submit this report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, 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-General Government, the Senate Appropriations Committee on General Government and Information Technology, and the House Appropriations Committee on General Government.

(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:

(1) The total number of claims made during the preceding calendar fiscal year, the total number of claims in which compliance was not timely made, and, for each claim, the date the claim was filed, the date by which compliance was required, the date of actual compliance, and any sanctions or other remedial action imposed by the Commission.

(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 made.

SECTION 36.10.(b) G.S. 143-788(b) reads as rewritten:

"§ 143-788. Section powers and duties. 

(b) No later than October 1 of each year, the Section shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Section deems advisable. This report shall include, 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, assessed and, where reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency collected."

SECTION 36.10.(c) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

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 the General Assembly Affairs 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 Joint Legislative Oversight Committee on General Government with recommendations, if any, for legislation. Priority actions or issues may be submitted at any time.

SECTION 36.11.(d) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

DEPARTMENT OF REVENUE

SECTION 36.12.(a) 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 and the Joint Legislative Oversight Committee on General Government.

…

(8) By January 1 and July 1 of each year, a semiannual report on the Department's activities listed in this subdivision. The report must be submitted to the Joint Legislative Commission on Governmental Operations, to the Joint Legislative Oversight Committee on General Government, and to the Revenue Laws Study Committee.

…"

SECTION 36.12.(b) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

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.

... 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, 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."

SECTION 36.13.(c) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

DEPARTMENT OF STATE TREASURER

SECTION 36.14.(a) G.S. 147-68 reads as rewritten:

"§ 147-68. To receive and disburse moneys; to make reports.

..."

SECTION 36.14.(b) G.S. 147-69.2A reads as rewritten:

"§ 147-69.2A. Investments; special funds held by the State Treasurer.

..."

SECTION 36.14.(c) G.S. 147-69.3 reads as rewritten:

"§ 147-69.3. Administration of State Treasurer's investment programs.

..."
The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government by October 1 of each year.

"§ 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:

(c) The Treasurer shall report to the Governor annually and to the General Assembly at the beginning of each biennial session the exact balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the preceding fiscal year, and so far as practicable an account of the same down to the termination of the current calendar year.

SECTION 36.14.(d) G.S. 147-69.12 reads as rewritten:

SECTION 36.14.(e) G.S. 147-86.45 is repealed.

SECTION 36.14.(f) G.S. 147-86.62 is repealed.

SECTION 36.14.(g) G.S. 147-86.84 is repealed.

SECTION 36.14.(h) This section becomes effective July 1, 2019, and applies to reports submitted on or after that date.

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 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 to provide required support for CJLEADS.

..."

CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS

SECTION 37.2.(a) 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."
SECTION 37.2.(b) This section is effective when it becomes law and applies to product procurement occurring on or after that date.

COMMUNITY COLLEGES SYSTEM TRANSITION

SECTION 37.3.(a) G.S. 143B-1325(d) reads as rewritten:
(d) Report on Transition Planning. – The Community College System Office, the Department of Public Instruction, and the Bipartisan State Board of Elections and Ethics Enforcement shall work with the State CIO to plan their transition to the Department. The information technology transfer and consolidation from the Department of Revenue to the Department shall not take place until the Secretary of the Department of Revenue determines that the system and data security of the Department meets the heightened security standards required by the federal government for purposes of sharing taxpayer information. By October 1, 2018, the Department of Public Instruction and the Bipartisan State Board of Elections and Ethics Enforcement, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on their respective transition plans. By October 1, 2019, the Community College System Office, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on its transition plan.”

SECTION 37.3.(b) The Community College System Office shall enter into a memorandum of understanding with the Department of Information Technology with respect to coordinating information technology systems and policies. By October 1, 2019, the Community College System Office, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the memorandum of understanding.

E-PROCUREMENT SYSTEM FUNDS

SECTION 37.4. Notwithstanding any provision of law to the contrary, the State Chief Information Officer (SCIO) shall provide for the replacement of the State's e-procurement system for State agencies, departments, and institutions, and the approval of the SCIO is required for all expenditures from the reserve established in this act for that purpose.

PART XXXVIII. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2019, AND JULY 1, 2020

SECTION 38.1.(a) Effective July 1, 2019, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2019, is awarded:

1. A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2019-2020 fiscal year.
2. Any salary adjustment otherwise allowed or provided by law.

SECTION 38.1.(a1) Effective July 1, 2020, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2020, is awarded:

1. A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2020-2021 fiscal year.
2. Any salary adjustment otherwise allowed or provided by law.
SECTION 38.1.(b) For the 2019-2021 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this section:

1. Employees of local boards of education.
2. Local community college employees.
3. Employees of The University of North Carolina.
4. Law enforcement officers paid according to Section 38.17 of this act.

SECTION 38.1.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 38.1.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

GOVERNOR AND COUNCIL OF STATE

SECTION 38.2.(a) Effective July 1, 2019, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be one hundred forty-seven thousand two hundred eighty-seven dollars ($147,287) one hundred fifty thousand nine hundred sixty-nine dollars ($150,969) annually, payable monthly."

SECTION 38.2.(a1) Effective July 1, 2020, G.S. 147-11(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be one hundred fifty thousand nine hundred sixty-nine dollars ($150,969) one hundred fifty-four thousand seven hundred forty-three dollars ($154,743) annually, payable monthly."

SECTION 38.2.(b) Effective July 1, 2019, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<table>
<thead>
<tr>
<th>Council of State</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant Governor</td>
<td>$133,365</td>
</tr>
<tr>
<td>Attorney General</td>
<td>133,365</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>133,365</td>
</tr>
<tr>
<td>State Treasurer</td>
<td>133,365</td>
</tr>
<tr>
<td>State Auditor</td>
<td>133,365</td>
</tr>
<tr>
<td>Superintendent of Public Instruction</td>
<td>133,365</td>
</tr>
<tr>
<td>Agriculture Commissioner</td>
<td>133,365</td>
</tr>
<tr>
<td>Insurance Commissioner</td>
<td>133,365</td>
</tr>
<tr>
<td>Labor Commissioner</td>
<td>133,365</td>
</tr>
</tbody>
</table>

SECTION 38.2.(b1) Effective July 1, 2020, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<table>
<thead>
<tr>
<th>Council of State</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant Governor</td>
<td>$136,699</td>
</tr>
<tr>
<td>Attorney General</td>
<td>136,699</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>136,699</td>
</tr>
<tr>
<td>State Treasurer</td>
<td>136,699</td>
</tr>
<tr>
<td>State Auditor</td>
<td>136,699</td>
</tr>
<tr>
<td>Superintendent of Public Instruction</td>
<td>136,699</td>
</tr>
<tr>
<td>Agriculture Commissioner</td>
<td>136,699</td>
</tr>
<tr>
<td>Insurance Commissioner</td>
<td>136,699</td>
</tr>
<tr>
<td>Labor Commissioner</td>
<td>136,699</td>
</tr>
</tbody>
</table>

CERTAIN EXECUTIVE BRANCH OFFICIALS
SECTION 38.3.(a) Effective July 1, 2019, the annual salaries, payable monthly, for the following executive branch officials for the 2019-2020 fiscal year are as follows:

<table>
<thead>
<tr>
<th>Executive Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman, Alcoholic Beverage Control Commission</td>
<td>$119,758</td>
</tr>
<tr>
<td>State Controller</td>
<td>166,758</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>134,410</td>
</tr>
<tr>
<td>Chair, Board of Review, Division of Employment Security</td>
<td>131,842</td>
</tr>
<tr>
<td>Members, Board of Review, Division of Employment Security</td>
<td></td>
</tr>
<tr>
<td>Chairman, Parole Commission</td>
<td>131,842</td>
</tr>
<tr>
<td>Full-Time Members of the Parole Commission</td>
<td>121,900</td>
</tr>
<tr>
<td>Chairman, Utilities Commission</td>
<td>149,451</td>
</tr>
<tr>
<td>Members of the Utilities Commission</td>
<td>134,410</td>
</tr>
<tr>
<td>Executive Director, North Carolina Agricultural Finance Authority</td>
<td>116,625</td>
</tr>
</tbody>
</table>

SECTION 38.3.(a1) Effective July 1, 2020, the annual salaries, payable monthly, for the following executive branch officials for the 2020-2021 fiscal year are as follows:

<table>
<thead>
<tr>
<th>Executive Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman, Alcoholic Beverage Control Commission</td>
<td>$122,752</td>
</tr>
<tr>
<td>State Controller</td>
<td>170,927</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>137,770</td>
</tr>
<tr>
<td>Chair, Board of Review, Division of Employment Security</td>
<td>135,138</td>
</tr>
<tr>
<td>Members, Board of Review, Division of Employment Security</td>
<td></td>
</tr>
<tr>
<td>Chairman, Parole Commission</td>
<td>135,138</td>
</tr>
<tr>
<td>Full-Time Members of the Parole Commission</td>
<td>124,948</td>
</tr>
<tr>
<td>Chairman, Utilities Commission</td>
<td>153,187</td>
</tr>
<tr>
<td>Members of the Utilities Commission</td>
<td>137,770</td>
</tr>
<tr>
<td>Executive Director, North Carolina Agricultural Finance Authority</td>
<td>119,541</td>
</tr>
</tbody>
</table>

JUDICIAL BRANCH

SECTION 38.4.(a) Effective July 1, 2019, the annual salaries, payable monthly, for the following judicial branch officials for the 2019-2020 fiscal year are as follows:

<table>
<thead>
<tr>
<th>Judicial Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$156,915</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>152,843</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>150,425</td>
</tr>
<tr>
<td>Judge, Court of Appeals</td>
<td>146,521</td>
</tr>
<tr>
<td>Judge, Senior Regular Resident Superior Court</td>
<td>142,568</td>
</tr>
<tr>
<td>Judge, Superior Court</td>
<td>138,617</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>125,973</td>
</tr>
<tr>
<td>Judge, District Court</td>
<td>122,020</td>
</tr>
<tr>
<td>Chief Administrative Law Judge</td>
<td>123,066</td>
</tr>
</tbody>
</table>
### Judicial Branch Officials

<table>
<thead>
<tr>
<th>Position</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Attorney</td>
<td>134,048</td>
</tr>
<tr>
<td>Assistant Administrative Officer of the Courts</td>
<td>129,086</td>
</tr>
<tr>
<td>Public Defender</td>
<td>134,048</td>
</tr>
<tr>
<td>Director of Indigent Defense Services</td>
<td>138,158</td>
</tr>
</tbody>
</table>

**SECTION 38.4.(a1)** Effective July 1, 2020, the annual salaries, payable monthly, for the following judicial branch officials for the 2020-2021 fiscal year are as follows:

<table>
<thead>
<tr>
<th>Role</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$160,838</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>156,664</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>154,186</td>
</tr>
<tr>
<td>Judge, Court of Appeals</td>
<td>150,184</td>
</tr>
<tr>
<td>Judge, Senior Regular Resident Superior Court</td>
<td>146,132</td>
</tr>
<tr>
<td>Judge, Superior Court</td>
<td>142,082</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>129,122</td>
</tr>
<tr>
<td>Judge, District Court</td>
<td>125,071</td>
</tr>
<tr>
<td>Chief Administrative Law Judge</td>
<td>126,143</td>
</tr>
<tr>
<td>District Attorney</td>
<td>137,399</td>
</tr>
<tr>
<td>Assistant Administrative Officer of the Courts</td>
<td>132,313</td>
</tr>
<tr>
<td>Public Defender</td>
<td>137,399</td>
</tr>
<tr>
<td>Director of Indigent Defense Services</td>
<td>141,612</td>
</tr>
</tbody>
</table>

### Clerk of Superior Court

**SECTION 38.5.(a)** Effective July 1, 2019, G.S. 7A-101 reads as rewritten:


(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<table>
<thead>
<tr>
<th>Assistants and Deputies</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>$95,000</td>
</tr>
<tr>
<td>20-29</td>
<td>105,000</td>
</tr>
<tr>
<td>30-49</td>
<td>115,000</td>
</tr>
<tr>
<td>50-99</td>
<td>125,000</td>
</tr>
</tbody>
</table>
100 and above 127,500.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office.

(a) For purposes of subsection (a) of this section, the population of a county for any fiscal year shall be the population for the beginning of that fiscal year as reported by the Office of State Budget and Management to the Administrative Office of the Courts prior to the beginning of that fiscal year.

(b) The clerk shall receive no fees or commission by virtue of his office. The salary set forth in this section is the clerk's sole official compensation, but if, on June 30, 1975, the salary of a particular clerk, by reason of previous but no longer authorized merit increments, is higher than that set forth in the table, that higher salary shall not be reduced during his continuance in office.

(c) In lieu of merit and other increment raises paid to regular State employees, a clerk of superior court shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the clerk's annual salary payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four percent (24%) after 25 years of service. Service shall mean service in the elective position of clerk of superior court, as an assistant clerk of court and as a supervisor of clerks of superior court with the Administrative Office of the Courts and shall not include service as a deputy or acting clerk. Service shall also mean service as a justice, judge, or magistrate of the General Court of Justice or as a district attorney.

SECTION 38.5.(b) Effective July 1, 2020, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<table>
<thead>
<tr>
<th>Assistants and Deputies</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>$95,000-$97,375</td>
</tr>
<tr>
<td>20-29</td>
<td>105,000-$107,625</td>
</tr>
<tr>
<td>30-49</td>
<td>115,000-$117,875</td>
</tr>
<tr>
<td>50-99</td>
<td>125,000-$128,125</td>
</tr>
</tbody>
</table>
| 100 and above           | 127,500-$130,688."

Assistant and Deputy Clerks of Superior Court

SECTION 38.6.(a) Effective July 1, 2019, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

<table>
<thead>
<tr>
<th>Assistant Clerks and Head Bookkeeper</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>$34,780</td>
</tr>
<tr>
<td>Maximum</td>
<td>61,162-62,691</td>
</tr>
</tbody>
</table>
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1
2 Deputy Clerks Annual Salary
3 Minimum $31,200
4 Maximum 48,034.49,235."

SECTION 38.6.(a1) Effective July 1, 2020, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:
"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

<table>
<thead>
<tr>
<th>Assistant Clerks and Head Bookkeeper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum $34,780</td>
</tr>
<tr>
<td>Maximum 62,69464,388</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deputy Clerks Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum $31,200</td>
</tr>
<tr>
<td>Maximum 49,23550,466.&quot;</td>
</tr>
</tbody>
</table>

MAGISTRATES

SECTION 38.7.(a) Effective July 1, 2019, G.S. 7A-171.1(a)(1) reads as rewritten:
"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office.

The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

<table>
<thead>
<tr>
<th>Step Level</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
</tr>
<tr>
<td>Entry Rate</td>
<td>$38,620</td>
</tr>
<tr>
<td>Step 1</td>
<td>$40,309</td>
</tr>
<tr>
<td>Step 2</td>
<td>$43,297</td>
</tr>
<tr>
<td>Step 3</td>
<td>$46,459</td>
</tr>
<tr>
<td>Step 4</td>
<td>$50,248</td>
</tr>
<tr>
<td>Step 5</td>
<td>$54,814</td>
</tr>
<tr>
<td>Step 6</td>
<td>$59,929</td>
</tr>
</tbody>
</table>

SECTION 38.7.(a1) Effective July 1, 2020, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:
"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office.

The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary
shall increase to the next step every two years on the anniversary of the date
the magistrate was originally appointed for increases to Steps 1 through 3, and
every four years on the anniversary of the date the magistrate was originally
appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

<table>
<thead>
<tr>
<th>Step Level</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Rate</td>
<td>$39,586</td>
</tr>
<tr>
<td>Step 1</td>
<td>$42,508</td>
</tr>
<tr>
<td>Step 2</td>
<td>$45,660</td>
</tr>
<tr>
<td>Step 3</td>
<td>$48,997</td>
</tr>
<tr>
<td>Step 4</td>
<td>$52,997</td>
</tr>
<tr>
<td>Step 5</td>
<td>$57,814</td>
</tr>
<tr>
<td>Step 6</td>
<td>$63,212</td>
</tr>
</tbody>
</table>

LEGISLATIVE EMPLOYEES

SECTION 38.8.(a) Effective July 1, 2019, the annual salaries of the Legislative
Services Officer and of nonelected employees of the General Assembly in effect on June 30,
2019, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 38.8.(a1) Effective July 1, 2020, the annual salaries of the Legislative
Services Officer and of nonelected employees of the General Assembly in effect on June 30,
2020, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 38.8.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 38.9.(a) Effective July 1, 2019, G.S. 120-37(c) reads as rewritten:
"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
to other benefits available to permanent legislative employees and shall be paid an annual salary
of one hundred eleven one hundred seven dollars ($111,107), one hundred thirteen thousand eight
hundred eighty-five dollars ($113,885), payable monthly. Each principal clerk shall also receive
such additional compensation as approved by the Speaker of the House of Representatives or the
President Pro Tempore of the Senate, respectively, for additional employment duties beyond
those provided by the rules of their House. The Legislative Services Commission shall review
the salary of the principal clerks prior to submission of the proposed operating budget of the
General Assembly to the Governor and shall make appropriate recommendations for changes in
those salaries. Any changes enacted by the General Assembly shall be by amendment to this
paragraph."

SECTION 38.9.(a1) Effective July 1, 2020, G.S. 120-37(c), as amended by
subsection (a) of this section, reads as rewritten:
"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
to other benefits available to permanent legislative employees and shall be paid an annual salary
of one hundred thirteen thousand eight hundred eighty-five dollars ($113,885), one hundred sixteen thousand seven hundred thirty-two dollars ($116,732), payable monthly. Each principal
clerk shall also receive such additional compensation as approved by the Speaker of the House
of Representatives or the President Pro Tempore of the Senate, respectively, for additional
employment duties beyond those provided by the rules of their House. The Legislative Services
Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate
recommendations for changes in those salaries. Any changes enacted by the General Assembly
shall be by amendment to this paragraph."
SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 38.10.(a) Effective July 1, 2019, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of four hundred thirty-eight dollars ($438.00) four hundred forty-nine dollars ($449.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 38.10.(a1) Effective July 1, 2020, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of four hundred forty-nine dollars ($449.00) four hundred sixty dollars ($460.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 38.11.(a) For the 2019-2021 fiscal biennium, the community college boards of trustees may provide personnel a salary increase pursuant to the policies adopted by the State Board of Community Colleges. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall report to the General Assembly and the Fiscal Research Division on the use of these funds by no later than March 1, 2020, and March 1, 2021.

SECTION 38.11.(b) Effective July 1, 2019, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2019-2021 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Minimum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational Diploma/Certificate or Less</td>
<td>$37,581</td>
</tr>
<tr>
<td>Associate Degree or Equivalent</td>
<td>38,103</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>40,371</td>
</tr>
<tr>
<td>Master's Degree or Education Specialist</td>
<td>42,382</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>45,282</td>
</tr>
</tbody>
</table>

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 38.12. For the 2019-2021 fiscal biennium, the Board of Governors of The University of North Carolina may provide employees with salary increases pursuant to the policies adopted by the Board. Funds for compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those...
policies. The Board of Governors of The University of North Carolina shall report to the General Assembly and the Fiscal Research Division on the compensation increases awarded by no later than March 1, 2020, and March 1, 2021.

STATE AGENCY TEACHERS

SECTION 38.13. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 38.14. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2019, and June 30, 2020, shall be legislatively increased as provided by Section 38.1 of this act:

(1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.

(2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.

(3) Permanent, part-time State employees.

(4) Temporary and permanent hourly State employees.

ALL STATE-SUPPORTED PERSONNEL

SECTION 38.15.(a) The legislative salary increases provided by this act in each year of the 2019-2021 fiscal biennium do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July 1, 2020, respectively, that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 38.15.(b) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 38.16.(a) The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases and employee benefits in amounts set forth in the Committee Report that accompanies this act. The Office of State Budget and Management shall ensure that those funds are used only for the purposes of legislatively mandated salary increases and employee benefits.

SECTION 38.16.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

SECTION 38.16.(c) Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 38.16.(d) Any funds appropriated for legislatively mandated salary and benefits increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.
SECTION 38.16.(e) No later than May 1, 2020, for the 2019-2020 fiscal year, and subsequently May 1, 2021, for the 2020-2021 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for each year of the biennium:

1. The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
2. The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
3. The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
4. The amount of funds credited to the Pay Plan Reserve.

LAW ENFORCEMENT PAY/STATE HIGHWAY PATROL/STATE BUREAU OF INVESTIGATION/ALCOHOL LAW ENFORCEMENT

SECTION 38.17.(a) In order to maintain an experience-based pay structure progression, the entry-level annual salary of members of the State Highway Patrol, agents of the State Bureau of Investigation, and officers of Alcohol Law Enforcement is set in the amount of forty-five thousand one hundred dollars ($45,100) for the 2019-2020 fiscal year and forty-six thousand two hundred twenty-eight dollars ($46,228) for the 2020-2021 fiscal year.

SECTION 38.17.(b) During the 2019-2021 fiscal biennium, the State Bureau of Investigation may pay salaries in excess of the scheduled amounts for supervisory responsibilities.

SECTION 38.17.(c) During the 2019-2021 fiscal biennium, Alcohol Law Enforcement may pay salaries in excess of the scheduled amounts for supervisory responsibilities.

SBI/ALE PAY SCHEDULE

SECTION 38.17A. Of the funds appropriated to the Department of Public Safety for the 2019-2020 fiscal year, the sum of two million dollars ($2,000,000) shall be allocated to establish a pay schedule for law enforcement officers in the State Bureau of Investigation (SBI) and Alcohol Law Enforcement (ALE) that (i) increases the annual beginning officer salary to forty-five thousand one hundred dollars ($45,100) and (ii) sets a stepped progression from beginning officer pay to sixty-five thousand eight hundred seven dollars ($65,807) over a period of six years by providing increases of six and one-half percent (6.5%) per year. These funds shall not be used to adjust the pay of other SBI or ALE employees. The pay schedule shall be adjusted to effectuate any future across-the-board legislative or other authorized salary increases. The State Human Resources Commission shall provide technical assistance to the SBI and ALE upon request.

PAY PLAN RESERVE/LAW ENFORCEMENT OFFICERS

SECTION 38.18. G.S. 143C-4-9(a) reads as rewritten:

"(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:

1. G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant to an experience-based salary schedule.
2. G.S. 7A-102."
CONTINUE CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL

SECTION 38.19. Until otherwise provided by the General Assembly, whenever an employee is in a Correctional Officer position assigned to a lower custody level facility and the employee is required to staff a higher custody level facility for any period of time, the employee shall receive a pay differential applied to their base salary for the period of time the employee worked at the higher custody level facility, as follows:

(1) For employees assigned to minimum custody facilities that are required to staff medium custody facilities, the pay differential is ten percent (10%).

(2) For employees assigned to medium custody facilities that are required to staff close custody facilities, the pay differential is ten percent (10%).

(3) For employees assigned to minimum custody facilities that are required to staff close custody facilities, the pay differential is twenty percent (20%).

CORRECTIONAL FACILITY HIGH-NEED SALARY SUPPLEMENTs

SECTION 38.19A.(a) Employees of the Department of Public Safety (Department) serving in high-need correctional facilities having the highest numbers of vacant positions are eligible to receive flat-dollar salary supplements, payable monthly, for up to a two-year period.

SECTION 38.19A.(b) The base supplement rate shall be an amount calculated by the Department based on the requirements of this section. The minimum base supplement rate that shall be provided to employees serving in a high-need correctional facility is two thousand five hundred dollars ($2,500) annually.

SECTION 38.19A.(c) There are three levels of high-need correctional facilities based upon the facility's respective staffing difficulty:

(1) Level I – If the correctional facility has had a vacancy rate of at least twenty percent (20%) for at least 12 months in the prior biennium, employees assigned to this facility shall receive a salary supplement equal to the base supplement rate.

(2) Level II – If the correctional facility has had a vacancy rate of at least twenty-five percent (25%) for at least 12 months in the prior biennium, employees assigned to this facility shall receive a salary supplement equal to twice the base supplement rate.

(3) Level III – If the correctional facility has had a vacancy rate of at least thirty percent (30%) for at least 12 months in the prior biennium, employees assigned to this facility shall receive a salary supplement equal to three times the base supplement rate.

SECTION 38.19A.(d) The salary supplement rates assigned to each high-need correctional facility at the beginning of each fiscal biennium by the Department shall remain in effect for the facility throughout the respective fiscal biennium. The Department shall re-designate high-need facilities at the beginning of each subsequent fiscal biennium based on the criteria in subsections (b) and (c) of this section.

SECTION 38.19A.(e) The Department may exclude a facility from eligibility to prioritize larger supplements to greater-need facilities or if the vacancy rate does not accurately reflect a facility's actual staffing needs. The Department may assign a lower level to a facility if the assignment would more accurately reflect the facility's needs. The Department shall not
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2. Session 2019
3. Page 274
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provide supplements in facilities that do not meet the minimum criteria specified in subsection (c) of this section.

**SECTION 38.19A.(f)** Funds appropriated for high-need facility salary supplements may only be expended for that purpose. At the end of each fiscal year, any remaining funding appropriated for the supplements shall be distributed proportionally to employees at high-need facilities who were employed at a designated facility for the entire fiscal year.

**SECTION 38.19A.(g)** Notwithstanding G.S. 135-1(7a), the supplements awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the 'Teachers' and State Employees' Retirement System.

**COUNCIL OF STATE AND CERTAIN AGENCIES/FLEXIBILITY**

**SECTION 38.19B.** G.S. 126-5 is amended by adding a new subsection to read:

"(c15) Notwithstanding any provision of this Chapter to the contrary, the Council of State, the executive branch departments, the Community College System Office, the Office of the State Controller, and The University of North Carolina are each authorized to do the following:

(1) Classify or reclassify their positions according to the classification system established by the State Human Resources Commission (SHRC) as long as the employee meets the minimum requirements of the classification.

(2) Set salaries for their employees within the salary ranges for the respective position classification established by the SHRC.

Any nonlegislatively mandated salary increase, position reclassification, or reallocation received by an employee that is authorized by an agency head under the authority granted by this section may be reduced or rescinded, prospectively, by action of a subsequent agency head for nondisciplinary reasons."

**REPORT ON USE OF LAPSED SALARY FUNDS**

**SECTION 38.21A.** Article 6 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-6-9.5. Report on use of lapsed salary funds.

(a) The Office of State Budget and Management (OSBM) in conjunction with State agencies, as defined in G.S. 143C-1-1(d)(24), shall report on the use of lapsed salary funds at the end of each fiscal year. State agencies shall report to the OSBM on the use of lapsed salary, including all of the following:

(1) The total amount of accrued lapsed salary funds by funding source.
(2) The total number of full-time equivalent positions comprising the lapsed salary funds.
(3) The total expenditure of lapsed salaries by purpose.
(4) The legal authorization to expend lapsed salary funds.

(b) The OSBM shall report by October 1 of each year on the use of lapsed salary funds to the Joint Legislative Oversight Committees on Health and Human Services; Education; Justice and Public Safety; Transportation; Information Technology; General Government; and Agriculture and Natural and Economic Resources and the Fiscal Research Division."

**SALARY-RELATED CONTRIBUTIONS**

**SECTION 38.22.(a)** Effective for the 2019-2021 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the
employee, and the remainder of the employer's requirements shall be paid from the source that
supplies the remainder of the employee's salary. The requirements of this section as to the source
of payment are also applicable to payments on behalf of the employee for hospital medical
benefits, longevity pay, unemployment compensation, accumulated leave, workers'
compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 38.22.(b) Effective July 1, 2019, the State's employer contribution rates
budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020
fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
below:

<table>
<thead>
<tr>
<th>Teachers and State Employees</th>
<th>State LEOs</th>
<th>ORPs</th>
<th>CJRS</th>
<th>LRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement</td>
<td>12.97%</td>
<td>12.97%</td>
<td>6.84%</td>
<td>33.60%</td>
</tr>
<tr>
<td>Disability</td>
<td>0.10%</td>
<td>0.10%</td>
<td>0.10%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Death</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Retiree Health</td>
<td>6.52%</td>
<td>6.52%</td>
<td>6.52%</td>
<td>6.52%</td>
</tr>
<tr>
<td>NC 401(k)</td>
<td>0.00%</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Total Contribution Rate**

19.75% 24.75% 13.46% 40.12% 32.98%

The rate for teachers and State employees and State law enforcement officers includes
one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 38.22.(c) Effective July 1, 2020, the State's employer contribution rates
budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021
fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
below:

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<tr>
<th>Teachers and State Employees</th>
<th>State LEOs</th>
<th>ORPs</th>
<th>CJRS</th>
<th>LRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement</td>
<td>14.36%</td>
<td>14.36%</td>
<td>6.84%</td>
<td>36.00%</td>
</tr>
<tr>
<td>Disability</td>
<td>0.10%</td>
<td>0.10%</td>
<td>0.10%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Death</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Retiree Health</td>
<td>6.78%</td>
<td>6.78%</td>
<td>6.78%</td>
<td>6.78%</td>
</tr>
<tr>
<td>NC 401(k)</td>
<td>0.00%</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Total Contribution Rate**

21.40% 26.40% 13.72% 42.78% 35.78%

The rate for teachers and State employees and State law enforcement officers includes
one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 38.22.(d) Effective July 1, 2019, the maximum annual employer
contributions, payable monthly, by the State for each covered employee or retiree for the
2019-2020 fiscal year to the State Health Plan for Teachers and State Employees are (i) for
Medicare-eligible employees and retirees, four thousand nine hundred thirty-four dollars
($4,934) and (ii) for non-Medicare-eligible employees and retirees, six thousand three hundred
forty-nine dollars ($6,349).

SECTION 38.22.(e) Effective July 1, 2020, the maximum annual employer
contributions, payable monthly, by the State for each covered employee or retiree for the
2020-2021 fiscal year to the State Health Plan for Teachers and State Employees are (i) for Medicare-eligible employees and retirees, five thousand one hundred thirty-two dollars ($5,132) and (ii) for non-Medicare–eligible employees and retirees, six thousand six hundred three dollars ($6,603).

REHIRE HIGH-NEED TEACHERS

SECTION 38.25.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-302.4. High-need retired teachers.

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

(1) High-need retired teacher. – A beneficiary of the Teachers’ and State Employees’ Retirement System of North Carolina who meets both of the following requirements:

a. Retired on or before February 1, 2019, after attaining (i) the age of at least 65 with five years of creditable service, (ii) the age of at least 60 with 25 years of creditable service, or (iii) 30 years of creditable service.

b. Is reemployed by a local board of education to teach at a high-need school.

(2) High-need school. – A school that, at any point on or after July 1, 2017, meets one of the following criteria:

a. Is a Title I school. As used in this sub-subdivision, a Title I school is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.

b. Receives an overall school performance grade of D or F, as calculated by the State Board of Education pursuant to G.S. 115C-83.15(d).

(3) STEM. – Science, technology, engineering, and mathematics.

(b) Salary Level. – A high-need retired teacher shall be compensated as follows:

(1) Except as provided in subdivision (2) of this subsection, a high-need retired teacher shall be paid on the first step of the teacher salary schedule.

(2) If a high-need retired teacher serves as a teacher in any of the following licensure areas, he or she shall be paid on the sixth step of the teacher salary schedule:

a. STEM.

b. Special education.

(c) No State Salary Supplements or Increase in Salary. – A high-need retired teacher shall not receive any State salary supplement or State bonus. A high-need retired teacher shall not move beyond the salary steps prescribed by subsection (b) of this section, regardless of the length of time spent as a high-need retired teacher.

(d) Local Salary Supplement. – A high-need retired teacher shall receive any local salary supplements that are given to employees of the local board of education.

(e) Term of Contract. – A contract between the local board of education and a high-need retired teacher shall be for a term of no more than one school year.

(f) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to each local school administrative unit a list of STEM and special education licensure areas that qualify for reemployment pursuant to subdivision (b)(2) of this section. Local school administrative units shall make the list of STEM and special education licensure areas available to high-need retired teachers."

SECTION 38.25.(b) G.S. 135-3(8) is amended by adding a new sub-subdivision to read:
Notwithstanding sub-subdivisions c. and d. of this subdivision, the computation of postretirement earnings of a beneficiary under this subdivision, who retired on or before February 1, 2019, and who has been retired at least six months, shall not include earnings while the beneficiary is employed to teach as a high-need retired teacher, as defined under G.S. 115C-302.4(a)(1). The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local board of education as a high-need retired teacher, as defined under G.S. 115C-302.4(a)(1).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 38.25.(c) G.S. 135-3(8)c1. reads as rewritten:
"c1. Within 90 days of the end of each month in which a beneficiary is reemployed under the provisions of sub-subdivisions c. and g. of this subdivision, each employer shall provide a report for that month on each reemployed beneficiary, including the terms of the reemployment, the date of the reemployment, and the amount of the monthly compensation. If such a report is not received within the required 90 days, the Board may assess the employer with a penalty of ten percent (10%) of the compensation of the unreported reemployed beneficiaries during the months for which the employer did not report the reemployed beneficiaries, with a minimum penalty of twenty-five dollars ($25.00). If after being assessed a penalty, an employer provides clear and convincing evidence that the failure to report resulted from a lack of oversight or some other event beyond the employer's control and was not a deliberate attempt to omit the reporting of reemployed beneficiaries, the Board may reduce the penalty to not less than two percent (2%) of the compensation of the unreported reemployed beneficiaries during the months for which the employer failed to report, with a minimum penalty of twenty-five dollars ($25.00). Upon receipt by the employer of notice that a penalty has been assessed under this sub-subdivision, the employer shall remit the payment of the penalty to the Retirement System, in one lump sum, no later than 90 days from the date of the notice."
participant was an employee at the time of the interruption; if the participant
does not return immediately after that service to employment with a covered
employer in this System, then the participant shall be deemed "in service" until
the date on which the participant was first eligible to be separated or released
from his or her involuntary military service. In all cases of doubt, the Board
of Trustees shall determine whether any person is an employee as defined in
this Chapter. "Employee" shall also mean every full-time civilian employee
of the North Carolina National Guard who is employed pursuant to section
709 of Title 32 of the United States Code and paid from federal appropriated
funds, but held by the federal authorities not to be a federal employee:
Provided, however, that the authority or agency paying the salaries of such
employees shall deduct or cause to be deducted from each employee's salary
the employee's contribution in accordance with applicable provisions of
G.S. 135-8 and remit the same, either directly or indirectly, to the Retirement
System; coverage of employees described in this sentence shall commence
upon the first day of the calendar year or fiscal year, whichever is earlier, next
following the date of execution of an agreement between the Secretary of
Defense of the United States and the Adjutant General of the State acting for
the Governor in behalf of the State, but no credit shall be allowed pursuant to
this sentence for any service previously rendered in the above-described
capacity as a civilian employee of the North Carolina National Guard:
Provided, further, that the Adjutant General, in the Adjutant General's
discretion, may terminate the Retirement System coverage of the
above-described North Carolina National Guard employees if a federal
retirement system is established for such employees and the Adjutant General
elects to secure coverage of such employees under such federal retirement
system. Any full-time civilian employee of the North Carolina National Guard
described above who is now or hereafter may become a member of the
Retirement System may secure Retirement System credit for such service as
a North Carolina National Guard civilian employee for the period preceding
the time when such employees became eligible for Retirement System
coverage by paying to the Retirement System an amount equal to that which
would have constituted employee contributions if the employee had been a
member during the years of ineligibility, plus interest. Employees of State
agencies, departments, institutions, boards, and commissions who are
employed in permanent job positions on a recurring basis must work at least
30 hours per week for nine or more months per calendar year in order to be
covered by the provisions of this subdivision, except that no high-need retired teacher as defined under G.S. 115C-302.4(a)(1) shall be
considered an employee. On and after August 1, 2001, a person who is a
nonimmigrant alien and who otherwise meets the requirements of this
subdivision shall not be excluded from the definition of "employee" solely
because the person holds a temporary or time-limited visa."

SECTION 38.25.(e) G.S. 135-48.40(b)(1a) reads as rewritten:
"(1a) All retirees who (i) are employed by an employing unit that elects to be
covered by this subdivision, (ii) do not qualify for coverage under subdivision
(1) of this subsection, and (iii) are determined to be "full-time" by their
employing unit in accordance with section 4980H of the Internal Revenue
Code and the applicable regulations, as amended, are high-need retired teachers, as defined under G.S. 115C-302.4(a)(1). The employing unit
shall pay the employer premiums for retirees who enroll under this subdivision."

SECTION 38.25.(f) The State Treasurer shall seek a private letter ruling from the Internal Revenue Service to determine if the provisions of this section relating to the computation of postretirement earnings of retired teachers jeopardize the status of the Teachers' and State Employees' Retirement System.

SECTION 38.25.(g) If the Internal Revenue Service determines that the provisions of G.S. 135-3(8)g., as enacted by this section, relating to the computation of postretirement earnings of retired teachers jeopardize the status of the Teachers' and State Employees' Retirement System of North Carolina under the Internal Revenue Code, then this section is repealed 30 days from receipt of that determination by the State Treasurer. Upon receipt of that determination, the State Treasurer shall notify the Revisor of Statutes of the determination and the date of receipt. Within three business days of receipt of the determination, the State Treasurer shall notify all local school administrative units of the repeal of this section and shall publicly notice the receipt of this information on the Department of State Treasurer's Web site. Within three business days of receipt of the notice from the State Treasurer, a local school administrative unit shall notify all high-need retired teachers employed by its local board of education of the repeal of this section.

SECTION 38.25.(h) Notwithstanding any other provision of law to the contrary, in order to pay costs associated with the administration of the provisions of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Teachers' and State Employees' Retirement System or pay costs associated with the administration directly from the retirement assets. Costs associated with the administration of the provisions of this section shall not exceed fifty thousand dollars ($50,000) to obtain the private letter ruling from the Internal Revenue Service required under subsection (f) of this section.

SECTION 38.25.(i) Any beneficiary that is employed to teach by a local board of education as a high-need retired teacher, as defined in G.S. 115C-302.4(a)(1), shall not be eligible to elect into a position that would lead him or her to be eligible to accrue any additional benefits under G.S. 135-3(8). Any failure of a local board of education or a beneficiary to comply with the foregoing shall be corrected by the Retirement System as it determines may be appropriate under State and federal law. Any costs of the correction, as determined by the Retirement System, shall be the sole responsibility of the local board of education and shall be transferred to the Pension Accumulation Fund under G.S. 135-8, under rules adopted by the Board of Trustees.

SECTION 38.25.(j) This section expires June 30, 2021.

AMEND SPECIAL INSURANCE BENEFITS PLAN OFFERINGS

SECTION 38.26. G.S. 143-166.60(d)(1) is repealed.

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. Amounts contracted for projects authorized by
the General Assembly cannot exceed the total project cost authorization.

Disbursement of funds from the State Capital and Infrastructure Fund for projects
authorized by an act of the General Assembly shall be made only as needed to initiate or advance
a capital project. Funds authorized for any particular project shall remain in the State Capital and
Infrastructure Fund until such time as disbursement is necessary to satisfy a financial obligation
for that project.

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:

<table>
<thead>
<tr>
<th>Agency Capital Improvement Projects</th>
<th>Project Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Agriculture and Consumer Services</td>
<td></td>
</tr>
<tr>
<td>Eaddy Building—Addition &amp; Renovation</td>
<td>DACS19-1</td>
</tr>
<tr>
<td>Tidewater Research Station—Swine Unit Replacements</td>
<td>DACS19-2</td>
</tr>
<tr>
<td>Mountain Island State Forest—Improvements</td>
<td>DACS19-3</td>
</tr>
<tr>
<td>NCFS—County Offices</td>
<td>DACS19-4</td>
</tr>
<tr>
<td>Department of Environmental Quality</td>
<td></td>
</tr>
<tr>
<td>Water Resources Development Projects</td>
<td>DEQ-WRD19</td>
</tr>
<tr>
<td>Department of Administration</td>
<td></td>
</tr>
<tr>
<td>DHHS/Dix Campus Relocation</td>
<td>DOA19-1</td>
</tr>
<tr>
<td>State Gov’t. Complex Chiller Plant</td>
<td>DOA19-2</td>
</tr>
<tr>
<td>Department of Information Technology</td>
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</tr>
<tr>
<td>Eastern Data Center Improvements</td>
<td>DIT19-1</td>
</tr>
<tr>
<td>Western Data Center Improvements</td>
<td>DIT19-2</td>
</tr>
<tr>
<td>Rural Broadband/GREAT Program</td>
<td>DIT19-3</td>
</tr>
<tr>
<td>Department of Natural and Cultural Resources</td>
<td></td>
</tr>
<tr>
<td>NC Museum of History Renovation/Addition</td>
<td>DNCR19-1</td>
</tr>
</tbody>
</table>
SECTION 39.2.(b) Of the funds remaining in the State Capital and Infrastructure Fund after allocation to the Growing Rural Economies with Access to Technology program, it is the intent of the General Assembly to allocate funds for capital needs for local school administrative units, community colleges, State agencies, and The University of North Carolina through the 2028-2029 fiscal year in accordance with the following intended distribution percentages each fiscal year:

1. Twenty-five percent (25%) to local school administrative units.
2. Seven and one-half percent (7.5%) to community colleges.
3. Thirty-seven and one-half percent (37.5%) to State agencies.
4. Thirty percent (30%) to The University of North Carolina.

SECTION 39.2.(c) 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 for which funds have been appropriated in this Part is 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>State Capital and Infrastructure Fund</th>
<th>Project Authorization</th>
<th>2019-2020</th>
<th>2020-2021</th>
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<tr>
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<td>1,022,960</td>
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<td>DIT19-9</td>
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<td>5,003,625</td>
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<td>DPS19-9</td>
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<td>DPS19-10</td>
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<tr>
<td>DPS19-11</td>
<td>2,448,102</td>
<td>2,448,102</td>
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</tr>
</tbody>
</table>
SECTION 39.2.(d) Of the funds in the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium, it is the intent of the General Assembly to make the following allocations to the following agencies for repairs and renovations pursuant to G.S. 143C-8-13:

1. Any funds remaining from the amount allocated to The University of North Carolina, as reflected in subdivision (b)(4) of this section, from the State Capital and Infrastructure Fund that are not allocated to a project described in this Part shall be allocated for repairs and renovations at the constituent institutions of The University of North Carolina, as determined by the Board of Governors.

2. Forty-five percent (45%) of the amount allocated to State agencies, as reflected in subdivision (b)(3) of this section, from the State Capital and Infrastructure Fund shall be allocated for repairs and renovations for State agencies, excluding The University of North Carolina.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

SECTION 39.2.(e) Notwithstanding G.S. 143C-4-3.1(e), funds allocated from the State Capital and Infrastructure Fund may be used for the following purposes:

1. The Growing Rural Economies with Access to Technology program established in G.S. 143B-1373.

2. Supplementary funding for the State Construction Office staff.

3. Department of Environmental Quality Imputed Rent Pilot Program.


5. Directed grants allocated in this Part.

SECTION 39.2.(f) Funds allocated under this section that may be expended on projects where the recipient intends or expects to receive insurance proceeds or State or federal 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) Notwithstanding G.S. 143C-4-3.1(e), there is allocated from the State Capital and Infrastructure Fund the following amounts for capital improvement projects at local school administrative units in this State in the aggregate amount of one billion six hundred seventy million dollars ($1,670,000,000). Funds allocated pursuant to this section shall be used for the purpose of issuing allotted proceeds to local school administrative units for new
construction or rehabilitation of existing facilities and repairs and renovations in accordance with
the following:

<table>
<thead>
<tr>
<th>Local School Administrative Unit</th>
<th>Proceeds Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamance-Burlington</td>
<td>$21,294,622</td>
</tr>
<tr>
<td>Alexander County</td>
<td>$13,230,949</td>
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<tr>
<td>Alleghany County</td>
<td>$10,473,788</td>
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<tr>
<td>Anson County</td>
<td>$12,524,766</td>
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<tr>
<td>Ashe County</td>
<td>$11,038,717</td>
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<td>Asheboro City</td>
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<td>Asheville City</td>
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<tr>
<td>Avery County</td>
<td>$10,685,985</td>
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<tr>
<td>Beaufort County</td>
<td>$12,901,655</td>
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<tr>
<td>Bertie County</td>
<td>$11,653,901</td>
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<tr>
<td>Bladen County</td>
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<td>Brunswick County</td>
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<td>Buncombe County</td>
<td>$16,811,506</td>
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<td>Burke County</td>
<td>$17,713,605</td>
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<tr>
<td>Cabarrus County</td>
<td>$20,154,473</td>
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<tr>
<td>Caldwell County</td>
<td>$17,238,897</td>
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<tr>
<td>Camden County</td>
<td>$10,893,280</td>
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<tr>
<td>Carteret County</td>
<td>$12,891,780</td>
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<tr>
<td>Caswell County</td>
<td>$11,785,241</td>
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<tr>
<td>Catawba County</td>
<td>$12,545,084</td>
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<tr>
<td>Chapel Hill-Carrboro</td>
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<td>Chatham County</td>
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<td>Cherokee County</td>
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<td>Clay County</td>
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<td>Cleveland County</td>
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<td>Clinton City</td>
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<td>Columbus County</td>
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<td>Craven County</td>
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<td>Cumberland County</td>
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<td>Currituck County</td>
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<td>Edenton/Chowan</td>
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<td>Harnett County</td>
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<td>9</td>
<td>Jackson County</td>
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<td>Perquimans County</td>
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<td>37</td>
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<td>Stokes County</td>
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<td>51</td>
<td>Surry County</td>
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### General Assembly Of North Carolina

**Session 2019**

**House Bill 966**

<table>
<thead>
<tr>
<th>Community College</th>
<th>Proceeds Allotment</th>
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</tr>
<tr>
<td>Watauga County</td>
<td>$11,631,474</td>
</tr>
<tr>
<td>Wayne County</td>
<td>$22,198,277</td>
</tr>
<tr>
<td>Weldon City</td>
<td>$2,045,361</td>
</tr>
<tr>
<td>Whiteville City</td>
<td>$4,797,783</td>
</tr>
<tr>
<td>Wilkes County</td>
<td>$15,382,456</td>
</tr>
<tr>
<td>Wilson County</td>
<td>$16,540,718</td>
</tr>
<tr>
<td>Yadkin County</td>
<td>$13,393,578</td>
</tr>
<tr>
<td>Yancey County</td>
<td>$10,767,157</td>
</tr>
</tbody>
</table>

**SECTION 39.2.(i)** There is created within the Department of Public Instruction the K-12 Building Fund as a capital project fund. Proceeds disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities, repairs and renovations, building of technology infrastructure, and the purchase of measures to ensure building security. Projects for facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated. In order to receive the proceeds for projects for new construction, a county that is a development tier three area, as defined in G.S. 143B-437.08 shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds in the amount of one dollar ($1.00) of local matching funds for every one dollar ($1.00) of such proceeds. No matching funds shall be required for proceeds intended for rehabilitation of existing facilities and repairs and renovations.

The Department of Public Instruction shall develop a priority list of projects and capital needs to administer the proceeds from the K-12 Building Fund and shall prioritize projects according to greatest need and the ability for disbursed funds to be expended and projects completed expeditiously. Notwithstanding any other provision of law to the contrary, funds allocated to a local school administrative unit that is not in compliance with the class size requirements in G.S. 115C-301 shall be used solely for capital expenditures needed to obtain compliance with the class size requirements. Allocations from the fund shall not be used to retire debt existing prior to July 1, 2019. The amount distributed to any single local school administrative unit shall not exceed the amount listed in the allocation schedule in subsection (h) of this section.

**SECTION 39.2.(j)** Notwithstanding G.S. 143C-4-3.1(e), there is allocated from the State Capital and Infrastructure Fund the following amounts for capital improvement projects at community colleges in this State in the aggregate amount of five hundred million dollars ($500,000,000). Funds allocated pursuant to this section shall be used for the purpose of issuing allotted proceeds to community colleges for new construction or rehabilitation of existing facilities and repairs and renovations in accordance with the following:

<table>
<thead>
<tr>
<th>Community College</th>
<th>Proceeds Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamance CC</td>
<td>$10,404,137</td>
</tr>
<tr>
<td>#</td>
<td>Institution</td>
</tr>
<tr>
<td>----</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Asheville-Buncombe TCC</td>
</tr>
<tr>
<td>2</td>
<td>Beaufort County CC</td>
</tr>
<tr>
<td>3</td>
<td>Bladen CC</td>
</tr>
<tr>
<td>4</td>
<td>Blue Ridge CC</td>
</tr>
<tr>
<td>5</td>
<td>Brunswick CC</td>
</tr>
<tr>
<td>6</td>
<td>Caldwell CC and TI</td>
</tr>
<tr>
<td>7</td>
<td>Cape Fear CC</td>
</tr>
<tr>
<td>8</td>
<td>Carteret CC</td>
</tr>
<tr>
<td>9</td>
<td>Catawba Valley CC</td>
</tr>
<tr>
<td>10</td>
<td>Central Carolina CC</td>
</tr>
<tr>
<td>11</td>
<td>Central Piedmont CC</td>
</tr>
<tr>
<td>12</td>
<td>Cleveland CC</td>
</tr>
<tr>
<td>13</td>
<td>Coastal Carolina CC</td>
</tr>
<tr>
<td>14</td>
<td>College of the Albemarle</td>
</tr>
<tr>
<td>15</td>
<td>Craven CC</td>
</tr>
<tr>
<td>16</td>
<td>Davidson County CC</td>
</tr>
<tr>
<td>17</td>
<td>Durham TCC</td>
</tr>
<tr>
<td>18</td>
<td>Edgecombe CC</td>
</tr>
<tr>
<td>19</td>
<td>Fayetteville TCC</td>
</tr>
<tr>
<td>20</td>
<td>Forsyth TCC</td>
</tr>
<tr>
<td>21</td>
<td>Gaston College</td>
</tr>
<tr>
<td>22</td>
<td>Guilford TCC</td>
</tr>
<tr>
<td>23</td>
<td>Halifax CC</td>
</tr>
<tr>
<td>24</td>
<td>Haywood CC</td>
</tr>
<tr>
<td>25</td>
<td>Isothermal CC</td>
</tr>
<tr>
<td>26</td>
<td>James Sprunt CC</td>
</tr>
<tr>
<td>27</td>
<td>Johnston CC</td>
</tr>
<tr>
<td>28</td>
<td>Lenoir CC</td>
</tr>
<tr>
<td>29</td>
<td>Martin CC</td>
</tr>
<tr>
<td>30</td>
<td>Mayland CC</td>
</tr>
<tr>
<td>31</td>
<td>McDowell TCC</td>
</tr>
<tr>
<td>32</td>
<td>Mitchell CC</td>
</tr>
<tr>
<td>33</td>
<td>Montgomery CC</td>
</tr>
<tr>
<td>34</td>
<td>Nash CC</td>
</tr>
<tr>
<td>35</td>
<td>Pamlico CC</td>
</tr>
<tr>
<td>36</td>
<td>Piedmont CC</td>
</tr>
<tr>
<td>37</td>
<td>Pitt CC</td>
</tr>
<tr>
<td>38</td>
<td>Randolph CC</td>
</tr>
<tr>
<td>39</td>
<td>Richmond CC</td>
</tr>
<tr>
<td>40</td>
<td>Roanoke Chowan CC</td>
</tr>
<tr>
<td>41</td>
<td>Robeson CC</td>
</tr>
<tr>
<td>42</td>
<td>Rockingham CC</td>
</tr>
<tr>
<td>43</td>
<td>Rowan-Cabarrus CC</td>
</tr>
<tr>
<td>44</td>
<td>Sampson CC</td>
</tr>
<tr>
<td>45</td>
<td>Sandhills CC</td>
</tr>
<tr>
<td>46</td>
<td>Southeastern CC</td>
</tr>
<tr>
<td>47</td>
<td>South Piedmont CC</td>
</tr>
<tr>
<td>48</td>
<td>Southwestern CC</td>
</tr>
<tr>
<td>49</td>
<td>Stanly CC</td>
</tr>
<tr>
<td>50</td>
<td>Surry CC</td>
</tr>
<tr>
<td>51</td>
<td>Tri-County CC</td>
</tr>
</tbody>
</table>
SECTION 39.2.(k) There is created within the Community Colleges System Office the Community Colleges Building Fund as a capital project fund. Proceeds disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities, repairs and renovations, building of technology infrastructure, and the purchase of measures to ensure building security. Projects for facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated. The Community Colleges System Office shall develop a priority list of projects and capital needs to administer the proceeds from the Community Colleges Building Fund and shall prioritize projects according to greatest need and the ability for disbursed funds to be expended and projects completed expeditiously. Allocations from the fund shall not be used to retire debt existing prior to July 1, 2019. The amount distributed to any single community college shall not exceed the amount listed in the allocation schedule in subsection (j) of this section. No matching funds shall be required for allocations to community colleges under this section.

SECTION 39.2.(l) The Department of Administration shall select land located in Granville County suitable for the relocation of the Department of Health and Human Services facilities at the Dix Campus in Raleigh.

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>DOA19-1</td>
<td>17,000</td>
<td>60,000</td>
<td>54,500</td>
<td>66,000</td>
<td>52,500</td>
<td>–</td>
</tr>
<tr>
<td>DNCR19-4</td>
<td>2,001.45</td>
<td>5,003.625</td>
<td>8,005.8</td>
<td>5,003.625</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>DNCR19-5</td>
<td>–</td>
<td>2,000</td>
<td>5,000</td>
<td>8,000</td>
<td>5,000</td>
<td>–</td>
</tr>
<tr>
<td>UNC/ECS19-1</td>
<td>3,200</td>
<td>8,000</td>
<td>12,800</td>
<td>8,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>UNC/NCS19-1</td>
<td>8,000</td>
<td>20,000</td>
<td>32,000</td>
<td>20,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>OPS19-1</td>
<td>–</td>
<td>–</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</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.
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#### 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>(1) Princeville Flood Damage Reduction (Pre-Constr./Design)</td>
<td>$1,400,000</td>
</tr>
<tr>
<td>(2) Morehead City Maintenance</td>
<td>1,500,000</td>
</tr>
<tr>
<td>(3) Kure Beach CSRM</td>
<td>315,000</td>
</tr>
<tr>
<td>(4) Wrightsville Beach CSRM</td>
<td>2,206,000</td>
</tr>
<tr>
<td>(5) Carolina Beach CSRM</td>
<td>686,000</td>
</tr>
<tr>
<td>(6) Ocean Isle CSRM</td>
<td>1,040,000</td>
</tr>
<tr>
<td>(7) Planning Assistance to Communities</td>
<td>38,000</td>
</tr>
<tr>
<td>(8) Surf City/North Topsail CSRM (Pre-Constr./Design)</td>
<td>255,000</td>
</tr>
<tr>
<td>(9) West Onslow CSRM (Pre-Constr./Design)</td>
<td>220,000</td>
</tr>
<tr>
<td>(10) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods. (50/50)</td>
<td>333,000</td>
</tr>
<tr>
<td>(11) Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)</td>
<td>619,000</td>
</tr>
<tr>
<td>(12) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)</td>
<td>73,000</td>
</tr>
<tr>
<td>(13) Lumberton 205, CAP, Flood Damage Reduction (50/50)</td>
<td>125,000</td>
</tr>
<tr>
<td>(14) B. Everette Jordan Reservoir Water Supply</td>
<td>119,000</td>
</tr>
<tr>
<td>(15) Swannanoa Flood Mitigation Project</td>
<td>637,000</td>
</tr>
<tr>
<td>(16) North Topsail Beach Shoreline Protection – Phase 2</td>
<td>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.

SECTION 39.4.(f) Notwithstanding subsection (e) of this section, of the funds allocated for State-Local Projects in this section, the Department shall allocate the following sums for the following projects, for which no local match is required:

1. One hundred thousand dollars ($100,000) for the French Broad Paddle Trail.
2. One hundred thousand dollars ($100,000) for the Watauga Paddle Trail.
3. One hundred fifty thousand dollars ($150,000) for Green River access.
4. One hundred thousand dollars ($100,000) for removal of Wards Mill Dam in Watauga County.
5. One hundred thousand dollars ($100,000) for Scotland County Soil and Water District for repairs to Fair Lake Dam.

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>Amount of Non-General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Project</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Department of Natural and Cultural Resources</strong></td>
</tr>
<tr>
<td>NC Zoo–Gift Shop Material Warehouse</td>
</tr>
<tr>
<td><strong>Department of Agriculture and Consumer Services</strong></td>
</tr>
<tr>
<td>State Farmers Market Restaurant</td>
</tr>
<tr>
<td>Piedmont Triad Farmers Market Restaurant</td>
</tr>
<tr>
<td>State Fairgrounds Improvements</td>
</tr>
<tr>
<td>State Research Stations–Irrigation Improvements</td>
</tr>
<tr>
<td>State Research Stations–Pesticide Storage &amp; Mixing</td>
</tr>
<tr>
<td>State Research Stations–Poultry Facilities Improvements</td>
</tr>
<tr>
<td>State Research Stations–Animal Feed &amp; Grain Storage</td>
</tr>
<tr>
<td><strong>Department of Military and Veteran Affairs</strong></td>
</tr>
<tr>
<td>Fayetteville Veterans Home Sprinklers</td>
</tr>
<tr>
<td>Wake County Veterans Home</td>
</tr>
<tr>
<td>Forsyth County Veterans Home</td>
</tr>
<tr>
<td><strong>Department of Public Safety</strong></td>
</tr>
<tr>
<td>Stonewall Jackson YDC Classroom &amp; Kennel</td>
</tr>
<tr>
<td>Correction Enterprises–Lanesboro Sewing Plant</td>
</tr>
<tr>
<td>Scotland Food Packaging Plant</td>
</tr>
<tr>
<td><strong>Wildlife Resources Commission</strong></td>
</tr>
<tr>
<td>Land Acquisition</td>
</tr>
<tr>
<td>McKinney Lake Residence</td>
</tr>
<tr>
<td>McCoy Road</td>
</tr>
<tr>
<td>New Bern Depot Boat Storage</td>
</tr>
<tr>
<td>Sandhills Depot Pole Shed</td>
</tr>
<tr>
<td>District 7 Storage Building–Wilkesboro</td>
</tr>
<tr>
<td>Sykes Depot Greenhouse</td>
</tr>
<tr>
<td>New Shooting Ranges</td>
</tr>
<tr>
<td>Marion Aquaculture Building</td>
</tr>
<tr>
<td>McKinney Hatchery Building</td>
</tr>
<tr>
<td>Caswell Depot Storage Building</td>
</tr>
<tr>
<td>Rhems Depot Storage Building</td>
</tr>
<tr>
<td>Troy Depot Replacement</td>
</tr>
<tr>
<td>Boating Access Repair &amp; Renovation</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED**

$42,280,359 $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 two million dollars ($2,000,000) 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 July 1, 2019, 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, the following reports shall be submitted to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division:

   a. The Office of State Budget and Management shall report on the status of agency capital projects funded from the State Capital and Infrastructure Fund or other State funds.

   b. Each State agency shall report on the status of agency capital projects funded from non-State funds.

2. Beginning January 1, and quarterly thereafter, each State agency shall report on the status of agency capital projects 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 timeline 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 State Construction Office shall submit a report on April 1 of each year to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division that contains the following:

1. The status of the Facilities Condition Assessment Program (FCAP), including (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. 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, including (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. 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."
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."

"(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."

"§ 143C-4.3.1. State Capital and Infrastructure Fund."

"(b) Creation and Source of Funds. – There is established in the General Fund the State Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be maintained as a special fund and administered by the Office of State Budget and Management to carry out the provisions of this section. With the exception of debt service obligations, appropriations from the Fund may be administered by other State agencies as deemed necessary by the Office of State Budget and Management. 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) One-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.

(2) Four percent (4%) of the net State tax revenues that are deposited in the General Fund during the fiscal year.

(3) All monies appropriated by the General Assembly for the purposes of General Fund capital improvements, as defined in G.S. 143C-1-1(d).

(4) All interest and investment earnings received on monies in the Fund.

(5) Any other funds, as directed by the General Assembly.

…

(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations of the State, supported by the General Fund. In addition to meeting the State's debt service obligations, obligations supported by the General Fund, monies in the Fund may be used for the following purposes:

…

(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.(e) 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.

SECTION 39.8.(f) G.S. 143-341(3)b1. reads as rewritten:
"b1. To certify that a statement of needs pursuant to G.S. 143C-3-3, other than for a project of The University of North Carolina for which advance planning has not been completed, is feasible. For purposes of this sub-subdivision, "feasible" means that the proposed project is sufficiently defined in overall scope; building program; site development; detailed design, construction, and equipment budgets; and comprehensive project scheduling so as to reasonably ensure that it may be completed with the amount of funds requested. At the discretion of the General Assembly, advanced planning funds may be appropriated in support of this certification. This sub-subdivision shall not apply to requests for appropriations of less than one hundred thousand dollars ($100,000) below the formal project limit, as set by the State Building Commission."

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, and the new Health and Human Services Administrative Complex."

SECTION 39.12.(c) Article 3 of Chapter 111 of the General Statutes is amended by adding a new section to read:
"§ 111-47.5. Food service within the Capitol Complex.
Notwithstanding any other provision of this Article, the Department of Health and Human Services may operate or contract for the operation of food or vending services at State property or State facilities allocated to the Department of Administration. The net proceeds of revenue generated by food and vending services at the State property or State facilities by the agency or a vendor with whom the agency has contracted shall be credited to the Division of Services for the Blind of the Department and Health and Human Services for the purposes specified in G.S. 111-43. Nothing in this section shall be construed to remove an exemption granted under State law for State property or State buildings, as defined in G.S. 111-42(c)."

SECTION 39.12.(d) G.S. 66-58(c)(4) reads as rewritten:
"(4) The operation of lunch counters by the Department of Health and Human Services as blind enterprises of the type operated on January 1, 1951, in State buildings in the City of Raleigh-food and vending services pursuant to Article 3 of Chapter 111 of the General Statutes."

SECTION 39.12.(e) G.S. 146-29.1 is amended by adding a new subsection to read:
"(i) This section shall not apply to leases entered into by the Department of Health and Human Services for food and vending services pursuant to Article 3 of Chapter 111 of the General Statutes.”

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:
- For Fiscal Year 2021-2022: $2,436 million
- For Fiscal Year 2022-2023: $2,473 million
- For Fiscal Year 2023-2024: $2,506 million
- For Fiscal Year 2024-2025: $2,605 million

SECTION 40.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:
- For Fiscal Year 2021-2022: $1,689 million
- For Fiscal Year 2022-2023: $1,727 million
- For Fiscal Year 2023-2024: $1,760 million
- For Fiscal Year 2024-2025: $1,811 million

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 Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CONTINGENCY FUNDS

SECTION 40.2. The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for 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 section require prior approval by the Secretary of Transportation. Funds allocated under this section 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 section 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:

**Capital – Highway Fund**
- Polk Maintenance Shop Replacement: $1,738,882
- Ocracoke Ferry Quarters: $833,000
- Currituck Maintenance & Storage: $1,044,340
- Northampton Equipment Shop: $0

**Repairs and Renovations – Highway Fund**
- Statewide Roof Repairs/Replacement: $1,050,000

**2019-2020** | **2020-2021**
--- | ---
Polk Maintenance Shop Replacement | $1,738,882 | $0
Ocracoke Ferry Quarters | $833,000 | $0
Currituck Maintenance & Storage | $1,044,340 | $0
Northampton Equipment Shop | $0 | $3,000,000
Statewide Roof Repairs/Replacement | $1,050,000 | $1,050,000
<table>
<thead>
<tr>
<th></th>
<th>Statewide Demolition of Obsolete Buildings</th>
<th>$350,000</th>
<th>$350,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Statewide Water and Sewer</td>
<td>$525,000</td>
<td>$525,000</td>
</tr>
<tr>
<td>3</td>
<td>Statewide Asbestos Abatement</td>
<td>$350,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>4</td>
<td>Statewide ADA Compliance</td>
<td>$525,000</td>
<td>$525,000</td>
</tr>
<tr>
<td>5</td>
<td>Statewide Small Office Repair and Renovation</td>
<td>$1,225,000</td>
<td>$1,452,500</td>
</tr>
<tr>
<td>6</td>
<td>Statewide Security Upfits</td>
<td>$280,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>7</td>
<td>Replace 20 Rooftop HVAC Units at Century Center</td>
<td>$105,000</td>
<td>$105,000</td>
</tr>
<tr>
<td>8</td>
<td>Art Museum Basement Concrete Repair</td>
<td>$175,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

**TRANSPORTATION EMERGENCY RESERVE**

**SECTION 40.3A.(a)** Article 2A of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-44.2E. **Transportation Emergency Reserve.**

(a) **Creation.** – The Transportation Emergency Reserve (Emergency Reserve) is established as a special fund in the Department of Transportation.

(b) **Use of Funds.** – In each fiscal year, funds credited to the Emergency Reserve shall be available for expenditure for providing relief and assistance from the effects of an emergency only upon appropriation by the General Assembly.

(c) **Transfer of Funds to Emergency Reserve.** – Notwithstanding G.S. 136-44.2, and subject to the limitations set forth in subsection (d) of this section, each fiscal year the Department of Transportation shall transfer to the Emergency Reserve fifty percent (50%) of the year-end credit balance in the Highway Fund. The Office of State Budget and Management shall verify that the transfer required by this subsection has occurred.

(d) **Limitations.** – Except as otherwise provided in this subsection, the amount required under subsection (c) of this section shall not exceed the sum of twenty-five million dollars ($25,000,000). The total amount of funds in the Emergency Reserve at any time shall not exceed the sum of one hundred million dollars ($100,000,000). If the amount required under subsection (c) of this section would cause the Emergency Reserve to exceed the one hundred million dollar ($100,000,000) limitation set forth in this subsection, the amount required under subsection (c) of this section shall be reduced accordingly.

(e) **Evaluation of Emergency Reserve.** – The Office of State Budget and Management and the Department of Transportation shall jointly conduct a biennial study and develop a methodology to determine the minimum necessary amount for the Emergency Reserve and shall report this amount to the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division no later than February 1 of the first year of the applicable biennium.

(f) **Reimbursements from Federal Government.** – The Department of Transportation shall deposit into the Emergency Reserve any funds the Department receives from the federal government that are reimbursements for expenditures from the Emergency Reserve related to providing relief and assistance from the effects of an emergency. Funds deposited under this subsection shall be used in accordance with the requirements of this section.

(g) **Definition.** – For purposes of this section, the term "emergency" is as defined in G.S. 166A-19.3."

**SECTION 40.3A.(b)** This section becomes effective July 1, 2019. The initial transfer from the year-end credit balance in the Highway Fund to the Transportation Emergency Reserve shall occur on July 1, 2020.

**END NORTH CAROLINA RAILROAD DIVIDEND**

**SECTION 40.3B.(a)** G.S. 124-5.1 reads as rewritten:

"§ 124-5.1. **North Carolina Railroad Company dividends deposited to Highway Fund, The Freight Rail & Rail Crossing Safety Improvement Fund.**
Any dividends of the North Carolina Railroad Company received by the State shall be deposited into the Freight Rail & Rail Crossing Safety Improvement Fund, which is a fund within the Highway Fund and administered by the Rail Division of the Department of Transportation. The Fund shall be used for the enhancement of freight rail service, short-line railroad assistance, and railroad-roadway crossing safety, which may include the following project types:

1. Track and associated infrastructure improvements for freight service.
2. Grade crossing protection, elimination, and hazard removal.
3. Signalization improvements.
4. Assistance for projects to improve rail access to industrial, port, and military facilities and for freight intermodal facility improvements, provided that funding assistance under this subdivision shall be subject to the same limits as that for short-line railroads under G.S. 136-44.39.
5. Corridor protection and reactivation.
6. Subject to federal or other state law, improvements to rail lines and corridors in this State and through portions of a bordering state for the purpose of connecting with the national railroad system.
7. Other short-line railroad projects.

The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway crossing safety projects approved as part of the Transportation Improvement Program.

SECTION 40.3B.(b) G.S. 124-18 is repealed.

LIMITATION ON POWELL BILL FUNDING

SECTION 40.4.(a) G.S. 136-41.1(a) reads as rewritten:

"(a) Upon appropriation of funds by the General Assembly to the Department of Transportation for State aid to municipalities, one-half of the amount appropriated shall be allocated in cash on or before October 1 of each year to the cities and towns of the State in accordance with this section. The second one-half of the amount appropriated shall be allocated in cash on or before January 1 of each year to the cities and towns of the State in accordance with this section. For each fiscal year, no city or town may receive an allocation that exceeds seven million five hundred thousand dollars ($7,500,000).

Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the State highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system.

It shall be the duty of the mayor of each municipality to report to the Department of Transportation such information as it may request for its guidance in determining the eligibility of each municipality to receive funds under this section and in determining the amount of allocation to which each is entitled. Upon failure of any municipality to make such report within the time prescribed by the Department of Transportation, the Department of Transportation may disregard such defaulting unit in making said allotment.

The funds to be allocated under this section shall be paid in cash to the various eligible municipalities on or before October 1 and January 1 of each year as provided in this section. Provided that eligible municipalities are authorized within the discretion of their governing bodies to enter into contracts for the purpose of maintenance, repair, construction, reconstruction,
widening, or improving streets of such municipalities at any time after January 1 of any calendar
year in total amounts not to exceed ninety percent (90%) of the amount received by such
municipality during the preceding fiscal year, in anticipation of the receipt of funds under this
section during the next fiscal year, to be paid for out of such funds when received.

The Department of Transportation may withhold each year an amount not to exceed one
percent (1%) of the total amount appropriated for distribution under this section for the purpose
of correcting errors in allocations: Provided, that the amount so withheld and not used for
correcting errors will be carried over and added to the amount to be allocated for the following
year.

The word "street" as used in this section is hereby defined as any public road maintained by
a municipality and open to use by the general public, and having an average width of not less
than 16 feet. In order to obtain the necessary information to distribute the funds herein allocated,
the Department of Transportation may require that each municipality eligible to receive funds
under this section submit to it a statement, certified by a registered engineer or surveyor of the
total number of miles of streets in such municipality. The Department of Transportation may in
its discretion require the certification of mileage on a biennial basis."

SECTION 40.4.(b) This section becomes effective July 1, 2019, and applies to
allocations made on or after that date.

REPORT ON MPO AND RPO VOTING POWER DISTRIBUTION

SECTION 40.4A. By March 15, 2020, the Department of Transportation shall
submit a report containing the following information to the Joint Legislative Transportation
Oversight Committee and the Fiscal Research Division:

(1) The process used and guidelines followed by Metropolitan Planning
Organizations and Rural Transportation Planning Organizations in
determining how to distribute voting power among their voting members.

(2) Other state laws to determine if and how other states regulate the distribution
of voting power among the voting members of Metropolitan Planning
Organizations and Rural Transportation Planning Organizations.

(3) Methods to ensure regional governance under a weighted voting structure.

(4) Quorum determination by members present instead of by weighted vote.

(5) Methods to accomplish redesignation in which each municipality has equal
voting power.

(6) Any other topic or issue the Department determines to be relevant to the
report.

AIRPORT FUNDING

SECTION 40.5.(a) Commercial Airport Allocations. – Of the funds appropriated in
this act to the Department of Transportation for Commercial Airports, the following sums in
nonrecurring funds shall be allocated as follows:

<table>
<thead>
<tr>
<th>Commercial Airport</th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raleigh-Durham International Airport</td>
<td>$1,139,670</td>
<td>$1,139,670</td>
</tr>
<tr>
<td>Albert J. Ellis Airport</td>
<td>$5,368,314</td>
<td>$5,368,314</td>
</tr>
<tr>
<td>Asheville Regional Airport</td>
<td>$7,368,314</td>
<td>$7,368,314</td>
</tr>
<tr>
<td>Coastal Carolina Regional Airport</td>
<td>$4,368,314</td>
<td>$4,368,314</td>
</tr>
<tr>
<td>Concord Regional Airport</td>
<td>$3,368,314</td>
<td>$3,368,314</td>
</tr>
<tr>
<td>Piedmont Triad International Airport</td>
<td>$11,368,315</td>
<td>$11,368,315</td>
</tr>
<tr>
<td>Pitt-Greenville Airport</td>
<td>$3,368,314</td>
<td>$3,368,314</td>
</tr>
<tr>
<td>Wilmington International Airport</td>
<td>$7,368,314</td>
<td>$7,368,314</td>
</tr>
</tbody>
</table>
SECTION 40.5.(b) General Airport Allocations. – Of the funds appropriated in this act to the Department of Transportation for General Airport Improvements, the following sums in nonrecurring funds shall be allocated as follows:

<table>
<thead>
<tr>
<th>General Airport</th>
<th>2019-2020</th>
<th>2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johnston Regional Airport</td>
<td>$2,650,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Lee County Executive Airport</td>
<td>$1,500,000</td>
<td>$0</td>
</tr>
<tr>
<td>Laurinburg-Maxton Airport</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Statesville Regional Airport</td>
<td>$250,000</td>
<td>$0</td>
</tr>
<tr>
<td>Cape Fear Regional Jetport</td>
<td>$350,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Gastonia Municipal Airport</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Rockingham County NC Shiloh Airport</td>
<td>$500,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

SECTION 40.5.(c) Permissible Uses, Reporting, and Return of Funds. – Each airport receiving funds under this section may use the funds allocated to it under this section to (i) fund improvements to the airport and (ii) pay debt service or related financing costs and expenses on revenue bonds or notes issued by the airport. 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 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.

SECTION 40.5.(d) Limitation. – Notwithstanding any provision of law to the contrary, the allocation of funds under this section, 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. A security interest shall not be granted in funds allocated under this section.

SECTION 40.5.(e) Report. – The Department of Transportation shall provide a report on the use or uses by each airport of funds allocated to the airport under this section. The Department shall submit the report required under this subsection each year of the 2019-2021 fiscal biennium by March 15 to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

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, except for the purpose of retirement and health benefits.

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.

TRANSFER CERTAIN PUBLIC CONTRACTING AUTHORITY TO DOT

SECTION 40.7A.(a) Article 2 of Chapter 136 of the General Statutes is amended by adding a new section to read:

§ 136-28.1A. Department of Transportation public contracts.
Contracts for construction or repair of buildings, the purchase of apparatus, supplies, materials, or equipment, or maintenance services, without regard to the expenditure amount, shall not be subject to the jurisdiction of the Department of Administration, but shall be advertised and let by the Department of Transportation in the manner required by Articles 3 and 8 of Chapter 143 of the General Statutes. Upon request, the Department of Administration shall provide assistance to the Department of Transportation in advertising and letting contracts under this section.

SECTION 40.7A.(b) G.S. 143-134(a) reads as rewritten:

"(a) This Article applies to the Department of Transportation and the Department of Public Safety except in the construction of roads, bridges and their approaches. Provided however, that whenever the Director of the Budget determines that the repair or construction of a building by the Department of Transportation or by the Department of Public Safety can be done more economically through use of employees of the Department of Transportation and/or prison inmates than by letting the repair or building construction to contract, the provisions of this Article shall not apply to the repair or construction. This Article applies to the Department of Transportation only as provided in G.S. 136-28.1A."

PURCHASE AND MAINTENANCE OF ELLERBE REST AREA

SECTION 40.7B.(a) Notwithstanding Article 6 of Chapter 146 of the General Statutes and any other provision of law to the contrary, of the funds appropriated in this act to the Department of Transportation (Department), the Department shall purchase the real property and buildings located in Richmond County at 2509 U.S. Highway 220 North, also known as the Ellerbe Rest Area, for a commercially reasonable price from the Town of Ellerbe.

SECTION 40.7B.(b) Upon the purchase of the Ellerbe Rest Area, the Department shall maintain the Ellerbe Rest Area, erect signage to notify the traveling public of its location, and update applicable Department publications and its Web site.

BRIDGE NAMING

SECTION 40.8. Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate the bridges described in the subdivisions 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."

(2) The bridge over Deep River on S. Carbonton Road between Harrington Road and Alston House Road located in Moore County as the "Corporal J. Ralph Holder 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) For prioritized transportation improvements and infrastructure that expedite commercial growth as well as either job creation or job retention.

(2) 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.

(3) 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 the Fiscal Research Division an annual report beginning March 1, 2020, detailing (i) the types of projects funded under this Article and (ii) the total amount of funding allocated to each project funded under this Article."

SECTION 40.9.(b) Conforming Repeal. – Subsections (a) through (d) of Section 34.7 of S.L. 2017-57 are 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, Section 34.32 of S.L. 2017-57, and Section 34.23 of S.L. 2018-5, 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. This adjustment shall be completed by October 1, 2019.

SECTION 40.12.(b) Report. – The Division of Motor Vehicles is required to report on any organizational changes occurring October 1, 2018, through October 1, 2019, 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 Web site to track the following information about the Division of Motor Vehicles:

1. The number of conventional hybrid vehicle new registrations issued per month and year-to-date.
2. The number of conventional hybrid vehicle registrations renewed per month and year-to-date.
3. The total number of conventional hybrid vehicles currently registered.
4. The number of plug-in hybrid vehicle new registrations issued per month and year-to-date.
5. The number of plug-in hybrid vehicle registrations renewed per month and year-to-date.
6. The total number of plug-in hybrid vehicles currently registered.
7. The number of plug-in electric vehicle new registrations issued per month and year-to-date.
8. The number of plug-in electric vehicle registrations renewed per month and year-to-date.
9. The total number of plug-in electric vehicles currently registered.

SECTION 40.13.(b) Definitions. – For purposes of this section: (i) a "conventional hybrid vehicle" means a vehicle that uses both a motor fuel engine and an electric motor that cannot be plugged in and recharged, (ii) a "plug-in hybrid vehicle" means a vehicle that uses both a motor fuel engine and an electric motor with a battery that may be recharged by plugging into an outlet or charging station, and (iii) a "plug-in electric vehicle" means a vehicle that exclusively uses an on-board battery that may be recharged by plugging into an outlet or charging station.

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.(a) 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. Issuable for a motor vehicle that is at least 30 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."

SECTION 40.14.(b) This section becomes effective July 1, 2019, and applies to applications for Historic Vehicle Owner registration plates made on or after that date.

DMV/RFP FOR NEW OFFICE SPACE FOR DMV RALEIGH 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 March 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 detailing the agreement 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 40.17.(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.

DMV/TOWN OF MARSHALL

SECTION 40.18. The Division of Motor Vehicles shall 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.

ELECTRIC/PLUG-IN HYBRID VEHICLE REGISTRATION FEES

SECTION 40.18A.(a) G.S. 20-87(13) reads as rewritten:

"(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) 
two hundred thirty dollars ($230.00) in addition to any other required 
registration fees."

SECTION 40.18A.(b) G.S. 20-87 is amended by adding a new subdivision to read:

"(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 fifteen dollars ($115.00) in addition to
any other required registration fees. For purposes of this subdivision, a plug-in
hybrid vehicle is one that is capable of being propelled solely by electricity
drawn from a battery that can be recharged from an external source of
electricity but is also capable of using motor fuel to propel the vehicle."

SECTION 40.18A.(c) G.S. 20-4.02 reads as rewritten:

"§ 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, 2021, 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 the 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 40.18A.(e) Section 9 of S.L. 2018-42 reads as rewritten:

"SECTION 9. Sections 6 and 7 of this act are effective when they become law and apply to any tax or tax increase with an effective date on or after that date. Section 8 of this act becomes effective July 1, 2020. Except as otherwise provided, the remainder of this act is effective when it becomes law."

SECTION 40.18A.(f) Subsections (a) and (b) of this section become effective January 1, 2020, and apply to the registration of vehicles purchased, sold, transferred, leased, or due for renewal on or after that date. The remainder of this section becomes effective July 1, 2020.

DMV/ADJUSTMENT OF LPA COMPENSATION

SECTION 40.18B.(a) G.S. 20.63(h) reads as rewritten:

"(h) Commission Contracts for Issuance of Plates and Certificates. – All registration plates, registration certificates, and certificates of title issued by the Division, outside of those issued from the office of the Division located in Wake, Cumberland, or Mecklenburg Counties and those issued and handled through the United States mail, shall be issued insofar as practicable and possible through commission contracts entered into by the Division for the issuance of the plates and certificates in localities throughout North Carolina, including military installations within this State, with persons, firms, corporations or governmental subdivisions of the State of North Carolina. The Division shall make a reasonable effort in every locality, except as noted above, to enter into a commission contract for the issuance of the plates and certificates and a record of these efforts shall be maintained in the Division. In the event the Division is unsuccessful in making commission contracts, it shall issue the plates and certificates through the regular employees of the Division. Whenever registration plates, registration certificates, and certificates of title are issued by the Division through commission contract arrangements, the Division shall provide proper supervision of the distribution. Nothing contained in this subsection allows or permits the operation of fewer outlets in any county in this State than are now being operated.

The terms of a commission contract entered under this subsection shall specify the duration of the contract and either include or incorporate by reference standards by which the Division may supervise and evaluate the performance of the commission contractor. The duration of an initial commission contract may not exceed eight years and the duration of a renewal commission contract may not exceed two years. The Division may award monetary performance bonuses, not to exceed an aggregate total of ninety thousand dollars ($90,000) annually, to commission contractors based on their performance.

The amount of compensation payable to a commission contractor is determined on a per transaction basis. The collection of the highway use tax and the removal of an inspection stop are each considered a separate transaction for which one dollar and thirty cents ($1.30) one dollar and forty-three cents ($1.43) compensation shall be paid. The issuance of a limited registration "T" sticker and the collection of property tax are each considered a separate transaction for which compensation at the rate of one dollar and thirty cents ($1.30) and one dollar and eight cents ($1.08) respectively, shall be paid by counties and municipalities as a cost of the combined motor vehicle registration renewal and property tax collection system. The performance at the same time of one or more of the transactions below is considered a single transaction for which one dollar and forty-six cents ($1.46) one dollar and sixty-one cents ($1.61) compensation shall be paid:

(1) Issuance of a registration plate, a registration card, a registration sticker, or a certificate of title.

...."

SECTION 40.18B.(b) This section becomes effective July 1, 2019, and applies to transactions on or after that date.
FERRY/PASSENGER FERRY FUNDS

SECTION 40.19. The Department of Transportation, Ferry Division, may enter into a contract to lease a passenger ferry vessel for operation between Hatteras and Ocracoke from May 20, 2019, to September 5, 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. Of the funds appropriated in this act to the Department, any lease entered into pursuant to this section shall not exceed one million dollars ($1,000,000).

FERRY TOLL STUDY

SECTION 40.19A.(a) The Department of Transportation shall study the feasibility of raising ferry tolls for nonresidents. The study shall consider the following:

(1) The permissibility under the United States Constitution and any other applicable law of charging higher ferry tolls to nonresidents than to residents. If permissible, a summary of the legal justification the Department may need to provide and any legal restrictions that may apply.

(2) An analysis of the current number, and future projection, of nonresidents that use North Carolina ferries by ferry route and feasibility of creating a differential of tolls for resident and nonresident users.

(3) An analysis of the cost of toll collection for each route versus revenues collected.

(4) Exploration of different toll collection methods and streamlining current toll collection processes.

(5) Any other topic or issue the Department determines to be relevant to the study.

SECTION 40.19A.(b) By March 15, 2020, the Department shall report its findings from the study, including any legislative recommendations, to the chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

REPORT ON FUNDS APPROPRIATED FOR USE ON RAIL INFRASTRUCTURE

SECTION 40.21.(a) On or before March 1, 2020, the Department of Transportation shall submit an itemized report detailing the use of the funds appropriated in this act 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 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 committed for overhaul activities.

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 in this act 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 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 for train station maintenance.
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 $21,000</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$15,000 $15,750</td>
</tr>
<tr>
<td>Single</td>
<td>$10,000 $10,500</td>
</tr>
<tr>
<td>Married, filing separately</td>
<td>$10,000 $10,500.</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 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 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) and (c) read 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 section 41.3 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) set in G.S. 105-122(d2) 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).

c. For purposes of this section, a "holding company" is a corporation that satisfies at least one of the following conditions:

(1) It has no assets other than ownership interests in corporations in which it owns, directly or indirectly, more than fifty percent (50%) of the outstanding voting stock or voting capital interests.

(2) It receives during its taxable year more than eighty percent (80%) of its gross income from corporations in which it owns directly or indirectly more than fifty percent (50%) of the outstanding voting stock, voting capital interests, or ownership interests.

(3) It owns copyrights, patents, or trademarks that represent more than eighty percent (80%) of its total assets, or receives royalties and license fees that represent more than eighty percent (80%) of its gross income, and it is one hundred percent (100%) directly owned by a corporation that meets all of the following conditions:

a. Is a manufacturer, as defined by NAICS codes 31 through 33.

b. Generates revenues in excess of five billion dollars ($5,000,000,000) for income tax purposes from goods that it manufactures.

c. Includes in its net worth, as determined under G.S. 105-122(b), an investment in a subsidiary that owns copyrights, patents, or trademarks.

SECTION 41.3.(b) G.S. 105-122(d)(2) is repealed.

SECTION 41.3.(c) G.S. 105-122(d2) 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, the tax rate is one dollar and fifty cents ($1.50) one dollar and twenty-nine cents ($1.29) 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 twenty-nine cents ($1.29) 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(d2), 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 twenty-nine cents ($1.29) ninety-six cents ($0.96) 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 twenty-nine cents ($1.29) ninety-six cents ($0.96) 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(d2), 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, For a C Corporation, as defined in G.S. 105-130.2, the tax rate is ninety-six cents ($0.96) 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 ninety-six cents ($0.96) per one thousand dollars ($1,000) of its tax base that exceeds one million dollars ($1,000,000).

In no event may the tax imposed by this section be less than two hundred dollars ($200.00)."

SECTION 41.3.(f) Subsections (a) through (c) of this section are effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of this section is effective for taxable years beginning on or after January 1, 2027, and applicable to the calculation of franchise tax reported on the 2026 and later corporate income tax returns. Except as otherwise provided, this section is effective when it becomes law.

USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX APPORTIONMENT

SECTION 41.4.(a) G.S. 105-130.4 reads as rewritten:

"§ 105-130.4. Allocation and apportionment of income for corporations.

…

(4) Sales Factor. – The sales factor is a fraction, the numerator of which is the total sales of the corporation in this State during the income year, and the denominator of which is the total sales of the corporation everywhere during the income year. Notwithstanding any other provision under this Part, the receipts from any casual sale of property shall be excluded from both the numerator and the denominator of the sales factor. Where a corporation is not taxable in another state on its apportionable income but is taxable in another state only because of nonapportionable income, all sales shall be treated as having been made in this State.

Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market for a receipt cannot be determined, the state or states of assignment shall be reasonably approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts
of a sale are to be assigned through the use of a method of reasonable approximation, the receipts
must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided
by this section, a taxpayer's market for receipts is in this State as provided below:

1. In the case of sale, rental, lease, or license of real property, if and to the extent
   the property is located in this State.

2. In the case of rental, lease, or license of tangible personal property, if and to
   the extent the property is located in this State. 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.

3. 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. Other sales
   are in this State if any of the following occur:

   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) Broadcasters. – A broadcaster’s market for receipts is in this State as provided in
G.S. 105-130.4A. For purposes of this section, the term "broadcaster" 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.

....

(s2) Pipeline Company. – Receipts from the transportation or transmission of a
petroleum-based liquids pipeline or natural gas by a company subject to rate regulation by the
Federal Energy Regulatory Commission shall be apportioned by multiplying the income by a
fraction, the numerator of which is the number of barrel miles traffic units in this State during
the tax year and the denominator of which is the total number of barrel miles traffic units
everywhere during the tax year. For purposes of this section, the term "barrel mile" means one
barrel of liquid property transported one mile. "traffic unit" means one or more of the following:

(1) Barrel mile. – One barrel of liquid property transported one mile.
(2) Cubic foot mile. – One cubic foot of gaseous property transported one mile.

(s3) 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
combination’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.

... State Net Loss Apportionment Election. – Notwithstanding subsection (l)(4) of this section, a taxpayer with a State net loss balance as of the end of its 2019 taxable year may elect to apportion receipts from services based on the percentage of its income-producing activities performed in this State. The election must be made on the 2020 tax year return and must be in the form prescribed by the Secretary and contain any supporting documentation the Secretary may require. The election is binding and irrevocable until the earlier of the tax year in which (i) the existing State net loss balance is fully utilized or (ii) all of the existing State net loss balance has expired, as determined by applying the limitations set forth in G.S. 105-130.8A(b). A taxpayer must apportion receipts from services in accordance with subsection (l)(4) of this section for tax years beginning on and after the tax year that the existing State net loss is fully utilized.

For purposes of this subsection, a taxpayer's State net loss balance is the total amount of State net losses computed under G.S. 105-130.8A for taxable years beginning before January 1, 2020, and available to carry forward to taxable years beginning on or after January 1, 2020. A State net loss balance does not include a State net loss created in a taxable year beginning on or after January 1, 2020. A State net loss created in a taxable year beginning on or after January 1, 2020, must be determined using the apportionment rules in G.S. 105-130.4(l).

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 broadcasters.

(a) Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply to this section:

(1) Audience factor. – The factor determined by the ratio provided in this subdivision. The ratio is as follows:

a. Television station. – The ratio that the viewing audience located in this State for a television station bears to the total viewing audience for a television station.

b. Radio station. – The ratio that the listening audience in this State for a radio station bears to the total listening audience for a radio station.

c. Cable or satellite program and channel broadcasts. – The ratio that the subscribers for a cable or satellite system located in this State bears to the total subscribers of a cable or satellite system. If the number of subscribers cannot be accurately determined from the books and records maintained by the taxpayer, the ratio shall be determined on the basis of the applicable year's subscription statistics located in published surveys, provided the source selected is consistently used from year to year for this purpose.

(2) Broadcast. – The transmission of audio or video programming, directly or indirectly, to viewers and listeners by any other method of communication or combination of methods.

(3) Broadcaster. – A person that provides audio or video programming to customers in this State by digital or analog means in exchange for one or more of the following: advertising receipts, subscriber fees, license, rent, or similar fees. The term includes a television or radio station licensed by the Federal...
Communications Commission, including network-owned or affiliated
stations, a television or radio broadcast network, a cable program network, a
distributor of audio or video programming, a cable system operator, and
satellite system operator.

(4) Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.

(5) Release or in release. – The placing of film or radio programming into service.
A film or radio program is placed into service when it is first broadcast to the
primary audience for entertainment, educational, commercial, artistic, or other
purposes. Each episode of a television or radio series is placed in service when
it is first broadcast. A program is not placed in service merely because it is
completed and therefore in a condition or state of readiness and availability
for broadcast or merely because it is previewed to prospective sponsors or
purchasers.

(6) Rent. – License fees or other payments or consideration provided in exchange
for the broadcast or other use of television or radio programming.

(7) Subscriber. – The individual residence or other outlet that is the ultimate
recipient of the transmission of the audio or video programming.

(b) Reasonable Approximation. – If the audience factor for a receipt cannot be
determined, the state or states of assignment shall be reasonably approximated. If a taxpayer is
delivering advertising or licensed content directly or indirectly to a known list of subscribers, the
taxpayer shall reasonably approximate the receipts attributable to this State's market using a
percentage that reflects the ratio of North Carolina subscribers to the total number of subscribers.
If the taxpayer is delivering advertising or licensed content through an intermediary and does not
have access to the list of subscribers, the taxpayer shall reasonably approximate the receipts
attributable to this State's market using a percentage that reflects the ratio of the North Carolina
population to the total population in the specific geographic area where the advertisement or
licensed content is materially used. Unless the taxpayer provides substantial evidence to the
contrary, the area where the advertisement or licensed content is materially used does not include
areas outside the United States. If the taxpayer is able to show with substantial evidence that the
advertisement or licensed content is materially used in a city within a foreign country, then the
population of that city may be included in the population ratio calculation. If the taxpayer is able
to show with substantial evidence that the advertisement or license content is materially used
throughout a foreign county, then the population of that foreign country may be included in the
population ratio calculation. In a case where the specified rules of reasonable approximation fail
to reasonably approximate the percentage of receipts attributable to this State's market, the
Department may authorize an alternate approach that reflects an attempt to obtain the most
accurate assignment of receipts.

(c) Market for Receipts. – The receipts factor of a broadcaster is a fraction, the numerator
of which is the sum of the broadcaster's gross receipts from sources within the State and the
denominator of which is the sum of the broadcaster's gross receipts from transactions and activity
in the regular course of its trade or business everywhere. Advertising gross receipts and license
fees for audio or video programming in release are attributable to this State in accordance with
the audience factor in this State. Gross receipts from subscriber fees, rents, sales, or similar
charges from audio or video programming in release are attributable to this State based on the
amount of subscriber or other fees paid by customers in this State. A sale of audio or video
programming on tangible media is sourced to this State as sales of tangible personal property."

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 prorate 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 numer
ator 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 multipl
ying 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 numer
ator 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 sub-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) G.S. 105-122(c1) reads as rewritten:

"(c1) Apportionment. – A corporation that is doing business in this State and in one or more other states must apportion its net worth to this State. A corporation must use the apportionment method set out in subdivision (1) of this subsection unless the Department has authorized it to use a different method under subdivision (2) of this subsection. A taxpayer that has made an election under G.S. 105-130.4(t3) must use the apportionment method set out in subdivision (1) of this subsection as if the election had not been made, unless the Department has authorized a different method under subdivision (2) of this subsection. The portion of a corporation's net worth determined by applying the appropriate apportionment method is considered the amount of net worth the corporation uses in its business in this State:

...."

SECTION 41.4.(e) 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.(f) 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 the rules and delivered 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 Codifier of Rules is hereby directed by the General Assembly to enter the rules into the Administrative Code on the effective date of this act, and the rules apply to taxable years beginning on or after January 1, 2020.

SECTION 41.4.(g) Subsections (a) through (d) of this section are effective for taxable years beginning on or after January 1, 2020. 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:

..."
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.

Marketplace-facilitated sale. – The sale of an item by a marketplace facilitator on behalf of a marketplace seller that occurs through a marketplace.

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.

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.

Remote Sales. – A retailer who makes a remote sale is engaged in business in this State and is subject to the tax levied under this Article if at least one of the following conditions is met:
   (3) The retailer solicits or transacts business in this State by employees, independent contractors, agents, or other representatives, whether the remote sales 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 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 facilitator is required to collect and remit sales tax as required by this section regardless of whether a marketplace seller for whom it makes a marketplace-facilitated sale meets any of the following conditions:

   (1) Has a physical presence in this State.
   (2) Is required to be registered to collect and remit sales and use tax in this State.
   (3) Would have been required to collect and remit sales and use tax in this State had the sale not been made through a marketplace.
   (4) Would not have been required to collect and remit sales and use tax in this State had the sale not been made through a marketplace.

   (c) Report. – A marketplace facilitator must provide or make available to each marketplace seller the information listed in this subsection with respect to marketplace-facilitated sales that are made on behalf of the marketplace seller and that are sourced to this State. The information may be provided in any format and shall be provided or made available no later than 10 days after the end of each calendar month. The required information to be provided or made available to each marketplace seller is as follows:

   (1) Gross sales.
   (2) The number of separate transactions.

   (d) Refund of Tax. – If a purchaser receives a refund on any portion of the sales price from a marketplace facilitator who collected and remitted the tax on the retail sale, the provisions of G.S. 105-164.11A(a) apply.

   (e) Class Actions. – No class action may be brought against a marketplace facilitator in any court of this State on behalf of customers arising from or in any way related to an overpayment of sales or use tax collected on facilitated sales by a marketplace facilitator, regardless of whether that claim is characterized as a tax refund claim. Nothing in this subsection affects a customer’s right to seek a refund as provided under G.S. 105-164.11.

   (f) Agreements. – Nothing in this section shall be construed to interfere with the ability of a marketplace facilitator and a marketplace seller to enter into an agreement with each other regarding the fulfillment of the requirements of this Article, except that an agreement may not require a marketplace seller to collect and remit sales and use tax on marketplace-facilitated sales.
(g) Use Tax Obligation. – Nothing in this section affects the obligation of any purchaser to remit use tax for any taxable transaction for which a marketplace facilitator does not collect and remit sales or use tax.

(h) Limitation. – This section does not apply to an accommodation facilitator, an admission facilitator, or a service contract facilitator whose collection and remittance requirements are set out in G.S. 105-164.4F, 105-164.4G, and 105-164.4I, respectively."

SECTION 41.5.(d) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

(1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a similar lodging facility for occupancy by an individual.

(1a) Accommodation facilitator. – A person that contracts, either directly or indirectly, with a provider of an accommodation to perform, either directly or indirectly, one or more of the activities listed in this subdivision. The term includes a real estate broker as defined in G.S. 93A-2. The activities are:

a. Market the accommodation and accept payment or collect credit card or other payment information for the rental of the accommodation.

b. List the accommodation for rental on a forum, platform, or other application for a fee or other consideration.

..."

SECTION 41.5.(e) G.S. 105-164.4F reads as rewritten:

"§ 105-164.4F. Accommodation rentals.

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

(1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a similar lodging facility for occupancy by an individual.

(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 by an accommodation facilitator includes any charges designated as facilitation fees and any other charges or fees, by whatever name called, charged by the accommodation facilitator to the purchaser of the accommodation that are necessary to complete the rental. The tax is due and payable by the retailer in accordance with G.S. 105-164.16.

(b1) Retailer. – Except as otherwise provided in subsection (c) of this section, the retailer of the rental of an accommodation is one or more of the persons listed below that collects the payment, or a portion of the payment, for the rental of the accommodation. The retailer is liable for reporting and remitting the tax due on the portion of the gross receipts derived from the rental of the accommodation that the retailer collects. The retailer may be one or more of the following:

(1) The provider of the accommodation.

(2) An accommodation facilitator.

(c) Certain Accommodation Facilitator Transactions. – A facilitator must report to the retailer with whom it has a contract the sales price a consumer pays to the facilitator for an accommodation rental marketed by the facilitator. A retailer must notify a facilitator when an accommodation rental marketed by the facilitator is completed, and the subsection applies only to an accommodation facilitator that is operated by or on behalf of a hotel or a hotel.
corporation, that facilitates the rental of hotel accommodations solely for the hotel or the hotel
Corporation's owned or managed hotels and franchisees, and that collects payment, or a portion
of the payment, for the rental of an accommodation. An accommodation facilitator subject to this
subsection is not considered the retailer of the rental of the accommodation. The accommodation
facilitator must send the retailer the portion of the sales price the facilitator owes the retailer and
the tax due on the sales price, or the portion of the sales price, the accommodation facilitator
collected no later than 10 days after the end of each calendar month. A rental accommodation
facilitator that does not send the retailer the tax due on the sales price, or the portion of the
sales price the accommodation facilitator collected, is liable for the amount of tax the
accommodation facilitator fails to send. A rental 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 a accommodation facilitator are held in trust by the retailer for remittance to the
Secretary. 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 a
accommodation facilitator. The requirements imposed by this section on a retailer and a
facilitator are considered terms of the contract between the retailer and the 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 it makes. The annual report must be provided in electronic format and
include the property owner's name, the property owner's mailing address, the physical location
of the accommodation, and gross receipts information for the rentals.

(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
rental of the accommodation is made by an accommodation facilitator.

(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."

"(c) Collection. – A retailer who is required to remit to the Department of Revenue the
State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room
occupancy tax to the taxing city on and after the effective date of the levy of the room occupancy
tax. The room occupancy tax applies to the same gross receipts as the State sales tax on
accommodations and is calculated in the same manner as that tax. A rental agent or a facilitator,
as defined in G.S. 105-164.4F, An accommodation facilitator, as defined in G.S. 105-164.3, has
the same responsibility and liability under the room occupancy tax as the rental agent or
accommodation facilitator has under the State sales tax on accommodations.

If a taxable accommodation is furnished as part of a package, the bundled transaction
provisions in G.S. 105-164.4D apply in determining the sales price of the taxable
accommodation. If those provisions do not address the type of package offered, the person
offering the package may determine an allocated price for each item in the package based on a
reasonable allocation of revenue that is supported by the person's business records kept in the
ordinary course of business and calculate tax on the allocated price of the taxable
accommodation.
A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a retailer are held in trust for and on account of the taxing city.

The taxing city shall design and furnish to all appropriate businesses and persons in the city the necessary forms for filing returns and instructions to ensure the full collection of the tax. An operator of a business who collects a room occupancy tax may deduct from the amount remitted to the taxing city a discount equal to the discount the State allows the retailer for State sales and use tax."

SECTION 41.5.(g) G.S. 153A-155(c) reads as rewritten:

"(c) Collection. – A retailer who is required to remit to the Department of Revenue the State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room occupancy tax to the taxing county on and after the effective date of the levy of the room occupancy tax. The room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner as that tax. A rental agent or a facilitator, as defined in G.S. 105-164.4F, an accommodation facilitator, as defined in G.S. 105-164.3, has the same responsibility and liability under the room occupancy tax as the rental agent or accommodation facilitator has under the State sales tax on accommodations.

If a taxable accommodation is furnished as part of a package, the bundled transaction provisions in G.S. 105-164.4D apply in determining the sales price of the taxable accommodation. If those provisions do not address the type of package offered, the person offering the package may determine an allocated price for each item in the package based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business and calculate tax on the allocated price of the taxable accommodation.

A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a retailer are held in trust for and on account of the taxing city.

The taxing county shall design and furnish to all appropriate businesses and persons in the county the necessary forms for filing returns and instructions to ensure the full collection of the tax. A retailer who collects a room occupancy tax may deduct from the amount remitted to the taxing county a discount equal to the discount the State allows the retailer for State sales and use tax."

SECTION 41.5.(h) 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 seasonal pass, and an annual pass; a membership fee that provides for admission; a cover charge; a surcharge; a convenience fee, a processing fee, a facility charge, a facilitation fee, or similar charge; or any other charges included in gross receipts derived from admission.

(1c) Admission facilitator. – A person who accepts payment of an admission charge to an entertainment activity and who is not the operator of the venue where the entertainment activity occurs.

…

(1f) Amenity. – A feature that increases the value or attractiveness of an entertainment activity that allows a person access to items that are not subject to tax under this Article and that are not available with the purchase of admission to the same event without the feature. The term includes parking privileges, special entrances, access to areas other than general admission, mascot visits, and merchandise discounts. The term does not include any
charge for food, prepared food, and alcoholic beverages subject to tax under this Article.

(9a) Entertainment activity. – An activity listed in this subdivision:
   a. A live performance or other live event of any kind, the purpose of which is for entertainment.
   b. A movie, motion picture, or film.
   c. A museum, a cultural site, a garden, an exhibit, a show, or a similar attraction.
   d. A guided tour at any of the activities listed in sub-subdivision c. of this subdivision.

...."

SECTION 41.5.(i) G.S. 105-164.4G reads as rewritten:

"§ 105-164.4G. Entertainment activity.
   (a) Definition. — The following definitions apply in this section:
      (1) Admission charge. — Gross receipts derived for the right to attend an entertainment activity. The term includes a charge for a single ticket, a multi occasion ticket, a seasonal pass, and an annual pass; a membership fee that provides for admission; a cover charge; a surcharge; a convenience fee, a processing fee, a facility charge, a facilitation fee, or similar charge; or any other charges included in gross receipts derived from admission.
      (2) Amenity. — A feature that increases the value or attractiveness of an entertainment activity that allows a person access to items that are not subject to tax under this Article and that are not available with the purchase of admission to the same event without the feature. The term includes parking privileges, special entrances, access to areas other than general admission, mascot visits, and merchandise discounts. The term does not include any charge for food, prepared food, and alcoholic beverages subject to tax under this Article.
      (3) Entertainment activity. — An activity listed in this subdivision:
         a. A live performance or other live event of any kind, the purpose of which is for entertainment.
         b. A movie, motion picture, or film.
         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. 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. An admission facilitator is subject to the provisions of Article 9 of this Chapter.

SECTION 41.5.(j) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

..."

SECTION 41.5.(k) 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
by this subdivision on a retailer and a service contract facilitator are
considered terms of the agreement between the retailer and the service
contract facilitator.

…

(e) Definition. — For purposes of this section, the term "facilitator" means a person who
contracts with the obligor of the service contract to market the service contract and accepts
payment from the purchaser for the service contract."

SECTION 41.5. (l) G.S. 105-164.22 reads as rewritten:

"§ 105-164.22. Record keeping—Recordkeeping requirements, inspection authority, and
effect of failure to keep records.

(a) Recordkeeping 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
establish 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, any reports or records related
to transactions with a retailer with whom it has a contract as provided in this Article, and any
other records that establish its tax liability. 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."
SECTION 41.5.(m) G.S. 105-164.3, as amended by subsection (a) of this section, reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

(1d) 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.

(1e) Affiliate. – Defined in G.S. 105-130.2.

(1g) 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.

(1h) 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.

(1i) Audio work. – A series of musical, spoken, or other sounds, including a ringtone.

(1j) Audiovisual work. – A series of related images and any sounds accompanying the images that impart an impression of motion when shown in succession.

(1k) Aviation gasoline. – Defined in G.S. 105-449.60.

(1l) 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 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.

(1m) 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.

(1n) 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.
(2c) 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 (33l)–(33m) of this section as repair, maintenance, and installation services.

…

(9) 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. The fact that any corporate retailer, agent, or subsidiary engaged in business in this State may not be legally domiciled 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 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 the item 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 makes an order was in this State at the time the order was remitted made.

…

(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. 105-164.4I, G.S. 105-164.4H. The included activities are:

…

(35) Retailer. – Any of the following persons:
a. A person engaged in business of making sales at retail, offering to make sales at retail, or soliciting sales at retail of tangible personal property, digital property for storage, use, or consumption in this State, or services—items sourced to this State. When the Secretary finds it necessary for the efficient administration of this Article to regard any sales representatives, solicitors, representatives, consignees, peddlers, or truckers as agents of the dealers, distributors, consignors, supervisors, employers, or persons under whom they operate or from whom they obtain the items sold by them regardless of whether they are making sales on their own behalf or on behalf of these dealers, distributors, consignors, supervisors, employers, or persons, the Secretary may so regard them and may regard the dealers, distributors, consignors, supervisors, employers, or persons as "retailers" for the purpose of this Article.

b. A person, other than a real property contractor, engaged in business of delivering, erecting, installing, or applying tangible personal property or digital property for use in this State.

c. A person engaged in business of making a remote sale, if one of the conditions listed in G.S. 105-164.8(b) is met.

d. A person, other than a facilitator, person required to collect the State tax levied under this Article or the local taxes levied under Subchapter VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.

e. A marketplace facilitator that is subject to the requirements of G.S. 105-164.4J or a facilitator that is required to collect and remit the tax under this Article.

"...

SECTION 41.5.(n) There is no obligation to collect the sales and use tax required by this section retroactively.

SECTION 41.5.(o) If any provision of this section, or the application of any provision to a person or circumstance, is held to be unconstitutional, then the remainder of this section, and the application of the provisions to any person or circumstance, shall not be affected thereby.

SECTION 41.5.(p) 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.(q) 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:

..."
... (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 sale price of or gross receipts derived from a service contract on, or repair, maintenance, and installation services for, a transmission, an engine, rear-end gears, and any other item that is purchased, leased, or rented and that is exempt from tax under this subdivision or that is allowed a sales tax refund under G.S. 105-164.14A(a)(5).

c. The gross receipts derived from an agreement to provide an engine to a professional motorsports racing team or related member of a team for use in competition in a sanctioned race series, where such agreement does not meet the definition of a "service contract" as defined in G.S. 105-164.3 but may meet the definition of the term "lease or rental" as defined in G.S. 105-164.3.

(65a) An engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series. This subdivision expires January 1, 2020, January 1, 2024."

SECTION 41.9.(b) G.S. 105-164.14A(a)(4) and (a)(5) read as rewritten:
"(4) Motorsports team or sanctioning body. – A professional motorsports racing

team, a motorsports sanctioning body, or a related member of such a team or

body is allowed a refund of the sales and use tax paid by it in this State on

aviation gasoline or jet fuel that is used to travel to or from a motorsports event

in this State, to travel to a motorsports event in another state from a location

in this State, or to travel to this State from a motorsports event in another state.

For purposes of this subdivision, a "motorsports event" includes a motorsports

race, a motorsports sponsor event, and motorsports testing. This subdivision

is repealed for purchases made on or after January 1, 2020 January 1, 2024.

(5) Professional motorsports team. – A professional motorsports racing team or a

related member of a team is allowed a refund of fifty percent (50%) of the

sales and use tax paid by it in this State on tangible personal property, other

than tires or accessories, that comprises any part of a professional motorsports

vehicle. For purposes of this subdivision, "motorsports accessories" includes

instrumentation, telemetry, consumables, and paint. This subdivision is

repealed for purchases made on or after January 1, 2020 January 1, 2024."

SECTION 41.9.(c) This section is effective when it becomes law.

FACILITATE RESPONSE TO DISASTERS

SECTION 41.10.(a) Part 8 of Article 1A of Chapter 166A of the General Statutes is

amended by adding a new section to read:

"§ 166A-19.70A. Facilitate critical infrastructure disaster relief.

(a) Purpose. – The State finds that it is appropriate to exclude nonresident businesses and

nonresident employees who temporarily come to this State at the request of a critical

infrastructure company solely to perform disaster-related work during a disaster response period

from the following tax and regulatory requirements:

(1) Corporate and individual income tax, as provided under G.S. 105-130.1 and

G.S. 105-153.2.

(2) Franchise tax, as provided under G.S. 105-114.

(3) Unemployment tax, as provided under G.S. 96-1(b)(12).

(4) Certificate of Authority from the Secretary of State to transact business in

this State, as provided under G.S. 55-15-01(d) and G.S. 57D-1-24(d).

(b) Definitions. – In addition to the definitions in G.S. 166A-19.3, the following

definitions apply in this section:

(1) Corporation. – Defined in G.S. 105-130.2.

(2) Critical infrastructure. – Property and equipment owned or used by a critical

infrastructure company for utility or communications transmission services

provided 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.

(3) Critical infrastructure company. – One of the following:

a. A registered public communications provider.

b. A registered public utility.

(4) 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.

(5) Disaster response period. – A period that begins 10 days prior to the first day

of a disaster declaration and expires on the earlier of the following:
a. Sixty days following the expiration of the disaster declaration, as provided under G.S. 166A-19.21(c).

b. One hundred eighty days following the issuance of the disaster declaration.

(6) Employee. – Defined in G.S. 105-163.1.

(7) Nonresident business. – An entity that has not been required to file an income or franchise tax return 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, and that meets one or more of the following conditions:
   a. Is a nonresident entity.
   b. Is a nonresident individual who owns an unincorporated business as a sole proprietor.

(8) Nonresident employee. – A nonresident individual who is one of the following:
   a. An employee of a nonresident business.
   b. An employee of a critical infrastructure company who is temporarily in this State to perform disaster-related work during a disaster response period.

(9) Nonresident entity. – Defined in G.S. 105-163.1.

(10) Nonresident individual. – Defined in G.S. 105-153.3.

(11) Registered public communications provider. – A corporation doing 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.

(12) Registered public utility. – A corporation doing business in this State prior to the disaster declaration that is subject to the control of one or more of the following entities:
   c. Federal Communications Commission.

(c) Critical Infrastructure Company Notification. – A critical infrastructure company must provide notification to the Department of Revenue within 90 days of the expiration of the disaster response period. The notification must be in the form and manner required by the Department. The notification must include the following:
   1. A list of all nonresident businesses who performed disaster-related work in this State during a disaster response period at the request of the critical infrastructure company.
   2. A list of nonresident employees who performed disaster-related work in this State for the critical infrastructure company during a disaster response period. The notification must include the amount of compensation paid to the nonresident employee performing disaster-related work in this State.

(d) Nonresident Business Notification. – A nonresident business must provide notification to the Department of Revenue within 90 days of the date the nonresident business concludes its disaster-related work in the State. The notification must be in the form and manner required by the Department. The notification must include a list of nonresident employees who performed disaster-related work in this State during a disaster response period, along with the...
amount of compensation paid to the nonresident employee performing disaster-related work in this State. Failure to submit a timely notification forfeits the relief provided by this section for the nonresident business.

(e) Limitation. – The intent of this section is to provide relief to nonresident businesses and nonresident employees who would not otherwise be subject to this State's tax and regulatory requirements if they had not performed disaster-related work during the disaster response period. The relief provided under this section does not apply to any tax year that is part of the disaster response period if the nonresident business or nonresident employee continues to perform disaster-related work following the end of the disaster response period. The relief provided under this section does not apply to a tax year that is part of the disaster response period if the nonresident business or nonresident employee is required to file an income tax return for that tax year with the Department of Revenue for reasons other than the performance of disaster-related work."

SECTION 41.10.(b) G.S. 55-15-01 is amended by adding a new subsection to read:

"(e) The following foreign corporations are not required to obtain a certificate of authority from the Secretary of State:

(1) A nonresident business solely performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company. The definitions and provisions of G.S. 166A-19.70A apply to this subdivision.

(2) 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."

SECTION 41.10.(c) G.S. 57D-1-24 reads as rewritten:


... (d) A nonresident business solely 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. The definitions and provisions of G.S. 166A-19.70A apply to this subsection."

SECTION 41.10.(d) G.S. 96-1(b)(12) reads as rewritten:

"(b) Definitions. – The following definitions apply in this Chapter:

... (12) Employment. – Defined in section 3306 of the Code, with the following additions and exclusions:

... b. Exclusions. – The term excludes all of the following:

... 5. Service performed by a nonresident employee for a nonresident business performing disaster-related work in this State during a disaster response period at the request of a critical infrastructure company. The definitions and provisions of G.S. 166A-19.70A apply to this exclusion."

SECTION 41.10.(e) G.S. 105-114 is amended by adding a new subsection to read:

"(d) Critical Infrastructure Disaster Relief. – A nonresident business that solely performs disaster-related work in this State during a disaster response period at the request of a critical infrastructure company is not considered to be doing business in this State for purposes of this Article. The definitions and provisions in G.S. 166A-19.70A apply in this subsection."

SECTION 41.10.(f) G.S. 105-130.1 reads as rewritten:

"§ 105-130.1. Purpose."

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(a) Purpose. – The general purpose of this Part is to impose a tax for the use of the State
government upon the net income of every domestic corporation and of every foreign corporation
doing business in this State.

The tax imposed upon the net income of corporations in this Part is in addition to all other
taxes imposed under this Subchapter.

(b) Critical Infrastructure Disaster Relief. – A nonresident business that solely performs
disaster-related work in this State during a disaster response period at the request of a critical
infrastructure company is not considered to be doing business in this State for purposes of this
Part. The definitions and provisions in G.S. 166A-19.70A apply in this subsection.

SECTION 41.10.(g) 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 an affiliate or subsidiary that is not subject to tax under this
Article pursuant to the exceptions for critical infrastructure disaster relief
provided under G.S. 166A-19.70A, to the extent the payments are deducted in
determining federal taxable income. The definitions and provisions of
G.S. 166A-19.70A apply to this subdivision."

SECTION 41.10.(h) G.S. 105-131.7 reads as rewritten:

"§ 105-131.7. Returns; shareholder agreements; mandatory withholding.

…

(f) Critical Infrastructure Disaster Relief. – An S Corporation that is not doing business
in this State because it is a nonresident business performing disaster-related work during a
disaster response period at the request of a critical infrastructure company is not required to file
a return with the Department. However, the corporation must furnish to each shareholder who
would be entitled to share in the corporation income any information necessary for that person
to properly file a State income tax return. The definitions and provisions in G.S. 166A-19.70A
concerning disaster-related work apply to this subsection."

SECTION 41.10.(i) G.S. 105-154(c) reads as rewritten:

"§ 105-154. Information at the source returns.

…

(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.

A partnership that is not doing business in this State because it is a nonresident business
performing disaster-related work during a disaster response period at the request of a critical
infrastructure company is not required to file an information return with the Secretary. However,
the partnership must 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 definitions and provisions in G.S. 166A-19.70A apply to this paragraph."

SECTION 41.10.(j) G.S. 105-153.2 reads as rewritten:

"§ 105-153.2. Purpose.
The general purpose of this Part is to impose a tax for the use of the State government upon the taxable income collectible annually:

(1) Of every resident of this State.
(2) Of every nonresident individual deriving income from North Carolina sources attributable to the ownership of any interest in real or tangible personal property in this State, deriving income from a business, trade, profession, or occupation carried on in this State, or deriving income from gambling activities in this State. This subdivision does not apply to a nonresident business or a nonresident employee who solely derives income from North Carolina sources attributable to a business, trade, profession, or occupation carried on in this State to perform disaster-related work during a disaster response period at the request of a critical infrastructure company; the definitions and provisions in G.S. 166A-19.70A apply to this subdivision."
SECTION 41.10.(m) G.S. 105-163.3(b) reads as rewritten:

"(b) Exemptions. – The withholding requirement does not apply to the following:

…

(5) Compensation paid by a nonresident business or a critical infrastructure company to an ITIN contractor who is a nonresident individual for a business, trade, profession, or occupation carried on in this State to perform disaster-related work during a disaster response period at the request of a critical infrastructure company. The definitions and provisions of G.S. 166A-19.70A apply to this subdivision."

SECTION 41.10.(n) G.S. 105-163.7(b) reads as rewritten:

"(b) Informational Return to Secretary. – Every employer shall annually file an informational return with the Secretary that contains the information given on each of the employer's written statements to an employee. The Secretary may require additional information to be included on the informational return, provided the Secretary has given a minimum of 90 days' notice of the additional information required. The informational return is due on or before January 31 of the succeeding year and must be filed in an electronic format as prescribed by the Secretary. If the employer terminates its business or permanently ceases paying wages during the calendar year, the informational return must be filed within 30 days of the last payment of remuneration. The informational return required by this subsection is in lieu of the report required by G.S. 105-154.

An employer that is not doing business in this State because it is a nonresident business performing disaster-related work during a disaster response period at the request of a critical infrastructure company is not required to file an information return with the Secretary. However, the employer must furnish to an employee, upon request, any information necessary for that person to properly file a State income tax return. The definitions and provisions in G.S. 166A-19.70A apply to this paragraph."

SECTION 41.10.(o) 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.(p) This section is effective when it becomes law and applies to disaster declarations on or after that date.

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) The North Carolina Senate Appropriations/Base Budget Committee Report on the Current Operations Appropriations Act for House Bill 966, Proposed Senate Committee Substitute As Amended, dated May 29, 2019, which was distributed in the Senate 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 42.2 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 S.L. 2019-9, S.L. 2019-15, and any other 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 BIENNium

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.