

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

**HOUSE BILL 1123
RATIFIED BILL**

AN ACT TO MAKE VARIOUS CHANGES RELATED TO THE UNIVERSITY OF NORTH CAROLINA AND UPDATES TO STATUTES RELATED TO CONTRACTING FOR CAPITAL PROJECTS.

The General Assembly of North Carolina enacts:

PART I. 2026 UNC SELF-LIQUIDATING PROJECTS

SECTION 1.1. The purpose of this Part is to authorize the financing of the capital improvement projects listed in this Part for the respective institutions of The University of North Carolina with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, Medicare reimbursements for education costs, hospital receipts from patient care, or other funds, or any combination of these funds, but not including funds received for tuition or appropriated from the General Fund or State Capital and Infrastructure Fund of the State unless previously authorized by General Statute.

SECTION 1.2. The capital improvement projects, and their respective costs, authorized by this Part to be financed as provided in Section 1.1 of this Part including by revenue bonds, by special obligation bonds as authorized in Section 1.4 of this Part, or by both, are as follows:

North Carolina Central University Richmond Residence Hall Renovation – Phase I	\$20,000,000
North Carolina State University Cates West Development – Phase I	\$295,000,000
University of North Carolina at Chapel Hill New Residence Hall I	\$141,200,000
Parker & Teague Halls – Demolition and Replacement	\$112,000,000
University of North Carolina at Charlotte Witherspoon Residence Hall Renovation	\$48,430,000
University of North Carolina at Wilmington Parking Deck IV	\$20,357,028

SECTION 1.3. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of, funding the projects listed in this Part. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.



SECTION 1.4. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects listed in Section 1.2 of this Part. The maximum principal amount of bonds to be issued shall not exceed the specified amounts in Section 1.2 of this Part plus five percent (5%) of such amount to pay issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional costs plus any increase in the specific project costs authorized by the Director of the Budget pursuant to Section 1.3 of this Part. The amounts specified in Section 1.2 of this Part are not inclusive of other amounts that may have been authorized by an act of the General Assembly for the projects listed.

SECTION 1.5. This Part is effective when it becomes law.

PART II. STANDARDIZE THE RESIDENCY DETERMINATION PROCESS FOR ADMISSION TO THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

SECTION 2.1.(a) G.S. 116-235(b)(1) reads as rewritten:

"(1) Admission of Students. – The School shall admit students in accordance with criteria, standards, and procedures established by the Board of ~~Trustees.~~ Trustees, as follows:

a. ~~To be eligible to be considered for admission, an applicant must be either a legal resident of the State, as defined by G.S. 116-143.1(a)(1), or a~~ shall be one of the following:

1. A student who is a resident for tuition purposes, as defined in G.S. 116-143.1(b), who has established legal residence (domicile) in North Carolina and maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes. This determination shall be made by the coordinated and centralized residency determination process administered by the State Education Assistance Authority.

2. ~~student~~ A student who is not a resident for tuition purposes under sub-sub-subdivision 1. of this sub-subdivision whose parent is an active duty member of the Armed Forces, as defined by G.S. 116-143.3(a)(2), who is abiding in this State incident to active military duty at the time the application is submitted, provided the student shares the abode of that parent; parent.

b. ~~eligibility~~ Eligibility to remain enrolled in the School shall terminate at the end of any school year during which a student becomes a nonresident of the State.

c. ~~The Board of Trustees shall ensure, insofar as possible~~ To the extent practicable without jeopardizing admission standards, that an equal number of qualified applicants is ~~shall be admitted to the program and to the residential summer institutes in science and mathematics from each of North Carolina's congressional districts. In no event shall the differences in the number of qualified applicants offered admission to the program from each of North Carolina's congressional districts be more than two and one-half percentage points from the average number per district who are offered admission."~~

SECTION 2.1.(b) This section is effective when it becomes law and applies beginning with applications for admission to the North Carolina School of Science and Mathematics for the 2027-2028 school year.

PART III. REVISE TUITION GRANTS FOR NCSSM AND UNCSA GRADUATES

SECTION 3.1.(a) Part 6 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts.

"§ 116-209.89. ~~Definitions.~~Definitions; purpose.

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

(1) Academic term. – Any of the following:

- a. One fall semester.
- b. One spring semester.
- c. One summer term.

(1a) Eligible graduate. – A graduate of either of the following:

- a. The North Carolina School of Science and Mathematics.
- b. The University of North Carolina School of the Arts.

(1b) Eligible student. – A student who meets the requirements of subsection (a) of G.S. 116-209.90.

(1c) Program. – The Program established in this Part to provide tuition grants to high school graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts.

(2) Summer term. – All instruction received in one summer between academic years.

(b) Purpose. – The purpose of the Program is to provide financial assistance to eligible students who graduated from the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts to promote the retention of those high-performing students in this State.

"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

(a) Within the funds available, an eligible graduate in each school year who meets the following conditions shall qualify for a tuition grant awarded under this Part:

(1) Is at the time of application for the initial tuition grant a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(2) Enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation. The Authority shall have the discretion to postpone this requirement for up to one academic year after graduation if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's ability to enroll as a full-time student:

- a. A military service obligation.
- b. Serious medical debilitation.
- c. A short-term or long-term disability.
- d. Other extraordinary hardship.

(3) ~~Submits a completed Free Application for Federal Student Aid (FAFSA) form.~~

(b) Students who receive initial tuition grants as a cohort of a high school graduating class of NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic

terms for up to a total of eight academic terms, provided that tuition grants are only used for undergraduate tuition.

(b1) ~~A student~~ An eligible student must be continuously enrolled full time in an undergraduate program at a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic terms. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree:

- (1) A military service obligation.
- (2) Serious medical debilitation.
- (3) A short-term or long-term disability.
- (4) Other extraordinary hardship.

(c) The amount of the tuition grant to each graduate shall be determined and distributed as provided in G.S. 116-209.91.

"§ 116-209.91. Administration of tuition grants.

(a) ~~The~~ Except as otherwise provided in this subsection, the Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall also require students to submit (i) a completed Free Application for Federal Student Aid (FAFSA) form or (ii) other documentation, as necessary, to administer and award the tuition grant. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the eligible student. In the event a student on whose behalf a tuition grant has been paid is not enrolled in an undergraduate program and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(b) Except as otherwise provided in this section, the amount of the grant awarded to ~~a~~ an eligible student under the Program shall cover the tuition cost at the constituent institution in which the eligible student is enrolled. No tuition grant awarded to ~~a~~ an eligible student under this section shall exceed the cost of attendance at a constituent institution for which the eligible student is enrolled.

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

(c1) The Authority shall place all funds appropriated to, or otherwise received by, the Authority for the award of tuition grants under this Part into an institutional trust fund established in accordance with the provisions of G.S. 116-36.1. All interest earned on these funds shall also be placed in the institutional trust fund established pursuant to this subsection. The monies in the institutional trust fund may be used only for the purposes set forth in this Part.

(d) In the event there are not sufficient funds to provide each eligible student who has applied in accordance with the application process and the schedule established by the Authority with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata

share of funds available for the academic term covered by the appropriation in the preceding fiscal year.

(e) The Authority may use up to five percent (5%) of the funds appropriated each year for tuition grants under this Part for the administrative costs-costs of the Program."

SECTION 3.1.(b) This section is effective when it becomes law and applies beginning with the award of tuition grants for the 2026-2027 academic year.

PART IV. UNC BOARD OF GOVERNORS APPROVAL/CAPITAL EXPENDITURES

SECTION 4.1.(a) G.S. 116-31.11 reads as rewritten:

"§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments of The University of North Carolina requiring the estimated expenditure of public money of four million dollars (\$4,000,000) or less:

- (1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.
- (2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).
- (3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.
- (4) Use existing plans and specifications for construction projects, where feasible. Prior to designing a project, the Board shall consult with the Department of Administration on the availability of existing plans and specifications and the feasibility of using them for a project.

(b) The Board may delegate its authority under subsection (a) of this section to a constituent or affiliated institution if the institution is qualified under guidelines adopted by the Board and approved by the State Building Commission and the Director of the Budget.

(c) The University shall use the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

(d) A contract may not be divided for the purpose of evading the monetary limit under this section.

(e) Notwithstanding any other provision of this Chapter, the Department of Administration shall not be the awarding authority for contracts awarded pursuant to this section.

(e1) The Board shall be responsible for making the final determination on all expenditures and project scope for capital improvement projects at The University of North Carolina and its constituent institutions.

(f) The Board of Governors shall annually report to the State Building Commission the following:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.
- (3) The name of each person awarded a contract under this section.
- (4) Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g)."

SECTION 4.1.(b) This section is effective when it becomes law.

PART V. CAPITAL IMPROVEMENT THRESHOLD CHANGES

SECTION 5.1.(a) G.S. 143C-1-1(d)(5) reads as rewritten:

"(5) Capital improvement. – A term that includes real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred fifty thousand dollars ~~(\$100,000)~~ (\$150,000) in value."

SECTION 5.1.(b) G.S. 133-1.1 reads as rewritten:

"§ 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.

(a) In the interest of public health, safety and economy, every officer, board, department, or commission charged with the duty of approving plans and specifications or awarding or entering into contracts involving the expenditure of public funds ~~in excess of:~~ shall require that such plans and specifications be prepared by a registered architect, in accordance with the provisions of Chapter 83A of the General Statutes, or by a registered engineer, in accordance with the provisions of Chapter 89C of the General Statutes, or by both architect and engineer, particularly qualified by training and experience for the type of work involved, and that the North Carolina seal of such architect or engineer together with the name and address of such architect or engineer, or both, be placed on all these plans and specifications, when the contract meets any of the following criteria:

- (1) ~~Three~~ In excess of three hundred thousand dollars (\$300,000) for the repair of public buildings where such repair does not include major structural change in framing or foundation support systems, or five hundred thousand dollars (\$500,000) for the repair of public buildings by The University of North Carolina or its constituent institutions where such repair does not include major structural change in framing or foundation support ~~systems,~~ systems.
- (1a) ~~One~~ In excess of one hundred fifty thousand dollars ~~(\$100,000)~~ (\$150,000) for the repair of public buildings affecting life safety ~~systems,~~ systems.
- (2) ~~One~~ In excess of one hundred thirty-five ~~fifty~~ thousand dollars ~~(\$135,000)~~ (\$150,000) for the repair of public buildings where such repair includes major structural change in framing or foundation support ~~systems, or~~ systems.
- (3) ~~One~~ In excess of one hundred thirty-five ~~fifty~~ thousand dollars ~~(\$135,000)~~ (\$150,000) for the construction of, or additions to, public buildings or State-owned and operated utilities, ~~shall require that such plans and specifications be prepared by a registered architect, in accordance with the provisions of Chapter 83A of the General Statutes, or by a registered engineer, in accordance with the provisions of Chapter 89C of the General Statutes, or by both architect and engineer, particularly qualified by training and experience for the type of work involved, and that the North Carolina seal of such architect or engineer together with the name and address of such architect or engineer, or both, be placed on all these plans and specifications.~~ utilities.

...

(d) On projects on which no registered architect or engineer is required pursuant to the provisions of this section, the governing board or awarding authority shall require a certificate of compliance with the State Building Code from the city or county inspector for the specific trade or trades involved or from a registered architect or engineer, except that the provisions of this subsection shall not apply to projects where any of the following apply:

- (1) The plans and specifications are approved by the Department of Administration, Division of State Construction, and the completed project is inspected by the Division of State Construction and the State Electrical Inspector.
- (2) The project is exempt from the State Building Code.

- (3) The project has a total projected cost of less than ~~\$100,000~~ one hundred fifty thousand dollars (\$150,000) and does not alter life safety systems.

...."

SECTION 5.1.(c) G.S. 143-134.1(b1) reads as rewritten:

"(b1) No retainage on periodic or final payments made by the owner or prime contractor shall be allowed on public construction contracts in which the total project costs are less than one hundred fifty thousand dollars (\$150,000). Retainage on periodic or final payments on public construction contracts in which the total project costs are equal to or greater than one hundred fifty thousand dollars (\$150,000) is allowed as follows:

...."

SECTION 5.1.(d) G.S. 143-129 reads as rewritten:

"§ 143-129. Procedure for letting of public contracts.

(a) Bidding Required. – No construction or repair work requiring the estimated expenditure of public money in an amount equal to or more than five hundred thousand dollars (\$500,000) or purchase of apparatus, supplies, materials, or equipment requiring an estimated expenditure of public money in an amount equal to or more than ninety thousand dollars (\$90,000) may be performed, nor may any contract be awarded therefor, by any board or governing body of the State, or of any institution of the State government, or of any political subdivision of the State, unless the provisions of this section are complied with; provided that The University of North Carolina and its constituent institutions may award contracts for construction or repair work that requires an estimated expenditure of less than one million five hundred thousand dollars (\$1,500,000) without complying with the provisions of this section.

For purchases of apparatus, supplies, materials, or equipment, the governing body of any political subdivision of the State may, subject to any restriction as to dollar amount, or other conditions that the governing body elects to impose, delegate to the manager, school superintendent, chief purchasing official, or other employee the authority to award contracts, reject bids, or readvertise to receive bids on behalf of the unit. Any person to whom authority is delegated under this subsection shall comply with the requirements of this Article that would otherwise apply to the governing body.

...."

SECTION 5.1.(e) G.S. 143-64.34 reads as rewritten:

"§ 143-64.34. Exemption of certain projects.

State capital improvement projects under the jurisdiction of the State Building Commission, capital improvement projects of The University of North Carolina, and community college capital improvement projects, where the estimated expenditure of public money is less than one million five hundred thousand dollars (\$1,500,000), are exempt from the provisions of this Article."

SECTION 5.1.(f) G.S. 143-128 reads as rewritten:

"§ 143-128. Requirements for certain building contracts.

...

(g) Exceptions. – This section shall not apply to:

(1) ~~The to the~~ purchase and erection of prefabricated or relocatable buildings or portions thereof, except that portion of the work which must be performed at the construction site.

(2) ~~The erection, construction, alteration, or repair of a building when the cost thereof is three hundred thousand dollars (\$300,000) or less.~~

(3) ~~The erection, construction, alteration, or repair of a building by The University of North Carolina or its constituent institutions when the cost thereof is five hundred thousand dollars (\$500,000) or less.~~

Notwithstanding the other provisions of this subsection, subsection (f1) of this section shall apply to any erection, construction, alteration, or repair of a building by a public entity."

PART VI. USE OF CAPITAL FUNDS FOR PUBLIC-PRIVATE PARTNERSHIPS

SECTION 6.1. Article 8 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-8-7.2. Use of capital funds for public-private partnership projects.

(a) For the purposes of this section, the term "public-private partnership project" means a capital improvement project undertaken for the benefit of a governmental entity and a private entity that may involve a contract, a financing arrangement, or other agreement and includes construction of a public facility or other improvements, including paving, grading, utilities, infrastructure, reconstruction, or repair, and may include both public and private facilities.

(b) A State agency, including a constituent institution of The University of North Carolina, shall not use State funds appropriated to the State agency in conjunction with or for the benefit of a public-private partnership project for either of the following without express authorization by an act of the General Assembly:

(1) A capital improvement project that is not a public-private partnership project.

(2) A self-liquidating project that is not a public-private partnership project.

(c) This section does not apply to any of the following:

(1) The entity created pursuant to G.S. 116-350.5.

(2) The Department of Transportation."

PART VII. SEVERABILITY CLAUSE

SECTION 7.1. 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.

PART VIII. EFFECTIVE DATE

SECTION 8.1. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of June, 2026.

s/ Rachel Hunt
President of the Senate

s/ Donna McDowell White
Presiding Officer of the House of Representatives

Josh Stein
Governor

Approved _____m. this _____ day of _____, 2026