GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

HOUSE BILL 268
RATIFIED BILL

AN ACT TO MAKE ADDITIONAL TECHNICAL, CLARIFYING, AND OTHER CHANGES TO THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2026 AND TO OTHER ACTS.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

APPLICABILITY TO S.L. 2026-42

SECTION 1.1. For purposes of this act, references to S.L. 2026-41 and the Committee Report in Section 45.2 of that act include, where appropriate, any relevant amendments contained in S.L. 2026-42.

STABILIZATION AND INFLATION RESERVE/TECHNICAL CORRECTION FOR CERTAIN TRANSFERS

SECTION 1.2. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds transferred under Section 2.2(f) of S.L. 2026-41 from the Stabilization and Inflation Reserve, as established in Section 2.2(q) of S.L. 2022-74, for the 2026-2027 fiscal year are adjusted as follows:

(1) The transfer to the Office of the State Auditor (Budget Code: 13300) is reduced by the sum of five hundred thousand dollars ($500,000).

(2) The transfer to the State Board of Elections (Budget Code: 18025) is increased by the sum of five hundred thousand dollars ($500,000).

CLARIFY DIRECTED GRANT DISBURSEMENT THRESHOLDS

SECTION 1.3. Section 5.2(b)(2) of S.L. 2026-41 reads as rewritten:

"(2) Directed grants shall be distributed as follows:

a. A directed grant of one hundred thousand dollars ($100,000) or less may be disbursed as a single lump sum in the discretion of the Director of the Budget.

b. A directed grant of more than one hundred thousand dollars ($100,000) ~~but less than~~ <u>and</u> one million dollars ($1,000,000) <u>or less</u> shall be disbursed in monthly or quarterly installments in the discretion of the Director of the Budget.

c. A directed grant of more than one million dollars ($1,000,000) shall be disbursed in installments of twenty-five percent (25%), with the initial installment disbursed up front and each subsequent installment disbursed only after the non-State entity has expended the funds previously disbursed.

A State agency administering a directed grant shall make the first distribution of funds to a non-State entity that has met all applicable requirements necessary to receive that distribution as soon as practicable, but no later than 100 days after the date this act becomes law."

CLARIFY STATE BUDGET ACT BUDGET ADJUSTMENT AUTHORIZATION

SECTION 1.4. G.S. 143C-6-4(b2), as amended by S.L. 2026-41, reads as rewritten:

"(b2) Subsection (b) of this section shall not be construed to authorize either of the following:

(1) Budget adjustments that cause General Fund expenditures, excluding expenditures from General Fund receipts, to exceed General Fund appropriations for a department.

(2) Budget adjustments ~~using~~ that use prior year earned ~~revenue~~ revenue, other than those adjustments necessary to accomplish either of the following:

a. ~~revert~~ Revert the funds pursuant to G.S. 143C-1-2(b).

b. Offset federal overdraws occurring in June that are required to be repaid during the next month."

REPEAL CLAREMONT BUILDING HEIGHT LIMITATION

SECTION 1.5. Section 10 of S.L. 2026-25 is repealed.

KERNERSVILLE ETJ

SECTION 1.6.(a) Section 4 of S.L. 2026-22 is repealed.

SECTION 1.6.(b) Notwithstanding G.S. 160D-202 or any other provision of law, the Town of Kernersville shall not exercise any powers of extraterritorial jurisdiction as provided in Article 2 of Chapter 160D of the General Statutes or its predecessor, Article 19 of Chapter 160A of the General Statutes, over the territory identified by Forsyth County Parcel Identification Number 6896-04-9921.

SECTION 1.6.(c) The relinquishment of jurisdiction by the Town of Kernersville over the area identified in subsection (b) of this section shall become effective on the date this act becomes law. Notwithstanding G.S. 160D-202(h), the property described in this section is subject to the planning and development regulation jurisdiction, including the zoning authority, of Forsyth County.

LOCAL GOVERNMENT COMMISSION BOARD TECHNICAL CORRECTIONS

SECTION 1.7.(a) G.S. 159-3(a), as amended by Section 5.10(b) of S.L. 2026-41, reads as rewritten:

"(a) Membership. – The Local Government Commission consists of nine ~~members.~~ members as follows:

(1) The State Treasurer, who shall serve as an ex officio voting member and as chairman for the duration of their term in office.

(2) ~~the~~ The State Auditor, who shall serve as an ex officio voting member for the duration of their term in office.

(3) ~~and the~~ The Secretary of Revenue ~~each serve ex officio; the remaining six members are appointed to four-year terms as follows: one~~ who shall serve as an ex officio voting member for the duration of their term in office.

(4) A voting member appointed by the Governor, subject to confirmation by the General Assembly by joint resolution, who shall be or have been the mayor or a member of the governing board of a city, for a term of four years.

(5) ~~two~~ Two voting members appointed by the General Assembly upon the recommendation of the President Pro Tempore in accordance with ~~G.S. 120-121,~~ G.S.120-121, each for a term of four years.

(6) ~~two~~ Two voting members appointed by the General Assembly upon the recommendation of the Speaker of the House in accordance with ~~G.S. 120-121,~~ G.S.120-121, each for a term of four years.

(7) ~~and one~~One voting member appointed by the State ~~Treasurer. The member appointed by the Governor shall be or have been the mayor or a member of the governing board of a city and one~~Treasurer, subject to confirmation by the General Assembly by joint resolution, who shall be or have been a member of a county board of ~~commissioners. The State Treasurer is chairman ex officio of the Local Government Commission.~~commissioners, for a term of four years.

Membership on the Commission is an office that may be held concurrently with one other office, as permitted by G.S. 128-1.1."

SECTION 1.7.(b) G.S. 159-4(a) reads as rewritten:

"(a) The State Auditor, the State Treasurer, ~~the Secretary of State,~~ and the Secretary of Revenue shall constitute the executive committee of the Local Government Commission. The executive committee is vested with all the powers of the Commission when it is not in session, except that the executive committee may not overrule, reverse, or disregard any action of the full Commission. Action of the executive committee shall be taken by resolution adopted by a majority of those present and voting. ~~Any~~ All three members of the executive committee constitute a quorum. The chairman may call meetings of the executive committee at any time."

SECTION 1.7.(c) Section 5.10 of S.L. 2026-41 reads as rewritten:

"…

"**SECTION 5.10.(b1)** Staggering. – Notwithstanding G.S. 159-3, as amended by this section, the current members of the Local Government Commission (Commission) excluding ex officio members, shall each finish their current respective terms on the Commission. Prior to the expiration ~~or termination~~ of each member's current term, the new member for that seat shall be appointed pursuant to G.S. 159-3, as amended by this section. If a vacancy occurs before the expiration of a member's current term, the vacancy shall be filled pursuant to G.S. 159-3, as amended by this section. The newly created seats shall be filled in the following manner: ~~for~~ one upon recommendation by the President Pro Tempore of the Senate, one upon recommendation by the Speaker of the House of Representatives, and one appointment by the State ~~Treasurer~~ Treasurer. ~~shall be filled within 30 days of this section becoming law as described below.~~ The three newly created seats that become eligible for appointment after this section becomes law shall be appointed for four-year terms in the following order:

(1) The ~~first seat which becomes available~~ seat held by the Secretary of State ex officio on the date this section becomes law shall be ~~filled by the recommendation of the President Pro Tempore of the Senate.~~appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. The General Assembly upon the recommendation of the President Pro Tempore shall appoint to fill any vacancy occurring in this seat prior to June 30, 2029, and thereafter.

(2) ~~The second seat which becomes available shall be filled by the recommendation of the Speaker of the House of Representatives.~~The term of the member appointed by the Governor serving as a current or former member of the governing board of a city shall continue until June 30, 2029. After this date, the appointment to this seat remains with the Governor. The Governor shall appoint to any vacancy occurring in this seat prior to June 30, 2029, and thereafter.

(3) ~~The third seat which becomes available shall be filled by the appointment by the State Treasurer.~~The term of the member appointed by the Governor serving as an at-large member shall continue until June 30, 2029. After this

date, the appointment to this seat shall be made by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Notwithstanding this provision, if the seat becomes vacant prior to June 30, 2029, the Speaker shall make an appointment to the seat to fill any partial term and shall appoint to the seat thereafter.

(4) The term of the member appointed by the Governor serving as a current or former member of a county board of commissioners shall continue until June 30, 2029. After this date, the appointment to this seat shall be made by the State Treasurer. Notwithstanding this provision, if the seat becomes vacant prior to June 30, 2029, the State Treasurer shall make an appointment to the seat to fill any partial term and shall appoint to the seat thereafter.

(5) The term of the member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate serving as an at-large member shall continue until June 30, 2029. After this date, the appointment to this seat remains with the President Pro Tempore. The General Assembly upon the recommendation of the President Pro Tempore shall appoint to fill any vacancy occurring in this seat prior to June 30, 2029, and thereafter.

(6) The term of the member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives serving as an at-large member shall continue until June 30, 2029. After this date, the appointment to this seat remains with the Speaker. The General Assembly upon the recommendation of the Speaker shall appoint to fill any vacancy occurring in this seat prior to June 30, 2029, and thereafter.

"**SECTION 5.10.(b2)** The Local Government Commission ~~shall~~ may adopt temporary ~~rules~~ rules, as necessary, to implement the provisions of subsections (b) and (b1) of this section and shall adopt permanent rules to replace ~~the~~ any temporary rules. Those temporary rules shall remain in effect until permanent rules that replace those rules ~~becomes~~ become effective.

…."

EDPNC BOARD APPOINTMENT AUTHORITY

SECTION 1.8. G.S. 143B-431.01(d)(2)a. reads as rewritten:

"a. The board shall be composed of 18 voting members as follows: the Secretary of Commerce, as an ex officio member, four members and the chair appointed by the Governor, two members appointed by the State Treasurer, two members appointed by the Commissioner of Labor, four members appointed by the Speaker of the House of Representatives, and four members appointed by the President Pro Tempore of the Senate. The Governor, the State Treasurer, the Commissioner of Labor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate shall each use best efforts to select members so as to reflect the diversity of the State's geography. The Speaker of the House and the President Pro Tempore shall each select their appointed members so that one-fourth come from a development tier one area, one-fourth come from a development tier two area, and no two members come from the same Collaboration for Prosperity Zone. The State Treasurer and the Commissioner of Labor shall each select their appointed members so that ~~one-half come from a development tier one area and one-half come from a development tier two area.~~ at least one of each of their respective choices comes from a development tier one or tier two area. The Governor shall select appointed members so that at least one member comes from a development tier one area, at least one member comes from a development tier two area, and no more than two members come from the same Collaboration for Prosperity Zone. The Governor, the State Treasurer, and the Commissioner of Labor shall use best efforts to ensure that each member appointed by their respective offices has expertise in one or more of the following areas:

1. Agribusiness, as recommended by the Commissioner of Agriculture.
2. Financial services.
3. Information technology.
4. Biotechnology or life sciences.
5. Energy.
6. Manufacturing.
7. Military or defense.
8. Tourism, as recommended by the North Carolina Travel and Tourism Coalition.
9. Tourism, as recommended by the North Carolina Travel Industry Association."

PART II. DISASTER RELIEF

DIVISION OF COMMUNITY REVITALIZATION CASHFLOW NEEDS AND DIRECTED GRANT MODIFICATIONS FOR HURRICANE HELENE

SECTION 2.1.(a) Section 5A.2(d) of S.L. 2026-41 reads as rewritten:

"**SECTION 5A.2.(d)** Allocations. – The funds appropriated in Section 2.2(j) of this act to the Helene Fund shall be allocated, totaling seven hundred six million one hundred twenty-eight thousand five hundred thirty-nine dollars ($706,128,539) in nonrecurring funds for the 2026-2027 fiscal year, as follows:

(1) Five hundred fifteen million dollars ($515,000,000) to NCEM as follows:

a. Four hundred fifty million dollars ($450,000,000) to provide the nonfederal share for federal disaster recovery programs for Hurricane Helene. Up to twenty million dollars ($20,000,000) of these funds may be used by DCR for cashflow needs for <u>Community Development Block Grant – Disaster Recovery-Related programs, including </u>the Temporary Relocation Assistance Program, established in Section 5A.7 of this act; provided that any nonfederal share needs be prioritized over this use. At the conclusion of the Temporary Relocation Assistance Program, all funds in this subdivision shall be used for the nonfederal share for federal disaster recovery programs for Hurricane Helene.

…

(2) Ninety-nine million six hundred thousand dollars ($99,600,000) to OSBM as follows:

…

b. Twenty-seven million dollars ($27,000,000) for a ~~directed~~ grant to Madison County for purposes consistent with the Local Government Capital Grant Program. These funds do not preclude Madison County from applying separately to the Program and do not count toward its respective caps or maximums awarded from the Program.

c. Five million dollars ($5,000,000) for a ~~directed~~ grant to the Veterans Restoration Quarters of Asheville Buncombe Community Christian Ministry to cover the cost of facility repairs and reconstruction expenses not covered by FEMA Public Assistance.

d. Two million six hundred thousand dollars ($2,600,000) to disburse grants to long-term recovery groups in counties in the affected area that were designated, in whole or in part, by the United States Department of Housing and Urban Development as the most impacted and distressed counties from Hurricane Helene. Each county shall receive any equal portion of these funds, respectively. These funds shall only be used for direct assistance activities in the counties identified in this sub-subdivision, and no funds shall be expended for staffing or administrative services."

SECTION 2.1.(b) The grants allocated by the Office of State Budget and Management to Madison County and the Veterans Restoration Quarters of Asheville Buncombe Community Christian Ministry under Section 5A.2(d)(2)b. and c. of S.L. 2026-41, as amended by this section, are exempt from the requirements of Section 5.2(b)(2) of S.L. 2026-41.

EXPAND ALLOWABLE USES FOR DISASTER RECOVERY MATCH FUNDS

SECTION 2.2.(a) Section 5.9(d) of S.L. 2021-180, as amended by Section 1.4 of S.L. 2021-189, reads as rewritten:

"**SECTION 5.9.(d)** Establishment of the State Match Fund. – There is established the State Match Fund (Fund) in the Department of Public Safety, Division of Emergency Management (Division). Any funds appropriated to the Fund shall remain available for expenditure as provided in this section unless directed otherwise by the General Assembly. The Division shall use the funds in the Fund for the State's share of costs associated with FEMA disaster response, preparedness, and recovery programs. <u>The Division may also use the funds in the Fund to repay costs associated with federal deobligations.</u>"

SECTION 2.2.(b) Section 4.1 of S.L. 2024-51 is amended by adding a new subsection to read:

"<u>**SECTION 4.1.(d)** Allowable Use of Match Funds. – To the extent that State funds are appropriated to the Helene Fund to provide the State match or nonfederal share for federal disaster assistance programs, those funds may also be used to repay costs associated with federal deobligations.</u>"

SECTION 2.2.(c) Any State funds appropriated to provide the State match or nonfederal share for federal disaster assistance programs, other than the funds identified in subsections (a) and (b) of this section, may also be used to repay costs associated with federal deobligations.

AMEND DISASTER RECOVERY BUDGET FUND

SECTION 2.3. Notwithstanding S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, the Committee Report shall be revised to change the Budget Fund listed in Item 111 on Page E44 from 206657 to 206664.

MODIFICATION TO PREVIOUS 2022 DISASTER RECOVERY ALLOCATION

SECTION 2.4. Effective the date this act becomes law, any funds remaining under the allocation pursuant to Section 5.4(a)(3)c. of S.L. 2022-74 may be used by Star Telephone Membership Corporation to purchase equipment and acquire additional land for employee traffic.

AMEND THE REVERSION DATE FOR THE AGRICULTURAL DISASTER CROP LOSS PROGRAM

SECTION 2.5. Section 5A.2(b) of S.L. 2026-41 reads as rewritten:

"**SECTION 5A.2.(b)** Reallocation of Certain Funds; Maximum Amount; Determination Date. – On ~~October 1, 2026,~~ January 1, 2027, of the funds appropriated to the Department of Agriculture and Consumer Services for the Program established pursuant to Subpart II-D of S.L. 2025-2, up to twenty million dollars ($20,000,000) of unencumbered funds shall be allocated to the North Carolina Forest Service for wildfire mitigation in the affected area. Any funds in excess of that amount shall revert to the State Emergency Response and Disaster Relief Fund and remain unappropriated."

AMEND LIST OF ELIGIBLE DAMS UNDER DAM SAFETY GRANT PROGRAM

SECTION 2.6. Section 5A.2(d)(4)a. of S.L. 2026-41 reads as rewritten:

"a. Twenty million dollars ($20,000,000) for the Dam Safety Grant Program in accordance with G.S. 143-215.32B, as amended by Section 5A.4 of this act. Of these funds, the Department shall disburse grants to the following dams, identified by National Inventory of Dams Identification Number: NC04652, NC01862, NC03036, NC00311, NC06533, NC00373, NC08003, NC01404, NC00187, ~~and NC00242.~~ NC00242, NC01850, and NC00290. No project shall receive a grant in excess of four million dollars ($4,000,000). Funds remaining after the aforementioned disbursements shall be allocated in accordance with G.S. 143-215.32B, as amended by Section 5A.4 of this act. The Department shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on any unmet needs from this disbursement of funds."

SMALL BUSINESS INFRASTRUCTURE GRANT PROGRAM MODIFICATIONS

SECTION 2.7.(a) Part II-F of S.L. 2025-2 is amended by adding a new subsection to read:

"**SECTION 2F.1.(c1)** Certain Project Eligibility. – A qualifying infrastructure need for which permitting had been obtained, or for which construction had commenced, prior to Hurricane Helene shall be eligible for a grant under this section, provided the qualifying infrastructure need otherwise satisfies all program eligibility requirements. A grant awarded pursuant to this subsection shall be limited to the actual costs incurred to repair damage directly attributable to Hurricane Helene and shall not include cost increases or escalations unrelated to such storm damage. A grant awarded under this subsection may be used for qualifying infrastructure constructed by a private entity, provided the infrastructure is dedicated, conveyed, or otherwise transferred to a public entity upon completion."

SECTION 2.7.(b) Prior Applications. – If the Department identifies prior closed or denied applications under the Program that would have qualified under Section 2F.1(c1) of S.L. 2025-2, as amended by this section, then the Department shall reconsider those applications under the additional criteria consistent with this section.

SECTION 2.7.(c) Reporting Requirement. – The reporting requirements under Section 2F.1(h) of S.L. 2025-2 apply to this section.

SECTION 2.7.(d) Applicability. – This section is applicable to applications pending or submitted to the Department of Commerce for the Small Business Infrastructure Grant Program on the date this section becomes law.

SECTION 2.7.(e) Effective Date. – This section is effective when it becomes law.

GOLDEN LEAF – HURRICANE HELENE BRIDGE LOAN MODIFICATIONS

SECTION 2.8.(a) Section 4C.3 of S.L. 2024-53, as amended by Section 1.1 of S.L. 2025-97, reads as rewritten:

"…

"**SECTION 4C.3.(b)** Definitions. – The following definitions apply in this section:

…

(2) Interest-only period. – A period of time, not to exceed ~~24 months~~ 30 months from the date that a loan is awarded, within which a qualifying business may make interest-only payments on a loan.

…

"**SECTION 4C.3.(c)** Use of Funds. – The following shall apply to the program and to loans made under the program:

…

(6) Loans are made pursuant to an agreement with a qualifying business that includes at least the following:

a. A provision requiring a qualifying business to certify in writing that it will use a loan provided under the program for purposes consistent with subdivision (1) of this subsection; provided, that neither Golden LEAF nor Golden LEAF's authorized lenders shall be required to verify the actual expenditures of borrowers under the program.

b. A provision requiring a qualifying business to certify in writing the business's total estimated losses.

c. A provision requiring the qualifying business to first repay the loan amount with any federal assistance, insurance proceeds, or other reimbursement received by the business that represents a duplication of benefits if such reimbursement would exceed the business's total estimated loss under sub-subdivision b. of this subdivision when added to the loan amount received by the business under this section; provided that, the repayment does not disqualify or impair the federal assistance available to the business.

d. A provision requiring the loan is secured through a Uniform Commercial Code financing statement.

e. A provision requiring recapture of loan funds if a business fails to comply with the requirements of the program. The lender shall recapture loan funds only if the lender determines there is a reasonable expectation that the recovery of funds will exceed the cost of ~~recovery.~~recovery; provided, however, that no such determination shall be required in instances where the lender reasonably believes that loan funds were not used for purposes consistent with subdivision (1) of this subsection.

…."

SECTION 2.8.(b) This section is effective when it becomes law and applies (i) retroactively to loans made under the program and (ii) to suspected instances of fraud occurring before, on, or after that date.

PART III. EDUCATION

CHANGE TO BUDGET FUND REDUCTION FOR ENTERPRISE RESOURCE PLANNING

SECTION 3.1. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, of the funds reduced from the Community Colleges System for Budget Code 16800-105320, the reduction of the sum of three million five hundred thousand dollars ($3,500,000) in recurring funds beginning with the 2026-2027 fiscal year for Enterprise Resource Planning shall instead be reduced from Budget Code 16800-105415 for the same purposes.

CHANGE TO BUDGET FUND FOR APPROPRIATION FOR CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

SECTION 3.2. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated to the Community Colleges System to Budget Code 16800-105320, the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2026-2027 fiscal year appropriated for Customer Relationship Management System shall instead be appropriated to Budget Code 16800-105415 for the same purposes.

CHANGE TO BUDGET FUND FOR APPROPRIATION FOR SHORT-TERM WORKFORCE CREDENTIALS FINANCIAL ASSISTANCE

SECTION 3.3. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated to the Community Colleges System to Budget Code 16800-105470, the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2026-2027 fiscal year for Short-Term Workforce Credentials Financial Assistance shall instead be appropriated to Budget Code 16800-105412 for the same purposes.

TECHNICAL CHANGE TO PERFORMANCE FUNDING REDUCTION FOR COMMUNITY COLLEGES

SECTION 3.4.(a) G.S. 115D-31.3, as amended by Section 6.11 of S.L. 2026-41, reads as rewritten:

"**§ 115D-31.3. Institutional performance accountability.**

(a) Implementation of Accountability Measures and Performance Standards. – The State Board of Community Colleges shall adopt and implement a system of accountability measures and performance standards for the Community College System. At least once every three years, the State Board of Community Colleges shall review, and revise if necessary, the accountability measures and performance standards to ensure that they are appropriate for use in recognition of successful institutional performance. If the State Board determines that accountability measures and performance standards must be revised following a review required by this subsection, the State Board shall report to the Joint Legislative Education Oversight Committee prior to the implementation of any proposed revisions.

(b) through (d) Repealed by Session Laws 2000-67, s. 9.7, effective July 1, 2000.

(e) Mandatory Performance Measures. – The State Board of Community Colleges shall evaluate each college on the progress of basic skills students.

(1) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.
(2) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.
(3) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.
(3a) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.
(3b) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.
(4), (5) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.
(5a) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.
(6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
(7) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.
(8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
(9) Repealed by Session Laws 2026-41, s. 6.11, effective July 1, 2026.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the measures ~~set out in subsection (e)~~ and standards adopted by the State Board pursuant to subsection (a) of this section (i) annually in its electronic catalog or on the internet and (ii) in its printed catalog each time the catalog is reprinted.

The Community Colleges System Office shall publish the performance of all colleges on all measures.

(g) Recognition of Successful Institutional Performance. – For the purpose of recognition of successful institutional performance, the State Board of Community Colleges shall evaluate each college on the progress of basic skill students based on the performance measures ~~set out in subsection (e)~~ and standards adopted pursuant to subsection (a) of this section. ~~Subject to the availability of funds,~~ To the extent funds are made available for this purpose, the State Board ~~may~~ shall allocate funds among colleges based on the evaluation of each institution's performance, including at least the following components:

(1) Program quality evaluated by determining a college's rate of basic skills student success on each measure and standard adopted by the State Board pursuant to subsection (a) of this section as compared to a systemwide performance baseline and goal.

(2) Program impact on basic skills student outcomes evaluated by the number of basic skills students succeeding on each ~~measure.~~measure and standard adopted by the State Board pursuant to subsection (a) of this section.

A college may use funds allocated to it pursuant to this subsection for one-time, performance-based bonuses for faculty and staff. Notwithstanding G.S. 135-1(7a), a bonus awarded with funds pursuant to this subsection is not compensation under Article 1 of Chapter 135 of the General Statutes.

(g1) Carryforward of Funds Allocated Based on Performance. – A college that receives funds under subsection (g) of this section may retain and carry forward an amount up to or equal to its performance-based funding allocation for that year into the next fiscal year."

SECTION 3.4.(b) This section is effective when it becomes law.

TECHNICAL CHANGE TO WORKFORCE DIPLOMA PROGRAM REPORTING

SECTION 3.5. Section 6.8(e) of S.L. 2026-41 reads as rewritten:

"**SECTION 6.8.(e)** Report. – The State Board of Community Colleges, in consultation with each qualifying third-party entity, shall submit a report by August 15, 2028, to the Joint Legislative Education Oversight ~~Committee, the Office of Learning Research at the University of North Carolina,~~ Committee and the Fiscal Research Division on the impact of the Program, including at least the following information:

(1) The number of participants.

(2) The number of credits earned by participants.

(3) The number of employability skills certifications issued to participants.

(4) The number and type of workforce credentials earned by participants.

(5) The number of participants who received a high school diploma.

(6) The average funding provided per participant who received a high school diploma.

(7) The percentage of participants who received a high school diploma."

ADJUST APPRENTICESHIP STUDY REPORT DEADLINE

SECTION 3.6. Section 6.5 of S.L. 2026-41 reads as rewritten:

"**SECTION 6.5.** ApprenticeshipNC shall study and report the following to the Joint Legislative Education Oversight Committee:

(1) No later than ~~December 31, 2026,~~ March 15, 2027, the feasibility of designing and implementing State funding incentives for employers and other

apprenticeship sponsors for the purpose of (i) increasing the availability of registered apprenticeship programs and (ii) improving apprentice enrollment, completion, post-completion education, and labor market outcomes. As part of this study, ApprenticeshipNC shall examine alternative incentive structures and design considerations to identify approaches that are most likely to increase apprenticeship starts and completions, support positive post-completion outcomes, and ensure the efficient use of State funds. ApprenticeshipNC may consult or contract with relevant subject-matter experts, including nonprofit and for-profit entities, subject to the availability of funds to support the study. The study and report required in this subdivision shall include at least all of the following:

…."

TECHNICAL CORRECTION TO REFERENCE FOR SHIFTING TRANSFER OF SUPPLEMENTAL EXCEPTIONAL CHILDREN FUNDING FOR THE REGIONAL SCHOOL

SECTION 3.7. Section 7.57(c) of S.L. 2026-41 reads as rewritten:

"**SECTION 7.57.(c)** ~~G.S. 115C-229.55(b)(2),~~ G.S. 115C-229.55(d)(2), as enacted by this act, reads as rewritten:

…."

CHANGE TO BUDGET FUND REDUCTION FOR THE NORTH CAROLINA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

SECTION 3.8. Notwithstanding the Committee Report described in Section 45.2 of S.L. 2026-41, of the funds to be reduced from the Department of Public Instruction for Budget Code 13510-101191, the sum of two million two hundred twenty-five thousand dollars ($2,225,000) in recurring funds beginning with the 2026-2027 fiscal year to eliminate funding for the Department of Public Instruction to contract with the North Carolina Association of School Business Officials shall instead be reduced from Budget Code 13510-101030.

PERMIT TEACHREADYNC PROGRAM TO BEGIN IN THE 2026-2027 SCHOOL YEAR

SECTION 3.9. Section 7.24(*l*) of S.L. 2026-41 reads as rewritten:

"**SECTION 7.24.(*l*)** This section becomes effective July 1, 2026. ~~The~~ Notwithstanding G.S. 115C-269.67, as enacted by subsection (g) of this section, the Department of Public Instruction shall issue the initial request for applications for the TeachReadyNC Program pursuant to ~~G.S. 115C-269.67, as enacted by subsection (g) of this section, by November 1, 2026,~~ G.S. 115C-269.67 by October 1, 2026, for applications to establish registered teacher apprenticeship programs beginning ~~in~~ as soon as practicable and no later than the 2027-2028 school year. Notwithstanding G.S. 115C-269.67(h), as enacted by subsection (g) of this section, the Department shall provide its initial report on the impact of the TeachReadyNC Program by March 15, 2028. Subsection (i) of this section applies beginning with the 2026-2027 school year or academic year, as appropriate."

CLARIFY LIABILITY OF GOVERNING BODIES OF PUBLIC SCHOOL UNITS RELATED TO CARDIAC EMERGENCY RESPONSE PLANS AND USE OF AEDS

SECTION 3.10. G.S. 115C-375.6(e), as enacted by S.L. 2026-41, reads as rewritten:

"(e) Any governing body of a public school ~~unit employee~~ unit, its members, designees, agents, volunteers, or employees authorized by the State Board of Education or the governing body of a public school unit, or its designee, to act under this section shall not be liable in civil damages for any authorized act or for any omission relating to that act unless the act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing. Any person, serving in a voluntary position at the request of or with the permission or consent of the governing body of a public school unit or its designee, who has been given the authority by the governing body of a public school unit or its designee to give emergency health care when reasonably apparent circumstances indicate that any delay would seriously worsen the physical condition or endanger the life of a person experiencing a medical emergency on school grounds shall not be liable in civil damages for any authorized act or for any omission relating to the act unless the act amounts to gross negligence, wanton conduct, or intentional wrongdoing."

CLARIFY ALLOWABLE NUMBER OF HOURS FOR RELEASED TIME RELIGIOUS INSTRUCTION

SECTION 3.11. G.S. 115C-407.45(6), as enacted by S.L. 2026-41, reads as rewritten:

"(6) Time limitations. – The public school unit shall ~~excuse one hour of released time religious instruction at a minimum. A school principal shall not authorize excused absences totaling more than four hours of released time religious instruction in a single calendar week.~~authorize excused absences for at least one, but no more than four, hours of released time religious instruction per calendar week."

NORTH CAROLINA HIGH SCHOOL REDESIGN COMMISSION

SECTION 3.12.(a) Commission Established. – There is established the North Carolina High School Redesign Commission (Commission). The Commission shall be located administratively in the Department of Public Instruction but shall exercise all of its prescribed powers independently of the Department. The purpose of the Commission is to explore and recommend changes to policies and systems governing high school and higher education that will better prepare North Carolina students for success as they transition to higher education or the workforce.

SECTION 3.12.(b) Commission Membership. – The Commission shall consist of 15 members as follows:

(1) Two members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives.
(2) Two members appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate.
(3) One member appointed by the Governor.
(4) The State Superintendent of Public Instruction or his or her designee.
(5) The President of The University of North Carolina or his or her designee.
(6) The President of North Carolina Independent Colleges and Universities or his or her designee.
(7) The President of the North Carolina Community College System or his or her designee.
(8) The chief executive officers of each of the following organizations, or their designees: MyFutureNC, the North Carolina Chamber of Commerce, BEST NC, and SparkNC.
(9) One chief administrative officer or president of a community college participating in a program, project, or initiative developed pursuant to this act and one superintendent of a local school administrative unit participating in a program, project, or initiative developed pursuant to this act or their respective designees. These members shall be appointed by the chair of the Commission elected pursuant to subsection (c) of this section.

SECTION 3.12.(c) Commission Chair; Schedule; Quorum. – The Commission shall elect a chair from the members appointed by the General Assembly. Each member shall have one vote for the chair, except those members to be appointed by the chair pursuant to subdivision (9) of subsection (b) of this section who shall be appointed after a chair is elected. The Commission shall meet at least four times annually. The Commission shall meet on the call of the chair or as additionally provided by the Commission. A quorum is six members of the Commission. Members may not vote by proxy.

SECTION 3.12.(d) Commission Member Terms. – All members shall be appointed to terms for the entire duration of the Commission. Any vacancy in a term shall be filled by the appointing authority for the remainder of the unexpired term.

SECTION 3.12.(e) Commission Duties. – The Commission shall examine promising practices in North Carolina and nationally to inform the Commission's recommendations. At a minimum, the Commission shall consider the following:

(1) Flexible requirements for high school diplomas that are relevant to the knowledge, skills, and abilities students will need for success in the future workforce.

(2) Access to apprenticeships, internships, clinical experiences, and other high-quality, work-based learning experiences while in high school.

(3) Opportunities for students to earn industry recognized credentials while in high school.

(4) Partnerships between public school units and North Carolina Community Colleges, The University of North Carolina, and North Carolina Independent Colleges and Universities for the purposes of facilitating subdivisions (1) through (3) of this subsection.

(5) Personalized pathways for students to satisfy core graduation requirements.

(6) Modular credit-bearing alternatives to semester or yearlong courses.

(7) Competency-based alternatives to time bound courses.

(8) Strategies for extending learning beyond school walls at scale via community connected experiences, including incorporating incentives for local businesses to partner with schools.

(9) Uses of artificial intelligence to expand student opportunities to engage in career exploration and work-based learning experiences.

(10) Alternative funding models to enable the development of a statewide learning ecosystem that encourages subdivisions (1) through (9) of this subsection.

(11) Career exploration opportunities for students in middle school and the first two years of high school that prepare students to engage successfully in a redesigned high school experience.

(12) Evaluation of the programs, projects, and initiatives established by this act, and any other competency-based education (CBE) programs or high school redesign efforts taking place in the State. The Commission shall partner with the Office of Learning Research at the North Carolina Collaboratory to conduct these evaluations.

SECTION 3.12.(f) Meetings and Organization. – The chair shall designate one or more of the organizations identified in subdivision (8) of subsection (b) of this section to plan and manage Commission meetings and draft reports. Designated organizations shall provide administrative staff for meetings. Funds appropriated to the Department of Public Instruction to be used to contract with one or more organizations to plan and manage Commission meetings shall be divided equally among the organizations designated by the chair unless otherwise agreed by the chair and all designated organizations.

SECTION 3.12.(g) Report. – The Commission shall submit a report to the Joint Legislative Education Oversight Committee by April 30, 2027, and annually thereafter. The reports shall include all recommendations approved by a majority of Commission members and a summary of any evaluations of the efficacy of any CBE programs and high school redesign efforts implemented during the current school year.

SECTION 3.12.(h) Termination. – The Commission shall terminate on June 30, 2031, or upon filing of its final annual report, whichever occurs first.

ALLOW FRIDAY INSTITUTE TO CARRYFORWARD NONRECURRING FUNDS FOR AI PROFESSIONAL DEVELOPMENT MODULES

SECTION 3.13. Section 7.39 of S.L. 2026-41 is amended by adding a new subsection to read:

"**SECTION 7.39.(r)** The four hundred thousand dollars ($400,000) in nonrecurring funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2026-2027 fiscal year to be allocated to North Carolina State University for the Friday Institute to implement subsections (m) and (n) of this section shall not revert at the end of the 2026-2027 fiscal year but shall remain available until the end of the 2027-2028 fiscal year."

CLARIFY BONUSES FOR SCHOOL NUTRITION AND CUSTODIAL PERSONNEL

SECTION 3.14. Section 7A.13 of S.L. 2026-41 reads as rewritten:

"**SECTION 7A.13.(a)** No later than October 31, 2026, the Department of Public Instruction shall administer a bonus of one thousand seven hundred fifty dollars ($1,750) to all school nutrition and custodial personnel employed ~~in~~ by local school administrative units.

"**SECTION 7A.13.(b)** For purposes of this section, the term "school nutrition and custodial personnel" refers to persons who meet all of the following criteria:

(1) Provide school nutrition or custodial services in the unit.
(2) Are not licensed by the State Board of Education.
(3) Are employed ~~in~~ by a local school administrative unit as of October 1, 2026. This criterion does not include employment in a local school administrative unit when the employer is not the local school administrative unit.
(4) Receive salaries that are supported in whole or in part by receipt funds or local funds.

…."

REMOVE DEADLINE FOR EDUCATOR PREPARATION PROGRAM RULE ADOPTION

SECTION 3.15.(a) All of the following provisions are repealed:

(1) Section 7(b) of S.L. 2017-189.
(2) Section 7(f) of S.L. 2017-189.
(3) Section 4 of S.L. 2019-149.

SECTION 3.15.(b) By October 15, 2026, the State Board of Education, in consultation with the Department of Public Instruction, The University of North Carolina System Office, the Community Colleges System Office, and the North Carolina Independent Colleges and Universities, shall report to the Joint Legislative Education Oversight Committee on recommendations for an educator preparation program accountability model, including any necessary changes to State law that would be required to implement the accountability model.

SECTION 3.15.(c) This section is effective when it becomes law.

UNC SYSTEM HEALTH CARE ACCESS FUND

SECTION 3.16.(a) G.S. 116-36.10, as enacted by Section 8.20 of S.L. 2026-41, reads as rewritten:

"**§ 116-36.10. ~~Rural Residency Medical Education and Training~~ UNC System Health Care Access Fund.**

(a) Fund Established. – There is established the ~~Rural Residency Medical Education and Training Fund (Fund)~~ UNC System Health Care Access Fund (Fund) as a nonreverting, interest-bearing special fund. The Fund shall consist of funds appropriated by the General Assembly and the interest earned on those funds. The Fund shall be used ~~to support expenses for~~for the following:

(1) Expenses for training, residency programs, and associated capital improvement projects for the following:

~~(1)~~a. Medical schools and health affairs programs operated by constituent institutions of The University of North Carolina, including the medical schools and health affairs programs at East Carolina University and the University of North Carolina at Chapel Hill.

~~(2)~~b. Private and public health care entities in the State.

(2) The development and expansion of courses at constituent institutions of The University of North Carolina that lead to a degree in a field related to health care.

…."

SECTION 3.16.(b) Section 8.20(b) of S.L. 2026-41 reads as rewritten:

"**SECTION 8.20.(b)** Notwithstanding any provision of ~~S.L. 2023-134 or the Committee Report referenced in Section 43.2 of that act to the contrary,~~ law to the contrary, including the Committee Report referenced in Section 45.2 of this act, S.L. 2023-134, the Committee Report referenced in Section 43.2 of S.L. 2023-134, and Section 2.5 of S.L. 2026-42, The University of North Carolina System Office shall allocate to the ~~Rural Residency Medical Education and Training Fund~~ UNC System Health Care Access Fund established pursuant to G.S. 116-36.10, as enacted by this section, ~~all funds that were appropriated to the Board of Governors~~ all of the following funds:

(1) Funds that were appropriated to the Board of Governors of The University of North Carolina for the 2023-2025 fiscal biennium pursuant to S.L. 2023-134 for the Rural Residency Medical Education and Training Fund established by the Board of Governors of The University of North Carolina pursuant to that act.

(2) The following amounts for the 2026-2027 fiscal year for the Rural Residency Medical Education Training Fund in accordance with the Committee Report referenced in Section 45.2 of this act:

a. The four million eight hundred ninety-eight thousand two hundred sixteen dollars ($4,898,216) in recurring funds appropriated to the Board of Governors.

b. The four million five hundred thousand dollars ($4,500,000) in nonrecurring funds in receipts budgeted from the Rural Health Care Stabilization Fund.

(3) The nine million dollars ($9,000,000) in recurring funds and the nine million five hundred thousand dollars ($9,500,000) in nonrecurring funds appropriated to the Board of Governors for the 2026-2027 fiscal year for Healthcare Workforce Programs Expansion in accordance with the Committee Report referenced in Section 45.2 of this act, as amended by Section 2.5 of S.L. 2026-42."

EXTEND DEADLINE FOR PUBLIC SCHOOL OPEN ENROLLMENT STUDY

SECTION 3.17. Section 8.23(b) of S.L. 2026-41 reads as rewritten:

"**SECTION 8.23.(b)** The Collaboratory shall report its findings, including any recommended legislation, to the Joint Legislative Education Oversight Committee by ~~April 15,~~ June 1, 2027."

COLLABORATORY SHELLFISH STUDY EXTENSION

SECTION 3.18. Notwithstanding Section 7(c) of S.L. 2026-11, the North Carolina Collaboratory (Collaboratory) shall submit the final report for the Collaboratory's comprehensive study on shellfish aquaculture regulations to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources no later than December 1, 2027.

COLLABORATORY REPORT ON RECOVERY COURT STUDY RESULTS

SECTION 3.19.(a) Section 8.11 of S.L. 2023-134 reads as rewritten:

"**SECTION 8.11.(a)** Of the funds appropriated in this act from the Opioid Abatement Reserve established pursuant to Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74, to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory (Collaboratory), the Collaboratory shall study <u>in two phases</u> existing judicially managed accountability and recovery courts (JMARCs), including those drug treatment courts and JMARCs partially or fully exempted from Article 62 of Chapter 7A of the General Statutes under G.S. 7A-802. These funds shall not revert at the end of the 2023-2024 fiscal year but shall remain available until expended.<u> Phase I shall study programmatic aspects of JMARCs, including program capacity, funding sources, demand, expansion potential, and jurisdictional needs. Phase II shall evaluate processes and intended outcomes for each type of JMARC, including adult drug treatment, impaired driving, family treatment, adult mental health, veterans, and juvenile drug treatment. Phase II shall include comparisons of outcomes between JMARC participants and appropriate comparison groups, as well as a cost-benefit evaluation of the different types of JMARCs. JMARCs are authorized to share participant information with the Collaboratory and the University of North Carolina at Wilmington (UNCW) for purposes of this study. Information or data about individual JMARC participants received by the Collaboratory or UNCW shall be confidential and not public record, shall be withheld from public inspection, shall be used only for the purposes of this study, and may not be publicly disclosed except as deidentified and aggregated information or data.</u>

"**SECTION 8.11.(b)** No later than October 1, 2024, the Collaboratory shall report on the results of <u>Phase I of</u> the study required by subsection (a) of this ~~section~~ <u>section, and no later than March 15, 2028, the Collaboratory shall report on the results of Phase II of the study required by subsection (a) of this section</u> to the following entities:

(1) The Joint Legislative Oversight Committee on Health and Human Services.
(2) The Joint Legislative Oversight Committee on Justice and Public Safety.
(3) The Joint Legislative Education Oversight Committee.
(4) The chairs of the House and Senate Appropriations Committees on Health and Human Services.
(5) The chairs of the House and Senate Appropriations Committees on Justice and Public Safety.
(6) The chairs of the House and Senate Appropriations Committees on Education.

"**SECTION 8.11.(c)** The report <u>on Phase I of the study</u> required by subsection (b) of this section shall include, at a minimum, each of the following:

(1) Executive summary of the study and its findings.
(2) Summary of each JMARC's operating model.
(3) Summary of each JMARC's funding sources.
(4) Analysis of demand and capacity for each JMARC.
(5) Summary of need and local interest for additional JMARCs.
(6) Feasibility of JMARCs operating across counties and across judicial districts.
(7) Proposed JMARC expansion plan.

(8) List of funding sources to support the expansion plan outlined in subdivision (7) of this subsection.

"**SECTION 8.11.(c1)** The report on Phase II of the study required by subsection (b) of this section shall include, at a minimum, each of the following:

(1) Executive summary of the study and its findings.

(2) Evaluation of processes and intended outcomes for the different types of JMARCs.

(3) Deidentified and aggregated results of the comparisons of outcomes between JMARC participants and appropriate comparison groups for the different types of JMARCs.

(4) A cost-benefit evaluation of the different types of JMARCs.

"**SECTION 8.11.(d)** This section is effective when it becomes law."

SECTION 3.19.(b) This section is effective retroactively to October 3, 2023.

WATER SAFETY ACT REVISIONS

SECTION 3.20.(a) Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds provided to the Collaboratory for scientific research on PFAS shall be used for research activities described in Section 8.27 of S.L. 2026-41, as amended by subsection (b) of this section.

SECTION 3.20.(b) Section 8.27 of S.L. 2026-41 reads as rewritten:

"**SECTION 8.27.(a)** ~~PFAS~~ Emerging Contaminant Research Funding. – Funds appropriated in this act to the North Carolina Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) for PFAS research activities will be used to support scientific research on emerging contaminants (including PFAS, 1,4-dioxane, and any other compounds the Collaboratory identifies as significant and in need of additional research) conducted by or in collaboration with public or nonprofit academic institutions, including any of the following:

(1) Detection methods for known and emerging ~~PFAS and 1,4-dioxane.~~contaminants.

(2) Fate and transport of ~~PFAS and 1,4-dioxane~~ emerging contaminants in environmental media.

(3) Innovative remediation, filtration, and destruction technologies for ~~PFAS and 1,4-dioxane.~~emerging contaminants.

(4) Public health and toxicological impact assessments of ~~PFAS and 1,4-dioxane.~~emerging contaminants.

(5) Evaluation of the health impacts of ~~PFAS mixtures and 1,4-dioxane~~ emerging contaminants found in the State's drinking water to more closely model real-world public health scenarios.

(6) Replacement compounds for ~~PFAS and 1,4-dioxane.~~emerging contaminants.

(7) Other topics the Collaboratory finds relevant to the characterization, biological transport, treatment, or control of emerging contaminants.

…

"**SECTION 8.27.(f)** Industrial Discharger and SIU Study Phases. – The North Carolina Collaboratory (Collaboratory), in cooperation with the Department of Environmental Quality (DEQ), shall conduct a two-phased study to identify and quantify measurable PFAS discharges in the State by collecting samples from POTW permit holders and certain NPDES permit holders following sampling protocols defined by the ~~Collaboratory,~~ Collaboratory in consultation with DEQ, as set forth in the following schedule:

(1) Phase 1 shall include collection by DEQ or the POTW and analysis by the Collaboratory of influent, effluent, and sludge samples from (i) every permitted POTW in the State receiving effluent from one or more significant industrial users (SIUs) and (ii) every facility holding an NPDES permit for

direct discharge of process wastewater from an industrial or commercial operation. The Collaboratory and DEQ shall complete sampling and analysis of samples collected during this phase no later than December 31, 2027.

(2) Phase 2 shall include collection by DEQ or the POTW and analysis by the Collaboratory of influent and effluent samples collected from every SIU discharging to a POTW, whether the pretreatment program applicable to that SIU is administered by the POTW and certified by the Environmental Management Commission (EMC) under G.S. 143-215.3(a)(14) or administered by DEQ. DEQ may retain secondary samples from samples collected in this ~~Phase for analysis in compliance with subdivision (3) of this subsection.~~ Phase. The ~~Collaboratory and DEQ shall~~ Collaboratory, DEQ, or the POTW may begin Phase 2 for SIUs of a POTW at the same time or upon completion of Phase 1 sampling for that POTW and complete sampling and analysis for all SIUs no later than December 31, 2028.

(3) Research data generated by the Collaboratory or its researchers as set forth in this section may be used for regulatory recommendations but may not be used for regulatory actions by the State of North Carolina. ~~DEQ shall take regulatory actions only in compliance with the sampling and analytic protocols required under DEQ's delegation of NPDES and pretreatment program authority from the Environmental Protection Agency.~~

(4) The Collaboratory may also include in the analysis and report required by subsection (g) of this section any PFAS analytical data collected by a POTW or DEQ and provided to the Collaboratory.

"**SECTION 8.27.(g)** Industrial Discharger and SIU Study Analysis and Report. – The Collaboratory or its research teams shall conduct targeted PFAS analysis, adsorbable organic fluorine (AOF) analysis, and total oxidizable precursor (TOP) analysis on samples collected in both Phase 1 and Phase 2.

(1) Phase 1 report. – No later than March 31, 2028, the Collaboratory shall submit to DEQ, the EMC, and the Environmental Review Commission (ERC) a final report of a summary of the Phase 1 results, which shall be anonymized or aggregated based on ~~county~~ POTW, county, or river basin and shall also include regulatory recommendations for numerical mass-loading reduction thresholds. All research data gathered and analyzed by the Collaboratory as part of Phase 1, with the exception of the actual contents contained within the report released publicly, shall be exempt from disclosure as a public record as set forth in G.S. 116-43.17.

(2) Phase 2 report. – No later than March 31, 2029, the Collaboratory shall submit to DEQ, the EMC, and the ERC a final report of a summary of the results, which shall also include regulatory recommendations for numerical mass-loading reduction thresholds. Upon publication of the report, the supporting data from Phase 2 will be a public record as defined by G.S. 132-1, unless exempted under G.S. 116-43.17 or another applicable provision of law.

…."

CLARIFY APPLICABILITY OF EARLY GRADUATE HIGH SCHOOL SCHOLARSHIP FUNDS

SECTION 3.21. Section 8A.13 of S.L. 2026-41 reads as rewritten:

"**SECTION 8A.13.** Notwithstanding Part 7 of Article 23 of Chapter 116 of the General Statutes, the one million dollars ($1,000,000) in nonrecurring funds appropriated in this act for the 2026-2027 fiscal year to the Reserve Fund for Early Graduate Scholarships for the Early Graduate Scholarship Program shall be used to provide scholarships ~~to students~~ beginning in the

2027-2028 academic ~~year.~~year beginning with students graduating high school in the 2025-2026 school year."

CLARIFY PUBLIC RECORDS EXEMPTION FOR OPPORTUNITY SCHOLARSHIP TESTING RECORDS

SECTION 3.22.(a) G.S. 115C-562.5, as amended by Section 8A.12 of S.L. 2026-41 and Section 2.8 of S.L. 2026-42, reads as rewritten:

"**§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving scholarship grants.**

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall comply with the following:

…

(4) Administer, at least once in each school year, tests as provided in this subdivision. This individual test data is subject to collection by the Authority. Test performance data ~~reported to~~ collected by the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes. Tests shall be administered to all eligible students enrolled in grades three and higher whose tuition and fees are paid in whole or in part with a scholarship grant as follows:

a. The nationally standardized test designated by the Authority in grades three and eight.

b. The ACT in grade 11.

c. A nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school in all other grades four and higher. For grades four through seven, the nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. For grades nine, 10, and 12, the nationally standardized test or other equivalent measurement selected must measure either (i) achievement in the areas of English grammar, reading, spelling, and mathematics or (ii) competencies in the verbal and quantitative areas.

…

(b1) A nonpublic school that accepts eligible students receiving scholarship grants shall annually certify compliance with subdivision (4) of subsection (a) of this section and shall retain records of the test administration for a period of four years. Each year the Authority shall select at least four percent (4%) of nonpublic schools to verify testing administration in accordance with subdivision (4) of subsection (a) of this section.

…."

SECTION 3.22.(b) This section is effective July 1, 2026, and applies beginning with the 2026-2027 school year.

ADVISE NC CARRYFORWARD

SECTION 3.23. Section 8A.14 of S.L. 2026-41 is amended by adding the following new subsection to read:

"**SECTION 8A.14.(c)** The two million five hundred thousand dollars ($2,500,000) in nonrecurring funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2026-2027 fiscal year to be allocated to the State Education Assistance Authority for the Advise NC College Access Initiative in accordance with G.S. 116-209.32, as enacted by subsection (a) of this section, shall not revert at the end of the 2026-2027 fiscal year but shall remain available until the end of the 2027-2028 fiscal year."

SPECIFY PROCEDURE FOLLOWING REMOVAL OF AN EDUCATOR PREPARATION PROGRAM FROM THE TEACHING FELLOWS PROGRAM

SECTION 3.24. G.S. 116-209.62(f1), as enacted by Section 8.5 of S.L. 2026-41, reads as rewritten:

"(f1) Program Reevaluation. – The Commission, in consultation with the System Office of The University of North Carolina and the Authority, shall develop a process to reevaluate all educator preparation programs participating in the Program on the basis of effectiveness. Under the process developed pursuant to this subsection, the Commission shall reevaluate all participating educator preparation programs at least every six years. The Commission may stagger the reevaluation process among participating educator preparation programs as necessary. At the conclusion of the reevaluation process, the Commission may remove an educator preparation program from the Program. ~~If the Commission removes an educator preparation program, the Commission shall ensure that any loan recipients enrolled in the educator preparation program in that academic year remain eligible to receive a forgivable loan under the Program.~~The Director shall notify the Authority of any educator preparation program removed from the Program by February 1 prior to the academic year in which the educator preparation program will no longer be eligible to participate. Notwithstanding subsection (g) of this section, any selected student that is eligible to receive a loan in the next academic year that is enrolled in the educator preparation program that is being removed may continue to receive a forgivable loan for completion of the Program leading to initial teacher licensure or transfer to another selected institution upon approval of the Director."

CONFORM NURSING FELLOWS PILOT PROGRAM TO EXISTING FORGIVABLE LOAN PROGRAMS ADMINISTERED BY THE STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 3.25. Section 8A.10 of S.L. 2026-41 reads as rewritten:

"**SECTION 8A.10.(a)** Definitions. – The following definitions shall apply in this section:

…

(5) Eligible nursing student. – A nursing student who is enrolled in and admitted to a qualifying degree program at a qualifying institution of higher education beginning in the 2027-2028 or 2028-2029 academic year.

…

"**SECTION 8A.10.(b)** Program. – There is established the Nursing Fellows Pilot Program. The purpose of the Program is to recruit, prepare, and support eligible nursing students enrolling at qualifying institutions of higher education beginning in either the 2027-2028 academic year or the 2028-2029 academic year for preparation as highly effective nurses and highly effective instructors in qualifying instruction programs. The Program shall be used to provide forgivable loans to eligible nursing students who are (i) enrolled in and admitted to a qualifying degree program and (ii) interested in preparing to become nurses in the State or nurse instructors in qualifying instruction programs.

…

"**SECTION 8A.10.(d)** Allocation of Funds. – Of the nonrecurring funds appropriated to the Board of Governors of The University of North Carolina and allocated to the Authority in the 2026-2027 fiscal year for the Program, the Authority shall do the following:

(1) Program expenses. – Transfer five percent (5%) to the Community Colleges System Office and five percent (5%) to the Dean for program expenses. These funds shall not revert at the end of the 2026-2027 fiscal year but shall remain available until they are expended or until loans are no longer provided under the Program, whichever comes first. These funds shall be used by each respective program director for the following purposes:

a. The Program's administrative costs.

b. Extracurricular enhancement activities of the Program.

c. Mentoring and coaching support to forgivable loan recipients.

(2) Program administration. – Use up to four percent (4%) for other administrative costs associated with the Program. These funds shall not revert at the end of the 2026-2027 fiscal year but shall remain available until expended or there are no longer any loans outstanding under the Program, whichever comes first.

(3) Forgivable loans. – ~~After transferring the following amounts pursuant to subdivisions (1) and (2) of this subsection, of the remaining funds, the Authority shall transfer thirty percent (30%) to the Community Colleges System Office to be divided equally among each qualifying community college and seventy percent (70%) to WSSU. These funds shall be used by each respective program director for the award of forgivable loans under the Program.~~Of the funds remaining after taking the actions described in subdivisions (1) and (2) of this subsection, the Authority shall award forgivable loans under the Program according to the following distribution of funds:

a. Thirty percent (30%) divided equally among each qualifying community college.

b. Seventy percent (70%) for WSSU.

…

"**SECTION 8A.10.(f)** Awards of Forgivable Loans. – The ~~Program shall provide~~ Authority shall award forgivable loans to selected students who are initially enrolled in and admitted to a qualifying degree program that is an associate degree program or a Bachelor of Science degree program. Loan payments shall be provided each year for completion of the respective degree program. Students shall be eligible to receive additional loan payments for a Master of Science in nursing education at WSSU if the students enroll in the Master of Science in nursing degree program at WSSU within two years of completion of a Bachelor of Science in nursing program at WSSU. Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to ~~completion of the qualifying degree program.~~ obtaining licensure as a registered nurse. Forgivable loans shall be awarded per academic term as follows:

(1) For students enrolled in and admitted to an associate degree in nursing program at a qualifying community college, in amounts of up to two thousand five dollars ($2,500) per semester or one thousand two hundred fifty dollars ($1,250) per summer session, for up to four academic terms.

(2) For students enrolled in and admitted to a qualifying Bachelor of Science in nursing degree program at WSSU, in amounts of up to five thousand dollars ($5,000) per semester or two thousand five hundred dollars ($2,500) per summer session, for up to five academic terms.

(3) For students enrolled in and admitted to a qualifying Master of Science in nursing degree program at WSSU, in amounts of up to five thousand dollars ($5,000) per semester or two thousand five hundred dollars ($2,500) per summer session, for up to four additional academic terms.

"**SECTION 8A.10.(g)** Administration of Forgivable Loan Awards. – Upon the naming of recipients of the forgivable loans by the Community College Director and the Dean, the directors shall transfer their decisions to the Authority. The Authority, in coordination with the directors, shall perform all of the administrative functions necessary to implement this section, including rulemaking, disseminating information, acting as a liaison with participating institutions of higher education, awarding forgivable loans, implementing forgivable loan agreements, loan monitoring, loan canceling through service and collection, determining the acceptability of service repayment agreements, enforcing the agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this section.

…

"**SECTION 8A.10.(i)** Forgiveness. – For every year a qualifying nurse remains a qualifying nurse or a qualifying nurse instructor remains a qualifying nurse instructor, the Authority shall forgive ~~one-third of the total~~ the loan amount received under the Program over ~~the course of~~ one year of enrollment in the applicable qualifying degree program or programs and any interest accrued on that amount. The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to three years, within 10 years after completion of the latest applicable qualifying degree program, because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the latest applicable qualifying degree program supported by the forgivable loan. If the recipient completes the applicable qualifying degree program, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years.

…."

COMPETITIVE SPEECH AND DEBATE GRANT PROGRAM

SECTION 3.26.(a) Part VII of S.L. 2026-41 is amended by adding a new section to read:

"**SECTION 7.64.(a)** Program; Purpose. – There is established the Competitive Speech and Debate Team Grant Program (Program) for the 2026-2027 school year. The purpose of the Program is to allow each public school serving students in grades nine through 12 to form a speech and debate team and to allow the team to participate in speech and debate competitions. The Department of Public Instruction (Department) shall administer the Program in accordance with this section.

"**SECTION 7.64.(b)** Eligibility. – Any public school unit that includes a school that serves students in grades nine through 12 is eligible to apply to the Department for a grant to develop, maintain, or expand an educational and competitive speech and debate team.

"**SECTION 7.64.(c)** Applications; Criteria and Guidelines. – The Department shall develop and publish an application process for the Program. Applications shall include, at a minimum, a proposed budget for the speech and debate team.

"**SECTION 7.64.(d)** Award; Use of Funds. – The Department shall award grants to selected applicants by October 31, 2026. The Department shall determine the amount of each award up to a maximum of ten thousand dollars ($10,000) per team per school year. Funds may be used for any of the following purposes:

(1) Provide stipends for coaches. Each team award may only include two stipends, one lead team coach stipend of up to two thousand five hundred dollars ($2,500) and one assistant team coach stipend of one thousand five hundred dollars ($1,500).

(2) Make payments associated with participation in a speech and debate league or competition.

(3) Travel to and from speech and debate competitions.

"**SECTION 7.64.(e)** Team Participation. – Speech and debate teams receiving funds through the Program shall participate in the Tarheel Forensic League and the National Speech and Debate Association.

"**SECTION 7.64.(f)** Student Eligibility. – If a student is enrolled in a school that does not offer a speech and debate team, the student is eligible to participate on the speech and debate team at the public school located geographically closest to where the student resides that has a team and is participating in the Program. A student joining a team under the authority of this section shall be responsible for transportation to and from the school where the team meets. Nothing in this section prohibits a school from enforcing guidelines for student participation in extracurricular activities, such as academic performance requirements, nor does it prohibit a speech and debate team from conducting a selection process for the team, so long as the student is able to participate in the selection process as if the student were enrolled in that school.

"**SECTION 7.64.(g)** Reporting. – No later than May 15, 2027, the Department shall report the following information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) The public school units receiving grants and the amount of the grant.
(2) A description of how the grants were used.
(3) The public school units that applied for grants but did not receive one.
(4) The extent to which students participating in speech and debate programs funded by the Program experienced measurable improvement in academic performance.
(5) Any other information the Department deems relevant to evaluating the impact and effectiveness of the Program."

SECTION 3.26.(b) Notwithstanding the Committee Report referenced in Section 45.2 of S.L. 2026-41, the funds appropriated to the Department of Public Instruction for Budget Code 13510-101180 shall be increased by the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2026-2027 fiscal year for the Department to administer the Competitive Speech and Debate Team Grant Program in accordance with Section 7.64 of S.L. 2026-41, as enacted by this act.

PART IV. HEALTH AND HUMAN SERVICES

BASE BUDGET ADJUSTMENTS FOR SNAP EXPANSION ITEMS

SECTION 4.1. When developing the base budget, as defined by G.S. 143C-1-1, for the Department of Health and Human Services (DHHS) for each year of the 2027-2029 fiscal biennium, the Office of State Budget and Management, in collaboration with the DHHS, shall adjust the requirements and receipts for the items funded by Section 9B.7 of S.L. 2026-41 to avoid an increase in the net General Fund appropriation for these items.

ALLOW ADDITIONAL NONRECURRING FUNDS FOR DOLLY PARTON'S IMAGINATION LIBRARY TO NOT REVERT

SECTION 4.2. Section 9D.7 of S.L. 2026-41 is amended by adding a new subsection to read:

"**SECTION 9D.7.(b1)** The additional nonrecurring funds provided in this act for Dolly Parton's Imagination Library shall not revert on June 30, 2027, but shall remain available until June 30, 2032, at which time the funds shall revert to the appropriate fund."

MEDICAID HOSPITAL ASSESSMENTS TECHNICAL CORRECTION

SECTION 4.3.(a) G.S. 108A-146.12(i) reads as rewritten:

"(i) For each State fiscal year after the ~~2025-2026~~ 2024-2025 fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly amount by the Medicare Economic Index."

SECTION 4.3.(b) This section is effective when it becomes law.

HYPERBARIC OXYGEN THERAPY TREATMENT DIRECTED GRANT

SECTION 4.4. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, the following shall occur:

(1) The State Controller shall transfer one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2026-2027 fiscal year to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for a directed grant to HBOT 4 Heroes, a nonprofit corporation, for the provision of hyperbaric oxygen therapy treatment for veterans with a diagnosis of traumatic brain injury or posttraumatic stress disorder.

(2) Funds provided as a directed grant to The Community Foundation of NC East, Inc., on Page C67, Item 151 of the Committee Report shall be decreased by the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2026-2027 fiscal year.

COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT IN JAILS

SECTION 4.5. G.S. 112C-314(d)(1), as enacted by Section 9G.3(c) of S.L. 2026-41, reads as rewritten:

"(1) The Director of the ~~Section~~ Division of Community ~~Corrections~~ Supervision of the Department of ~~Public Safety~~ Adult Correction or the Director's designee."

TECHNICAL ADJUSTMENTS/TRANSFER OF JUUL SETTLEMENT FUNDS

SECTION 4.6.(a) Section 9H.10 of S.L. 2026-41 reads as rewritten:

"**SECTION 9H.10.(a)** The State Controller shall transfer the sum of twenty-two million five hundred thousand dollars ($22,500,000) in nonrecurring funds for the 2025-2026 fiscal year from funds available for the Department of Health and Human Services in the Carry Forward Reserve to the Youth Electronic Nicotine Dependence Abatement Fund created by Section 9G.10(a) of S.L. 2021-180, as amended by Section 9G.3(a) of S.L. 2022-74. 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 9H.10.(a1)** Effective July 1, 2026, and pursuant to subsection (a) of this section, the beginning fund balance for Budget Code 24433 is increased by twenty-two million five hundred thousand dollars ($22,500,000) in nonrecurring funds for the 2026-2027 fiscal year.

"**SECTION 9H.10.(b)** ~~This~~ Except as otherwise provided, this section becomes effective June 30, 2026."

SECTION 4.6.(b) Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, the Department of Health and Human Services shall not make the technical adjustment described on Page C97, Item 275 of the Committee Report.

ADJUST BUDGETED AMOUNTS FOR NC HEALTH WORKS COUNTY COSTS

SECTION 4.7. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, the requirements and receipts budgeted to Budget Fund 133507 on Page C115, Item 323 of the Committee Report shall each be increased by the sum of thirty-one million eight hundred ninety-seven thousand seven hundred eighty-eight dollars ($31,897,788) in recurring funds for the 2026-2027 fiscal year.

CHILDREN'S HOME SOCIETY RECIPIENT CLARIFICATION

SECTION 4.8. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, the directed grant provided to the Children's Home Society Foundation, Inc., on Page C110, Item 293 of the Committee Report shall instead be provided to the Children's Home Society of North Carolina.

TECHNICAL MODIFICATIONS TO THE GUARDIANSHIP ASSISTANCE PROGRAM BOILERPLATE TO ALIGN WITH S.L. 2025-16

SECTION 4.9. Section 9J.4 of S.L. 2026-41 reads as rewritten:

"**SECTION 9J.4.** Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program ~~(GAP). The Guardianship Assistance Program~~ (GAP) or Kinship Guardianship Assistance Program (KinGAP). The GAP and KinGAP shall include provisions for extending guardianship services for individuals and youth who exited foster care through ~~the Guardianship Assistance Program after 14~~ either guardianship assistance program at 10 years of age or older 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~~ GAP and KinGAP 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."

FUNDING ADJUSTMENT TO THE RESPONSIBLE FATHERHOOD NC PROGRAM

SECTION 4.10.(a) Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds provided for the grants portion of the Responsible Fatherhood NC Program on Page C110, Item 296, of the Committee Report shall be reduced by the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2026-2027 fiscal year.

SECTION 4.10.(b) Section 9J.13(a) of S.L. 2026-41 reads as rewritten:

"**SECTION 9J.13.(a)** Allocation of Funds. – Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Social Services (Division), the sum of ~~three million dollars ($3,000,000)~~ two million seven hundred fifty thousand dollars ($2,750,000) in nonrecurring funds for the 2026-2027 fiscal year shall be used to implement the provisions of this section. The Division shall allocate the funds provided under this section as follows:

(1) Up to two million dollars ($2,000,000) shall be used to contract for the Program Manager authorized by subsection (c) of this section.

(2) The remainder of the funds shall be used for the grants authorized in accordance with subsections (e) and (f) of this section."

AUTHORIZATION TO USE CERTAIN UNEXPENDED FEDERAL BLOCK GRANT FUNDS

SECTION 4.11. Section 9M.1(a) of S.L. 2026-41 reads as rewritten:

"**SECTION 9M.1.(a)** Except as otherwise provided, appropriations from federal Block Grant funds are made for the fiscal year ending June 30, 2027, according to the following schedule:

…

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

Division of Child Development and Early Education

01. Child Care Services	~~$384,089,929~~ $444,089,929

…

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	**~~$506,199,981~~** **$566,199,981**

…

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	~~$21,483,238~~ $23,314,140

…

TOTAL COMMUNITY SERVICES BLOCK GRANT	**~~$23,487,020~~** **$25,317,922**

…."

PART V. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

TRANSFER FARM TO SCHOOL PROGRAM FUNDING

SECTION 5.1. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds provided to the Department of Public Instruction for the North Carolina Farm to School program on Page B22, Item 75 of the Committee Report shall instead be appropriated to the Department of Agriculture and Consumer Services in the same amount and for the same purpose.

DACS VACANT POSITION FUNDING RESTORATION/ADDITIONAL FUNDING CHANGES

SECTION 5.2.(a) DACS Vacant Position Funding Restored. – Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, there is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three million seven hundred fifty-seven thousand five hundred fifty nine dollars ($3,757,559) in recurring funds beginning in the 2026-2027 fiscal year to restore the vacant position funding eliminated by that act, as provided on Page D5, Item 7 of the Committee Report.

SECTION 5.2.(b) NCFS Equipment Funding; Recurring Funds Reduction. – Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated by that act to the North Carolina Forest

Service, the allocation for emergency equipment repair and replacement needs, as provided on Page D7, Item 16 of the Committee Report, is reduced by the sum of two million dollars ($2,000,000) in recurring funds beginning in the 2026-2027 fiscal year.

SECTION 5.2.(c) NCFS Equipment Funding; Additional Nonrecurring Funds. – There is appropriated from the General Fund to the North Carolina Forest Service the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2026-2027 fiscal year for emergency equipment repair and replacement needs.

SECTION 5.2.(d) NCFS Prescribed Burning; Recurring Funds Reduction. – Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated by that act to the North Carolina Forest Service, the allocation for the Prescribed Burning Cost Share Program described in Article 80A of Chapter 106 of the General Statutes is reduced by the sum of one million dollars ($1,000,000) in recurring funds beginning in the 2026-2027 fiscal year.

SECTION 5.2.(e) NCFS Prescribed Burning; Additional Nonrecurring Funds. – There is appropriated from the General Fund to the North Carolina Forest Service the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2026-2027 fiscal year to implement the Prescribed Burning Cost Share Program described in Article 80A of Chapter 106 of the General Statutes.

SPORTS CHAMPIONSHIP EVENTS INCENTIVE

SECTION 5.3.(a) Appropriation. – Provided the Piedmont Triad Charitable Foundation (Foundation) enters into (i) an agreement with the Department of Commerce (Department) comporting with the requirements of subsection (b) of this section and (ii) an agreement with a sports championship tour organizer, there is appropriated to the Department from the Economic Development Project Reserve established in Section 2.2(m) of S.L. 2021-180 the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2026-2027 fiscal year to be provided to the Foundation as a directed grant for the purpose of securing the required qualifying events. The provisions of G.S. 143C-6-23(d) and the guidelines and rules adopted pursuant thereto do not apply to funds appropriated in this section. Provided the requirements of the agreement continue to be met, it is the intent of the General Assembly to appropriate additional funds in future acts in the aggregate amount of thirty million dollars ($30,000,000) over an additional three fiscal years to continue holding qualifying events. As used in this section, (i) the term "sports championship tour organizer" means the PGA TOUR, Inc., (PGA), including any affiliated entity that can contract for and obligate the PGA, provided the PGA enters into a binding agreement with the Foundation requiring the PGA to hold at least four annual, consecutive qualifying events and (ii) the term "qualifying event" means a PGA Tour Championship Series Event that is held for the highest tier ranking of professional golfers who qualify through PGA qualifications from the previous year, that is held in the City of Greensboro, and that is in addition to any event meeting the same criteria held in the same year in the State. All qualifying events required by this subsection must be held after January 1, 2028, and before December 31, 2031. The Foundation will report to the Department annually on June 1 of each year following the year the agreement is entered into on the qualifying events required by this section that have been fulfilled. The report required by this section may cease in the year after the year in which the Foundation reports all such qualifying event requirements have been fulfilled.

SECTION 5.3.(b) Agreement. – The Department and the Foundation shall enter into an agreement, which is binding and constitutes a continuing contractual obligation of the State and the Foundation for hosting the events identified in subsection (a) of this section. The agreement must (i) include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from holding the required events and (ii) require the Foundation to repay a proportionate amount of the grant for failure by the

Foundation to meet and maintain the applicable performance criteria on which the grant was based.

SECTION 5.3.(c) Report. – On September 1 of each year that requirements set forth in the agreement entered into pursuant to subsection (b) of this section remain unfulfilled, the Department shall report to the committees or subcommittees responsible for appropriations for natural and economic resources in both the House of Representatives and the Senate, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report shall include an executive summary of the performance criteria, remedies, and safeguards required by the Department, a description of the current status of the project, the amount of grant paid under the agreement, and the number and classification of events required and held in this State.

RESTORE COMMERCE DEPARTMENT CULTURE AND COMMUNITY ENGAGEMENT POSITION

SECTION 5.4.(a) There is appropriated from the General Fund to the Department of Commerce the sum of twenty-three thousand four hundred eighty-nine dollars ($23,489) in recurring funds beginning in the 2026-2027 fiscal year, notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act (Committee Report) to the contrary, to support the following full-time equivalent position to coordinate the Department's obligations under the Equal Employment Opportunity Act: Agency HR Consultant II (position number 60077158).

SECTION 5.4.(b) Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds allocated to the Department of Commerce for "Administrative Operating Costs," as provided on Page D16, Item 35 of the Committee Report, shall be reduced by the sum of seventy thousand four hundred sixty-eight dollars ($70,468) in recurring funds beginning in the 2026-2027 fiscal year.

INDIA/IRELAND TRADE COMMISSIONS ADMINISTRATIVE FUNDING

SECTION 5.5. There is appropriated from the General Fund to the Department of Commerce the sum of twenty thousand dollars ($20,000) in recurring funds beginning in the 2026-2027 fiscal year to be equally allocated to the North Carolina – India Trade Commission and the North Carolina – Ireland Trade Commission (jointly, the "Commissions") established under Part XI of S.L. 2026-41. The Commissions shall use funds appropriated under this section for administrative expenses.

RESTORE COMMERCE DEPARTMENT ENERGY AND INFRASTRUCTURE OFFICE

SECTION 5.6. There is appropriated from the General Fund to the Department of Commerce the sum of one hundred eighty-eight thousand four hundred thirty-one dollars ($188,431) in recurring funds beginning in the 2026-2027 fiscal year to support the continued operation of the Energy and Infrastructure Office, notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary. The Department shall use funds allocated under this section to support the position of Assistant Secretary for Clean Energy Economic Development (position number 60078206).

MILITARY WORLD GAMES FUNDING

SECTION 5.7. There is appropriated from the General Fund to the Department of Commerce ("Department") the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for the 2026-2027 fiscal year to support the 2027 Military World Games ("Games") in this State. The Department shall provide a report on the use of funds appropriated under this section to the Joint Legislative Commission on Governmental Operations no later than October 1 of every year following the conclusion of each fiscal year in which funds appropriated under this section are expended or encumbered. Funds appropriated under this section shall not revert at the end of the 2026-2027 fiscal year. Funds appropriated under this section that have not been expended or encumbered by June 30, 2028, shall revert to the General Fund. Of the funds appropriated under this section, the allocation and expenditure of seventeen million five hundred thousand dollars ($17,500,000) by the Department is contingent upon the local organizing committee for the Games (i) securing commitments by August 1, 2026, for participation in the Games from at least 50 countries with a minimum of 7,500 total participants and (ii) receiving a Special Event Assessment Rating Level 1 or Level 2 designation from the United States Department of Homeland Security prior to June 25, 2027. For purposes of this section, "participants" includes all members of a country's official delegation, including athletes, coaches, support staff, and other officials. The remaining seven million five hundred thousand dollars ($7,500,000) appropriated under this section shall be used by the Department to reserve facilities at the University of North Carolina at Charlotte ("University") for hosting the Games and shall be disbursed from the Department to the University as soon as practicable after this section becomes effective.

MICRO-BUDGET PRODUCTION AWARD CLARIFICATION

SECTION 5.8. G.S. 143B-437.02C(a) is amended by adding a new subdivision to read:

"<u>(7)</u> <u>A production that is awarded a grant under this section is not eligible to receive a grant under G.S. 143B-437.02A.</u>"

FILM AND ENTERTAINMENT GRANT FUNDING

SECTION 5.8A. There is appropriated from the General Fund to the Department of Commerce the nonrecurring sum of fifteen million dollars ($15,000,000) for the 2026-2027 fiscal year to be allocated to the Film and Entertainment Grant Fund established under G.S. 143B-437.02A.

TOWN OF SYLVA DIRECTED GRANT CHANGES

SECTION 5.9. Funds allocated to the Town of Sylva (Town) by Section 12.3(c)(5) of S.L. 2026-41 for repairs to the public works maintenance building may, notwithstanding that section, be used by the Town for repairs to buildings owned by the Town and for other public works facilities.

DEQ EMERGING CONTAMINANT FUNDING CLARIFICATION

SECTION 5.10. The Department of Environmental Quality may use funds appropriated in S.L. 2026-41 for emerging contaminant research, as provided on Page D37, Item 70 of the Committee Report described in Section 45.2 of that act, to support and expand the capacity of the Division of Water Resources' laboratory operations.

UST PROGRAM BUDGET CODE ADJUSTMENTS

SECTION 5.11. Notwithstanding the Committee Report described in Section 45.2 of S.L. 2026-41, funds transferred in that act from the Commercial Leaking UST Fund (Budget Code 64305-603100) to Budget Code 14300-102187 for administration shall instead be transferred to Budget Code 14300-102189.

NCUC EMERGENCY LOAN PROGRAM – RULEMAKING MODIFICATION

SECTION 5.12. G.S. 159G-42 reads as rewritten:

"**§ 159G-42. Disbursement of loan or grant.**

Except in the case of loan disbursements from the NCUC Emergency Reserve, the Department must disburse the proceeds of a loan or grant to a recipient in a series of payments based on the progress of the project for which the loan or grant was awarded. To obtain a payment, a loan or grant recipient must submit a request for payment to the Department and document the expenditures for which the payment is requested. The Department ~~shall~~ may establish rules governing the disbursement of loan proceeds from the NCUC Emergency ~~Reserve which~~ Reserve. The disbursement of loan proceeds from the NCUC Emergency Reserve may include advance disbursements or up-front payments."

WASTEWATER AND DRINKING WATER GRANT CHANGES

SECTION 5.13. G.S. 159G-36(c), as amended by Section 12.2(h) of S.L. 2026-41, reads as rewritten:

"(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/regionalization feasibility grants awarded for ~~three consecutive~~ a fiscal ~~years~~ year may not exceed seventy-five thousand dollars ($75,000).

(5) The amount of asset inventory and assessment grants awarded for three consecutive fiscal years may not exceed two hundred twenty-five thousand dollars ($225,000)."

EXEMPT DEPARTMENT OF LABOR FROM DIT

SECTION 5.14. G.S. 143B-1320(b), as amended by Section 20.6 of S.L. 2026-41, reads as rewritten:

"(b) Exemptions. – Except as otherwise specifically provided by law, this Article does not apply to the following entities: the General Assembly, the Judicial Department, the Community Colleges System Office, The University of North Carolina and its constituent institutions, the Office of the State Auditor, the State Board of Elections, the State Highway Patrol, the State Bureau of Investigation, ~~and~~ the Department of State ~~Treasurer.~~ Treasurer, and the Department of Labor. These entities may elect to participate in the information technology programs, services, or contracts offered by the Department, including information technology procurement, in accordance with the statutes, policies, and rules of the Department. The election shall be made in writing, as follows:

…

(11) For the Department of Labor, by the Commissioner of Labor."

OSBM GRANTS/FUNDS REALLOCATION

SECTION 5.15.(a) Section 4.7 of S.L. 2026-42 is repealed.

SECTION 5.15.(b) Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated by those acts to the Department of Natural and Cultural Resources, the allocation for the Great Trails Fund described in Section 14.10 of S.L. 2026-41 is reduced by the sum of one million ninety thousand dollars ($1,090,000) in nonrecurring funds for the 2026-2027 fiscal year.

SECTION 5.15.(c) There is appropriated from the General Fund to the Office of State Budget and Management the sum of one million forty thousand dollars ($1,040,000) in nonrecurring funds for the 2026-2027 fiscal year to provide directed grants to the following entities in the following amounts:

(1) One hundred thousand dollars ($100,000) to the Town of Hope Mills.
(2) Fifty thousand dollars ($50,000) to the Richmond County Sheriff's Department.
(3) Five hundred thousand dollars ($500,000) to Baptist Children's Homes of North Carolina, Inc., a nonprofit corporation.
(4) Fifty thousand dollars ($50,000) to the Town of Autryville for any public purpose.
(5) Two hundred fifty thousand dollars ($250,000) to The Samantha and Kyle Busch Bundle of Joy Fund, a nonprofit corporation.
(6) Ninety thousand dollars ($90,000) to the South Caldwell Optimist Club, Inc., a nonprofit corporation.

NORTH CAROLINA MUSEUM OF ART/FUNDING CHANGES

SECTION 5.16. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds allocated to the North Carolina Museum of Art (Museum) to support the position of a curator of Judaic art, as provided on Page D73, Item 187 of the Committee Report, may be used by the Museum for operational expenses.

RESTORE DNCR OFFICE OF EDUCATION AND OUTREACH

SECTION 5.17.(a) There is appropriated from the General Fund to the Department of Natural and Cultural Resources the sum of four hundred eighty one thousand nine hundred sixty five dollars ($481,965) in recurring funds beginning in the 2026-2027 fiscal year to support the continued operation of the Office of Education and Outreach (Learning Happens Here), notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act (Committee Report) to the contrary. The Department shall use funds allocated under this section to support the following six full-time equivalent positions:

	Position Number	Title
(1)	60083311	Program Analyst I.
(2)	65023190	Program Analyst II.
(3)	60035952	Policy Development Analyst.
(4)	60083943	Program Coordinator IV.
(5)	65023194	Program Coordinator III.
(6)	65026518	Program Coordinator III.

SECTION 5.17.(b) The Department of Natural and Cultural Resources shall transfer position number 60083311 to Budget Fund 105101. The Department shall no longer support position number 60083311 from Department receipts but, consistent with subsection (a) of this section, shall support this position from General Fund appropriations to Budget Fund 105101. The Department may use any savings from budgeted receipts effectuated by this transfer to support operations of the Office of Archives and History.

SECTION 5.17.(c) Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds allocated to the Department of Natural and Cultural Resources for software subscriptions, as provided on Page D71, Item 175 of the Committee Report, shall be reduced by the sum of four hundred eighty-one thousand nine hundred sixty-five dollars ($481,965) in recurring funds beginning in the 2026-2027 fiscal year.

WRC OPERATING FUNDS

SECTION 5.18. There is appropriated from the General Fund to the Wildlife Resources Commission the sum of one million dollars ($1,000,000) in recurring funds beginning in the 2026-2027 fiscal year to be used to support the operations of the Commission.

PART VI. JUSTICE AND PUBLIC SAFETY

REVISE EFFECTIVE DATE FOR TRANSFER OF MAGISTRATE

SECTION 6.1. Section 16.3 of S.L. 2026-41 is amended by adding a new subsection to read:

"**SECTION 16.3.(c)** Subsection (b) of this section and the corresponding revision to the number of magistrates in Franklin and Vance Counties set forth in subsection (a) of this section become effective July 13, 2026."

INCREASE DOLLAR LIMIT ON IOLTA GRANTS

SECTION 6.3. Section 16.25(e)(4)b. of S.L. 2026-41 reads as rewritten:

"b. All unexpended and unencumbered funds received prior to July 1, 2025, for programs designed to improve the administration of justice as may be proposed by the IOLTA Board of Trustees and approved annually by the North Carolina Supreme Court. No more than two million five hundred thousand dollars ~~($2,000,000)~~ ($2,500,000) may be used per fiscal year for grants authorized under this sub-subdivision."

PROVIDE FUNDING FOR SECOND CHANCE INITIATIVE AT CAMPBELL UNIVERSITY

SECTION 6.4.(a) There is appropriated from the General Fund to the Department of Adult Correction the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2026-2027 fiscal year to provide a directed grant to Campbell University to support the Second Chance Initiative at the University.

SECTION 6.4.(b) The requirements set forth in Section 5.2 of S.L. 2026-41 apply to the directed grant provided in subsection (a) of this section.

ADJUST DATE BY WHICH THE DEPARTMENT OF PUBLIC SAFETY IS TO MOVE OUT OF THE ARCHDALE BUILDING

SECTION 6.5. Section 19.6 of S.L. 2026-41 reads as rewritten:

"**SECTION 19.6.** By ~~December 1, 2026,~~ April 1, 2027, all Department of Public Safety employees and contractors working at the Archdale Building located on North Salisbury Street in the City of Raleigh shall vacate that property and move to the building housing the North Carolina Education Lottery located on Capital Boulevard in the City of Raleigh. The Department of Administration shall take all steps necessary to effectuate the move required by this section."

ADJUST FUNDING FOR THE TRANSFER OF SAMARCAND TRAINING ACADEMY TO THE STATE BUREAU OF INVESTIGATION

SECTION 6.6. Notwithstanding any provision of S.L. 2026-41 or the Committee Report referenced in Section 45.2 of that act, the reduction in funds to Budget Fund 102607 set forth in Item 96 on page E39 of the Committee Report and the increase in funds to Budget Fund 108500 set forth on Page E51, Item 128 of the Committee Report shall both be reduced by the sum of one hundred sixteen thousand two hundred ninety-seven dollars ($116,297) in recurring funds beginning in the 2026-2027 fiscal year.

ADDITIONAL FUNDING FOR OPERATIONAL COSTS RELATED TO FACILITY CLOSING

SECTION 6.7. There is appropriated from the General Fund to the Department of Public Safety the sum of one hundred five thousand dollars ($105,000) in nonrecurring funds for the 2026-2027 fiscal year to be used for operational costs incurred by the Department from the closing of a National Guard facility.

AMEND VARIOUS JPS BUDGET FUNDS

SECTION 6.8. Notwithstanding any provision of the Committee Report described in Section 45.2 of S.L. 2026-41 to the contrary, the Committee Report shall be revised as follows:

(1) The Budget Fund listed on Page E39, Item 92 of the Committee Report shall be 102608 instead of 102601.

(2) The Budget Fund listed on Page E39, Item 93 of the Committee Report shall be 102608 instead of 102601.

(3) The Budget Fund listed on E40, Item 99 of the Committee Report shall be 102652 instead of 102640.

(4) The Budget Fund listed on Page E40, Item 100 of the Committee Report shall be 102652 instead of 102640.

(5) The Budget Fund listed on Page E40, Item 101 of the Committee Report shall be 102686 instead of 102680.

(6) The Budget Fund listed on Page E41, Item 102 of the Committee Report shall be 102686 instead of 102680.

INCREASE NUMBER OF EXEMPT POSITIONS UNDER THE STATE HUMAN RESOURCES ACT AT THE STATE BUREAU OF INVESTIGATION

SECTION 6.9.(a) G.S. 126-5(c1)(39) reads as rewritten:

"(39) Employees of the State Bureau of Investigation, that the Director of the State Bureau of Investigation, at any time, in the Director of the State Bureau of Investigation's discretion, exempts from the application of this Chapter by means of a letter to the Director of the Office of State Human Resources designating these employees. The Director of the State Bureau of Investigation may exempt no more than ~~10~~ <u>15</u> employees under the authorization set forth in this subdivision."

SECTION 6.9.(b) G.S. 126A-15(8)cc. reads as rewritten:

"cc. No more than ~~10~~ <u>15</u> employees of the State Bureau of Investigation designated by the Director of the State Bureau of Investigation."

ADJUST MANAGEMENT AND ADMINISTRATION OF THE OPERATING BUDGET OF THE SAMARCAND TRAINING ACADEMY

SECTION 6.10. G.S. 143B-1209(b1), as enacted by Section 20.12(d) of S.L. 2026-41, is repealed.

EXEMPT STATE BUREAU OF INVESTIGATION FROM CERTAIN PROCUREMENT, CONTRACT, AND PUBLIC CONTRACT REQUIREMENTS

SECTION 6.11. Article 13A of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**<u>§ 143B-1208.4A. Exemption of the State Bureau of Investigation from certain purchasing and contracting requirements.</u>**

<u>The State Bureau of Investigation (Bureau) may elect to be exempted from oversight by the Department of Administration on the matters of purchasing, contracts, acquisition and maintenance of real property, and leasing of office space under G.S. 143-341(2), (4)d. and d1.,</u>

and (8)d. and Article 6 of Chapter 146 of the General Statutes. This election shall be made in writing by the Director of the Bureau and shall be sent to the Secretary of Administration. Any acquisition of real property made by the Bureau pursuant to this section is subject to approval by the Council of State."

EXEMPT STATE HIGHWAY PATROL FROM CERTAIN PROCUREMENT, CONTRACT, AND PUBLIC CONTRACT REQUIREMENTS

SECTION 6.12. Article 17 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1706. Exemption of the State Highway Patrol from certain purchasing and contracting requirements.**

The State Highway Patrol (Patrol) may elect to be exempted from oversight by the Department of Administration on the matters of purchasing, contracts, acquisition and maintenance of real property, and leasing of office space under G.S. 143-341(2), (4)d. and d1., and (8)d. and Article 6 of Chapter 146 of the General Statutes. This election shall be made in writing by the Commander of the Patrol and shall be sent to the Secretary of Administration. Any acquisition of real property made by the Patrol pursuant to this section is subject to approval by the Council of State."

PART VII. GENERAL GOVERNMENT

LITIGATION FUNDS ALLOCATION FOR OFFICE OF ADMINISTRATIVE HEARINGS

SECTION 7.1. There is appropriated from the General Fund to the Office of Administrative Hearings the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2026-2027 fiscal year for costs associated with Rules Review Commission litigation.

DEPARTMENT OF THE STATE AUDITOR BUDGET CODE ADJUSTMENTS

SECTION 7.2.(a) Notwithstanding the Committee Report described in Section 45.2 of S.L. 2026-41, of the 25 full-time equivalent positions (FTEs) allocated to Budget Fund 100701 Administration (Page F18, Item 32), 17 FTEs shall instead be allocated to Budget Fund 100703 Field Audit Division and eight FTEs shall be allocated to Budget Fund 100701 Administration.

SECTION 7.2.(b) Notwithstanding the Committee Report described in Section 45.2 of S.L. 2026-41, the five hundred thousand dollars ($500,000) in recurring funds appropriated to Budget Fund 100701 Administration to audit the Annual Comprehensive Financial Report on Page F18, Item 33 shall instead be appropriated to Budget Fund 100703 Field Audit Division in the same amount for the same purpose.

SECTION 7.2.(c) Notwithstanding the Committee Report described in Section 45.2 of S.L. 2026-41, the two million five hundred thousand dollars ($2,500,000) in recurring funds appropriated to Budget Fund 100701 Administration to investigate Medicaid waste and abuse and submit a report on its findings to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on Page F18, Item 36 shall instead be appropriated to Budget Fund 100700 State Auditor-General Fund in the same amount and for the same purpose.

FUNDS FOR RURAL HEALTH CARE STABILIZATION PROGRAM

SECTION 7.3. There is appropriated from the General Fund to the Office of State Budget and Management the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2026-2027 fiscal year to be used for the Rural Health Care Stabilization Program authorized by Article 2 of Chapter 131A of the General Statutes.

OSBM DIRECTED GRANT CHANGES

SECTION 7.4.(a) The introductory language to Section 6.2 of S.L. 2026-42 reads as rewritten:

"**SECTION 6.2.** If Senate Bill 257, 2025 Regular Session, becomes law, then Part ~~XVI~~ XXVI of that act is amended by adding a new section to read:"

SECTION 7.4.(b) Section 26.10 of S.L. 2026-41, as enacted by Section 6.2 of S.L. 2026-42, reads as rewritten:

"**SECTION 26.10.(a)** Notwithstanding any provision of this act or the Committee Report referenced in Section 45.2 of this act to the contrary, of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations for the 2026-2027 fiscal year, OSBM shall allocate the following directed grants in nonrecurring funds for the 2026-2027 fiscal year to the following entities in the following amounts for the stated purposes:

(1) One million dollars ($1,000,000) to Book Harvest, a nonprofit corporation.

(2) Two million five hundred thousand dollars ($2,500,000) to Camp Grier, a nonprofit corporation.

~~(3) Five hundred thousand dollars ($500,000) to the Town of Yanceyville for capital projects.~~

(4) Two hundred thousand dollars ($200,000) to the Lenoir County Sheriff's Office for capital improvements or equipment.

~~(5) Five hundred thousand ($500,000) to Charlotte Healthcare Coalition, Inc., a nonprofit corporation.~~

~~(6) Two hundred thousand dollars ($200,000) to Care Ring, Inc., a nonprofit corporation.~~

~~(7) One hundred thousand dollars ($100,000) to Southeastern Healthcare of North Carolina, Inc.~~

~~(8) Ten thousand dollars ($10,000) to Cabarrus County for Odell Volunteer Fire Department #2.~~

(9) In addition to the three million seven hundred fifty thousand dollars ($3,750,000) to Fayetteville Technical Community College and Wilkes Community College to establish the Community College Seamless Skills Initiative (Page B8, Item 27), two million seven hundred fifty thousand dollars ($2,750,000) to Fayetteville Technical Community College for cybersecurity education.

(10) Fifty thousand dollars ($50,000) to the Leggett Volunteer Fire Department, Inc., a nonprofit corporation, partially funded with the reduction in funds from the Great Trails Fund in Section 5.15 of House Bill 268, 2025 Regular Session, for the purchase of a truck.

"**SECTION 26.10.(b)** Notwithstanding any provision of this act or the Committee Report referenced in Section 45.2 of this act to the contrary, the following directed grants allocated by the Office of State Budget and Management – Special Appropriations for the 2026-2027 fiscal year are amended as follows:

(1) In addition to the five hundred thousand dollars ($500,000) to the Town of Yanceyville for water and wastewater infrastructure (Page F90, ~~Item 714), five~~ Item 714), the following directed grants are allocated to the Town of Yanceyville:

a. Five hundred thousand dollars ($500,000) to the Town of Yanceyville for ~~the same purpose,~~ water and wastewater infrastructure, totaling one million dollars ($1,000,000).

b. Five hundred thousand dollars ($500,000) to the Town of Yanceyville for capital projects.

…

(20) The directed grant to the City of King for parking improvements (Page F44, Item 219) shall instead be allocated as a directed grant to the ~~City.~~City for any public purpose.

…

(29) The directed grant to Southeastern Healthcare of North Carolina, Inc., a nonprofit corporation, for five hundred thousand dollars ($500,000) (Page F33, Item 100) shall be increased by an additional one hundred thousand dollars ($100,000), totaling six hundred thousand dollars ($600,000).

(30) The directed grant to Care Ring, Inc., a nonprofit corporation, in Mecklenburg County for five hundred thousand dollars ($500,000) (F29, Item 58) shall be increased by an additional two hundred thousand dollars ($200,000), totaling seven hundred thousand dollars ($700,000).

(31) The directed grant to Charlotte Healthcare Coalition, Inc., a nonprofit corporation, for five hundred thousand dollars ($500,000) (Page F29, Item 63) shall be increased by an additional five hundred thousand dollars ($500,000), totaling one million dollars ($1,000,000).

(32) In addition to the directed grants to Cabarrus County for capital projects, Frank Liske Park, and the sheriff's office (Page F39, Items 165, 166, and 167, respectively), Cabarrus County shall be allocated a directed grant of ten thousand dollars ($10,000) for Odell Volunteer Fire Department #2.

(33) The directed grant to the City of Mebane for water, wastewater, and stormwater improvements (Page F44, Item 224) shall be reduced by twenty-five thousand dollars ($25,000), for a total allocation of seven hundred thousand dollars ($700,000).

(34) The directed grant to the Town of Swepsonville for water, wastewater, and stormwater improvements (Page F88, Item 698) shall be increased by twenty-five thousand dollars ($25,000), for a total allocation of fifty thousand dollars ($50,000).

(35) The directed grant to the City of Graham for water, wastewater, and stormwater improvements (Page F43, Item 210) shall be reduced by twenty-five thousand dollars ($25,000), for a total allocation of three hundred fifty thousand dollars ($350,000).

(36) The directed grant to the Town of Green Level for water, wastewater, and stormwater improvements (Page F82, Item 627) shall be increased by twenty-five thousand dollars ($25,000), for a total allocation of fifty thousand dollars ($50,000).

(37) The directed grant to Foundation Forward, Inc., a nonprofit corporation, (Page F29, Item 64) shall instead be provided to the same nonprofit organization for Charters of Freedom settings in counties where there are not yet Charters of Freedom settings.

(38) Of the funds appropriated to the Town of Vass as a directed grant (Page F89, Item 703), fifty thousand dollars ($50,000) shall be allocated to Partners for Children & Families, Inc., a nonprofit corporation.

(39) The directed grant provided to Bear Creek Volunteer Fire Department, Inc., to purchase or upgrade equipment (Page F36, Item 135) shall instead be provided as a directed grant to Onslow County Fire Rescue to purchase or upgrade equipment for the Bear Creek Fire Station located at 138 Old Sand Ridge Road in Hubert, North Carolina.

(40) The directed grant to Surry County for water and wastewater needs (Page F75, Item 556) shall instead be allocated as a directed grant to Surry County in the same amount for any public purpose.

(41) The directed grant to Lumbee Nations, Inc., for the cultural center (Page F62, Item 413) shall instead be provided to Lumbee Land Development, Inc., a nonprofit corporation, for the same purpose.

(42) The directed grant to the North Carolina Coastal Federation, Inc., a nonprofit corporation, for the completion of a museum in Carteret County (Page F31, Item 86) may also be used for costs incurred for the museum during the 2025-2026 fiscal year.

(43) The directed grant to the North Carolina Police Benevolent Association, Inc., a nonprofit corporation, for a post-traumatic stress disorder study (Page F32, Item 87) shall be reduced by five hundred thousand dollars ($500,000).

(44) The directed grant to Moore County for the Davis Community Center (Page F63, Item 432) shall instead be provided to Moore County in the same amount for water and wastewater infrastructure projects.

(45) Of the two hundred fifty thousand dollars ($250,000) allocated as a directed grant to Craven County for various capital improvements (Page F47, Item 254), fifty thousand dollars ($50,000) shall instead be allocated as a directed grant to the City of Havelock for any public purpose.

(46) The funds to the Southeastern Drainage District (Page F74, Item 539) shall instead be titled "Southeastern Drainage Office." The five hundred thousand dollars ($500,000) in nonrecurring funds allocated to the Department of Transportation under that item shall be used by the Department to provide a directed grant to Southeastern Drainage Office, Inc., a nonprofit corporation, to support its activities in assisting North Carolina drainage districts.

(47) The directed grant to Cleveland County for various projects (Page F46, Item 242) shall be reduced by five hundred thousand dollars ($500,000).

(48) The directed grant to Cleveland County (Page F46, Item 241) shall be increased by five hundred thousand dollars ($500,000), for a revised total of one million nine hundred sixty-five thousand dollars ($1,965,000).

(49) The directed grant to Clemmons Civic Club, Inc., to support local nonprofits and other community needs (Page F46, Item 240) shall instead be allocated in the same total amount as directed grants to the following entities for the same purpose:

a. Sixty-two thousand five hundred dollars ($62,500) to Shallow Ford Foundation, Inc., a nonprofit corporation.

b. Sixty-two thousand five hundred dollars ($62,500) to the Village of Clemmons.

(50) The directed grant to the Guilford Technical Community College for the Aviation Center (Page F56, Item 350) shall be reduced by twenty-five thousand dollars ($25,000).

(51) The directed grant to Bertie County for an emergency medical services station (Page F37, Item 140) shall instead be provided to Bertie County for a new 911 call center.

(52) The directed grant to Pitt County for water and wastewater infrastructure (Page F69, Item 487) shall instead be provided to Pitt County for any public purpose.

(53) The directed grant to I-CARE, Community Outreach Development, Inc., (Page F59, Item 379) shall instead be provided to Icare, Inc., doing business

as I-CARE, Inc., a nonprofit corporation, located in Statesville, North Carolina.

(54) The directed grant to Champion House of Care, LLC (Page F29, Item 62), shall instead be allocated to Champion House of Care Project One, Inc., a nonprofit corporation, for the same purpose.

(55) The directed grant to Habitat for Humanity of Goldsboro-Wayne, Inc., a nonprofit corporation, for the McNair Heights development project (Page F56, Item 352) shall be increased by twenty-five thousand dollars ($25,000), partially funded with the reduction in funds from the Great Trails Fund in Section 5.15 of House Bill 268, 2025 Regular Session."

FRIENDS OF NC MARITIME MUSEUM GRANT EXTENSION

SECTION 7.5. Notwithstanding S.L. 2023-134 and the Committee Report referenced in Section 43.2 of that act, the directed grant provided to Friends of the North Carolina Maritime Museum at Southport on Page F91, Item 655 for a fire suppression system and related costs shall not revert until June 30, 2028.

BENTONVILLE STATE HISTORIC SITE GRANT EXTENSION

SECTION 7.6. Notwithstanding S.L. 2023-134 and the Committee Report referenced in Section 43.2 of that act, the directed grant provided to Johnston County for the Bentonville State Historic Site on Page F70, Item 400 shall not revert until June 30, 2028.

EDGECOMBE COUNTY ECONOMIC DEVELOPMENT

SECTION 7.7. Notwithstanding Section 24.2(45)b. and c. of S.L. 2022-74 and the Committee Report referenced in Section 43.2 of that act, any remaining funds allocated to Edgecombe County (i) to assist with costs associated with the fire at the QVC facility and post-fire cleanup at the QVC facility and (ii) for the QVC employee support program shall instead be used by Edgecombe County for economic development purposes.

ALL PRO DAD/DEPARTMENT OF PUBLIC INSTRUCTION CORRECTION

SECTION 7.8. Notwithstanding S.L. 2026-41 and the Committee Report referenced in Section 45.2 of that act, the directed grant allocated from the Department of Public Instruction to Family First, Inc., a nonprofit corporation, in Budget Code 13150-101191, shall instead be allocated to the Office of State Budget and Management to provide a directed grant to the same entity in the same amount for the same purpose.

CAGC GRANT FUNDING FOR COMMUNITY COLLEGES MODIFICATION

SECTION 7.9.(a) Section 26.3 of S.L. 2026-41 is repealed.

SECTION 7.9.(b) Part XXVI of S.L. 2026-41 is amended by adding a new section to read:

"**CAGC GRANT FUNDING FOR COMMUNITY COLLEGES**

"**SECTION 26.3A.** Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations, the sum of one million dollars ($1,000,000) in nonrecurring funds for the 2026-2027 fiscal year shall be provided to CAGC Foundation, Inc. (CAGC), a nonprofit corporation, to be used as follows:

(1) To conduct outreach, recruitment, career coaching, and placement, and to provide grants to employers for internships, apprenticeships, and other work-based learning for eligible participants.

(2) To provide financial assistance to individuals to pursue a career pathway through a registered apprenticeship or trade program.

(3) To provide grants to community colleges selected by CAGC, in consultation with the Community Colleges System Office, to campuses that have developed an eight-week work-based learning program where construction programs currently exist or to campuses where there is a demand to expand construction programs to develop such a program. The work-based learning program shall involve the construction industry and shall focus on core competencies, including applied hands-on skills, safety training, and soft skills training."

SENATORIAL ADVICE AND CONSENT

SECTION 7.10.(a) G.S. 143B-9 reads as rewritten:

"**§ 143B-9. Appointment of officers and employees.**

(a) Department Head. – Except as otherwise provided in this Chapter, the head of each principal State department, except those departments headed by popularly elected officers, shall be appointed by the Governor and serve at the Governor's pleasure. The salary of the head of each of the principal State departments shall be set by the Governor, and the salary of elected officials shall be as provided by law.

(a1) Appointment. – For each head of each principal State department covered by this section, the Governor shall notify the President of the Senate of the name of each person to be appointed. Unless expressly waived by an enactment of the General Assembly, the appointment shall be subject to senatorial advice and consent in conformance with ~~Constitution.~~the Constitution during the legislative biennium in which the appointment was made. If senatorial advice and consent is not provided for an appointment prior to the earlier of adjournment sine die of the General Assembly or the end of the legislative biennium, the appointee shall no longer serve as the head of that principal State department and the Governor shall not reappoint that individual as the head of that principal State department during the Governor's term of office.

(a2) Vacancy. – If a vacancy occurs when the General Assembly is not in regular session, a person appointed to fill the vacancy may serve without senatorial advice and consent for no longer than the earlier of the following:

(1) The date on which the Senate adopts a simple resolution that specifically disapproves the person appointed.

(2) The date on which the General Assembly shall adjourn pursuant to a joint resolution for a period longer than 30 days without the Senate adopting a simple resolution specifically approving the person appointed.

(a3) Consecutive Terms. – Senatorial advice and consent is limited to the remainder of the term the Governor is serving at the time it is given unless all of the following requirements are met:

(1) The person was appointed by the Governor and received Senatorial advice and consent as the head of the same principal State department during that Governor's immediately preceding term.

(2) The person continues to serve in the same position.

(3) The Senate has not adopted a simple resolution specifically disapproving the person during the first 90 legislative days of the first regular session commencing in the calendar year after the Governor's reelection. For purposes of this subdivision, a "legislative day" is a day on which the Senate convenes in regular session. A person is no longer eligible to continue to serve after the date on which the Senate adopts a simple resolution under this subdivision.

(b) Chief Deputy; Chief Assistant. – The head of a principal State department shall appoint a chief deputy or chief assistant, and such chief deputy or chief assistant shall not be subject to the North Carolina Human Resources Act. The salary of such chief deputy or chief assistant shall be set by the Governor. Unless otherwise provided for in the Executive

Organization Act of 1973, and subject to the provisions of the Human Resources Act, the head of each principal State department shall designate the administrative head of each transferred agency and all employees of each division, section, or other unit of the principal State department."

SECTION 7.10.(b) This section is effective when it becomes law and applies beginning with appointments made during the 2025-2026 legislative biennium.

DIRECT DOI AND OSFM TO LEASE STATE-OWNED PROPERTY

SECTION 7.11. Section 32.1 of S.L. 2026-41 reads as rewritten:

"**SECTION 32.1.(a)** The Department of Insurance (Department) shall seek State-owned property to lease for office space to occupy at the conclusion of its current private lease. If an adequate State-owned building cannot be leased for office space by September 30, 2028, the Department shall <u>seek to </u>renew its current lease for a one-year period. No later than March 1, 2027, the Department shall provide a report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division listing all State-owned buildings with adequate capacity to house the Department.

"**SECTION 32.1.(b)** The Office of the State Fire Marshal (OSFM) shall seek State-owned property to lease for office space to occupy at the conclusion of its current private lease. If an adequate State-owned building cannot be leased for office space by October 31, 2026, OSFM shall <u>seek to </u>renew its current lease for a one-year period. No later than March 1, 2027, OSFM shall provide a report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division listing all State-owned buildings with adequate capacity to house OSFM.

"**SECTION 32.1.(c)** This section is effective when it becomes law."

REDUCE STAFFING CUTS TO DOI

SECTION 7.12. Notwithstanding S.L. 2026-41 and the Committee Report described in Section 45.2 of that act, the reduction of two million seven hundred twelve thousand two hundred eighty-five dollars ($2,712,285) in recurring funds to the Department of Insurance for staffing purposes (Budget Code: 13900) shall instead be reduced by one million five hundred thousand dollars ($1,500,000).

USE OF INSURANCE REGULATORY FUND BY DEPARTMENT OF INSURANCE FOR LEGAL EXPENSES INCURRED

SECTION 7.13. Effective January 1, 2027, and consistent with Section 44.5(i) of S.L. 2026-41, the Department of Insurance (Department) may use up to one million two hundred thousand dollars ($1,200,000) in nonrecurring funds from the available cash balance of the Insurance Regulatory Fund (IRF) for expenses incurred by representation of the Department by North Carolina Department of Justice attorneys, consistent with the approved use of the IRF funds under G.S. 58-6-25(d)(6) as that subdivision existed immediately before its amendment by Section 44.5(c) of S.L. 2026-41. Nothing in this section shall be construed to limit the ability of the Department to use available funds collected and placed in the IRF prior to January 1, 2027, for any other allowed purpose listed in Section 44.5(i) of S.L. 2026-41.

SPFIF/PSIF TECHNICAL CORRECTION

SECTION 7.14. Notwithstanding S.L. 2026-41 and the Committee Report described in Section 45.2 of that act, of the funds appropriated to the State Property Fire Insurance Fund (SPFIF) (Budget Code: 139XX, Budget Fund: 101612), the sum of twenty million dollars

($20,000,000) in nonrecurring funds for the 2026-2027 fiscal year shall be allocated to the Public School Insurance Fund (PSIF).

OSFM MOTOR FLEET APPROPRIATION

SECTION 7.15. Notwithstanding S.L. 2026-41 and the Committee Report described in Section 45.2 of that act, of the funds appropriated to the Department of Insurance (Budget Code: 139XX, Budget Fund: 101601) to cover the increase in motor fleet management rates and to address an existing shortfall in motor fleet accounts, one hundred thousand dollars ($100,000) in recurring funds shall instead be allocated to the Office of the State Fire Marshal for the same purpose.

OSFM ADMINISTRATIVE INDEPENDENCE

SECTION 7.16.(a) It is the intent of the General Assembly to allow the Office of the State Fire Marshal to have control over its internal human resources and administrative and clerical duties.

SECTION 7.16.(b) G.S. 58-78A-1(a), as amended by Section 13.4(a) of S.L. 2026-41, reads as rewritten:

"(a) The Office of the State Fire Marshal is created within the Department of Insurance and the Office shall exercise its powers and duties independently of the Department. The Department of Insurance ~~shall~~ shall, upon request of the Office of the State Fire Marshal, provide clerical and professional services to the Office of the State Fire Marshal for the purpose of carrying out its powers and duties under this Article and the laws of this State. For purposes of this section, the phrase "clerical and professional services" includes, but is not limited to, budgetary, human resources, information technology, and legal."

SECTION 7.16.(c) There is appropriated one million two hundred fifty-three thousand four hundred ninety-one dollars ($1,253,491) in recurring funds from the General Fund to the Office of the State Fire Marshal for the creation of the following full-time equivalent (FTE) positions: one General Counsel, one Assistant General Counsel, one Paralegal, one Human Resources Director, two IT Administrators, and one Communications Specialist.

SECTION 7.16.(d) The position of Assistant General Counsel I (60013313) is transferred from the Department of Labor to the Office of the State Fire Marshal to provide legal support to the Office of the State Fire Marshal.

SECTION 7.16.(e) This section is effective on July 1, 2026.

OFFICE OF STATE FIRE MARSHAL BUDGET CODE MANAGEMENT

SECTION 7.17.(a) Budget Code Management. – Effective July 1, 2026, the Office of State Fire Marshal shall fully manage and control the following Budget Codes: 23901, 54625, 63901, 63902, and 63903.

SECTION 7.17.(b) Identification of Certain Budget Funds. – The Office of the State Fire Marshal, the Department of Insurance, the Office of the State Controller, and the Office of State Budget and Management shall work together to identify Budget Funds within the following Budget Codes: 23900, 23902, 23903, and 63900. After programs managed by the Office of the State Fire Marshal are identified within those Budget Codes, then those Budget Funds shall be moved to corresponding Budget Codes under the Office of the State Fire Marshal's authority, management, and control.

SECTION 7.17.(c) Effective Date. – This section is effective when it becomes law.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS STATUTORY CHANGES

SECTION 7.18. G.S. 143B-1294(c), as amended by Section 35.2(a) of S.L. 2026-41, reads as rewritten:

"(c) All funds received by the Department shall be deposited in the North Carolina Veterans Home Trust Fund, except for any funds deposited into special agency accounts established pursuant to G.S. 143B-1293(d)(3). The Veterans' Affairs Commission shall authorize the expenditure of all funds from the North Carolina Veterans Home Trust Fund. The Veterans' Affairs Commission may delegate authority to the ~~Assistant Secretary of Veterans Affairs~~ Secretary of the Department for the expenditure of funds from the North Carolina Veterans Home Trust Fund ~~for operations of the State Veterans Nursing Homes.~~ for any purpose authorized under G.S. 143B-1293(c). The delegation of authority shall apply only to the person holding the office of Secretary of the Department at the time the vote is undertaken, and a new vote to delegate authority must be undertaken by the Commission each time a person is appointed to serve as Secretary or designated to serve as chair of the Commission under G.S. 143B-1221."

SECRETARY OF STATE IMPLEMENTATION COSTS OF ANNUAL REPORT

SECTION 7.19. There is appropriated from the General Fund to the Department of the Secretary of State the sum of two hundred thousand dollars ($200,000) in recurring funds beginning in the 2026-2027 fiscal year and five hundred forty-five thousand dollars ($545,000) in nonrecurring funds for the 2026-2027 fiscal year to implement the annual report requirement in accordance with G.S. 55A-16-22.1, as enacted by S.L. 2026-52.

SECRETARY OF STATE TRADEMARK REGISTRATION ACT PROSECUTOR FUNDING

SECTION 7.20. There is appropriated from the General Fund to the Department of the Secretary of State the sum of one hundred sixty thousand dollars ($160,000) in nonrecurring funds for the 2026-2027 fiscal year for an intellectual property prosecutor to assist in the Department's duties pursuant to the Trademark Registration Act and other applicable State and federal law.

SECRETARY OF STATE/PROHIBITED FOREIGN PARTY LAND REGISTRY IMPLEMENTATION

SECTION 7.21. There is appropriated from the General Fund to the Department of the Secretary of State the sum of two hundred fifty-five thousand dollars ($255,000) in recurring funds beginning in the 2026-2027 fiscal year to provide funds for two full-time equivalent positions and subscription costs necessary to carry out the duties of the Secretary of State under G.S. 64-63(c) and (d), as enacted by Section 1 of S.L. 2026-54.

EMERGENCY VIDEO NOTARIZATION/VIDEO WITNESSING VALIDATION FOR CERTAIN DATES

SECTION 7.22. Notwithstanding the expiration of G.S. 10B-25 (Emergency video notarization) pursuant to subsection (n) of that section on July 1, 2026, and the expiration of Article 3 of Chapter 10B of the General Statutes (Video Witnessing During State of Emergency) pursuant to G.S. 10B-200(b) on July 1, 2026, any (i) emergency video notarization performed in accordance with G.S. 10B-25 prior to the enactment of S.L. 2026-52 or (ii) emergency video witnessing performed in accordance with Article 3 of Chapter 10B of the General Statutes prior to the enactment of S.L. 2026-52 is deemed validated if performed July 1, 2026, through July 7, 2026.

ALLOW NORTH CAROLINA INVESTMENT AUTHORITY TO RETAIN THE SERVICES OF RECRUITMENT FIRMS

SECTION 7.23.(a) Effective October 1, 2026, G.S. 147-71.2 reads as rewritten:

"**§ 147-71.2. Duties of the Board of Directors.**

…

(c) Authority to Contract for Services. – Notwithstanding Article 3 of Chapter 143 of the General Statutes, G.S. 114-2.3, ~~and~~ G.S. 147-17, and G.S. 126A-52, the Investment Authority is authorized to independently retain the services of appraisers, auditors, actuaries, attorneys, investment consultants, statisticians, custodians, information technology professionals, recruitment firms, or other persons or firms possessing specialized skills or knowledge necessary for the proper administration of investment programs created pursuant to this section.

…."

SECTION 7.23.(b) Notwithstanding any provision of law to the contrary, the North Carolina Investment Authority is authorized to independently retain the services of recruitment firms.

SECTION 7.23.(c) Except as otherwise provided, this section is effective when it becomes law. Subsection (b) of this section expires October 1, 2026.

INVESTMENT OF LOCAL GOVERNMENT IDLE FUNDS MODIFICATION TECHNICAL CORRECTION

SECTION 7.24.(a) G.S. 159-30, as amended by Section 39.2 of S.L. 2026-41, reads as rewritten:

"**§ 159-30. Investment of idle funds.**

…

(c) Moneys may be invested in the following classes of securities, and no others:

…

(13) In connection with funds held by or on behalf of a local government or public authority, which funds are subject to the arbitrage and rebate provisions of the Internal Revenue Code of 1986, as amended, participating shares in tax-exempt mutual funds, to the extent such participation, in whole or in part, is not subject to such rebate provisions, and taxable mutual funds, to the extent such fund provides services in connection with the calculation of arbitrage rebate requirements under federal income tax law; provided, ~~all~~ one of the following are met:

a. ~~Such~~ If the mutual fund is taxable, such fund (i) is registered with the United States Securities and Exchange Commission as a government money market fund that invests primarily in United States government securities, cash, or repurchase agreements collateralized by government ~~securities.~~securities and (ii)

~~b.~~ ~~Such fund~~ must seek to maintain a stable one dollar ($1.00) net asset value per share.

c. ~~The~~ If the mutual fund is tax-exempt, investments of any such fund are limited to those bearing one of the two highest ratings of at least one nationally recognized rating service and not bearing a rating below one of the two highest ratings by any nationally recognized rating service which rates the particular fund.

…."

SECTION 7.24.(b) This section is effective when it becomes law.

ADDRESS UNEXPENDED BOND PROCEEDS

SECTION 7.25.(a) As used in this section, "unexpended bond proceeds" means the following:

(1) Any funds obtained from issuing General Obligation bonds authorized pursuant to S.L. 1998-132.

(2) Any funds obtained from issuing indebtedness authorized pursuant to S.L. 2006-146, Section 19.13 of S.L. 2007-323, or Section 27.8 of S.L. 2008-107.

(3) Any funds obtained from issuing General Obligation bonds authorized pursuant to S.L. 2014-100.
(4) Any funds obtained from issuing General Obligation bonds authorized pursuant to S.L. 2015-280.
(5) Interest earned on any indebtedness authorized by a subdivision of this subsection.

SECTION 7.25.(b) The Office of State Budget and Management shall, at the direction of the State Treasurer, use unexpended bond proceeds not reasonably anticipated to be needed for completion of the projects and purposes for which they were issued to do any action listed in this subsection to the extent the listed action can be taken without (i) resulting in adverse tax consequences to the State or (ii) violating, where applicable, the categories of uses contained in the bond question on which the indebtedness was approved by a vote of the qualified voters of the State. In directing action pursuant to this section, the State Treasurer shall maximize the savings, and minimize the costs, to the State. The available actions are the following:
(1) Redeem or otherwise retire, for the purpose of eliminating debt service, (i) bonds of the same issuance or (ii) bonds issued to refund such bonds.
(2) Reimburse the State Capital and Infrastructure Fund (SCIF), established in G.S. 143C-4-3.1, for expenditures incurred for a State agency capital improvement project authorized in legislation to be funded from the SCIF; provided, however, the amount of unexpended bond proceeds used does not exceed expenditures incurred.

SECTION 7.25.(c) To the extent unexpended bond proceeds are used pursuant to subsection (b) of this section to reimburse funds previously paid or to pay costs that would have been paid from other funds, such other funds are not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. The funds shall be deemed and shall remain unappropriated unless the General Assembly appropriates the funds in a subsequent act. To the extent the funds are in the State Capital and Infrastructure Fund, such funds shall be invested by the Department of the State Treasurer, with earnings and interest therefrom being deposited in the State Capital and Infrastructure Fund.

SECTION 7.25.(d) For proceeds of public improvement bonds and notes, including premium thereon, (i) authorized in S.L. 2015-280, (ii) allocated to the Department of Environmental Quality for Statewide Water/Sewer Loans and Grants, (iii) placed in the Water Infrastructure Fund established in G.S. 159G-22, and (iv) used for low-interest loans pursuant to sub-subdivision (f)(2)d. of Section 1 of S.L. 2015-280, the Department may repurpose repaid loan funds as grants that comport with the requirements of, notwithstanding the dollar limitation for grants contained in, that sub-subdivision.

SECTION 7.25.(e) This section is effective when it becomes law.

PART VIII. INFORMATION TECHNOLOGY

CJLEADS/GDAC CHANGES

SECTION 8.1. Section 40.6(b) of S.L. 2026-41 reads as rewritten:

"**SECTION 40.6.(b)** The Department of Health and Human Services (DHHS), the Department of Information Technology (DIT), the Administrative Office of the Courts (AOC), the Government Data Analytics Center (GDAC), the North Carolina Health Information Exchange Authority (NC HIEA), and CJLEADS shall make systematic improvements utilizing available technological resources to ensure the State is collecting and making available the most helpful information for judges to make involuntary commitment (IVC) determinations, both inpatient and outpatient; increasing data collection and sharing between DHHS and the Judicial Branch Case Management System of IVC exams and court proceedings. ~~The DHHS and DIT shall work with GDAC and CJLEADS to implement real-time data availability for the Behavioral~~

~~Health Statewide Central Availability Navigator (BH SCAN) and give law enforcement access to BH SCAN.~~ The DHHS, DIT, and NC HIEA shall facilitate the connection of behavioral health hospitals and providers to NC HealthConnex, including grants to behavioral health facilities lacking electronic medical records systems, prioritizing those facilities with potential to contribute the most useful IVC data."

PART IX. SALARIES AND BENEFITS

CLARIFY COMMUNITY COLLEGE RECRUITMENT AND RETENTION FUNDING

SECTION 9.1. Notwithstanding any provision of law to the contrary, funds appropriated to the State Board of Community Colleges for faculty recruitment and retention pursuant to S.L. 2023-134 and S.L. 2021-180 shall be used for hard-to-recruit and hard-to-retain faculty positions in high-demand fields.

LABOR MARKET ADJUSTMENT RESERVE FUNDS/CLARIFICATION

SECTION 9.2. Notwithstanding any provision of law to the contrary, to the extent that a reduction in appropriations reflected in the Committee Report described in Section 45.2 of S.L. 2026-41 as an elimination of unused Labor Market Adjustment Reserve funds exceeds an agency's undistributed balance of those funds as verified by the Office of State Budget and Management, the agency shall achieve the required savings from other salary line items selected by the agency. The Director of the Budget shall adjust the certified budget of each affected agency accordingly.

PART X. CAPITAL

FSU CHANCELLOR'S RESIDENCE/SPECIAL FUND FOR SALE PROCEEDS

SECTION 10.1. Part XLII of S.L. 2026-41 is amended by adding a new section to read:

"**FAYETTEVILLE STATE UNIVERSITY CHANCELLOR'S RESIDENCE**

"**SECTION 42.11A.** Notwithstanding G.S. 146-30 or any other provision of law to the contrary, the net proceeds from the sale of the Chancellor's residence at Fayetteville State University shall be retained by Fayetteville State University and shall be deposited into a special fund to be used solely for the purchase of another residence for the Chancellor, as approved by the Board of Trustees of Fayetteville State University and consistent with applicable policies of the Board of Governors of The University of North Carolina."

EXPANSION OF ALLOWABLE USES FOR EXISTING YOUTH DETENTION FACILITIES

SECTION 10.2. Part XLII of S.L. 2026-41 is amended by adding a new section to read:

"**SCIF FUNDS FOR YOUTH DETENTION FACILITIES**

"**SECTION 42.14A.** Notwithstanding the Committee Report referenced in Section 45.2 of this act, or any other provision of law to the contrary, for project code DPS23-1, funding allocated for this project may also be used for expansion of existing youth detention facilities."

PART XI. TRANSPORTATION

DMV IN-HOME DRIVERS LICENSE RENEWAL PILOT

SECTION 11.1.(a) Section 43.11 of S.L. 2026-41 is repealed.

SECTION 11.1.(b) Part XLIII of S.L. 2026-41 is amended by adding a new section to read:

"<u>**DMV IN-HOME LICENSE RENEWAL STUDY**</u>

"<u>**SECTION 43.11A.(a)** It is the intent of the General Assembly to evaluate the feasibility of improving the accessibility of and customer service provided by the Division of Motor Vehicles of the Department of Transportation (DMV) by implementing a pilot program in Forsyth County authorizing either the DMV or certain third-party vendors to provide in-home drivers license renewal services. For purposes of this section, the term "in-home drivers license renewal service" means a process by which personnel, employed either by the DMV or a third-party vendor authorized by the DMV, travel to a license holder's residence to conduct the necessary procedures for drivers license renewal.</u>

"<u>**SECTION 43.11A.(b)** The DMV shall study and provide a plan for implementing the pilot program described in subsection (a) of this section. The study and plan shall evaluate all of the following:</u>

<u>(1) The feasibility of implementing the pilot program.</u>

<u>(2) Any measures needed to ensure compliance with federal REAL ID requirements, State laws, and identity verification and data security standards.</u>

<u>(3) Any staffing, facility, and technology modifications needed to implement the pilot program.</u>

<u>(4) Any implementation costs and any other financial considerations necessary to implement the pilot program.</u>

"<u>**SECTION 43.11A.(c)** The DMV shall report the findings of the study required by this section, including the proposed implementation plan and any associated legislative recommendations, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than January 1, 2027.</u>"

REQUIRE DMV TO ESTABLISH OR AMEND RULES TO CLARIFY APPLICATION OF RULES CONTROLLING THE OPERATION OF SAFETY OR EMISSIONS INSPECTIONS STATIONS

SECTION 11.2.(a) The Division of Motor Vehicles of the Department of Transportation is authorized to and shall within 180 days of the effective date of this section, with stakeholder input and participation, establish or amend rules to clarify that the requirements of subsection (f) of 19A NCAC 03D .0523 (Operation of Safety or Emissions Inspection Stations) do not apply to public school units or community colleges operating inspection stations.

SECTION 11.2.(b) Rules established or amended pursuant to this section shall apply to enrollment contracts entered into on or after rules required by this section become effective.

SECTION 11.2.(c) This section is effective when it becomes law and expires on the date rules required by this section become effective.

PAVEMENT PRESERVATION STUDY

SECTION 11.3. Section 43.22(b) of S.L. 2026-41 reads as rewritten:

"**SECTION 43.22.(b)** The Department of Transportation shall initiate the study required by this section within 90 days after the date this act becomes law and report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division its findings and recommendations resulting from the study, including any proposals for legislative action, on or before ~~the convening of the 2027 Regular Session of the 2027 General Assembly.~~<u>March 1, 2027.</u>"

BOARD OF TRANSPORTATION FEE AUTHORITY

SECTION 11.4. G.S.136-17.3, as enacted by Section 43.21(a) of S.L. 2026-41, reads as rewritten:

"**§ 136-17.3. Fees set by the Board of Transportation.**

(a) The Board of Transportation is authorized to set reasonable fees for the following services provided by the Department of Transportation:

(1) Express permit review under G.S. 136-93.1.
(2) Driveway connections under G.S. 136-18(29).
(3) Development and construction of school driveways under G.S. 136-18(17) and G.S. 136-18(29a).
(4) Driveways to cemeteries and rural fire district firehouses under G.S. 136-18(20) and G.S. 136-18(24).
(5) Traffic impact analysis under G.S. 136-93.1A.
(6) Petition, review, and inspection of secondary road additions under G.S. 136-18(2), 136-18(7), 136-18(8), 136-18(26), 136-18(29), 136-44.2D, 136-44.10, and 136-102.6.
(7) Various utility encroachments under G.S. 136-18(10).
(8) Grading and alteration of drainage on controlled access right-of-way under G.S. 136-18(10).
(9) Private bridges under G.S. 136-18(37).
(10) Wireless communication infrastructure under G.S. 136-18.3A.
(11) Utility right-of-way agreements under G.S. 136-19.5.
(12) Relocation of automatic license plate reader systems under G.S. 20-183.30.
(13) Openings and interference of State roads under G.S. 136-93(a).
(14) Electric vehicle charging stations at rest areas under G.S. 136-18.02.
~~(15) Department of Transportation-owned rail corridors under G.S. 136-18(10).~~

(b) The Board shall conduct a public hearing before any fee is set by the Board under subsection (a) of this section. A fee set under this section shall not exceed the actual cost for the Department to provide the service.

(c) Notwithstanding G.S. 143B-350(g), the Board may not delegate the authority granted under this section to the Secretary of Transportation."

WAKE FOREST/ROLESVILLE DRIVER LICENSE OFFICE TECHNICAL CORRECTION

SECTION 11.5. Notwithstanding any provision of S.L. 2026-41 or the Committee Report described in Section 45.2 of that act to the contrary, funds allocated to the Wake Forest/Rolesville County Driver License Office on Page J18, Item 26 of the Committee Report described in Section 45.2 of S.L. 2026-41 shall instead be allocated to the Wake Forest/Rolesville Driver License Office for the same purpose.

TECHNICAL CORRECTIONS AND CLARIFICATIONS TO THE ELIMINATION OF MOTOR VEHICLE REGISTRATION CARDS

SECTION 11.6.(a) G.S. 20-26(b1), as amended by Section 43.10(f) of S.L. 2026-41, reads as rewritten:

"(b1) The registered or declared weight set forth on the vehicle registration or a certified copy of the Division record sent by the ~~Department of Public Safety~~ State Highway Patrol or otherwise is admissible in any judicial or administrative proceeding and shall be prima facie evidence of the registered or declared weight."

SECTION 11.6.(b) G.S. 20-85(a), as amended by Section 43.10(y) of S.L. 2026-41, reads as rewritten:

"(a) The following fees are imposed concerning a certificate of title or a registration plate for a motor vehicle. These fees are payable to the Division and are in addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes:

…

~~(6) 25.00~~

…."

OUTDOOR ADVERTISING MODIFICATIONS

SECTION 11.7.(a) G.S. 136-131.5(e), as enacted by Section 43.20(a) of S.L. 2026-41, reads as rewritten:

"(e) ~~The relocation of a lawfully erected outdoor advertising sign that is removed because of Department of Transportation right-of-way acquisition shall be subject to the local ordinances and regulations that were in effect at the time the outdoor advertising sign was lawfully erected.~~ Nothing in this subsection shall be construed as exempting the relocation of a sign under this section from the requirements of the current edition of the State Building Code or State law governing the use of native seeds and plants and management of vegetation in the State right-of-way."

SECTION 11.7.(b) G.S. 136-133(d) and (e), as enacted by Section 43.20(b) of S.L. 2026-41, read as rewritten:

"(d) The Department shall approve or deny a permit for a new outdoor advertising sign within ~~30 days~~ <u>45 days</u> of receipt of the completed application and all required fees and documentation. An application shall be deemed complete if it contains all information and supporting documents required by the Department's rules. If the Department fails to provide written notice of its decision within the ~~30-day period,~~ <u>45-day period,</u> the application shall be deemed approved, and the Department shall issue the permit.

(e) Except as provided in G.S. 136-133.1(i), the Department shall not revoke an outdoor advertising permit for a first-time violation of this Article or rules adopted by the Department in accordance with this ~~Article. For any subsequent violation associated with the same permit, the Department~~ <u>Article, other than for violations of zoning, size, lighting, and spacing. The Department</u> shall not revoke ~~the~~ <u>a</u> permit until first providing to the permit holder written notice of the violation and at least 60 days to cure the violation. During the cure period, the Department may pursue any other remedies authorized by this Article or applicable law, including the assessment of civil penalties or required corrective actions. This subsection does not limit the Department's authority to address immediate threats to public safety or fraud in the application process."

PART XII. FINANCE

MODIFY SAMPSON COUNTY LOCAL SALES TAX EFFECTIVE DATE

SECTION 12.1. Section 44.11(d) of S.L. 2026-41 reads as rewritten:

"**SECTION 44.11.(d)** This section is effective when it becomes ~~law.~~<u>law, but no tax authorized under this section may be levied earlier than July 1 of the year following the referendum.</u>"

VAPOR REGISTRY CLARIFICATIONS

SECTION 12.2.(a) G.S. 105-113.39A, as amended by Section 44.6(a3) of S.L. 2026-41, reads as rewritten:

"**§ 105-113.39A. License required.**

(a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary a license in accordance with subsections (a1) and (a2) of this section and must pay the required license tax for each license. A specialty retailer of vapor products must obtain from the Secretary a license in accordance with subsection (a3) of this section. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to expiration. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date.

(a1) Other Tobacco Products License. – A wholesale dealer or a retail dealer must obtain an other tobacco products license for all of the following locations:

(1) Each location where a wholesale dealer makes tobacco products other than vapor products and alternative nicotine products.

(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco products other than vapor products and alternative nicotine products.

(3) Each location from where a retail dealer that is a delivery seller or remote seller receives or stores non-tax-paid tobacco products for delivery sales or remote sales of tobacco products other than vapor products and alternative nicotine products if the location is a location other than the location described in subdivision (2) of this subsection.

(a2) Vapor Products License. – A wholesale dealer or a retail dealer must obtain a vapor products license for all of the following locations:

(1) Each location where a wholesale dealer makes vapor products.

(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid vapor products.

(3) Each location from where a retail dealer that is a delivery seller receives or stores non-tax-paid vapor products for delivery sales if the location is a location other than the location described in subdivision (2) of this subsection.

(a3) Specialty Retailer of Vapor Products License. – A specialty retailer of vapor products must obtain a specialty retailer of vapor products license for each location where the retailer sells, offers to sell, distributes, or stores vapor products. A specialty retailer of vapor products that holds a valid license under this subsection is ~~not required to obtain a retail dealer license~~ subject to the licensing requirements under subsection (a1) or (a2) of this section for the same location. A vapor products retailer that does not meet the definition of a specialty retailer of vapor products as defined in G.S. 105-113.4 is not required to obtain a specialty retailer of vapor products license.

(b) License Tax Amount. – The license tax amounts are as follows:

(1)	Wholesale dealer	$25.00
(2)	Retail dealer	$10.00
(3)	Specialty retailer of vapor products	$1,000

(c) Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five dollars ($25.00)."

SECTION 12.2.(b) G.S. 143B-245.11, as amended by Section 44.6(d2) of S.L. 2026-41, reads as rewritten:

"**§ 143B-245.11. Certification process.**

(a) Certification. – Beginning March 1, 2025, and annually thereafter, every manufacturer of vapor products and consumable products sold for retail sale in this State, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, shall execute and deliver on a form prescribed by the Secretary, a certification to the Secretary under penalty of perjury, of the following:

(1) The manufacturer received an order granted pursuant to 21 U.S.C. § 387j(c) (marketing granted order) for the vapor product or consumable product from the FDA.

(2) As of July 1, 2026, the vapor product or consumable product is ~~otherwise marketed pursuant to a published FDA enforcement policy,~~ commercially marketed and is not subject to federal enforcement priority under a published FDA enforcement policy, and the premarket tobacco product application filed with respect to the vapor product or consumable product pursuant to 21 U.S.C.

§ 387j either remains under review or a final decision on the application is not otherwise in effect.

(3) The manufacturer is exempt from the requirements of subdivision (1) or (2) of this subsection because the vapor product or consumable product only reflects changes to the name, brand style, or packaging of a vapor product or consumable product.

(b) Requirements for Manufacturers; Fees. – In addition to the requirements contained in subsection (a) of this section, each manufacturer shall provide to the Secretary the following:

(1) For each vapor product and consumable product offered by the manufacturer, a copy of (i) the marketing granted order issued by the FDA pursuant to 21 U.S.C. § 387j; (ii) evidence demonstrating that the vapor product or consumable product meets the requirements described in subdivision (2) of subsection (a) of this section; or (iii) a document issued by the FDA or by a court confirming that the premarket tobacco product application has received a denial order that is not yet in effect; and

(2) An initial fee of two thousand dollars ($2,000) to offset the costs incurred by the Department of Revenue for processing the certifications and operating the directory and an annual renewal fee of five hundred dollars ($500.00) each year on March 1 to offset the costs associated with maintaining the directory and satisfying the requirements of this section for each consumable product or vapor product to be listed in the directory.

…

(f) Notification of Compliance with Changes to Federal Law. – ~~If federal requirements for vapor products or consumable products are changed,~~ Within 30 days of the date mandated for compliance with any changed federal requirements or standards for a vapor product or consumable product, each manufacturer of a vapor product or consumable product sold for retail sale in North Carolina shall submit documentation to the Secretary substantiating compliance with those ~~federal requirements within 30 days of the date mandated for compliance under the federal requirements.~~ changed federal requirements or standards. Failure to substantiate compliance with changed federal requirements ~~shall be~~ or standards is grounds for removal of the manufacturer and its vapor product or consumable product from the directory established pursuant to G.S. 143B-245.12. For the purposes of this subsection, ~~federal requirements for vapor products or consumable products are~~ the term "changed federal requirements or standards" means any modifications to 21 U.S.C. § 387j or other federal statutes regulating vapor products or consumable products or any modification of regulations or other official federal guidance that change requirements or standards for federal compliance of a vapor product or consumable product."

SECTION 12.2.(c) G.S. 143B-245.15, as amended by Section 44.6(d6) of S.L. 2026-41, reads as rewritten:

"**§ 143B-245.15. Compliance.**

(a) Unannounced Compliance Check. – Each retailer, distributor, and wholesaler that sells or distributes consumable products or vapor products in this State is subject to at least one unannounced compliance check per year by any State or local law enforcement officials, including the ALE Division, the SBI, the Department of Justice, or local sheriff and police departments, for purposes of enforcing this Part. Unannounced follow-up compliance checks of all noncompliant retailers, distributors, and wholesalers shall be conducted within 30 days after any violation of this Part. Any person who observes a violation described in G.S. 143B-245.13 may alert the SBI of the violation, and the SBI may ~~direct~~ request the appropriate law enforcement official to investigate the alleged violation.

…

(c) Seizure and Destruction of Noncompliant Products. – Any products identified for sale identified by any State or local law enforcement official that are not on the registry or are not otherwise sold in compliance with the provisions of this Chapter may be subject to immediate seizure by the law enforcement official and forfeiture and destruction by the ~~ALE Division.~~ seizing law enforcement agency. The cost of such seizure, forfeiture, and destruction shall be borne by the person from whom the consumable product or vapor product is confiscated, except that no consumable product or vapor product may be seized from a consumer who has made a bona fide purchase of such products. The ~~ALE Division~~ seizing law enforcement agency may store and dispose of the seized products as appropriate, in accordance with federal, State, and local laws pertaining to storage and disposal of such products.

…."

SECTION 12.2.(d) Section 44.6(e) of S.L. 2026-41 reads as rewritten:

"**SECTION 44.6.(e)** Subsection (a1) of this section becomes effective October 1, 2026, and applies to sales or purchases occurring on or after that date. Subsections ~~(a1) through~~ (a2) and (a3) of this section become effective July 1, 2027. Subsection (b) of this section becomes effective October 1, 2026, and applies to violations occurring on or after that date. Subsection (c) of this section becomes effective December 1, 2027, and applies to offenses committed on or after that date. Subsection (d3) of this section becomes effective October 1, 2026, and applies to directory updates required on or after that date. The remainder of this section is effective when it becomes law."

SECTION 12.2.(e) Notwithstanding Section 44.6(e) of S.L. 2026-41, as amended by this section, G.S. 143B-245.12(b)(6), as enacted by Section 44.6(d3) of S.L. 2026-41, is effective when this section becomes law.

SECTION 12.2.(f) Subsection (a) of this section becomes effective July 1, 2027. The remainder of this section is effective when it becomes law.

PART XIII. MISCELLANEOUS

ADJUSTMENTS TO APPROPRIATIONS

SECTION 13.1. The totals of Part II of S.L. 2026-41, as amended by S.L. 2026-42, are adjusted in accordance with the provisions of this act.

EFFECTIVE DATE

SECTION 13.2. Except as otherwise provided, this act is effective July 1, 2026.

In the General Assembly read three times and ratified this the 6th day of August, 2026.

s/ Rachel Hunt
President of the Senate

s/ Mike Schietzelt
Presiding Officer of the House of Representatives

____
Josh Stein
Governor

Approved __________.m. this ______________ day of ____________________, 2026