

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**HOUSE BILL 125  
Senate Appropriations/Base Budget Committee Substitute Adopted 6/23/25  
Third Edition Engrossed 6/24/25**

Short Title: Continuing Budget Operations. (Public)

Sponsors:

Referred to:

February 17, 2025

A BILL TO BE ENTITLED  
AN ACT TO AMEND THE PROCEDURE FOR BUDGET CONTINUATIONS PURSUANT  
TO G.S. 143C-5-4 FOR THE 2025-2027 FISCAL BIENNIUM AND TO MAKE OTHER  
CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

**PART I. MODIFICATIONS TO RESERVES**

**SAVINGS RESERVE**

**SECTION 1.1.** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer to the Savings Reserve the sum of one billion one hundred forty million one hundred forty-eight thousand eight hundred eighty-six dollars (\$1,140,148,886) in nonrecurring funds in the 2025-2026 fiscal year.

**FUTURE BUILDING RESERVES**

**SECTION 1.2.** The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2027 fiscal biennium to Future Building Reserves for the building and operating expenses of State agencies are reduced by the sum of forty-two million two hundred six thousand nine hundred nine dollars (\$42,206,909) in recurring funds for each year of the 2025-2027 fiscal biennium.

**PART II. DISASTER RECOVERY**

**DISASTER RECOVERY FUNDS**

**SECTION 2.1.** The State Controller shall transfer from the State Emergency Response and Disaster Relief Fund to the State Match Fund, established in Section 5.9(d) of S.L. 2021-180, the sum of forty million dollars (\$40,000,000) in nonrecurring funds for the 2025-2026 fiscal year. There is appropriated from the State Match Fund the sum of forty million dollars (\$40,000,000) in nonrecurring funds for the 2025-2026 fiscal year to the Department of Public Safety, Division of Emergency Management, to provide the nonfederal share for Federal Emergency Management Agency disaster recovery programs for qualifying disasters that occurred prior to Hurricane Helene.

**LUMBER RIVER BASIN DISASTER RECOVERY FUNDS**



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**SECTION 2.2.(a)** Lumber River Basin Funding. – In conjunction with previously enacted funding for providing necessary relief and assistance to citizens of this State from Potential Tropical Cyclone #8 and Tropical Storm Debby, the State Controller shall transfer from the State Emergency Response and Disaster Relief Fund to the to the OSBM Disaster Relief Reserve (Budget Code 23009) the sum of twenty million dollars (\$20,000,000) in nonrecurring funds for the 2025-2026 fiscal year. There is appropriated from the OSBM Disaster Relief Reserve to the Office of State Budget and Management the sum of twenty million dollars (\$20,000,000) in nonrecurring funds for the 2025-2026 fiscal year to allocate to Robeson County for State matching requirements for federal funding for the community-led Lumber River Basin Coalition waterway restoration project to mitigate damage from those storms.

**SECTION 2.2.(b)** Reversion. – Remaining unspent funds appropriated under this section shall revert to the Savings Reserve on June 30, 2027.

### **PART III. EDUCATION**

#### **COMMUNITY COLLEGE ENROLLMENT GROWTH ADJUSTMENT**

**SECTION 3.1.** There is appropriated from the General Fund to the Community Colleges System Office for each year of the 2025-2027 fiscal biennium the recurring sums of (i) ninety-four million nine hundred thirty-five thousand two hundred sixty-seven dollars (\$94,935,267) in total requirements and (ii) nineteen million nine hundred thirty-six thousand six hundred sixty-four dollars (\$19,936,664) in receipts. Appropriations pursuant to this section result in a total net appropriation of seventy-four million nine hundred ninety-eight thousand six hundred three dollars (\$74,998,603) in recurring funds and shall be used to account for an increase in enrollment at community colleges in the State.

#### **PUBLIC SCHOOLS ENROLLMENT AND TECHNICAL ADJUSTMENTS**

**SECTION 3.2.** There is appropriated from the General Fund to the Department of Public Instruction the sum of one hundred four million two hundred forty-eight thousand six hundred twenty-four dollars (\$104,248,624) in recurring funds for each year of the 2025-2027 fiscal biennium for changes in average salaries, special population headcounts, supplemental funding in low-wealth counties, and other technical adjustments.

#### **UNC ENROLLMENT ADJUSTMENT**

**SECTION 3.3.** There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of forty-six million three hundred seventy-five thousand five hundred eight dollars (\$46,375,508) in recurring funds for each year of the 2025-2027 fiscal biennium to be allocated to the constituent institutions of The University of North Carolina to account for increased enrollment at those institutions.

#### **FUNDS FOR NC PROMISE TUITION PLAN**

**SECTION 3.4.** There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of nine million five hundred thousand dollars (\$9,500,000) in recurring funds for each year of the 2025-2027 fiscal biennium to account for increased enrollment of undergraduate resident and nonresident students receiving reduced tuition rates under the NC Promise Tuition Plan pursuant to G.S. 116-143.11 at Elizabeth City State University, Fayetteville State University, the University of North Carolina at Pembroke, and Western Carolina University.

#### **ADDITIONAL FUNDS FOR ADM CONTINGENCY RESERVE**

**SECTION 3.5.** There is appropriated from the General Fund to the Department of Public Instruction the sum of three million nine hundred eighty-four thousand four hundred

ninety-one dollars (\$3,984,491) in nonrecurring funds for the 2025-2026 fiscal year to provide additional funds to the ADM Contingency Reserve to fund growing public school units.

#### **UNIFORM EDUCATION REPORTING SYSTEM**

**SECTION 3.6.** There is appropriated from the General Fund to the Department of Public Instruction the sum of nine million four hundred thousand dollars (\$9,400,000) in recurring funds for the 2025-2026 and 2026-2027 fiscal years to increase funding for the Uniform Education Reporting System, which supports multiple software platforms, for costs associated with transitioning to a new student information system.

#### **UNC BUILDING RESERVES**

**SECTION 3.7.** There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts to support the operation and maintenance of completed capital projects at North Carolina State University, the University of North Carolina at Chapel Hill, and the North Carolina School of Science and Mathematics:

- (1) For each year of the 2025-2027 fiscal biennium, the sum of two million eight hundred sixty-seven thousand two hundred twenty-two dollars (\$2,867,222) in recurring funds.
- (2) For the 2025-2026 fiscal year, the sum of five hundred sixteen thousand six hundred sixty-four dollars (\$516,664) in nonrecurring funds.

#### **SEAA MAY REALLOCATE UNENCUMBERED FUNDS FROM PRIVATE NEED-BASED SCHOLARSHIPS TO PROVIDE FUNDS FOR AWARDS FOR CHILDREN OF WARTIME VETERANS SCHOLARSHIPS**

**SECTION 3.8.** Notwithstanding G.S. 116-283(c), of the funds appropriated to the Board of Governors of The University of North Carolina and allocated to the State Education Assistance Authority for need-based scholarships for students attending private institutions of higher education in accordance with Article 34 of Chapter 116 of the General Statutes that are unexpended at the end of the 2024-2025 fiscal year, the Authority may reallocate up to two million one hundred thousand dollars (\$2,100,000) in nonrecurring funds for the 2025-2026 fiscal year to instead support scholarships for children of wartime veterans under Part 2 of Article 14 of Chapter 143B of the General Statutes awarded for the spring 2025 academic semester and for the 2025-2026 academic year.

#### **WILSON COMMUNITY COLLEGE BIOLOGICS**

**SECTION 3.9.** There is appropriated from the General Fund to the Community Colleges System Office the sum of five million dollars (\$5,000,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium to provide funds to Wilson Community College to support the operation of its biologics training center.

#### **TUITION GRANT SCALE-UP FUNDS FOR THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS AND THE UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS**

**SECTION 3.10.** There is appropriated from the General Fund to the Board of Governors of The University of North Carolina for each year of the 2025-2027 fiscal biennium the sum of two million eight hundred thousand dollars (\$2,800,000) in recurring funds to support tuition grants for increased eligible high school graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts under Part 6 of Article 23 of Chapter 116 of the General Statutes.

#### **DPI TO CONTINUE PROVIDING CSRB OPERATING FUNDS**

**SECTION 3.11.** For the 2025-2027 fiscal biennium, the Department of Public Instruction shall use eighty-two thousand one hundred dollars (\$82,100) per fiscal year of lapsed salary funds to provide dedicated operating funds for the Charter Schools Review Board, including funds for meeting expenses, non-employee travel and subsistence reimbursement, and legal services. Notwithstanding G.S. 143C-6-9, 147-17, and 114-2.3, legal counsel retained by the Review Board and funded pursuant to this section may provide litigation services to the Review Board.

#### **RURAL RESIDENCY MEDICAL EDUCATION TRAINING FUND**

**SECTION 3.12.(a)** Part 3 of Article 1 of Chapter 116 of the General Statutes is amended by adding the following new section to read:

**"§ 116-36.10. Rural Residency Medical Education and Training Fund.**

**(a) Fund Established.** – There is established the Rural Residency Medical Education and Training Fund (Fund) as a nonreverting special fund to support training and residency programs at 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. The Fund shall consist of funds appropriated by the General Assembly.

**(b) Administration.** – The University of North Carolina System Office shall administer the Fund."

**SECTION 3.12.(b)** Notwithstanding any provision of S.L. 2023-134 or the Committee Report referenced in Section 43.2 of that act to the contrary, The University of North Carolina System Office shall allocate to the Rural Residency Medical Education and Training Fund established pursuant to G.S. 116-36.10, as enacted by this section, all funds that were appropriated to the Board of Governors 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.

**SECTION 3.12.(c)** This section becomes effective June 30, 2025.

#### **EDUCATION LOTTERY FUND ALLOCATIONS AND ADJUSTMENTS TO APPROPRIATIONS FROM THE ESCHEAT FUND**

**SECTION 3.13.(a)** The allocations made from the Education Lottery Fund for the 2025-2027 fiscal biennium are as follows:

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	258,252,612	258,252,612
Public School Repair & Renovation	50,000,000	50,000,000
Scholarship Reserve Fund for Public Colleges and Universities	17,748,769	17,748,769
Children of Wartime Veterans Scholarship	11,070,964	11,070,964
School Transportation	182,193,702	186,033,702
<b>TOTAL ALLOCATION</b>	<b>\$1,083,432,612</b>	<b>\$1,087,272,612</b>

**SECTION 3.13.(b)** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Longleaf Commitment Community College Grant Program (Budget Code 16012) from the Escheat Fund are reduced for each year of the 2025-2027 fiscal biennium by the sum of twelve million three hundred seventy-five thousand dollars (\$12,375,000) in recurring funds. The funds appropriated for the program from the General Fund are reduced for each year of the 2025-2027 fiscal biennium by one hundred twenty-five thousand dollars (\$125,000).

**SECTION 3.13.(c)** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Children of Wartime Veterans Scholarship (Budget Code 16012) from the Escheat Fund are reduced for each year of the 2025-2027 fiscal biennium by the sum of eleven million seventy thousand nine hundred sixty-four dollars (\$11,070,964) in recurring funds.

**SECTION 3.13.(d)** There is appropriated from the Escheat Fund to the Need-Based Scholarship for Public Colleges and Universities program (UNC Budget Code 16012) the sum of ninety-six million four hundred forty-five thousand nine hundred sixty-four dollars (\$96,445,964) in recurring funds for each year of the 2025-2027 fiscal biennium.

**SECTION 3.13.(e)** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Need-Based Scholarship for Public Colleges and Universities program (UNC Budget Code 16012) are reduced by seventy-three million dollars (\$73,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

**SECTION 3.13.(f)** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Department of Public Instruction for the State Public School Fund (Budget Code 13510, Budget Fund 101180) for school transportation are reduced by the sum of one hundred sixty million eight hundred seven thousand six hundred twelve dollars (\$160,807,612) in recurring funds for the 2025-2026 fiscal year and reduced by the sum of one hundred sixty-four million six hundred forty-seven thousand six hundred twelve dollars (\$164,647,612) in recurring funds for the 2026-2027 fiscal year.

## **CARRYFORWARD UNC ENROLLMENT LOSS MITIGATION FUNDS**

**SECTION 3.14.(a)** Section 2A.4 of S.L. 2024-57 reads as rewritten:

~~"SECTION 2A.4. SECTION 2A.4.(a)~~ There is appropriated from the General Fund to the Board of Governors of The University of North Carolina for the 2024-2025 fiscal year the sum of seven million eight hundred thirty-seven thousand six hundred forty-six dollars (\$7,837,646) in nonrecurring funds to be allocated to offset enrollment-related funding losses experienced by certain constituent institutions of The University of North Carolina, as follows:

<b>Allocation</b>	<b>Constituent Institution</b>
\$1,364,971	East Carolina University
\$1,500,000	University of North Carolina at Asheville
\$19,687	University of North Carolina at Greensboro
\$3,701,653	University of North Carolina at Pembroke
\$1,251,335	Winston-Salem State University

~~"SECTION 2A.4.(b)~~ These funds shall not revert at the end of the 2024-2025 fiscal year but shall remain available until the end of the 2025-2026 fiscal year."

**SECTION 3.14.(b)** This section becomes effective June 30, 2025.

## **PART IV. HEALTH AND HUMAN SERVICES**

### **MEDICAID REBASE**

**SECTION 4.1.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of six hundred forty million dollars (\$640,000,000) in recurring funds and associated receipts for each year of the 2025-2027 fiscal biennium to be used to adjust Medicaid funding to account for projected changes in enrollment, enrollment mix, service and capitation costs, and federal match rates, as well as the implementation of the Children and Families Specialty Plan in December 2025.

### **GROSS PREMIUM TAX OFFSET CHANGES**

**SECTION 4.2.(a)** Article 8B of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-228.5C. Transfer to Health Advancement Receipts Special Fund.**

Each fiscal year, the Secretary of Revenue shall transfer at the beginning of each quarter from the State insurance tax net collections received by the Department of Revenue under this Article to the State Treasurer for the Health Advancement Receipts Special Fund, the gross premiums tax offset amount, as defined in G.S. 108A-147.12, and adjusted as provided in this section. If the gross premiums offset amount under G.S. 108A-147.12 for the applicable quarter is negative, the amount to be transferred under this section for the applicable quarter shall be zero, and the negative amount of gross premiums tax offset for the applicable quarter shall be applied to the amount to be transferred under this section in future quarters until the negative amount has been fully reconciled. The Office of State Budget and Management shall calculate the amount of the gross premiums tax offset, as defined in G.S. 108A-147.12, and any adjustments to that amount required by this section and shall certify the amount for the Secretary of Revenue that is required to transfer each quarter using data in the North Carolina Financial System."

**SECTION 4.2.(b)** G.S. 108A-147.11 reads as rewritten:

**"§ 108A-147.11. Health advancement reconciliation adjustment component.**

(a) The health advancement reconciliation adjustment component is a positive or negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two quarters prior to the current quarter minus the sum of the following specified amounts:

- (1) The presumptive service cost component calculated under G.S. 108A-147.5 for the quarter that is two quarters prior to the current quarter.
- (2) ~~The positive or negative gross premiums tax offset amount calculated under G.S. 108A-147.12(b) amount transferred during the current quarter by the Department of Revenue to the State Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.5C.~~
- (3) The HASP health advancement component calculated under G.S. 108A-147.6 for the quarter that is two quarters prior to the current quarter.

...."

**SECTION 4.2.(c)** G.S. 143C-9-10 reads as rewritten:

**"§ 143C-9-10. Health Advancement Receipts Special Fund.**

(a) Creation. – The Health Advancement Receipts Special Fund is established as a nonreverting special fund in the Department of Health and Human Services.

(b) Source of Funds. – Each State fiscal quarter, the Department of Health and Human Services shall deposit in the Health Advancement Receipts Special Fund an amount of funds equal to the total nonfederal receipts for health advancement calculated under G.S. 108A-147.3(b) for that quarter, minus the State retention component under G.S. 108A-147.8 for that quarter, and plus ~~the positive or negative gross premiums tax offset amount calculated under G.S. 108A-147.12(b) for that quarter amount transferred by the Department of Revenue to the State Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.5C.~~

(c) Use of Funds. – The Department of Health and Human Services shall use funds in the Health Advancement Receipts Special Fund only for the purposes described in G.S. 108A-147.13."

**SECTION 4.2.(d)** Section 1.6(d) of S.L. 2023-7 expires on June 30, 2025.

**SECTION 4.2.(e)** As a result of the changes in this section, the appropriation to the Department of Health and Human Services, Division of Health Benefits, as provided under G.S. 143C-5-4, is reduced by the sum of twenty-two million two hundred sixty-one thousand dollars (\$22,261,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

## **TRANSITIONS TO COMMUNITY LIVING INITIATIVE FUNDING**

**SECTION 4.3.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Central Management and Support, the sum of twelve million one hundred ninety-two thousand one hundred twenty-four dollars (\$12,192,124) in recurring funds for each year of the 2025-2027 fiscal biennium to provide increased funding for

implementation of the Transitions to Community Living Initiative Plan designed to achieve compliance with the 2012 U.S. Department of Justice Settlement. Funds appropriated by this section shall be allocated and used as follows:

- (1) The sum of eighty-four thousand one hundred twenty-four dollars (\$84,124) in recurring funds shall be used to support one full-time Olmstead Associate Director position within the Division of Central Management and Support.
- (2) The sum of twelve million one hundred eight thousand dollars (\$12,108,000) in recurring funds shall be used to provide community-based supported housing, tenancy support, supported employment, and wrap-around community-based mental health services to eligible adults with serious mental illnesses as they transition from institutional to community care settings, and to provide project management support for the Transitions to Community Living Initiative.

#### **MEDICAID MANAGED CARE ADMINISTRATION**

**SECTION 4.4.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Health Benefits, the sum of forty-nine million two hundred thousand dollars (\$49,200,000) in recurring funds and associated receipts and the sum of thirty-four million four hundred thousand dollars (\$34,400,000) in nonrecurring funds and associated receipts for each year of the 2025-2027 fiscal biennium to be used for contracts needed to operate the State's Medicaid managed care program.

#### **PARTNERSHIP AND TECHNOLOGY HUB (PATH NC) OPERATIONS AND MAINTENANCE FUNDS**

**SECTION 4.5.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Central Management and Support, the sum of one million eight hundred sixteen thousand eight hundred ninety-four dollars (\$1,816,894) in recurring funds for each year of the 2025-2027 fiscal biennium. These funds shall be used to fund statewide operations and maintenance of the new Partnership and Technology Hub (PATH NC) child welfare information technology system.

#### **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

**SECTION 4.6.(a)** The Department of Health and Human Services, Division of Health Benefits (DHB), receivables reserved at the end of the 2025-2026 and 2026-2027 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

**SECTION 4.6.(b)** For the 2025-2026 fiscal year, the Department of Health and Human Services shall deposit from its revenue one hundred seventy-one million four hundred thousand dollars (\$171,400,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2026-2027 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred nine million dollars (\$109,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

- (1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:

- 1 a. For the 2025-2026 fiscal year, the amount of thirty-one million three  
 2 hundred sixty-five thousand three hundred five dollars (\$31,365,305).  
 3 b. For the 2026-2027 fiscal year, the amount of thirty-one million three  
 4 hundred sixty-five thousand three hundred five dollars (\$31,365,305).  
 5 (2) All State-owned and State-operated hospitals, other than the University of  
 6 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care  
 7 shall annually deposit an amount equal to the amount of the payments from  
 8 DHB for uncompensated care.  
 9

## 10 LME/MCO INTERGOVERNMENTAL TRANSFERS

11 **SECTION 4.7.(a)** The local management entities/managed care organizations  
 12 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
 13 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million  
 14 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2025-2026 fiscal year  
 15 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen  
 16 dollars (\$18,028,217) for the 2026-2027 fiscal year. The due date and frequency of the  
 17 intergovernmental transfer required by this section shall be determined by DHB. The amount of  
 18 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal  
 19 year shall be as follows:

	2025-2026	2026-2027
20 Alliance Behavioral Healthcare	\$4,508,857	\$4,508,857
21 Partners Health Management	\$3,544,348	\$3,544,348
22 Trillium Health Resources	\$6,448,693	\$6,448,693
23 Vaya Health	\$3,526,319	\$3,526,319

25 **SECTION 4.7.(b)** In the event that a county disengages from an LME/MCO and  
 26 realigns with another LME/MCO during the 2025-2027 fiscal biennium, DHB shall have the  
 27 authority to reallocate the amount of the intergovernmental transfer that each affected  
 28 LME/MCO is required to make under subsection (a) of this section, taking into consideration the  
 29 change in catchment area and covered population, provided that the aggregate amount of the  
 30 transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.  
 31

## 32 FUNDING FOR MEDICAID HEALTHY OPPORTUNITIES PILOT

33 **SECTION 4.8.** There is appropriated from the General Fund to the Department of  
 34 Health and Human Services, Division of Health Benefits, the sum of thirty million dollars  
 35 (\$30,000,000) in nonrecurring funds and associated receipts for the 2025-2026 fiscal year to be  
 36 used for the continued operations of the Healthy Opportunities Pilots program in current pilot  
 37 counties.  
 38

## 39 EXTEND PHARMACY REIMBURSEMENT RATES IN MEDICAID MANAGED CARE

40 **SECTION 4.9.** Section 9D.19A of S.L. 2021-180, as amended by Section 9D.8 of  
 41 S.L. 2022-74, reads as rewritten:

42 "**SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan  
 43 capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the  
 44 reimbursement for the ingredient cost for covered outpatient drugs and the professional drug  
 45 dispensing fee shall be set at one hundred percent (100%) of the Medicaid pharmacy  
 46 fee-for-service reimbursement methodologies in Attachment 4.19-B of section 12 of the  
 47 Medicaid State Plan under Title XIX of the Social Security Act Medicaid Assistance Program,  
 48 as filed with, and approved by, the Centers for Medicare and Medicaid Services. The National  
 49 Average Drug Acquisition Cost (NADAC), when applicable and as allowed under the Medicaid  
 50 State Plan, plus a professional dispensing fee based on the cost of the dispensing study conducted  
 51 on behalf of the North Carolina Department of Health and Human Services, Division of Health

Benefits, will serve as the primary method utilized for reimbursement for retail community pharmacy claims not dispensed utilizing covered outpatient drugs acquired through the 340B drug discount program established under 42 U.S.C. § 256b. All claims utilizing drugs acquired through the 340B drug discount program shall be reimbursed in accordance with the CMS-approved Medicaid State Plan.

"**SECTION 9D.19A.(b)** This section is effective when it becomes law and expires June 30, ~~2026-2031.~~"

## **USE OF OPIOID SETTLEMENT FUNDS**

**SECTION 4.10.(a)** The following definitions apply in this section:

(1) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

(2) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

**SECTION 4.10.(b)** The funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), for Single Stream Funding are reduced by the sum of fourteen million dollars (\$14,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

**SECTION 4.10.(c)** Section 9F.2 of S.L. 2022-74 is repealed.

**SECTION 4.10.(d)** The State Controller shall transfer the sum of one million eight hundred fifty thousand dollars (\$1,850,000) in nonrecurring funds for the 2025-2026 fiscal year from funds available in the Opioid Abatement Fund (as a result of the repeal of the Prescription Digital Therapeutics Pilot Program authorized by Section 9F.2 of S.L. 2022-74) to the Opioid Abatement Reserve.

**SECTION 4.10.(e)** The State Controller shall transfer the sum of fourteen million dollars (\$14,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium from funds available in the Opioid Abatement Reserve to the DMH/DD/SUS. The DMH/DD/SUS shall use these funds to offset the reduction in Single Stream Funding authorized by subsection (b) of this section. The funds transferred pursuant to this section are appropriated for the fiscal year in which they are transferred.

## **FUNDS TO PURCHASE OPIOID ANTAGONIST**

**SECTION 4.11.** There is appropriated from the General Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2025-2026 fiscal year to purchase 8-milligram intranasal opioid antagonist, to reverse the effects of opioid overdose. For the purpose of this section, "opioid antagonist" has the same meaning as in G.S. 90-12.7.

## **PART V. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES**

### **DEPARTMENT OF NATURAL AND CULTURAL RESOURCES – OPERATING RESERVES**

**SECTION 5.1.(a)** Recurring Funding. – There is appropriated from the General Fund to the Department of Natural and Cultural Resources (Department) the sum of ten million seventy-eight thousand one hundred forty-nine dollars (\$10,078,149) in recurring funds for the 2025-2026 fiscal year and ten million seventy-eight thousand one hundred forty-nine dollars (\$10,078,149) in recurring funds for the 2026-2027 fiscal year, to be allocated as follows:

(1) Four hundred fifty thousand dollars (\$450,000) in each year of the fiscal biennium to Budget Fund 105111 for up to three full-time equivalent (FTE)

- positions and operating costs for the expanded visitor center and grounds at the Fort Fisher State Historic Site.
- (2) Three hundred eighty-five thousand eight hundred fifteen dollars (\$385,815) in each year of the fiscal biennium to Budget Fund 105111 for up to three FTE positions and operating costs for the newly renovated powerhouse and car repair shed at the North Carolina Transportation Museum.
- (3) Nine hundred fifty-three thousand six hundred thirty dollars (\$953,630) in each year of the fiscal biennium to Budget Fund 105141 for up to 12 FTE positions and operating costs associated with the renovation and expansion of the Fort Fisher Aquarium.
- (4) Five million six hundred forty-one thousand four hundred forty-six dollars (\$5,641,446) in each year of the fiscal biennium to Budget Fund 105140 for up to 54 FTE positions and operating costs associated with the new Asia complex at the North Carolina Zoo.
- (5) Two million six hundred forty-seven thousand two hundred fifty-eight dollars (\$2,647,258) in each year of the fiscal biennium to Budget Fund 105137 for up to 20 FTE positions dispersed among Wilderness Gateway State Trail, Pettigrew and Lake Waccamaw State Parks, Bakers Lake, Bob's Creek, and Salmon Creek State Natural Areas, and for operating costs for State parks that have been expanded through Connect NC bonds or other capital appropriations.

**SECTION 5.1.(b)** Nonrecurring Funding. – There is appropriated from the General Fund to the Department the sum of six million nine hundred thirty-six thousand nine hundred dollars (\$6,936,900) in nonrecurring funds for the 2025-2026 fiscal year and four million five hundred thousand dollars (\$4,500,000) in nonrecurring funds for the 2026-2027 fiscal year, to be allocated as follows:

- (1) One hundred thousand dollars (\$100,000) in the 2025-2026 fiscal year to Budget Fund 105111 for nonrecurring position, operating, and equipment costs associated with the expansion at the Fort Fisher State Historic Site.
- (2) Four million five hundred thousand dollars (\$4,500,000) in each year of the fiscal biennium to Budget Fund 105141 to replace receipts while the Fort Fisher Aquarium is closed for renovations.
- (3) One million fifty-six thousand six hundred dollars (\$1,056,600) in the 2025-2026 fiscal year to Budget Fund 105140 for nonrecurring position, operating, and equipment costs associated with the new Asia complex at the North Carolina Zoo.
- (4) One million two hundred eighty thousand three hundred dollars (\$1,280,300) in the 2025-2026 fiscal year to Budget Fund 105137 for nonrecurring position, operating, and equipment costs associated with the expansion of State parks through Connect NC bonds or other capital appropriations.

## **CLARIFY BIENNIAL FEE ADJUSTMENT REQUIREMENTS**

**SECTION 5.2.(a)** G.S. 143B-279.19 reads as rewritten:

**"§ 143B-279.19. Quadriennial-Biennial adjustment of certain fees and rates.**

(a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1, 2025, and every ~~four~~two years thereafter, the Department shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics (CPI) during the prior ~~two bienniums~~biennium; provided, however, that any increase in a fee or rate under this subsection shall not exceed the cost of the service being provided. If a fee or rate was increased during the prior biennium by the enactment of a general law, the adjustment under this subsection shall reflect only the change in

the CPI since that enactment. The adjustment for per transaction rates shall be rounded to the nearest dollar (\$1.00):

- (1) G.S. 74-54.1.
- (2) G.S. 90A-42.
- (3) G.S. 90A-47.4.
- (4) G.S. 113A-54.2.
- (5) G.S. 113A-119.1.
- (6) G.S. 130A-291.1.
- (7) G.S. 130A-294.1.
- (8) G.S. 130A-295.8.
- (9) G.S. 130A-310.9.
- (10) G.S. 130A-310.39.
- (11) G.S. 130A-310.76.
- (12) G.S. 130A-328(b).
- (13) G.S. 130A-328(c).
- (13a) G.S. 143-215.3(a)(1b).
- (14) G.S. 143-215.3D.
- (15) G.S. 143-215.10G.
- (16) G.S. 143-215.28A.
- (17) G.S. 143-215.94C.
- (18) G.S. 143-215.119.
- (19) G.S. 143-215.125A.
- (20) G.S. 143B-279.13.

...."

**SECTION 5.2.(b)** This section is effective June 30, 2025.

**DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES MEAT  
INSPECTION OPERATIONAL COSTS**

**SECTION 5.3.** There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the recurring sum of five hundred eighty-one thousand seven hundred eighty-eight dollars (\$581,788) for each year of the 2025-2027 fiscal biennium for the State meat inspection cost-share program in accordance with Article 49C of Chapter 106 of the General Statutes to cover inspection services at meat and poultry establishments within the State.

**DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES AVIAN FLU  
RESPONSE**

**SECTION 5.4.** There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the recurring sum of two million two hundred thousand dollars (\$2,200,000) for each year of the 2025-2027 fiscal biennium for an additional 10 full-time equivalent positions and operating expenses for the Veterinary Division to support the response and monitoring of avian flu.

**AUTHORIZE THE ENVIRONMENTAL MANAGEMENT COMMISSION TO  
EMPLOY INDEPENDENT STAFF**

**SECTION 5.5.(a)** G.S. 143B-283 reads as rewritten:

**"§ 143B-283. Environmental Management Commission – members; selection; removal; compensation; quorum; services.**

...

(b4) ~~Administrative Support. — All clerical and other services required by the Commission shall be supplied by the Secretary of Environmental Quality Commission Staff, Structure, and Function. —~~

- (1) The Commission is authorized and empowered to employ professional, administrative, technical, and clerical personnel as the Commission may determine to be necessary in the proper discharge of the Commission's duty and responsibility as provided by law. The chair shall organize and direct the work of the Commission staff.
- (2) The salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies.
- (3) The chair, within allowed budgetary limits and as allowed by law, shall authorize and approve travel, subsistence, and related expenses of such personnel incurred while traveling on official business.

...."

**SECTION 5.5.(b)** There is appropriated from the General Fund to the Department of Environmental Quality the sum of seven hundred thousand dollars (\$700,000) in recurring funds for each year of the 2025-2027 fiscal biennium for up to five full-time equivalent positions as dedicated staff for the Environmental Management Commission, including a deputy secretary, agency general counsel, engineer, environmental program consultant, and administrative officer III.

#### **APA EXEMPTION FOR RULES TO MODERNIZE WASTEWATER PERMITTING**

**SECTION 5.6.(a)** Section 5.1 of S.L. 2024-44 is amended by adding a new subsection to read:

**"SECTION 5.1.(h)** Temporary and permanent rules adopted pursuant to this section are not subject to G.S. 150B-21.3(b1) and (b2)."

**SECTION 5.6.(b)** This section is effective retroactive to July 8, 2024.

#### **BEACH AND INLET MANAGEMENT PLAN AND REPORT**

**SECTION 5.7.(a)** Article 21 of Chapter 143 of the General Statutes is amended by adding a new Part 8E, to be entitled "Beach and Inlet Management Planning." Section 4.9 of S.L. 2017-10 is repealed. Section 13.9 of S.L. 2000-67 is codified within Part 8E, as follows:

- (1) Section 13.9(a) is codified as G.S. 143-215.73N, to be entitled "Findings."
- (2) Sections 13.9(b), 13.9(c), and 13.9(d) are codified as subsections (a), (b), and (c) of G.S. 143-215.73O, to be entitled "Beach and inlet management plan."
- (3) Section 13.9(e) is repealed.
- (4) Section 13.9(f) is codified as G.S. 143-215.73P, to be entitled "Federal funds; matching."

**SECTION 5.7.(b)** Part 8E of Article 21 of Chapter 143 of the General Statutes, as enacted by subsection (a) of this section, reads as rewritten:

"Part 8E. Beach and Inlet Management Planning.

#### **"§ 143-215.73N. Findings.**

The General Assembly makes the following findings:

- (1) North Carolina has 320 miles of ocean beach, including some of the most pristine and attractive beaches in the country.
- (2) The balance between economic development and quality of life in North Carolina has made our coast one of the most desirable along the Atlantic Seaboard.
- (3) North Carolina's beaches are vital to the State's tourism industry.
- (4) North Carolina's beaches belong to all the State's citizens and provide recreational and economic benefits to our residents statewide.
- (5) Beach erosion can threaten the economic viability of coastal communities and can significantly affect State tax revenues.

- (6) The Atlantic Seaboard is vulnerable to hurricanes and other coastal storms, and it is prudent to take precautions such as beach nourishment that protect and conserve the State's beaches and reduce property damage and flooding.
- (7) Beach renourishment as an erosion control method provides hurricane flood protection, enhances the attractiveness of beaches to tourists, restores habitat for turtles, shorebirds, and plants, and provides additional public access to beaches.
- (8) Federal policy previously favored and assisted voluntary movement of structures threatened by erosion, but this assistance is no longer available.
- (9) Relocation of structures threatened by erosion is sometimes the best available remedy for the property owner and is in the public interest.
- (10) Public parking and public access areas are needed for use by the general public to enable their enjoyment of North Carolina's beaches.
- (11) Acquisition of high erosion hazard property by local or State agencies can reduce risk to citizens and property, reduce costs to insurance policyholders, improve public access to beaches and waterways, and protect the environment.
- (12) Beach nourishment projects such as those at Wrightsville Beach and Carolina Beach have been very successful and greatly reduced property damage during ~~Hurricane Fran~~ hurricanes and other coastal storms that have impacted the State's coast.
- (13) Because local beach communities derive the primary benefits from the presence of adequate beaches, a program of beach management and restoration should not be accomplished without a commitment of local funds to combat the problem of beach erosion.
- (14) ~~The~~ With limited exceptions, the State of North Carolina prohibits seawalls and hardening the shoreline to prevent destroying the public's beaches.
- (15) Beach nourishment is encouraged by both the Coastal Resources Commission and the U.S. Army Corps of Engineers as a method to control beach erosion.
- (16) The Department of ~~Environment and Natural Resources~~ Environmental Quality has statutory authority to assist local governments in financing beach nourishment projects and is the sponsor of several federal navigation projects that result in dredging beach-quality sand.
- (17) It is declared to be a necessary governmental responsibility to properly manage and protect North Carolina's beaches from erosion and that good planning is needed to assure a cost-effective and equitable approach to beach management and restoration, and that as part of a comprehensive response to beach erosion, sound policies are needed to facilitate the ability of landowners to move threatened structures and to allow public acquisition of appropriate parcels of land for public beach access.

**"§ 143-215.730. Beach and inlet management plan.**

(a) The Department of ~~Environment and Natural Resources~~ Environmental Quality shall compile and evaluate information on the current conditions and erosion rates of beaches, on coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy for beach management and restoration. The Department of ~~Environment and Natural Resources~~ Environmental Quality shall make this information available to local governments for use in land-use planning.

(b) The Department of ~~Environment and Natural Resources~~ Environmental Quality shall develop a multiyear beach management and restoration strategy and plan that does all of the following:

- (1) Utilizes the data and expertise available in the Divisions of Water Resources, Coastal Management, and Energy, Mineral, and Land Resources.
  - (2) Identifies the erosion rate at each beach community and estimates the degree of vulnerability to storm and hurricane damage.
  - (3) Uses the best available geological and geographical information to determine the need for and probable effectiveness of beach nourishment.
  - (4) Provides for coordination with the U.S. Army Corps of Engineers, the North Carolina Department of Transportation, the North Carolina Division of Emergency Management, and other State and federal agencies concerned with beach management issues.
  - (5) Provides a status report on all U.S. Army Corps of Engineers' beach protection projects in the planning, construction, or operational stages.
  - (6) Makes maximum feasible use of suitable sand dredged from navigation channels for beach nourishment to avoid the loss of this resource and to reduce equipment mobilization costs.
  - (7) Promotes inlet sand bypassing where needed to replicate the natural flow of sand interrupted by inlets.
  - (8) Provides for geological and environmental assessments to locate suitable materials for beach nourishment.
  - (9) Considers the regional context of beach communities to determine the most cost-effective approach to beach nourishment.
  - (10) Provides for and requires adequate public beach access, including handicapped access.
  - (11) Recommends priorities for State funding for beach nourishment projects, based on the amount of erosion occurring, the potential damage to property and to the economy, the benefits for recreation and tourism, the adequacy of public access, the availability of local government matching funds, the status of project planning, the adequacy of project engineering, the cost-effectiveness of the project, and the environmental impacts.
  - (12) Includes a four-year cycle of planned maintenance and resiliency projects for the State's beaches and inlets.
  - ~~(12)~~(13) Includes recommendations on obtaining the maximum available federal financial assistance for beach nourishment.
  - ~~(13)~~(14) Is subject to a public hearing to receive citizen input.
- (c) Each plan shall be as complete as resources and available information allow. The Department of ~~Environment and Natural Resources~~ Environmental Quality shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than March 1 of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.

**"§ 143-215.73P. Federal funds; matching.**

In the event that federal funds become available for planning and developing shore protection projects, the State shall match those funds in accordance with the funding guidelines set out in G.S. 143-215.71."

**SECTION 5.7.(c)** The Department of Environmental Quality shall provide an interim report no later than March 1, 2026, on its progress toward updating the beach and inlet management plan and meeting the March 1, 2027, deadline set forth in G.S. 143-215.73O(c), as enacted by subsection (b) of this section. The report shall be provided to the Environmental Review Commission, the Joint Legislative Oversight Commission on Agriculture and Natural and Economic Resources, and the Fiscal Research Division.

**SECTION 5.7.(d)** There is appropriated from the General Fund to the Department of Environmental Quality the sum of four hundred thousand dollars (\$400,000) in nonrecurring

funds for the 2025-2026 fiscal year to update the Beach and Inlet Management Plan consistent with Part 8E of Article 21 of Chapter 143 of General Statutes, as enacted by subsection (a) of this section.

## **ECONOMIC DEVELOPMENT PROJECT FUNDS**

**SECTION 5.8.(a)** Provided the Economic Investment Committee (EIC) awards a Job Development Investment Grant for a qualifying transformative project for an airplane manufacturer in Guilford County, there is appropriated from the Stabilization and Inflation Reserve established in Section 2.2(q) of S.L. 2022-74 to the Department of Commerce (Department) the sum of one hundred eighteen million one hundred thousand dollars (\$118,100,000) in nonrecurring funds for the 2025-2026 fiscal year and the sum of one hundred thirty-three million nine hundred thousand dollars (\$133,900,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated for acquisitions and improvements at the project site as provided in this section. For a term of years the Department, in its discretion, deems appropriate, a recipient to whom funds are allocated under this section that uses the funds, in whole or in part, to acquire or improve land (other than water and sewer improvements) may not (i) sell or otherwise encumber the land or improvement (other than utility and access easements and road rights-of-way) or (ii), absent the consent of the EIC, lease the land or improvement; any such lease must require the land or improvement to be used by the business for the purposes set out in the agreement.

For purposes of this section, the definitions of G.S. 143B-437.51 apply and a "qualifying transformative project" is a transformative project for which the Department enters into a binding contract with the business that requires, over a period of time not to exceed the base period, that the business invests at least four billion five hundred million dollars (\$4,500,000,000) in private funds and creates at least 14,000 eligible positions with an average annual wage of at least eighty-nine thousand four hundred dollars (\$89,400). The contract constitutes a continuing obligation of the State and the business benefitted by the funds allocated for improving the project site. The contract must (i) include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from improvements to the airport funded by this section and (ii) require the business to repay an appropriate, proportionate amount of costs incurred by the State, or reimbursement paid to the business, for improvement of the airport for any failure by the business to meet and maintain the applicable performance criteria on which the cost incurred or reimbursement paid was based. Provided the requirements of the contract continue to be met, it is the intent of the General Assembly to appropriate additional funds in future acts in the aggregate amount of one hundred ninety-eight million dollars (\$198,000,000) over the next four succeeding fiscal years to support the qualifying transformative project. With respect to funds allocated to the Piedmont Triad Airport Authority (Authority), the Authority may contract for the design and construction using any delivery method it deems appropriate, and the Department shall pay the costs of the design and construction to the Authority or shall reimburse the Authority for the costs of the design and construction from the funds allocated under this subsection. If it deems it appropriate, the Authority may authorize, in writing, the business who operates the improvements to contract for the design and construction of the improvements, and the Department or the Authority, if delegated by the Department, shall pay the costs of the design and construction to the business or shall reimburse the business for the costs of the design and construction from the funds allocated under this subsection. For purposes of this subsection, neither the Authority nor the business shall be subject to the provisions of Article 3D of Chapter 143 of the General Statutes or Article 8 of Chapter 143 of the General Statutes.

The funds appropriated in this section shall be allocated to, and used, as follows:

- (1) Fifteen million dollars (\$15,000,000) for each year of the 2025-2027 fiscal biennium to the Piedmont Triad Airport Authority (Authority) for the

- acquisition of up to 150 acres of land (i) needed at Piedmont Triad International Airport (Airport) and (ii) to be owned by the Authority for the project. If funds allocated pursuant to this subdivision exceed the amount necessary for the purpose of this subdivision, the Department may reallocate the surplus for purposes authorized in subdivision (2) of this subsection.
- (2) Forty-five million dollars (\$45,000,000) for the 2025-2026 fiscal year and fifty million dollars (\$50,000,000) for the 2026-2027 fiscal year to the Authority for site analysis, engineering, grading, site preparation, site work, and access road and taxiway construction not otherwise provided for in this section that is needed at the Airport for the project. If funds allocated pursuant to this subdivision exceed the amount necessary for the purposes of this subdivision, the Department may reallocate the surplus for the purpose authorized in subdivision (1) of this subsection.
- (3) Seven million nine hundred thousand dollars (\$7,900,000) for the 2025-2026 fiscal year and thirteen million seven hundred thousand dollars (\$13,700,000) for the 2026-2027 fiscal year to the Department of Transportation for roadwork needed at the airport for the project. Notwithstanding any other provision of law, the Department of Transportation is authorized to utilize Progressive Design Build, Construction Management General Contractor, or any other procurement methodology to contract for the delivery of improvements for which funds are provided in this subdivision.
- (4) Five million dollars (\$5,000,000) for the 2025-2026 fiscal year to the City of Greensboro for water and sewer infrastructure improvements needed to support the project.
- (5) Ten million two hundred thousand dollars (\$10,200,000) for the 2025-2026 fiscal year and two hundred thousand dollars (\$200,000) for the 2026-2027 fiscal year to the Authority for the following:
- a. Renovation costs of, and capital improvements to, an existing airport hub to (i) render it suitable for the project and (ii) be owned by the Authority.
- b. Offsets for costs required by the Federal Aviation Administration.
- (6) Thirty-five million dollars (\$35,000,000) for the 2025-2026 fiscal year and fifty-five million dollars (\$55,000,000) for the 2026-2027 fiscal year to the Authority for the following costs related to construction of a facility for manufacturing, research, and development to be owned by the Authority for the project: (i) costs for general conditions, construction administration, construction of the substructure and shell of the facility, building services, and mechanical systems, (ii) contractor fees, and (iii) fees for permitting, inspections, and related administrative costs.

**SECTION 5.8.(b)** On September 1 of each year funds appropriated for the airport remain unexpended until all funds have been expended, the Department shall report on the use of such funds to the House of Representatives and the Senate committee or subcommittee responsible for base budget and appropriations, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, to the Joint Legislative Commission on Governmental Operations, and to the Fiscal Research Division. The report shall include, at a minimum, an executive summary of the performance of the business; the performance criteria, remedies, and safeguards required by the Department for the funds; a description of the current status of the project; the amount that was paid in the prior fiscal year; the purpose for which the amount was paid; the total amount that has been paid; and any encumbrance allowed on the land or an improvement on the land, including any lease.

**DIVISION OF COMMUNITY REVITALIZATION FUNDING**

**SECTION 5.9.** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Future Building Reserves which have been transferred to the Department of Commerce, Division of Community Revitalization, (Budget Code 14600, Budget Fund 104639), are reduced by the sum of five million dollars (\$5,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium.

**ADDITIONAL 2024 AGRICULTURAL DISASTER CROP LOSS PROGRAM FUNDING**

**SECTION 5.10.(a)** There is appropriated from the Stabilization and Inflation Reserve the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2025-2026 fiscal year, that shall be allocated to the Department of Agriculture and Consumer Services (Department) for the Agricultural Disaster Crop Loss Program (Program), established in Section 2D.2(a) of S.L. 2025-2, for verifiable losses from an agricultural disaster in 2024, excluding Hurricane Helene.

**SECTION 5.10.(b)** Funds allocated to the Program under this section shall be subject to all requirements of Section 2D.2 of S.L. 2025-2. The Department shall include these funds in the reporting requirements set forth in Section 2D.2(i) of S.L. 2025-2. Section 2D.2(h) of S.L. 2025-2 does not apply to these funds.

**SECTION 5.10.(c)** Funds allocated to the Program under this section that are not expended or encumbered on the date the Program expires shall revert to the Savings Reserve.

**SUNDAY OPENING STATE HISTORIC SITE PILOT PROGRAM**

**SECTION 5.11.(a)** Program Established. – Funds appropriated in this act to the Department of Natural and Cultural Resources (Department) for the Sunday Opening State Historic Site Pilot Program (Program) shall be used by the Department to open and operate the following State Historic Sites on Sundays during each site's peak season:

- (1) Bentonville Battlefield.
- (2) Brunswick Town/Fort Anderson.
- (3) CSS Neuse.
- (4) Charlotte Hawkins Brown Museum.
- (5) Fort Fisher.
- (6) Governor Charles B. Aycock Birthplace.
- (7) Historic Bath.
- (8) Historic Edenton.
- (9) Historic Halifax.
- (10) North Carolina State Capitol.
- (11) Reed Gold Mine.
- (12) Roanoke Island Festival Park.
- (13) Somerset Place.
- (14) Thomas Day State Historic Site.

**SECTION 5.11.(b)** Notice. – The Department shall publish, update, or provide notice of the new operating hours pursuant to the Program established in subsection (a) of this section.

**SECTION 5.11.(c)** Reports. – The Department shall submit the following reports to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources:

- (1) By October 1, 2026, an interim report with (i) actual costs by site during the 2025-2026 fiscal year, (ii) Sunday visitation numbers by site during the 2025-2026 fiscal year, and (iii) preliminary recommendations.
- (2) By April 1, 2027, an interim report with any funding recommendations the Department has for the upcoming biennium.
- (3) By October 1, 2027, a final report on the implementation of the Program.

**SECTION 5.11.(d)** There is appropriated from the General Fund to the Department of Natural and Cultural Resources the nonrecurring sum of one hundred fourteen thousand dollars (\$114,000) in each year of the 2025-2027 fiscal biennium to implement and fund the Sunday Opening State Historic Site Pilot Program in accordance with this section.

## **PART VI. JUSTICE AND PUBLIC SAFETY**

### **ADDRESS PAC FUND SHORTFALL**

**SECTION 6.1.** There is appropriated from the General Fund to the Administrative Office of the Courts, Office of Indigent Defense Services, the following amounts to be deposited into the Private Assigned Counsel (PAC) Fund and used for the purposes of that Fund:

- (1) Four million five hundred thousand dollars (\$4,500,000) in recurring funds beginning in the 2025-2026 fiscal year.
- (2) Ten million dollars (\$10,000,000) in nonrecurring funds for the 2025-2026 fiscal year and five million dollars (\$5,000,000) in nonrecurring funds for the 2026-2027 fiscal year.

### **TIME-LIMITED ECOURTS TECHNOLOGY AND BUSINESS PERSONNEL**

**SECTION 6.2.** There is appropriated from the General Fund to the Administrative Office of the Courts, Budget Fund 100051, the sum of six million two hundred eighty-three thousand seven hundred ten dollars (\$6,283,710) in nonrecurring funds for each year of the 2025-2027 fiscal biennium to be used for time-limited technology and business process positions related to eCourts implementation.

### **FUNDING FOR VIPER NETWORK OPERATING SHORTFALL**

**SECTION 6.3.** There is appropriated from the General Fund to the State Highway Patrol, Budget Fund 102690, the sum of two million nine hundred thousand dollars (\$2,900,000) in recurring funds beginning in the 2025-2026 fiscal year to be used to maintain and operate the VIPER network.

### **SCHOOL SAFETY GRANTS**

**SECTION 6.4.(a)** Definitions. – For the purposes of this section, the following definitions shall apply:

- (1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.
- (2) School health support personnel. – School psychologists, school counselors, school nurses, and school social workers.

**SECTION 6.4.(b)** Program; Purpose. – The Executive Director of the Center for Safer Schools shall establish the School Safety Grants Program (Program) for the 2025-2027 fiscal biennium. The purpose of the Program shall be to improve safety in public school units by providing grants in each fiscal year of the 2025-2027 fiscal biennium for (i) services for students in crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource Officer Grants Program.

**SECTION 6.4.(c)** Grant Applications. – A public school unit may submit an application to the Executive Director of the Center for Safer Schools for one or more grants pursuant to this section in each year of the 2025-2027 fiscal biennium. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding

1 or services. The application shall identify current and ongoing needs and estimated costs  
2 associated with those needs.

3 **SECTION 6.4.(d)** Criteria and Guidelines. – The Executive Director of the Center  
4 for Safer Schools shall develop criteria and guidelines for the administration and use of the grants  
5 pursuant to this section, including any documentation required to be submitted by applicants. In  
6 assessing grant applications, the Executive Director shall consider at least all of the following  
7 factors:

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

13 **SECTION 6.4.(e)** Grants for Students in Crisis. – Of the funds appropriated by this  
14 section for the grants provided in this section, the Executive Director of the Center for Safer  
15 Schools, in consultation with the Department of Health and Human Services, shall award grants  
16 to public school units to contract with community partners to provide or pay for the provision of  
17 any of the following crisis services:

- 18 (1) Crisis respite services for parents or guardians of an individual student to  
19 prevent more intensive or costly levels of care.
- 20 (2) Training and expanded services for therapeutic foster care families and  
21 licensed child placement agencies that provide services to students who (i)  
22 need support to manage their health, welfare, and safety and (ii) have any of  
23 the following:
  - 24 a. Cognitive or behavioral problems.
  - 25 b. Developmental delays.
  - 26 c. Aggressive behavior.
- 27 (3) Evidence-based therapy services aligned with targeted training for students  
28 and their parents or guardians, including any of the following:
  - 29 a. Parent-child interaction therapy.
  - 30 b. Trauma-focused cognitive behavioral therapy.
  - 31 c. Dialectical behavior therapy.
  - 32 d. Child-parent psychotherapy.
- 33 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to  
34 increase school safety. Of the funds appropriated by this act for the grants  
35 provided in this section, the Executive Director shall use no more than three  
36 hundred fifty thousand dollars (\$350,000) in each fiscal year of the 2025-2027  
37 fiscal biennium for the services identified in this subdivision.

38 **SECTION 6.4.(f)** Grants for Training to Increase School Safety. – Of the funds  
39 appropriated by this section for the grants provided in this section, the Executive Director of the  
40 Center for Safer Schools, in consultation with the Department of Health and Human Services,  
41 shall award grants to public school units to contract with community partners to address school  
42 safety by providing training to help students develop healthy responses to trauma and stress. The  
43 training shall be targeted and evidence-based and shall include any of the following services:

- 44 (1) Counseling on Access to Lethal Means (CALM) training for school health  
45 support personnel, local first responders, and teachers on the topics of suicide  
46 prevention and reducing access by students to lethal means.
- 47 (2) Training for school health support personnel on comprehensive and  
48 evidence-based clinical treatments for students and their parents or guardians,  
49 including any of the following:
  - 50 a. Parent-child interaction therapy.
  - 51 b. Trauma-focused cognitive behavioral therapy.

- c. Behavioral therapy.
- d. Dialectical behavior therapy.
- e. Child-parent psychotherapy.
- (3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.
- (4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
  - a. Trauma-focused cognitive behavioral therapy.
  - b. Parent and student coping skills.
  - c. Problem solving.
  - d. Safety planning.
- (5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated by this section for the grants provided in this section, the Executive Director shall use no more than three hundred fifty thousand dollars (\$350,000) in each fiscal year of the 2025-2027 fiscal biennium for the services identified in this subdivision.

**SECTION 6.4.(g)** Grants for Safety Equipment. – Of the funds appropriated by this section for the grants provided in this section, the Executive Director of the Center for Safer Schools shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii) training associated with the use of safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.

**SECTION 6.4.(h)** Subsidizing School Resource Officer Grants Program. – If the Executive Director of the Center for Safer Schools receives applications for grants for school resource officers under G.S. 143B-1208.20 in excess of the amount of funding appropriated for school resource officer grants in the 2025-2027 fiscal biennium, the Executive Director may use the funds appropriated for the grants provided for in this section to cover the unmet need for school resource officer grants.

**SECTION 6.4.(i)** Supplement Not Supplant. – Grants provided to public school units pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

**SECTION 6.4.(j)** Administrative Costs. – Of the funds appropriated to the Center for Safer Schools by this section for the grants provided in this section, the Executive Director of the Center for Safer Schools may retain a total of up to one hundred thousand dollars (\$100,000) in each fiscal year of the 2025-2027 fiscal biennium for administrative costs associated with the Program.

**SECTION 6.4.(k)** Disbursement. – The Executive Director of the Center for Safer Schools may enter into a memorandum of understanding with the Department of Public Instruction to disburse grants awarded under this section.

**SECTION 6.4.(l)** Program Report. – No later than April 1 of each fiscal year in which funds are awarded pursuant to this section, the Executive Director of the Center for Safer Schools shall report on the Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division. The report shall include at least the following information:

- (1) The identity of each public school unit and community partner that received grant funds through the Program.

- (2) The amount of funding received by each entity identified pursuant to subdivision (1) of this subsection.
- (3) The services, training, and equipment purchased with grant funds by each entity that received a grant.
- (4) Recommendations for the implementation of additional effective school safety measures.

**SECTION 6.4.(m)** Appropriation. – There is appropriated from the General Fund to the Center for Safer Schools the sum of thirty-five million dollars (\$35,000,000) in nonrecurring funds for each fiscal year of the 2025-2027 fiscal biennium to be used for the Program established in this section.

**EXTEND REVERSION DATE OF SCHOOL SAFETY FUNDS & MAKE CHANGES TO AI SCHOOL SAFETY PILOT PROGRAM**

**SECTION 6.5.(a)** Section 7.36 of S.L. 2023-134, as amended by Sections 3J.12 and 3J.17(h) of S.L. 2024-57, reads as rewritten:

"...

**"SECTION 7.36.(h)** Artificial Intelligence (AI) Pilot. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section for the 2024–2025 fiscal year, the Department shall allocate (i) ~~three million two hundred thousand dollars (\$3,200,000) as a directed grant to New Hanover County Schools and~~ (ii) two million dollars (\$2,000,000) as a directed grant to Davidson County Schools and (ii) the unexpended and unencumbered portion of three million two hundred thousand dollars (\$3,200,000) previously directed to New Hanover County Schools as a directed grant to Alamance-Burlington Schools for an AI School Safety Pilot Program. In conducting the Pilot Program, participating public school units shall comply with the following:

- ...
- (2) No later than January 15, ~~2026, 2028,~~ the participating public school units, in coordination with the Center for Safer Schools, shall report to the Joint Legislative Education Oversight Committee the following information:
- The schools that participated in the Pilot Program.
  - How grant funds were spent.
  - The impact the Pilot Program had on school safety outcomes.
  - Any noted capabilities of the AI system that could not be accomplished by more traditional safety measures.
  - Any other information the participating public school units or the Department deem relevant to the report.

**"SECTION 7.36.(h1)** AI Pilot Nonrevert. – Notwithstanding any provision of law to the contrary, the nonrecurring funds appropriated for the directed grants under Section 7.36(h) of this act shall not revert to the General Fund but shall remain available for the purposes for which they were appropriated until June 30, 2027.

...

**"SECTION 7.36.(I)** Nonrevert. – Notwithstanding any provision of law to the contrary, the nonrecurring funds appropriated to the Department of Public Instruction in the 2022-2023 fiscal year for the 2021-2023 School Safety Grants Program under Section 7.19 of S.L. 2021-180 and the nonrecurring funds appropriated by this act for the 2023-2025 School Safety Grants Program shall not revert to the General Fund but shall remain available for the purposes for which they were appropriated until June 30, ~~2025, 2027.~~

...."

**SECTION 6.5.(b)** This section becomes effective June 30, 2025.

**ADDITIONAL SUPPORT POSITIONS FOR THE STATE BUREAU OF INVESTIGATION**

**SECTION 6.6.** There is appropriated from the General Fund to the State Bureau of Investigation (Bureau) the sum of one million four hundred thousand dollars (\$1,400,000) in recurring funds beginning in the 2025-2026 fiscal year to be used to create up to 10 nonsworn administrative positions to support the Bureau.

**STATE HIGHWAY PATROL SUPPORT POSITIONS**

**SECTION 6.7.** There is appropriated from the General Fund to the State Highway Patrol the sum of three million dollars (\$3,000,000) in recurring funds beginning in the 2025-2026 fiscal year to be used to hire 26 full-time nonsworn administrative positions.

**PART VII. GENERAL GOVERNMENT**

**EMERGENCY TRAINING CENTER OPERATING COSTS**

**SECTION 7.1.** There is appropriated from the General Fund to the Office of the State Fire Marshal in the Department of Insurance the sum of two million three hundred thousand dollars (\$2,300,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium and the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2026-2027 fiscal year to be used to support the operating costs of the Emergency Training Center located in Stanly County.

**STATE PROPERTY FIRE INSURANCE FUND**

**SECTION 7.2.** There is appropriated from the General Fund to the Office of the State Fire Marshal in the Department of Insurance the sum of thirty million dollars (\$30,000,000) in nonrecurring funds for the 2025-2026 fiscal year for the purpose of covering increased expenditures related to the State's reinsurance policy.

**IT INFRASTRUCTURE**

**SECTION 7.3.** There is appropriated from the Collections Assistance Fee Special Fund (Budget Code: 24704; Budget Fund: 209776) to the Department of Revenue the sum of one million five hundred six thousand nine hundred twenty-eight dollars (\$1,506,928) in nonrecurring funds for the 2025-2026 fiscal year and the sum of two million one hundred four thousand six hundred fifty-eight dollars (\$2,104,658) in nonrecurring funds for the 2026-2027 fiscal year to provide funds for contract increases, software, and hardware, to maintain current operations of the Department, and to comply with Internal Revenue Service requirements.

**RETURNS AND PAYMENT PROCESSING**

**SECTION 7.4.** There is appropriated from the Collections Assistance Fee Special Fund (Budget Code: 24704; Budget Fund: 209776) to the Department of Revenue the sum of six million eight hundred thirty-seven thousand seven hundred sixty-three dollars (\$6,837,763) in nonrecurring funds for the 2025-2026 fiscal year and the sum of eight million fifty-nine thousand nine hundred thirty-eight dollars (\$8,059,938) in nonrecurring funds for the 2026-2027 fiscal year to provide funds to make critical software and hardware updates, including covering contract cost increases, and to perform other necessary maintenance to keep the tax system operational.

**ORBIT SYSTEM**

**SECTION 7.5.** Notwithstanding any provision of law to the contrary, and in accordance with the provisions of S.L. 2023-93, in order to provide funds for the transition of retirement system data from on-premises servers to cloud-based storage, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the assets of the

Retirement Systems, as defined in G.S. 147-69.2(b), or pay costs associated with the transition of retirement system data directly from the Retirement Systems' assets. Receipts increased or costs paid directly from Retirement Systems' assets as authorized by this section shall not exceed the sum of one million twenty-two thousand dollars (\$1,022,000) in recurring funds and one million two hundred sixty thousand dollars (\$1,260,000) in nonrecurring funds for the 2025-2026 fiscal year and the sum of one million twenty-two thousand dollars (\$1,022,000) in recurring funds for the 2026-2027 fiscal year.

## **BANKING SYSTEM UPGRADE**

**SECTION 7.6.** In accordance with the provisions of G.S. 147-68.1, the Financial Operations Division of the Department of State Treasurer may charge to the income or assets of the funds and programs using the banking operations of the Department of State Treasurer the costs of upgrading software for and supporting ongoing maintenance of the State banking system. The costs charged as authorized by this section shall not exceed the sum of three million dollars (\$3,000,000) in recurring funds and four million three hundred thousand dollars (\$4,300,000) in nonrecurring funds for the 2025-2026 fiscal year and the sum of three million dollars (\$3,000,000) in recurring funds for the 2026-2027 fiscal year.

## **DIVISION OF ACCOUNTABILITY, VALUE, AND EFFICIENCY**

**SECTION 7.7.(a)** This section shall be known as "The Division of Accountability, Value, and Efficiency (DAVE) Act."

**SECTION 7.7.(b)** The State Auditor shall establish a Division of Accountability, Value, and Efficiency (Division) within the Department of the State Auditor. The powers and duties of the Division shall be to effectuate the assessment and recommendations required by this section, and the State Auditor shall organize and administer the Division in such a manner as the State Auditor may deem necessary to conduct the Division's work accordingly.

**SECTION 7.7.(c)** No later than October 1, 2025, every State agency shall report to the Division both of the following:

- (1) An explanation of how the agency, including each division or office within that agency, utilizes public monies to execute its powers and duties under law.
- (2) A description of all positions within that agency that have remained vacant for six months or more as of the effective date of this section. The description shall include the original position vacancy dates, the dates of any postings or repostings of the positions, and an explanation for the length of the vacancies.

**SECTION 7.7.(d)** The Division shall assess the continued need for each State agency and the vacant positions within each agency. The assessment shall be based on a review of the reports submitted pursuant to this section and any other information the Division deems relevant. In gathering and assessing relevant information, the Division may consult with the Joint Legislative Commission on Governmental Operations. The Division may also employ individuals to utilize artificial intelligence and other appropriate tools for the purpose of examining any of the following with respect to State agencies and their budgets:

- (1) Amounts spent, including the entities receiving funds and the intended purpose of the amounts spent.
- (2) The effectiveness of any amount spent in achieving the intended purpose of that spending.
- (3) Duplicative spending.
- (4) Any other factor demonstrating the fiscal soundness or effectiveness of the State agency or lack thereof.

**SECTION 7.7.(e)** No later than December 31, 2025, the Division shall report the results of the assessment conducted pursuant to this section to the General Assembly. The Division's report shall include, at minimum, recommendations on both of the following:

- (1) Any State agencies, or any divisions or offices within a State agency, that should be dissolved based on the Division's assessment.
- (2) Any State agency positions that should be eliminated based on the Division's assessment.

**SECTION 7.7.(f)** The Division, in its discretion, may annually require any or all State agencies to submit a report with the information required by this section, may reassess this information on an annual basis in accordance with this section, and may report the results of the assessment to the General Assembly.

**SECTION 7.7.(g)** Subsections (a) through (g) of this section are effective when they become law and expire December 31, 2028, at which time the Division shall terminate.

**SECTION 7.7.(h)** There is appropriated from the General Fund to the Office of the State Auditor the sum of six million dollars (\$6,000,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium to provide funds for up to 45 positions, including salaries and benefits, within DAVE.

#### **SBE USE HAVA FUNDS**

**SECTION 7.8.** The sum of one million two hundred seventy-two thousand seven hundred twenty-seven dollars (\$1,272,727) in nonrecurring funds received from the HAVA Election Security Grants for federal fiscal year 2024 shall be deposited in the Election Fund established under G.S. 163-82.28 and shall be used for the following purposes:

- (1) To continue funding for equipment and software for critical information technology operations.
- (2) To continue funding information technology and regional support positions, including the Information Technology Security and Compliance Manager.

#### **SBE EXEMPT POSITIONS/FUNDS**

**SECTION 7.9.(a)** There is appropriated from the General Fund to the State Board of Elections the sum of one million one hundred ninety-three thousand nine hundred seventy-nine dollars (\$1,193,979) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium to provide funds for the following seven new exempt positions, including salaries, benefits, and operating costs:

- (1) Administrative Officer III.
- (2) Agency General Counsel II.
- (3) Agency HR Director II.
- (4) Assistant General Counsel II.
- (5) Internal Auditor.
- (6) Legislative Affairs Manager.
- (7) Public Information Manager.

**SECTION 7.9.(b)** G.S. 126-5 reads as rewritten:

#### **"§ 126-5. Employees subject to Chapter; exemptions.**

...

(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State ~~agency and agency,~~ the Office of the State ~~Controller-Controller,~~ and the Executive Director of the State Board of Elections has the sole authority to set the salary of its exempt policymaking and exempt managerial positions within the minimum rates, and the maximum rates plus ten percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).

...

(d)(1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 425 exempt positions throughout the following departments and offices:

...

(2) ~~Exempt Positions in Council of State Departments and Offices and Offices,~~  
the Office of the State ~~Controller.~~ Controller, and the State Board of Elections.  
– The Secretary of State, the Auditor, the Treasurer, the Attorney General, the  
Superintendent of Public Instruction, the Commissioner of Agriculture, the  
Commissioner of Insurance, the Labor Commissioner, ~~and the State~~  
~~Controller.~~ Controller, and the Executive Director of the State Board of  
Elections may designate exempt positions. The number of exempt  
policymaking positions in each department headed by an elected department  
head listed in this subdivision is limited to 25 exempt policymaking positions  
or two percent (2%) of the total number of full-time positions in the  
department, whichever is greater. The number of exempt managerial positions  
is limited to 25 positions or two percent (2%) of the total number of full-time  
positions in the department, whichever is greater. The number of exempt  
policymaking positions designated by the Superintendent of Public Instruction  
is limited to 70 exempt policymaking positions or two percent (2%) of the  
total number of full-time positions in the department, whichever is greater.  
The number of exempt managerial positions designated by the Superintendent  
of Public Instruction is limited to 70 exempt managerial positions or two  
percent (2%) of the total number of full-time positions in the department,  
whichever is greater. The total number of exempt positions, policymaking and  
managerial, designated by the Office of the State Controller is limited to 10.  
The total number of exempt positions, policymaking and managerial,  
designated by the Executive Director of the State Board of Elections is limited  
to 10, including the following seven positions: Agency Human Relations  
Director II, Agency General Counsel II, Assistant General Counsel II, Public  
Information Manager, Legislative Affairs Manager, Internal Auditor, and  
Administrative Officer III.

...

(4) Vacancies. – In the event of a vacancy in the Office of Governor, the office of  
a member of the Council of State, ~~or the Office of the State Controller,~~  
Controller, or the Executive Director of the State Board of Elections, the  
person who succeeds to or is appointed or elected to fill the unexpired term  
shall make designations in a letter to the Director of the Office of State Human  
Resources, the Speaker of the House of Representatives, and the President of  
the Senate within 180 days after the oath of office is administered to that  
person.

...."

## **SBE PERMANENT POSITIONS**

**SECTION 7.10.** There is appropriated from the General Fund to the State Board of  
Elections the sum of six hundred ten thousand dollars (\$610,000) in recurring funds to provide  
funds, including salaries, benefits, and operating costs, for the following three positions that are  
currently funded as temporary positions: (i) Database Administrator, (ii) Chief Information  
Security Officer, and (iii) Network Engineer.

## **SBE LITIGATION FUNDS**

**SECTION 7.11.** There is appropriated from the General Fund to the State Board of  
Elections the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring  
funds for the 2025-2026 fiscal year for future litigation needs. These funds shall not revert on  
June 30, 2026, but shall remain available until expended.

**SBE RETAIN PRIVATE COUNSEL**

**SECTION 7.12.** G.S. 163-25 reads as rewritten:

**"§ 163-25. Authority of State Board to assist in ~~litigation~~-county board litigation; retain private counsel for legal services.**

(a) County Board Litigation. – The State Board shall possess authority to assist any county board of elections in any matter in which litigation is contemplated or has been initiated, provided, the county board of elections in such county petitions, by majority resolution, for such assistance from the State Board and, provided further, that the State Board determines, in its sole discretion by majority vote, to assist in any such matter. It is further stipulated that the State Board shall not be authorized under this provision to enter into any litigation in assistance to counties, except in those instances where the uniform administration of this Chapter has been, or would be threatened. Notwithstanding the provisions of G.S. 147-17 and G.S. 114-2.3, the State Board may retain private counsel to provide legal assistance in execution of its authority to assist county boards of election under this subsection. The State Board shall supervise and manage counsel employed or retained under this subsection. The State Board may use funds available to the Board of Elections to employ or retain private counsel under this subsection.

~~(b) The Attorney General shall provide the State Board with legal assistance in execution of its authority under this section or, in the Attorney General's discretion, recommend that private counsel be employed.~~

~~(c) If the Attorney General recommends employment of private counsel, the State Board may employ counsel with the approval of the General Assembly.~~

(d) State Board Litigation. – Notwithstanding the provisions of G.S. 147-17 and G.S. 114-2.3, the State Board may retain private counsel to provide legal services, including litigation services, to the State Board or the Executive Director in any action or matter arising in the scope and course of the Board's or the Director's official duties. The State Board shall supervise and manage counsel employed or retained under this subsection. The State Board may use funds available to the Board of Elections to employ or retain private counsel under this subsection."

**OFFICE LEASE**

**SECTION 7.13.** There is appropriated from the General Fund to the Office of the State Fire Marshal in the Department of Insurance the sum of one million dollars (\$1,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium for the purpose of covering the increased cost of leasing new office space.

**CLARIFY POWERS AND DUTIES OF STATE FIRE AND RESCUE COMMISSION**

**SECTION 7.14.(a)** G.S. 58-78-5 reads as rewritten:

**"§ 58-78-5. State Fire and Rescue Commission – Powers and duties.**

(a) The Commission shall have the following powers and duties:

...

(18) To conduct administrative hearings in accordance with Article 3A of Chapter 150B of the General Statutes.

...."

**SECTION 7.14.(b)** G.S. 150B-38(a) reads as rewritten:

**"§ 150B-38. Scope; hearing required; notice; venue.**

(a) The provisions of this Article shall apply to:

...

(5b) The State Fire and Rescue Commission.

...."

**SECTION 7.14.(c)** This section becomes effective October 1, 2025, and applies to administrative hearings commenced on or after that date.

**HOME INSPECTOR LICENSURE BOARD/LICENSING EDUCATION AND EXAMINATION FEES**

**SECTION 7.15.(a)** G.S. 143-151.49 reads as rewritten:

**"§ 143-151.49. Powers and responsibilities of Board.**

...

(b) Education Requirements. – The education program adopted by the Board may not consist of more than 200 hours of instruction. The instruction may include field training, classroom instruction, distance learning, peer review, and any other educational format approved by the Board. The Board may adopt rules regarding course content, instructor qualifications, approved course offerings, and other criteria for compliance with the education program."

**SECTION 7.15.(b)** G.S. 143-151.57 reads as rewritten:

**"§ 143-151.57. Fees.**

(a) Maximum Fees. – The Board may adopt fees that do not exceed the amounts set in the following table for administering this Article:

Item	Maximum Fee
Application for home inspector license	\$35.00
Home inspector <del>examination</del> <u>examination, in person</u>	80.00
<u>Home inspector examination, online</u>	<u>200.00</u>
Issuance or renewal of home inspector license	160.00
Late renewal of home inspector license	30.00
Application for course approval	150.00
Renewal of course approval	75.00
Course fee, per credit hour per licensee	5.00
Credit for unapproved continuing education course	50.00
Copies of Board rules or licensure standards	Cost of printing and mailing.

...."

**SECTION 7.15.(c)** This section becomes effective October 1, 2025.

**EXEMPT MANUFACTURED HOME MANUFACTURERS AND DEALERS FROM SALESROOM REQUIREMENTS**

**SECTION 7.16.** G.S. 20-288 reads as rewritten:

**"§ 20-288. Application for license; license requirements; expiration of license; bond.**

...

(d) To obtain a license as a wholesaler, an applicant who intends to sell or distribute self-propelled vehicles must have an established office in this State, and an applicant who intends to sell or distribute only trailers or semitrailers of more than 2,500 pounds unloaded weight must have a place of business in this State where the records required under this Article are kept.

To obtain a license as a motor vehicle dealer, an applicant who intends to deal in self-propelled vehicles must have an established salesroom in this State, and an applicant who intends to deal in only trailers or semitrailers of more than 2,500 pounds unloaded weight must have a place of business in this State where the records required under this Article are kept.

An applicant for a license as a manufacturer, a factory branch, a distributor, a distributor branch, a wholesaler, or a motor vehicle dealer must have a separate license for each established office, established salesroom, or other place of business in this State. An application for any of these licenses shall include a list of the applicant's places of business in this State.

This subsection does not apply to manufactured home dealers or manufactured home manufacturers, as those terms are defined by G.S. 143-143.9.

...."

**CLARIFY ELECTRICAL CODE REQUIREMENTS FOR ENERGIZING BUILDINGS**

**SECTION 7.17.** G.S. 143-143.2 reads as rewritten:

**"§ 143-143.2. Electric wiring of houses, buildings, and structures.**

(a) The electric wiring of houses or buildings for lighting or for other purposes shall conform to the requirements of the North Carolina ~~State Building Code~~ Electrical Code and other applicable State and local laws.

...."

**EMERGENCY TRAINING CENTER STATE REGISTRATION FEE WAIVER**

**SECTION 7.18.(a)** Article 78A of Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-78A-18. Emergency Training Center tuition waivers.**

(a) Registration Fees. – The Office of the State Fire Marshal shall charge State registration fees for advanced fire and rescue courses delivered by the Office of the State Fire Marshal at the North Carolina Emergency Training Center. The State registration fee charged shall equal the tuition amount set pursuant to G.S. 115D-39 for equivalent community college courses.

(b) Allowed Tuition Waivers. – The Office of the State Fire Marshal may waive State registration fees for advanced fire and rescue courses delivered by the Office of the State Fire Marshal at the North Carolina Emergency Training Center for all of the following individuals, entities, and members of those entities:

(1) Volunteer fire departments located within North Carolina.

(2) Municipal, county, or State fire departments located within North Carolina.

(3) Emergency medical services or rescue and lifesaving departments located within North Carolina.

(4) Fire, emergency medical services, or rescue and lifesaving entities serving a lake authority that was created by a North Carolina county board of commissioners prior to July 1, 2012.

(5) The Eastern Band of Cherokee Indians fire, emergency medical services, or rescue and lifesaving tribal government departments or programs.

(6) Firefighters, emergency medical services personnel, law enforcement personnel, and rescue and lifesaving personnel whose duty station is located on a military installation within North Carolina.

(7) Law enforcement personnel employed by departments located within North Carolina.

(8) High school students at schools located within North Carolina.

(c) Fees. – The Office of the State Fire Marshal may charge additional fees to cover the costs of textbooks, supplies, and other expenses incurred in the delivery of courses or the operation of the North Carolina Emergency Training Center.

(d) Annual Report. – Annually by February 1 of each year, the Office of the State Fire Marshal shall report to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on General Government on the number and type of waivers granted pursuant to subsection (b) of this section."

**SECTION 7.18.(b)** Funds shall be provided to the Office of the State Fire Marshal (OSFM) based on the number of full-time equivalent (FTE) students enrolled in advanced fire and rescue courses delivered by OSFM at the North Carolina Emergency Training Center for whom State registration fees are waived in accordance with G.S. 58-78A-18(b). OSFM shall calculate FTE enrollment in the same manner as community colleges. Funds provided pursuant to this subsection shall be (i) based on the equivalent tier-value for community college instruction and (ii) in the same manner as funds are provided to community colleges based on the number of FTE students enrolled in courses for which tuition and registration fees are waived in

accordance with G.S. 115D-5(b). OSFM shall not be considered a community college, as that term is defined in G.S. 115D-2(2), or subject to the requirements imposed on community colleges by Chapter 115D of the General Statutes.

**SECTION 7.18.(c)** This section becomes effective September 1, 2025.

## **BUDGET AND HUMAN RESOURCES POSITIONS**

**SECTION 7.19.** There is appropriated from the General Fund to the Office of the State Fire Marshal in the Department of Insurance the sum of three hundred thousand dollars (\$300,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium to provide funds for three administrative positions, including salaries and benefits, to support the Office of the State Fire Marshal's budgetary and human resources needs.

## **DIRECT OSBM TO GIVE OSFM SEPARATE BUDGET CODE**

**SECTION 7.20.** The Office of State Budget and Management shall establish a new budget code for the Office of the State Fire Marshal (OSFM) and create new budget funds for each division of the OSFM.

## **GROW NC**

**SECTION 7.22.** The funds appropriated pursuant to G.S. 143C-5-4(b) to the Future Building Reserves which have been transferred to GROW NC (Budget Code 13000, Budget Fund 100201) are reduced for each fiscal year of the 2025-2027 fiscal biennium by the sum of five million dollars (\$5,000,000) in recurring funds.

## **AMERICA'S SEMIQUINCENTENNIAL COMMITTEE**

**SECTION 7.23.(a)** Section 14.10 of S.L. 2023-134 reads as rewritten:

**"SECTION 14.10.(a)** There is created the America's Semiquincentennial Committee (the Committee).

**"SECTION 14.10.(b)** Membership. – The Committee shall be composed of ~~seven~~nine members, as follows:

- (1) ~~Three~~Four members appointed by the President Pro Tempore of the Senate, ~~one~~two of whom shall be ~~a member~~members of the Senate and the remainder of whom shall be members of the public.
- (2) ~~Three~~Four members appointed by the Speaker of the House of Representatives, ~~one~~two of whom shall be ~~a member~~members of the House of Representatives and the remainder of whom shall be members of the public.
- (3) One member jointly appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives who shall be a noted historian with expertise regarding the American Revolution.

**"SECTION 14.10.(c)** Terms; Chairs; Vacancies; Quorum. – Members appointed shall serve until the Committee terminates. The Committee shall have two cochairs which shall be the legislative member designated by the President Pro Tempore of the Senate and the legislative member designated by the Speaker of the House of Representatives. The Committee shall meet upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of the Committee shall be a majority of the members.

**"SECTION 14.10.(d)** Duties. – ~~The Committee shall (i) study means for the State to celebrate the two hundred fiftieth anniversary of the founding of our nation and (ii) report the means and anticipated costs of the celebratory events to the General Assembly. The Committee shall do the following:~~

- (1) Establish a website, social media, and distribution list to provide:
  - a. Visual, auditory, or written informational resources about the history of the semiquincentennial and North Carolina's role in the founding of

the United States, including materials that can be used in educational settings.

b. A clearinghouse of activities to recognize, celebrate, and commemorate the semiquincentennial occurring at the State and local level.

c. Suggestions of how citizens of the State can recognize, celebrate, and commemorate the semiquincentennial.

(2) Advise the North Carolina Symphony and other symphonies and choral groups, the University of North Carolina Center for Public Media, and interested nonprofits throughout the State on historically relevant information to assist in the development of programming with semiquincentennial themes.

(3) Facilitate connections between State agencies, local governments, semiquincentennial committees at the federal, State, or local level, educational institutions, nonprofits, historical, cultural, and business entities, and hereditary organizations for the purpose of coordinating events and activities that recognize, celebrate, and commemorate the semiquincentennial.

(4) Identify historians and other individuals with expertise on events related to the semiquincentennial who can serve as resources and speakers for semiquincentennial events, including members of the Committee.

(5) Identify, encourage, facilitate, and publicize any other means of recognition, celebration, and commemoration of the semiquincentennial that the Committee deems appropriate.

**"SECTION 14.10.(e) Compensation; Administration.** – Members of the Committee shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

**"SECTION 14.10.(f) Reports; Termination.** – ~~The Committee shall make an interim report to the 2025 Regular Session of the 2025 General Assembly and a final report to the 2026 Regular Session of the 2025 General Assembly no later than January 14, 2026. The Committee shall terminate on January 15, 2026.~~ In addition to previously submitted reports, the Committee shall make the following reports to the General Assembly:

(1) An interim report to the 2026 Regular Session of the 2025 General Assembly by March 31, 2026, on semiquincentennial recognitions, celebrations, and commemorations that have occurred and their outcomes and planned recognitions, celebrations, and commemorations of the semiquincentennial for the remainder of 2026.

(2) A final report to the 2027 Regular Session of the 2027 General Assembly no later than December 31, 2027, on the outcome of the semiquincentennial recognitions, celebrations, and commemorations and their impact on the civic engagement of North Carolinians.

The Committee shall terminate on December 31, 2027.

**"SECTION 14.10.(g)** This section is effective when it becomes law."

**SECTION 7.23.(b)** This section is effective when it becomes law.

## **THE NORTH CAROLINA MILITARY AFFAIRS COMMISSION**

**SECTION 7.24.** There is appropriated from the General Fund to the North Carolina Military Affairs Commission the sum of seven hundred fifty thousand dollars (\$750,000) in

nonrecurring funds for the 2025-2026 fiscal year to be used to support the operations of the Commission.

## **RENOVATE FAYETTEVILLE STATE VETERANS HOME**

**SECTION 7.25.(a)** Notwithstanding any other provision of law, there is appropriated from the cash balance of the North Carolina Veterans Home Trust Fund, Budget Code 63050, to the Department of Military and Veterans Affairs, the sum of forty-two million dollars (\$42,000,000) in nonrecurring funds for the 2025-2026 fiscal year to renovate and repair the Fayetteville State Veterans Home.

**SECTION 7.25.(b)** Section 40.5(c) of S.L. 2021-180 is repealed.

## **OSC/CODIFY USE OF RECOVERED AUDIT FUNDS**

**SECTION 7.26.** G.S. 147-86.22(c) reads as rewritten:

"(c) Collection Techniques. – The State Controller, in conjunction with the Office of the Attorney General, shall establish policies and procedures to govern techniques for collection of accounts receivable. These techniques may include use of credit reporting bureaus, judicial remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another payment, other than payroll, due from the State to a person to reduce or eliminate an account receivable that the person owes the State.

The State Controller shall negotiate a contract with a third party to perform an audit and collection process of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors. The third party shall be compensated only from funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred from the agency to the Office of State Budget and Management and placed in a special reserve account for future direction by the General Assembly. Any disputed savings shall be settled by the State Controller. Subject to availability and appropriation by the General Assembly, the State Controller may use recovered audit funds for computer systems maintenance and improvements, financial reporting, governmental accounting training, debt collection, and e-commerce costs. This paragraph does not apply to the purchase of medical services by State agencies or payments used to reimburse or otherwise pay for health care services."

## **PART VIII. INFORMATION TECHNOLOGY**

### **CHANGES TO THE BROADBAND POLE REPLACEMENT PROGRAM**

**SECTION 8.1.(a)** Section 38.10 of S.L. 2021-180, as amended by Section 16.4 of S.L. 2022-6, reads as rewritten:

"...

**"SECTION 38.10.(g)** A pole owner shall promptly review a request for access, perform surveys, provide estimates and final invoices, and complete, or require the completion by other attaching entities of, any make-ready work necessary for purposes of offering broadband service in an unserved area. A pole owner shall provide a good-faith estimate for any make-ready costs to the communications service provider within 60 days after receipt of a complete application for access. If requested by the communications service provider, the pole owner shall provide accompanying documentation indicating the basis of all estimated fees or other charges, including, but not limited to, administrative costs, that form the basis of its estimate. A good-faith estimate shall remain valid for 14 days. To accept a good-faith estimate, a communications service provider must provide the pole owner with written acceptance and payment of the good-faith estimate. Make-ready work shall be conditioned upon payment of the good-faith estimate and shall be completed within a reasonable time frame mutually agreed to by the

communications service provider and the pole owner. A pole owner may treat multiple requests from a single communications service provider as one application for access when the requests are filed within 90 days of one another. A pole owner may deviate from the time limits specified in this subsection during performance of make-ready work for good and sufficient cause that renders it infeasible to complete make-ready work within the time limits specified in this subsection. Any deviation from the time limits specified in this subsection shall extend for a period no longer than necessary. A communications service provider shall promptly be notified, in writing, of the reason for a deviation and the new completion date estimate. A communications service provider shall provide notice, in writing, to the pole owner no later than 14 days after attaching equipment to a pole in an unserved area. This subsection shall not apply to poles owned by a utility.

**"SECTION 38.10.(h)** A party subject to a dispute arising under subsection (g) of this section may invoke the dispute procedures authorized in G.S. 62-350 in the same manner as a party seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission shall issue a final order resolving the dispute within 120 days of the date the proceedings were initiated; provided, however, the Commission may extend the time for issuance of a final order for good cause and with the agreement of all parties. In such a dispute, the Commission shall apply the provisions of this section notwithstanding any contrary provisions of any existing agreement. This subsection shall not apply to poles owned by a utility.

**"SECTION 38.10.(i)** No later than 60 days after the date funds are appropriated to the Program special fund, and on a quarterly basis thereafter, the Department shall maintain and publish on its website all of the following:

- (1) The number of applications for reimbursement received, processed, and rejected, including the reasons applications were rejected.
- (2) The amount of each reimbursement, the total number of reimbursements, and the status of any pending reimbursements.
- (3) The estimated remaining balance in the Program special fund.

**"SECTION 38.10.(j)** The following definitions apply in this section:

...

- (4) Eligible pole replacement cost. – The actual and reasonable costs paid or incurred by a party after June 1, 2021, to (i) remove and replace a pole, including the amount of any expenditures to remove and dispose of the existing pole, purchase and install a replacement pole, and transfer any existing facilities to the new pole; pole or (ii) place facilities, including lines, conduit, and related equipment, underground to better protect the critical infrastructure from natural disaster. The term includes costs paid or incurred by the party responsible for the costs of a pole replacement to reimburse the party that performs the pole replacement. The term does not include costs that the party incurs initially that have been reimbursed to the party by another party ultimately responsible for the costs.
- (5) Pole. – Any pole used, wholly or partly, for any wire communications or electric distribution, irrespective of who owns or operates the ~~pole~~pole, including poles owned by a utility.
- (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- (7) Qualified project. – A project undertaken by a communications service provider that is not affiliated with a pole owner seeking to provide or, due to natural disaster or other force majeure event, restore, temporarily or permanently, qualifying internet access service on a retail basis to one or more households, businesses, agricultural operations, or community access points in an unserved area.

...

- (9) Unserved area. – An area in which, according to the most recent map of fixed broadband internet access service made available by the Federal Communications Commission, fixed, terrestrial broadband service at speeds of at least 25 megabits per second download and at least 3 megabits per second upload is unavailable at the time the communications service provider requests access. An unserved area also includes an area that was previously served but has become unserved due to damage or destruction by a natural disaster. A pole or underground installation shall be presumed to be located in an unserved area if the pole is located in an area that is the subject of a federal or State grant to deploy broadband service, the conditions of which limit the availability of a grant to unserved areas or, in the case of a damaged or destroyed facility, was in such an area when the facility was originally constructed.

- (10) Utility. – As defined by 47 U.S.C. § 224.

...."

**SECTION 8.1.(b)** This section is effective when it becomes law. Funds encumbered for expenses incurred as of June 1, 2021, prior to the effective date of this section shall remain eligible for reimbursement.

## BEAD DEPLOYMENT CHANGES

**SECTION 8.2.** Section 10.2 of S.L. 2024-55 reads as rewritten:

**"SECTION 10.2.(a)** Definitions. – As used in this section, the following definitions apply:

- (1) BEAD. – Broadband Equity, Access, and Deployment.
- (2) Broadband service. – For the purposes of this section, a ~~terrestrially-deployed~~ mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up internet access service.

...

- ~~(8) Extremely high cost per location threshold. – A BEAD subsidy cost per location above which the Office may decline to select a proposal if use of an alternative technology meeting the BEAD Program's technical requirements is necessitated by the fact that selection of an eligible project proposing to provision service via end-to-end fiber-optic facilities to each end-user premises would be cost prohibitive. The Office will develop a methodology for calculating this threshold in a manner that maximizes use of the best available technology while ensuring that the program can, at a minimum, meet the prioritization requirements. The Office will post the methodology for public comment before implementation. The Office shall not, unless it is determined that it does not have sufficient funding to select each highest scoring application in the initial round described in this section, utilize the extremely high cost per location threshold in the initial round.~~

...

- (14) Low-cost broadband service option. ~~A broadband service offered to low-income households that meets the eligibility requirements for the federal Affordable Connectivity Program, or similar replacement program, in the project area for at least the length of time defined by federal requirements. A low-cost broadband service option must be made available and include the following elements:~~ As defined in the IIJA as interpreted by any subsequent guidance issued by NTIA.

- a. ~~Provide typical download speeds of at least 100 Mbps and typical upload speeds of at least 20 Mbps.~~
- b. ~~Provide typical latency measurements of no more than 100 milliseconds.~~
- c. ~~Not be subject to nongovernmental imposed surcharges and be subject only to the same acceptable use policies to which subscribers to all other broadband internet access service plans offered to home subscribers by the participating subgrantee must adhere.~~
- d. ~~Shall be offered at a price that does not exceed the highest price listed in the FCC's 2024 Urban Rate Survey data for Fixed Broadband Service for a service offering in North Carolina that provides a download speed of 100 Mbps, upload speed of 20 Mbps, and an unlimited capacity allowance. The price may be adjusted by the subgrantee based on the Consumer Price Index, as defined by the United States Bureau of Labor Statistics, beginning with an adjustment in the first new calendar year after the date of enactment of this section.~~
- e. ~~In the event the provider later increases the speeds of one of its low cost plans, it will permit eligible subscribers that are subscribed to that plan to upgrade to those new speeds at no more than a commensurate change in cost.~~
- ...
- (20) ~~Reliable broadband service. – Terrestrial-based broadband service (i) with ninety five percent (95%) of latency measurements during testing windows falling at or below 100 milliseconds round trip time and (ii) which is designed to ensure that network outages should not exceed, on average, 48 hours over any 365 day period except in the case of natural disasters or other force majeure occurrences. Locations served exclusively by satellite, terrestrial fixed wireless services utilizing entirely licensed spectrum, using a hybrid of licensed and unlicensed spectrum, or a technology not specified by the FCC for purposes of its Broadband DATA Maps do not meet the definition of "reliable broadband service" and will be considered "unserved" for the purposes of determining eligible locations. As defined in the IIJA as interpreted by any subsequent guidance issued by NTIA.~~
- (21) Secretary. – The Secretary of Information Technology.
- (22) Subgrantee. – An eligible recipient who receives BEAD funds for an eligible project.
- (23) Underserved. – ~~A BSL that has access to reliable broadband service equal to or greater than 25 Mbps download and 3 Mbps upload but less than 100 Mbps download and 20 Mbps upload. Unless otherwise determined by the Department based on competent findings of fact, locations that the FCC's Broadband DATA Maps show to have available qualifying broadband service delivered via (i) DSL or (ii) terrestrial fixed wireless services utilizing entirely licensed spectrum, or using a hybrid of licensed and unlicensed spectrum, shall be considered "underserved" for the purpose of determining eligible locations. As defined in the IIJA as interpreted by any subsequent guidance issued by NTIA.~~
- (24) Unserved. – ~~A BSL that does not have access to reliable broadband service with transmission speeds of at least 25 Mbps download and at least 3 Mbps upload. As defined in the IIJA as interpreted by any subsequent guidance issued by NTIA.~~
- ...

"SECTION 10.2.(j) Competitive Subgrantee Selection Process. – The Office shall implement a competitive subgrantee selection process that conforms with published regulations and guidelines under the BEAD Program under the IJA. Applications receiving the highest score shall receive priority status for the awarding of subgrants pursuant to this section. ~~As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new unserved and underserved locations.~~ Applications shall be scored on an objective 100-point scale that is published prior to the submission of applications for subgrants. The Office shall determine whether or not a subgrantee has the capacity to perform multiple projects and shall not be required to award multiple projects to a prequalified subgrantee that has failed to demonstrate its ability to perform.

...."

## **PART IX. SALARIES AND BENEFITS**

### **APPROPRIATIONS TO SUPPORT EMPLOYEE BENEFITS**

SECTION 9.1.(a) There is appropriated from the General Fund the sum of one hundred ninety-seven million five hundred sixty-three thousand one hundred thirty-three dollars (\$197,563,133) in recurring funds for the 2025-2026 fiscal year for the costs associated with employee benefits under this Part to be allocated as follows:

<b>Entity</b>	<b>2025-2026 Recurring</b>
Community College System Office	\$14,764,787
Department of Public Instruction	\$115,396,268
The University of North Carolina	\$29,004,662
DHHS – Aging	\$29,565
DHHS – Central Management and Support	\$579,908
DHHS – Child and Family Well-Being	\$210,995
DHHS – Child Development and Early Education	\$20,753
DHHS – Emp. & Indp. For People With Disabilities	\$183,191
DHHS – Health Benefits	\$179,279
DHHS – Health Service Regulation	\$217,526
DHHS – Mental Health/Dev. Disabl./ Substance Use Services	\$3,058,301
DHHS – Public Health	\$328,668
DHHS – Services for the Blind/Deaf/ Hard of Hearing	\$40,656
DHHS – Social Services	\$133,842
Dept. of Agriculture and Consumer Services	\$1,040,071
Dept. of Commerce	\$100,151
Dept. of Env. Quality	\$467,885
Dept. of Labor	\$192,841

1	Dept. of Natural and	
2	Cultural Resources	\$1,417,897
3	Wildlife Resources Comm.	\$127,659
4	Administrative Office	
5	of the Courts	\$7,190,260
6	Indigent Defense Services	\$804,451
7	Department of Adult Correction	\$14,023,748
8	Department of Justice	\$487,366
9	Dept. of Public Safety	\$3,739,834
10	State Bureau of Investigation	\$386,113
11	Dept. of Administration	\$280,982
12	Office of Admin. Hearings	\$51,890
13	Auditor	\$120,639
14	Office of Budget and	
15	Management	\$69,769
16	Controller	\$187,916
17	Board of Elections	\$58,423
18	General Assembly	\$668,256
19	Office of the Governor	\$43,365
20	Office of State Human Resources	\$62,816
21	Industrial Commission	\$88,658
22	Dept. of Insurance	\$305,601
23	Office of State Fire Marshal	\$70,864
24	Office of the Lt. Governor	\$9,462
25	Dept. of Military and Veteran	
26	Affairs	\$65,673
27	Department of Revenue	\$705,590
28	Secretary of State	\$139,199
29	Treasurer – Other Retirement Plans/	
30	Benefit Requirements	\$350,000
31	Dept. of Information	
32	Technology	\$157,353

33 **SECTION 9.1.(b)** There is appropriated from the Highway Fund to the Department  
 34 of Transportation for the costs associated providing for employee benefits in accordance with  
 35 this Part the sum of eight million four hundred seventy-seven thousand twenty-seven dollars  
 36 (\$8,477,027) in recurring funds for the 2025-2026 fiscal year.

37 **SECTION 9.1.(c)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated  
 38 for each year of the 2025-2027 fiscal biennium, as agency receipts up to the amounts needed to  
 39 implement the provisions of this Part for each year of the 2025-2027 fiscal biennium.

#### 40 **TRANSFERS TO SUPPORT THE PROVISIONS OF THIS PART**

41 **SECTION 9.2.** There is transferred from the Insurance Regulatory Fund in the  
 42 Department of Insurance to the General Fund the sum of three hundred ninety-four thousand two  
 43 hundred fifty-nine dollars (\$394,259) in recurring funds for the 2025-2026 fiscal year.

#### 44 **AUTHORIZATIONS RELATED TO COMPENSATION OF STATE EMPLOYEES AND** 45 **PUBLIC SCHOOL PERSONNEL**

46 **SECTION 9.3.** Notwithstanding subdivisions (5) and (6) of G.S. 143C-5-4(b),  
 47 during the period of continuing budget authority that begins July 1, 2025, all of the following  
 48 apply:  
 49  
 50

- (1) State employees subject to G.S. 7A-102(c), 7A-171.1, 143B-1714, or any other statutory salary schedule, are authorized to move up on salary schedules and receive applicable automatic step increases.
- (2) State employees, including those exempt from the classification and compensation rules established by the State Human Resources Commission, are authorized to receive automatic step increases, annual, performance, merit, bonuses, and other applicable increments.
- (3) Sections 39.16, 39.17, and 39.18 of S.L. 2023-134, and Section 39.15 of S.L. 2023-134, as amended by Section 8.2 of S.L. 2024-1, shall remain in effect, notwithstanding any limitation to the 2023-2025 fiscal biennium.
- (4) Public school employees paid on the teacher salary schedule, the principal salary schedule, or any other salary schedule established by State law are authorized to move up or down on applicable salary schedules and receive applicable automatic step increases.
- (5) Bonuses are authorized for teachers and principals pursuant to the requirements of Section 7A.3 of S.L. 2023-134 and Section 1.3 of S.L. 2024-39, notwithstanding any limitation to the 2023-2025 fiscal biennium.
- (6) Supplemental funds for teacher compensation are authorized pursuant to the requirements of Section 7A.4 of S.L. 2023-134, as amended by Section 1.7B of S.L. 2024-39, notwithstanding any limitation to the 2023-2025 fiscal biennium.

#### **ALLOW IMPLEMENTATION OF SALARY ADJUSTMENTS**

**SECTION 9.4.** Notwithstanding G.S. 143C-5-4(b)(5), a State agency may implement salary adjustments during the period of continuing budget authority that begins July 1, 2025, within its authorized recurring personal services appropriations if all of the following requirements are met:

- (1) Total personal services expenditures do not exceed the agency's authorized personal services appropriation for the most recent completed fiscal year.
- (2) Any salary increases are funded through position vacancies, turnover savings, or reallocation within the personal services budget.
- (3) The salary increases do not include scheduled salary increases based on experience-based salary schedules.

#### **USE OF FUNDS APPROPRIATED FOR EMPLOYEE BENEFITS**

**SECTION 9.5.(a)** The Office of State Budget and Management shall ensure that the appropriations made by this act for employee benefits are used only for those purposes.

**SECTION 9.5.(b)** If the Director of the Budget determines that funds appropriated to a State agency for employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for employee benefits.

**SECTION 9.5.(c)** Funds appropriated for employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

**SECTION 9.5.(d)** Any funds appropriated for employee benefits in excess of the amounts required to provide for employee benefits shall be credited to the Pay Plan Reserve.

**SECTION 9.5.(e)** No later than May 1, 2026, the Office of State Budget and Management shall report to the Fiscal Research Division on the expenditure of funds for employee benefits under this Part. This report shall include at least the following information for each State agency:

- (1) The total amount of funds that the agency received under this Part for employee benefits.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for employee benefits.
- (4) The amount of funds credited to the Pay Plan Reserve.

## **SALARY-RELATED CONTRIBUTIONS**

**SECTION 9.6.(a)** Effective for the 2025-2027 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

**SECTION 9.6.(b)** Effective July 1, 2025, the State's employer contribution rates budgeted for retirement, health, and related benefits as a percentage of covered salaries for the 2025-2026 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
Retirement	17.14%	17.14%	6.84%	37.73%	18.26%
Health	7.33%	7.33%	7.33%	7.33%	7.33%
Disability	0.07%	0.07%	0.07%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<b>24.67%</b>	<b>29.67%</b>	<b>14.24%</b>	<b>45.06%</b>	<b>25.59%</b>

The rate for health includes two and four-tenths percent (2.40%) for the Public Employee Health Benefit Fund and four and ninety-three hundredths percent (4.93%) for the Retiree Health Benefit Fund.

**SECTION 9.6.(c)** Effective July 1, 2025, the annual employer contributions for the 2025-2026 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee is a maximum of eight thousand five hundred dollars (\$8,500).

**SECTION 9.6.(d)** G.S. 135-151(d) reads as rewritten:

"(d) Funding of the QEBA. – The QEBA shall be unfunded within the meaning of federal tax laws. No payee contributions or deferrals, direct or indirect, by election or otherwise shall be made or allowed. The benefit liability for the QEBA shall be determined each fiscal year, and assets shall not be accumulated to pay benefits in future fiscal years. All of the following apply to employer contributions required to pay benefits under the QEBA:

(1) The Board of Trustees, upon the recommendation of the actuary engaged by the Board of Trustees, shall determine the employer contributions required to pay the benefits due under the QEBA for each fiscal year.

(2) The required contributions shall be paid by all participating employers.

(3) The required contributions shall be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. ~~The benefit liability for the QEBA shall be determined each fiscal year, and assets shall not be accumulated to pay benefits in future fiscal years.~~

(4) A portion of the employer contribution rate established for retirement benefits as a percentage of covered salaries for teachers, State employees, and State law enforcement officers may be deposited into the separate fund established in accordance with subdivision (3) of this subsection. The amount of the portion allowable under this subdivision shall not exceed one-hundredths percent (0.01%) in any given fiscal year."

**SECTION 9.6.(e)** Effective July 1, 2025, the State contribution to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund is increased by three hundred fifty thousand dollars (\$350,000) in recurring funds for the 2025-2026 fiscal year resulting in a total State Contribution of twenty million seven hundred fifty-two thousand two hundred eight dollars (\$20,752,208) for the 2025-2026 fiscal year.

## **PART X. CAPITAL**

### **CAPITAL IMPROVEMENT & REPAIRS AND RENOVATION PROJECT CASHFLOW**

**SECTION 10.1.(a)** There is appropriated from the State Capital and Infrastructure Fund to the Office of State Budget and Management the sum of one billion seven hundred fifty million four hundred seventy-seven thousand three hundred eighty-nine dollars (\$1,750,477,389) in nonrecurring funds for the 2025-2026 fiscal year to be allocated to the following project codes in the following amounts:

(1)	DACS21-2	\$1,500,000
(2)	DACS21-4	1,500,000
(3)	DACS23-3	2,000,000
(4)	DACS23-7	4,000,000
(5)	DACS23-8	2,000,000
(6)	DACS23-9	750,000
(7)	DACS23-10	2,000,000
(8)	DEQ21-1	17,075,000
(9)	DNCR21-13	86,800,000
(10)	DNCR23-1	30,000,000
(11)	DNCR23-7	7,000,000
(12)	DOA23-2	800,000
(13)	NCGA21-3	65,250,000
(14)	NCGA23-1	26,000,000
(15)	UNC/BOG21-1	3,750,000
(16)	DOI21-1	22,000,000
(17)	DPS21-9	19,793,242
(18)	DPS21-6	2,658,750
(19)	DPS23-7	10,834,196
(20)	DPS23-3	8,500,000
(21)	DPS23-1	10,000,000
(22)	NG23-1	6,000,000

1	(23)	NG23-2	5,000,000
2	(24)	NG23-4	6,500,000
3	(25)	NG23-5	800,000
4	(26)	NG23-9	3,000,000
5	(27)	DPS23-9	2,024,414
6	(28)	DPS23-11	5,927,250
7	(29)	DAC23-1	9,607,804
8	(30)	DAC23-6	2,439,000
9	(31)	TRAN23-1	125,000,000
10	(32)	WRC23-1	6,000,000
11	(33)	UNC/ASU21-1	7,500,000
12	(34)	UNC/ASU22-1	12,300,000
13	(35)	UNC/ECS21-4	9,172,727
14	(36)	UNC/ECS23-1	17,172,727
15	(37)	UNC/ECU21-1	85,257,282
16	(38)	UNC/ECU23-1	8,237,524
17	(39)	UNC/ECU23-3	8,750,000
18	(40)	UNC/FSU21-2	6,573,912
19	(41)	UNC/FSU23-2	5,500,000
20	(42)	UNC/A&T23-2	5,335,000
21	(43)	UNC/NCC23-1	4,829,519
22	(44)	UNC/NCS20-1	22,224,823
23	(45)	UNC/NCS23-1	27,000,000
24	(46)	UNC/NCS23-2	24,000,000
25	(47)	UNC/NCS23-3	18,900,000
26	(48)	UNC/NCS23-4	35,000,000
27	(49)	UNC/NCS24-1	25,048,753
28	(50)	UNC/SSM23-2	3,000,000
29	(51)	UNC/SSM23-4	1,000,000
30	(52)	UNC/AVL23-1	11,767,500
31	(53)	UNC/CH20-2	17,693,052
32	(54)	UNC/PEM21-1	30,500,000
33	(55)	UNC/SA23-1	22,950,000
34	(56)	UNC/WIL23-1	2,000,000
35	(57)	UNC/WIL23-2	1,200,000
36	(58)	UNC/WSS21-1	22,400,000
37	(59)	UNC/PBS	10,000,000
38	(60)	UNC/BOG23-1	103,500,000
39	(61)	UNC/BOG23-3	105,000,000
40	(62)	PERS21	154,914
41	(63)	R&R21	200,000,000
42	(64)	UNC/R&R21	400,000,000

**SECTION 10.1.(b)** The Board of Governors of The University of North Carolina shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in Section 40.1(d) of S.L. 2021-180; provided, however, the sum of one hundred million dollars (\$100,000,000) for the 2025-2026 fiscal year shall be used exclusively for repairs and renovations projects at North Carolina Central University. The Board of Governors shall not negatively weight repairs and renovations project funding allocations against North Carolina Central University with respect to the additional funding described in this subsection, and the funds described in this subsection are in addition to and shall not supplant any funds currently

earmarked or projected to be allocated to North Carolina Central University for repairs and renovations during the 2025-2027 fiscal biennium. The cost for any single repair and renovation project other than (i) those specifically listed in Section 40.1(d) of S.L. 2021-180 and (ii) the additional funding to North Carolina Central University described in this subsection shall not exceed fifteen million dollars (\$15,000,000). The Board of Governors may reallocate funds in accordance with G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180; provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution. The provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects listed in Section 40.1(d) of S.L. 2021-180. The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

**SECTION 10.1.(c)** For project code R&R21, the provisions of Section 40.1(c) of S.L. 2021-180 shall apply to funds allocated for the project code during the 2025-2027 fiscal biennium.

**SECTION 10.1.(d)** Of the funds allocated for project code R&R21 for the 2025-2026 fiscal year, the sum of eleven million three hundred thousand dollars (\$11,300,000) shall be allocated to the Legislative Services Office to be used for renovations and upgrades to the downtown education complex chilled water system.

**SECTION 10.1.(e)** Section 2H.6 of S.L. 2024-57 reads as rewritten:

**"SECTION 2H.6.** There is appropriated from the State Capital and Infrastructure Fund to North Carolina State University the sum of five million dollars (\$5,000,000) in nonrecurring funds for the 2024-2025 fiscal year to be used to assess the costs associated with rehabilitating or replacing Poe Hall. The project described in this section is assigned project code UNC/NCS24-1. The total authorization for this project is one hundred eighty-five million dollars (\$185,000,000)."

**SECTION 10.1.(f)** There is transferred from the ARPA Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7 to the State Capital and Infrastructure Fund the sum of two hundred eight million five hundred thousand dollars (\$208,500,000) in nonrecurring funds for the 2025-2026 fiscal year.

### **NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

**SECTION 10.2.(a)** The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund/Non-SCIF Funding Authorized	
	FY 2025-2026	FY 2026-2027
Department of Natural and Cultural Resources		
Jennette's Pier Aquarium–		
Solar Covered Walkway	\$450,000	\$0
Roanoke Island Aquarium–		
Invertebrate Tank	500,000	0
Pine Knoll Shores Aquarium–		
Invertebrate Tank	2,000,000	0
NC Zoo–		
Elephant Shelters & Barn Bollard Repair	2,500,000	2,500,000
State Historic Sites–		
House in the Horseshoe–		
Alston House Rehabilitation	445,000	445,000
Department of Agriculture and Consumer Services		
State Fairgrounds Infrastructure Improvements	0	5,000,000

1	NC Forest Service Nursery Greenhouse	0	350,000
2	Department of Public Safety		
3	Alcoholic Beverage Control–		
4	ABC Warehouse Repairs	1,150,000	0
5	Wildlife Resources Commission		
6	Sykes Depot Greenhouse	331,600	0
7	D7 Storage Building	400,000	0
8	Caswell Shooting Range Renovation	3,850,000	0
9	Coastal Restoration and Resiliency	6,500,000	0
10	Ransom Road Depot	9,000,000	0
11	Land Acquisition	5,000,000	5,000,000
12	WRC Game Land Improvements	0	2,000,000
13	McKinney Lake Hatchery Building Replacement	1,300,000	0
14	Table Rock Hatchery Residence	0	640,000
15	WRC New Shooting Range	0	2,000,000
16	New Tillery Office Depot	0	1,500,000
17	Agency Infrastructure Repairs & Renovations	1,500,000	1,500,000
18	Boating Access Repairs & Renovations	800,000	800,000
19	Caswell Depot Expansion	100,000	0
20			
21	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
22	<b>FUND/NON-SCIF CAPITAL PROJECTS</b>		
23	<b>AUTHORIZED</b>	<b>\$35,826,000</b>	<b>\$21,375,000</b>
24			

**SECTION 10.2.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2025-2026 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2026-2027 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

### SCIF PROJECT CHANGES

**SECTION 10.3.** Section 40.1 of S.L. 2023-134, as amended by Section 9.1(b) of S.L. 2024-1, Section 10(b) of S.L. 2024-34, and Section 2H.3(a) of S.L. 2024-57, reads as rewritten:

**"SECTION 40.1.(a)** The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Project</b>	<b>Project Code</b>
Department of Agriculture and Consumer Services	
...	
<del>NCFS Property Purchase</del> <u>NCFS Firefighting equip./Claridge Nursery critical infrastructure improvements.</u>	DACS23-14
...	
Department of Adult Correction	
<del>Stun Fencing</del> <u>Fencing/Priority 1 Fire Safety &amp; Suppression</u>	DAC23-1
...	

"**SECTION 40.1.(a1)** Notwithstanding the Committee Report referenced in Section 43.2 of this act or any other provision of law to the contrary, the allocation to the Department of Adult Correction for project code DAC23-1 may also be used for fire alarm and fire suppression systems replacement at eight facilities.

"**SECTION 40.1.(a2)** Notwithstanding the Committee Report referenced in Section 43.2 of this act or any other provision of law to the contrary, the allocation to the Department of Agriculture and Consumer Resources for project code DACS23-14 may also be used for the acquisition of firefighting equipment and for critical infrastructure improvements to Claridge Nursery, as determined by the North Carolina Forest Service.

...."

## **PART XI. TRANSPORTATION**

### **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

**SECTION 11.1.(a)** Subsections (b) and (c) of Section 41.1 of S.L. 2023-134 are repealed.

**SECTION 11.1.(b)** The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2027-28	\$3,384 million
For Fiscal Year 2028-29	\$3,520 million
For Fiscal Year 2029-30	\$3,589 million
For Fiscal Year 2030-31	\$3,659 million
For Fiscal Year 2031-32	\$3,728 million

**SECTION 11.1.(c)** The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2027-28	\$2,541 million
For Fiscal Year 2028-29	\$2,604 million
For Fiscal Year 2029-30	\$2,658 million
For Fiscal Year 2030-31	\$2,703 million
For Fiscal Year 2031-32	\$2,745 million

**SECTION 11.1.(d)** The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

### **DMV DRIVER LICENSE EXAMINER POSITIONS**

**SECTION 11.2.(a)** There is appropriated from the Highway Fund to the Department of Transportation (i) the sum of one million two hundred two thousand four hundred eight dollars (\$1,202,408) in recurring funds to create 40 additional full-time equivalent (FTE) Driver License Examiner I and II positions in the 2025-2026 fiscal year and (ii) the sum of two million nine hundred ninety thousand three hundred sixty-seven dollars (\$2,990,367) in recurring funds to create 21 additional FTE Driver License Examiner I and II positions in the 2026-2027 fiscal year.

**SECTION 11.2.(b)** In addition to the funds appropriated in this section, the Department may use existing funds in Personal Services and Purchased Services to fund the positions authorized by this section. Notwithstanding any other provision of law to the contrary, the Department may reclassify temporary or vacant positions to create the new positions authorized by this section. Any reclassification pursuant to this section shall be in accordance with the classification system established by the State Human Resources Commission.

**RELOCATION OF WAKE COUNTY AND JONES COUNTY MAINTENANCE YARDS**

**SECTION 11.3.** There is appropriated from the Highway Fund to the Department of Transportation the following sums in nonrecurring funds for the 2025-2027 fiscal biennium:

	<b>2025-2026</b>	<b>2026-2027</b>
Wake County Maintenance Yard Relocation	\$3,569,383	\$29,252,105
Jones County Maintenance Yard Relocation	\$3,143,356	\$18,541,168

**MARINE VESSEL (M/V) MAINTENANCE AND REPAIRS**

**SECTION 11.4.** There is appropriated from the Highway Fund to the Department of Transportation the sum of four million dollars (\$4,000,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium to provide funds for M/V maintenance and repairs at external shipyards to meet U.S. Coast Guard dry dock requirements.

**FERRY DRY DOCK USE OF FUNDS REPORT**

**SECTION 11.5.** No later than October 1, 2025, and quarterly thereafter until the funds are expended, the Ferry Division shall submit a progress report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the use of funds appropriated by this act to the Ferry Division for marine vessel dry docking. The report shall include the following information by fiscal year:

- (1) A list of all marine vessels scheduled or under contract for dry docking.
- (2) The estimated cost of the work to be completed for each marine vessel sent to a private shipyard for dry dock.
- (3) The actual cost of the work and the total funds used as of the report date.

**PART XII. MISCELLANEOUS****STATE BUDGET ACT APPLICABILITY**

**SECTION 12.1.** If any provision of this act and G.S. 143C-5-4 are in conflict, the provisions of this act shall prevail. The appropriations and the authorizations to allocate and spend funds which are set out in this act shall remain in effect until the Current Operations Appropriations Act for the applicable fiscal year becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1 of the fiscal year.

**SEVERABILITY CLAUSE**

**SECTION 12.2.** If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application and, to this end, the provisions of this act are severable.

**EFFECTIVE DATE**

**SECTION 12.3.** Except as otherwise provided, this act becomes effective July 1, 2025.