

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 456

Short Title: Healthy Start NC. (Public)

Sponsors: Senators Chitlik, Murdock, and Salvador (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 25, 2025

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE HEALTHY START NC PROGRAM TO REDUCE MATERNAL MORTALITY AND CHILDHOOD POVERTY AND TO OFFSET COSTS BY MODIFYING THE CORPORATE INCOME TAX RATE SO AS TO KEEP THE EFFECTIVE TAX RATE FOR CORPORATE TAXPAYERS MORE CLOSELY ALIGNED WITH THAT WHICH IS REQUIRED OF INDIVIDUAL TAXPAYERS OF THE STATE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Program. – Of the funds received by the State and appropriated to the Department of Health and Human Services from the Temporary Assistance for Needy Families (TANF) Block Grant, the Department shall allocate to the Division of Social Services (Division) the recurring sum of one hundred sixty-one million six hundred thousand dollars (\$161,600,000) for each year of the 2025-2027 fiscal biennium to implement the Healthy Start NC Program (Program). In addition, there is appropriated from the General Fund to the Department the recurring sum of one hundred forty-six million three hundred thousand dollars (\$146,300,000) for each year of the 2025-2027 fiscal biennium to be allocated to the Division of Social Services for implementation of the Program. The purpose of the Program is to provide nonrecurrent, short-term benefits in the form of prenatal and infant cash allowances to meet pre- and post-birth needs of expecting mothers and babies.

SECTION 1.(b) Administration. – The Division shall develop detailed guidelines to administer, and accomplish the purposes of, the Program. The Division, in administering the Program, shall do all of the following:

- (1) Study, and make any amendments necessary to, the TANF State plan, including what was approved in Section 9J.1 of S.L. 2023-134, to implement the Program. Notwithstanding any provision of law to the contrary, the Division may modify the State plan to accomplish the purposes of this act. To the extent the Division identifies State laws modified pursuant to the authority provided in this subsection, the Division shall make recommendations to the General Assembly for legislative changes needed.
- (2) Define childbirth as a specific crisis situation and episode of need and take other steps required to use TANF funds to provide nonrecurrent, short-term benefits to families who give birth to a child. In so doing, the Division shall follow the guidance from the United States Department of Health and Human Services, Administration of Children and Families Office of Family Assistance, for funding the Program in conformity with this section.



- (3) Adopt policies, including a compliant means-based test at the time of birth for Program recipients (such as Medicaid or a percentage of the federal poverty level), to identify needy families that can be supported with TANF Block Grant dollars in a manner that will neither trigger time limits or work requirements nor adversely affect entitlement to other State or federal aid. The Division shall collect and review information relevant to the means-based eligibility determination required by this section.
- (4) Identify and partner with a nonprofit organization to administer the Program. As a condition of partnering with the nonprofit organization, the Division shall require that the organization (i) deliver programmatic funding to families as a private gift below applicable federal maximums in such a way as to make it non-taxable and protect, to the maximum extent possible, the receipt of other social benefits and (ii) engage in fundraising efforts to spur the receipt of funds donated through private philanthropy to expand the reach of the Program so as to provide programmatic funding to families that do not qualify under subdivision (3) of this subsection.
- (5) Identify and report annually to the General Assembly on the number of families receiving aid, broken down by those supported using TANF funds and those supported using private funds, the total amount of private funds raised through fundraising efforts, and additional needs or resources that would assist the Division in maximizing private fundraising efforts.

SECTION 1.(c) Use. – Awards of programmatic funding shall be subject to all of the following:

- (1) A one-time award to an expecting mother during pregnancy in the amount of one thousand five hundred dollars (\$1,500) for needs determined by the mother, including food, prenatal care, rent, and other needs.
- (2) A monthly award for the maximum amount of time permitted under federal law to qualify as nonrecurrent, short-term benefits, not to exceed the first year after giving birth to the mother in the amount of five hundred dollars (\$500.00) per month for needs of the baby determined by the mother, including formula, diapers, child care, and other needs.
- (3) Awards utilizing TANF funds shall use, and be limited by, the means-based test provided in subdivision (b)(3) of this section, other applicable federal restrictions, and this section to ensure the funds are used solely to benefit eligible families.
- (4) Awards utilizing funds raised by the nonprofit organization with which the Division partners pursuant to subdivision (b)(4) of this section shall be used, first, to augment awards for families that qualify for TANF funds under subdivision (3) of this subsection to the maximum amount permitted by this section and, thereafter, to beneficially impact as many other families as possible; provided that, such awards shall not exceed the amounts and purposes permitted in subdivisions (1) and (2) of this subsection.

SECTION 2. G.S. 105-130.3 reads as rewritten:

"§ 105-130.3. Corporations.

A tax is imposed on the State net income of every C Corporation doing business in this State. An S Corporation is not subject to the tax levied in this section. The tax is a percentage equal to two and one-quarter percent (2.25%) of the taxpayer's State net income computed as follows: income.

Taxable Years Beginning	Tax
In 2025	2.25%
In 2026	2%

3 **SECTION 3.** Section 2 of this act is effective for taxable years beginning on or after
4 January 1, 2025. Section 1 of this act becomes effective July 1, 2025. The remainder of this act
5 is effective when it becomes law.