Report on
EDUCATION LEGISLATION

2014 Session of the General Assembly

PUBLIC SCHOOLS OF NORTH CAROLINA
State Board of Education | Department of Public Instruction

North Carolina General Assembly
2014 Short Session

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The 2014 Report on Education Legislation was compiled by Rachel Beaulieu, Legislative and Community Relations Director, Zane Stilwell, Legislative Liaison for SBE, and Gretchen Cleevely, SBE Legal Intern, with the assistance of Loretta Peace-Bunch, Legislative Assistant. It was produced and printed by the Division of Communications and Information, Department of Public Instruction. Electronic copies are available at http://legislative.ncpublicschools.gov/resources-for-legislation/2014-short-session. For printed copies, please visit the NCDPI Publications and Sales website at http://ncpublicschools.org/publications/.

Index of Chaptered Bills

2014 Report on Education Legislation – Index of Chaptered Bills

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Money Report

2014 MONEY REPORT
SL 2014-100 (SB 744)
[Conference Report – Continuation, Capital, and Expansion Budget]
Items affecting public education only

SECTION F – EDUCATION Public Schools	FY 14-15 (2013 Recommended Budget for Biennium)		FY 14-15 (2014 Enacted Budget Adjustments)	
Continuation Budget	$8,111,097,830		$8,046,101,622	
A. Reserve for Salaries & Benefits				
Teacher and Instructional Support Personnel Compensation Avg. 7% Increase See Special Provisions Section 9.1			$275,514,319	R
Bonuses for Top Steps Teachers ($1,000)			$6,764,338	NR
Accrued Longevity Reserve Fund Longevity Earned Prior to July 1, 2014			$24,299,233	NR
School-Based Administrator Compensation			$5,818,632	R
Bonuses for Those Not Receiving Increases on Schedule ($809 Salary + $191 Benefits)			$133,410	NR
Non-Certified and Central Office Personnel Compensation Increase ($500 Salary + $118 Benefits)			$32,635,439	R
DPI Personnel Compensation Increase ($1,000 Salary + $236 Benefits)			$1,652,844	R
Retirement System COLA Contribution – School District Personnel			$26,455,623	R
Retirement System COLA Contribution – Department of Public Instruction Personnel			$226,087	R
B. Technical Adjustments				
Average Daily Membership (ADM) Adjustment Reduce Allotted ADM to 1,520,305 students given revised projection for 2014-15	$9,914,165	R	($37,453,734)	R
Average Salaries for Certified Personnel based on actual salary data from Dec. 2013	($11,980,756)	R	($64,923,926)	R
ADM Adjustment: Opportunity Scholarships	($11,797,941)	R	$11,797,941	R
Education Lottery Receipts: Classrooms Teachers			($33,942,997)	R
Education Lottery Receipts: Teacher Assistants			($113,318,880)	R
Exceptional Children Headcount Adjustment	($2,689,483)	R	($5,327,241)	R
Civil Penalties – Increased Budgeted Receipts and corresponding General Fund Reduction			($4,000,000) ($7,572,230)	R NR
Sales Tax Receipts – Reduce Appropriation to Public School Fund Based Upon Increase in Projected Sales Tax Revenue Transferred to the Fund	($6,553,965)	R		

	FY 14-15 (2013 Recommended Budget for Biennium)		FY 14-15 (2014 Enacted Budget Adjustments)	
C. Other Public School Funding Adjustments				
Excellent Public Schools Act – Funding *Read to Achieve* and NC Teacher Corps Programs	$5,000,000	R	$6,015,859	R
LEA Adjustment Elimination	$376,124,279	R		
Classroom Teacher Allotment	($245,897,168) Position Ratios K: 1:19 Grade 1: 1:18 Grades 2-3: 1:17 Grades 4-6: 1:24 Grades 7-8: 1:23 Grade 9: 1:26.5 Grades 10-12: 1:29	R	$41,932,566 Position Ratios *K: 1:18* *Grade 1: 1:17* Grades 2-3: 1:17 Grades 4-6: 1:24 Grades 7-8: 1:23 Grade 9: 1:26.5 Grades 10-12: 1:29	R
Instructional Support Personnel Allotment	($17,186,802)	R		
Instructional Supplies Allotment	($7,372,550)	R		
Repeal of 5 Extra Instructional Days Excellent Public Schools Act			($391,637)	R
Master's/Adv. Degree Salary Supplements Restore Access for Certain Teachers See Special Provision Section 8.3	($18,700,000)	R	$18,700,000	R
School Bus Replacement	($39,102,605)	R	($3,369,983) ($3,369,983)	R NR
Teacher Assistants Allotment	($110,000,000)	R	($129,912,165) $24,815,645	R NR
Central Office Administration			($2,750,000)	R
Transportation			($4,630,992)	R
Small County Supplemental Funding See Special Provision Section 8.4	($3,192,877)	R	$3,581,140	R
Panic Alarms	$2,000,000	R	($1,100,000)	R
Cooperative and Innovative High Schools – 6 New Schools			$1,864,014	R
Textbooks			$905,000	R
Merit Pay for Teachers (25%/4-Yr Contract Program)	$10,200,000	R	($10,200,000) $10,200,000	R NR
Differential Teacher Compensation See Special Provision Section 8.41			$1,000,000	NR
At-Risk Student Services See Special Provision Section 8.19. $5 million to After-School Competitive Grants			($9,263,980)	R
Funds for Children in Private Psychiatric Residential Treatment Facilities (PRTFs) See Special Provision Section 8.39			$3,200,000	R
Limited English Proficiency Allotment	($6,000,000)	R		
ACT Assessments – Provides Dedicated Source of State Funding for ACT, PLAN, EXPLORE and WorkKeys assessments	$7,500,000	R		
Stop Arm Cameras – Funding for 2 per LEA	$690,000	R		

	FY 14-15 (2013 Recommended Budget for Biennium)		FY 14-15 (2014 Enacted Budget Adjustments)	
Low Wealth Supplemental Funding Allotment	($15,526,391)	R		
EVAAS Expansion	$850,000	R		
EVAAS Data Collection/Analysis/Calculation of A-F Grades	$100,000	R		
AP/IB – Defray Student Fees for Tests in All LEAs	$12,331,184	R		
Career and Technical Education Test Fees – Defray Fees	$1,302,243	R		
School Safety Officers in Elementary and Middle Schools	$7,000,000	R		
Education Innovation Grants	$2,000,000	R		
Cooperative and Innovative High School Allotment – Yadkin Regional Academy	$310,669	R		
D. Department of Public Instruction				
DPI Flexible Reduction 10% Reduction to State Funding	($780,491)	R	($5,026,050)	R
NCCAT – Restore Recurring Funding	($3,219,222) $3,219,222	R NR	($3,239,639) $3,239,639	NR R
Military Interstate Children's Compact Commission			$11,694	R
Officer of Charter Schools – Additional Personnel	$320,000 *3 positions*	R		
E. Pass-Through Funds/Grants				
Teaching Fellows – Phase-Out See Special Provision Section 11.10	($6,190,000)	R	($3,095,000)	R
Communities in Schools			$1,000,000	R
Teach for America	$5,100,000	R		
Tarheel ChalleNGe	($767,719)	R		
Total Legislative Changes	**($66,215,430)**	**R**	**$5,844,212**	**R**
	$3,219,222	**NR**	**$53,030,774**	**NR**
Revised Budget	**$8,048,101,622**		**$8,104,976,608**	

OTHER MONEY PROVISIONS	FY 14-15 (2013 Recommended Budget for Biennium)		FY 14-15 (2014 Enacted Budget Adjustments)	
UNC System				
Compensation Increase Reserve – SHRA Employees & NCSSM Teachers			$18,151,272	R
Opportunity Scholarships See Special Provision Section 8.25	$10,000,000 *2014-15 school year*	R	$840,000 *Spring 2015*	R
North Carolina New Teacher Support Program			$1,200,000	R
Teacher Prep Programs Through Distance Education – Eliminate Funding Stream			($1,801,861)	R
Tuition Grant for NC Science & Math Students	($2,469,075)	R		
National Board Certification Loan Program - Recurring Reduction	($3,174,500)	R		
SECTION G – DEPARTMENT OF HEALTH AND HUMAN SERVICES				
NC Pre-K Replaces General Funds with Federal TANF Funds			($19,842,334)	R
NC Pre-K Will Pay for Per-Slot Cost Increase Due to Teacher Raises			$5,040,000	R
Child and Family Support Teams in Schools			($251,788) *Eliminates 2 Positions*	R
NC High School Athletic Association	($332,491)	R		
SECTION I – JUSTICE AND PUBLIC SAFETY				
Tarheel ChalleNGe Academy – Stanly County			$425,336	R
Safer School Initiative	$311,572	R		
SECTION K – TRANSPORTATION				
DPI Driver Education Eliminate State Funding Effective July 1, 2015 See Special Provision Section 8.15	($1,701,923)	R	($26,682,132) $26,682,132	R NR
SECTION N – INFORMATION TECHNOLOGY SERVICES				
Longitudinal Data Board Staffing			$5,000	NR

Summary of
Special Provisions

SESSION LAW 2014-100
Senate Bill 744
http://www.ncleg.net/Sessions/2013/Bills/Senate/PDF/S744v9.pdf

Appropriations Act of 2014
Effective July 1, 2014, except as otherwise provided in SL 2014-100

(Please see reports by the Department of Public Instruction (DPI) and its Financial & Business Services Division for funding-related requirements: http://www.ncpublicschools.org/fbs/budget/ For complete language on each budget provision summarized below, please see the Session Law 2014-100 link in the title above or the tab in this Report entitled, "Budget Bill Excerpts." *Listings below only include excerpts involving K-12 public education.*)

PART 5: OTHER APPROPRIATIONS

5.1 Indian Gaming Education Revenue Fund

Increases funding from the Indian Gaming Education Revenue Fund to DPI, School Technology Fund, from $3,000,000 to $5,000,000 for FY 2013-14 and from $3,500,000 to $6,000,000 for FY 2014-15.

5.2 Education Lottery Funds

Changes to appropriations made from the Education Lottery Fund for FY 2014-15 are as follows:

	Original FY 2014-15 Allocation	Final FY 2014-15 Allocation
Classroom Teachers	$220,643,188	$254,586,185
Teacher Assistants	$0	$113,318,880
NC Pre-K Program	$75,535,709	$75,535,709
Public School Building Fund	$100,000,000	$100,000,000
Scholarships for Needy Students	$30,450,000	$30,450,000
UNC Need-Based Financial Aid	$10,744,733	$10,744,733
UNC Need-Based Financial Aid Forward Funding Reserve	$19,130,728	$0
Digital Learning	$11,928,735	$0
Total Appropriation	**$468,433,093**	**$584,635,507**

Funds appropriated for Digital Learning from this Fund in the FY 2013-14 budget will not revert at the end of the fiscal year and will be available until expended; otherwise, Digital Learning funds from the Education Lottery Fund were eliminated. DPI must report on the Digital Learning Plan and expenditure of the Digital Learning funds to the Joint Legislative Education Oversight Committee (JLEOC) and the Fiscal Research Division (FRD) by January 15, 2015, and issue a final report by August 15, 2015.

The Lottery Oversight Committee was abolished and the Joint Legislative Oversight Committee on the North Carolina State Lottery is created. The new Committee consists of 14 members, 7 members from the Senate and 7 members from the House of Representatives for 2-year terms.

5.3 Civil Penalty and Forfeiture Fund
Changes to appropriations from the Civil Penalty and Forfeiture Fund for FY 2014-15 are as follows:

	Original Allocation	**FY 2014-15 Allocation**
School Technology Fund	$18,000,000	$18,000,000
State Public School Fund	$120,362,790	$131,935,020
Total Appropriation	**$138,362,790**	**$149,935,020**

PART 6: GENERAL PROVISIONS

6.4 Make the Base Budget the Starting Point for State Agency Budgeting

Repeals G.S. 143C-1-1(d)(7a), and therefore fundamentally changes how average daily membership (ADM) growth is built into the state budget. Prior to this change, projected ADM increases have been automatically included in the annual Base (or "Continuation") Budget. The General Assembly then could vote to decrease funding. This new provision defines what can be included in the annual Base Budget, and ADM increases are no longer included as a result of this change. Now, the General Assembly must vote to increase funding to meet the new enrollment growth. LEAs and charter schools will not know until July/August (or whenever the final Budget bill becomes law) whether their expected increase of students in that school year will be funded because any such increase will be a part of the Expansion (not Base) budget.

6.10 Reporting on Agency Reorganizations and Movements of Positions
The Office of State Budget and Management (OSMB) will report quarterly to the General Assembly on reorganizations of state agencies and all positions moved within a state agency or between state agencies.

PART 7: INFORMATION TECHNOLOGY

7.1 Information Technology Fund
In relevant part, appropriates $5,000 in FY 2014-15 for the Longitudinal Data Board overseen by the State Chief Information Officer.

PART 8: PUBLIC SCHOOLS

8.1 Funds for Children with Disabilities
Increases supplemental funding for children with disabilities to $3,768.11 per child for FY 2014-15 ($3,743.49 in FY 2013-14). A cap of 12.5% of each LEA's allocated ADM remains in place.

8.2 Funds for Academically Gifted Children
Increases supplemental funding for academically or intellectually gifted children to $1,239.65 per child for FY 2014-15 ($1,233.01 in FY 2013-14). A cap of 4% of each LEA's allocated ADM remains in place.

8.3 Extend the Date for School Employees to Qualify for Certain Education-Based Salary Supplements/JLEOC Study
Restores $18.7 million (recurring) in master's and other graduate degree pay for certain qualified employees. Eligible teachers and instructional support personnel will be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or the doctoral degree level for the 2014-15 school year and subsequent school years if they are:

1. Certified school nurses and instructional support personnel in positions for which a master's degree is *required* for licensure.
2. Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement *prior* to the 2014-2015 school year.
3. Teachers and instructional support personnel who (a) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course *prior to August 1, 2013, and* (b) *would have qualified* for the salary supplement pursuant to State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013.

JLEOC will study the payment of education-based salary supplements for teachers and instructional support personnel and the use of state funds to provide for "differentiated pay for classroom teachers based on demonstrated effectiveness and additional responsibilities in advanced roles." *See* Section 8.3(b). JLEOC will report the results of this study to the General Assembly by January 2015.

8.4 Funds for Small County School Administrative Units
Revises the Small County Supplemental allotment funding formula again (for FY 2014-15):

Allotted ADM	Small County Allotment
0-600	$1,710,000
601-1,300	$1,820,000
1,301-1,700	$1,548,700
1,701-2,000	$1,600,000
2,001-2,300	$1,560,000
2,301-2,600	$1,470,000
2,601-2,800	$1,498,000
2,801-3,200	$1,548,000

8.6 Budget Reductions to the Department of Public Instruction
Ten-percent (10%) budget cut to DPI in the amount of $5,026,050. None of the reductions may come from funding or positions for: (1) the North Carolina Center for Advancement of Teaching, or (2) the residential schools (Eastern North Carolina School for the Deaf, the North Carolina

School for the Deaf, or the Governor Morehead School), except for positions that have been vacant for more than 16 months. Additionally, SBE cannot reduce funding to Communities in Schools of North Carolina, Inc., Teach for America, Inc., or Beginnings For Parents of Children Who Are Deaf or Hard of Hearing, Inc.

8.7 Clarify Carryforward for Reading Camps
Effective June 30, 2014, funds appropriated for reading camps established under *Read to Achieve* will not revert at the end of each fiscal year, but will remain available for expenditure until October 31 of the subsequent fiscal year.

8.8 Carryforward for Panic Alarm Grants
Effective June 30, 2014, funds appropriated for panic alarm system grants will not revert at the end of each fiscal year, but will remain available for expenditure until the end of the subsequent fiscal year.

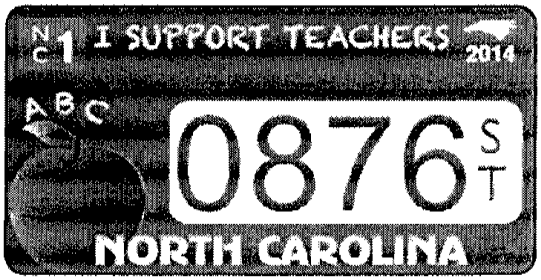
8.9 SBE Notification to the General Assembly of Federal Grant Applications
Added a responsibility under G.S. 115C-12(42) that SBE must notify the General Assembly of federal grant applications through written notice of its intent to apply for any federal grant prior to submitting the application. The notice shall include details about the grant and a brief summary of any anticipated policy implications.

8.10 Property Insurance System for Charter Schools
Revises G.S. 115C-533 to permit SBE to offer a system of property insurance to approved charter schools, adding to the pre-existing duty to manage said system for traditional public school property.

8.11 NC Education Endowment Fund
Establishes the North Carolina Education Endowment Fund to consist of the following:

a. Moneys from the sale of "I Support Teachers" special vehicle registration plates (image below);
b. Proceeds of any gifts, grants, or contributions to the State specifically designated for inclusion;
c. Appropriations by the General Assembly; and
d. Interest accrued.

Moneys in the Fund can only be appropriated by the General Assembly for teacher compensation that is related directly to improving student academic outcomes in public schools. Eliminates language under G.S. 20-79.7 & -81.12(b12) referencing the former "Support Public Schools" plates.



Effective beginning the January 1, 2014 taxable year, any taxpayer entitled to a refund of State income taxes may elect to contribute all or part of the refund to this Fund, and any taxpayer may make a contribution to the Fund. For FY 2014-15, the $1 million, non-recurring, appropriated to the Endowment from the General Fund must be used to provide local boards of education with additional state funds to provide local programs for differentiated pay for highly effective classroom teachers. *See* Section 8.41 below.

8.12 Clarify Military Service Credit for Newly Hired Educators

Clarifies that G.S. 115C-302.3(a), "Salary credit for service in the Armed Forces," applies only prospectively, beginning the 2014-15 school year, to educators not previously employed by a NC public school, and does not apply retroactively to those already employed in or before the 2013-14 school year.

8.13 School Transportation Fleet Manual Review

DPI will study and review school bus transportation maintenance issues by convening a committee of school bus transportation maintenance experts, at least half of whom shall be employees of LEAs directly involved in the daily maintenance of school buses. The study will specifically review the state's School Transportation Fleet Manual and relevant state and federal laws and guidelines, including the 30-day bus inspection schedule, in order for DPI to report on the results and any recommendations for statutory changes to JLEOC by December 15, 2014.

8.15 Driver Education

Repeals G.S. 20-88.1(c) effective July 1, 2015 ("Expenses incurred by the State in carrying out the provisions of the driver education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 shall be paid out of the Highway Fund based on an annual appropriation by the General Assembly."). Beginning with FY 2015-16, the driver education program administered by DPI will no longer receive state funding ($26.7 million reduction). LEAs "shall use funds available to them, including a fee for instruction charged to students... to offer noncredit driver education courses in high schools." *See* Section 8.15(b). Increases the allowable charge per student for a driver education course from $55.00 to $65.00 to offset the costs of providing training and instruction. The estimated average cost per student in North Carolina is approximately $283.

8.17 Funds for Advanced Placement/International Baccalaureate Courses

If the funds appropriated for FY 2014-15 ($10,831,184) and subsequent fiscal years are insufficient to cover the AP/IB test fees for students, DPI may use other funds within the State Public School Fund for this purpose. Said funds are also now extended to charter school students.

8.18 Study of North Carolina Virtual Public School (NCVPS) Revenue

JLEOC will study the potential generation of revenue by NCVPS through selling virtual course seats in under-subscribed courses to out-of-state students, selling training courses to in-state and out-of-state educators, and selling packages of educational materials to out-of-state education entities. JLEOC will also consider issues related to authorizing NCVPS to expand as a for-profit online education provider, including intellectual property barriers, the use of public-private

partnerships, potential fiscal benefits to the State, concerns related to allowing NCVPS to enter the private marketplace, and any other relevant issues. JLEOC will report the results of the study, including recommendations for any proposed legislative changes, to the General Assembly by January 2015.

8.19 Competitive Grants to Improve After-School Services

For FY 2014-15, SBE is directed to use $5,000,000 from the At-Risk Student Services Alternative School Allotment for the After-School Quality Improvement Grant Program whose purpose is "to pilot after-school learning programs for at-risk students that raise standards for student academic outcomes...." The General Assembly's stated intent is to continue this appropriation each year of the 2015-2017 fiscal biennium. DPI may use up to $200,000 for each fiscal year to administer the program.

LEAs and nonprofits working in collaboration with LEAs may participate in the program and are eligible to receive two-year grants of up to $500,000 per year, based on the proposed number of students served, with an option for a third year of funding. At least 70% of students served by the program must qualify for free or reduced-price meals. Grants will be matched on the basis of $3.00 in grant funds for every $1.00 in non-grant funds. Matching funds cannot include other State funds, but may include in-kind contributions.

Grant recipients are required to report to DPI after the first year on the progress of the grant, including alignment with State academic standards, data collection for reporting student progress, and other measures, before receiving funding for the next fiscal year. Grant recipients must report after the second year on key performance data, including statewide test results, attendance rates, and promotion rates. Grant allocations for the third year will be based on student performance data. DPI will provide interim reports on the grant program to JLEOC by September 15, 2015, September 15, 2016, and a final report by September 15, 2017.

8.20 Schematic Designs and Emergency Access to Schools

Repeals prior law on schematic designs of schools (Section 8.39 of SL 2013-360) and sets forth new state law under G.S. 115C-105.53 and -105.54. By June 1, 2015, each LEA must provide: 1) local law enforcement agencies and the Division of Emergency Management, Department of Public Safety, with schematic diagrams, including digital schematic diagrams, for all school buildings, and 2) updates of said diagrams thereafter. Each LEA must also provide local law enforcement agencies with emergency access to key storage devices (e.g., KNOX® boxes) for all school buildings and provide updated access when changes to the same are made. LEAs must further provide the Department of Public Safety (DPS), Division of Emergency Management, with emergency response information requested for the School Risk Management Plan (SRMP) and the School Emergency Response Plan (SERP). The schematic diagrams and emergency response information are not public records under G.S. 132-1.

DPI, in consultation with DPS, shall develop standards and guidelines for the preparation and content of schematic diagrams and necessary updates. LEAs may use these standards to assist in the preparation of their schematic diagrams. DPS will ensure that the diagrams and emergency response information are securely stored and distributed as provided in the SRMP and SERP to first responders, emergency personnel, and school personnel and approved by DPI.

8.21 National Board for Professional Teaching Standards (NBPTS) Supplement for Instructional Coaches in Title I Schools

Expands eligibility for NBPTS supplemental pay under G.S. 115C-296.2(b) to those who are "instructional coaches" (as classified by DPI) in a Title I school for at least 70% of their working time.

8.22 JLEOC to Study Diagnostic Reading Assessments for *Read to Achieve*

JLEOC will study the formative and diagnostic reading assessments required to meet the provisions of *Read to Achieve*. The study will examine whether there are additional options for formative and diagnostic reading assessments that would provide LEAs with additional flexibility to meet requirements, and if fewer assessment instruments or data-gathering activities could be used. JLEOC will also review additional assessments to determine if they could be used with the Education Value-Added Assessment System (EVAAS) to analyze student growth for the purposes of the teacher evaluation instrument for K-2 teachers. JLEOC is to identify other assessments that may be used to analyze student growth for this purpose. There is a set list of factors the Committee shall consider as it conducts this study and reports to the General Assembly by January 2015.

8.23 Supply of Emergency Epinephrine Auto-Injectors on School Property

Beginning November 1, 2014, LEAs, boards of directors of charter schools, and boards of directors of regional schools shall provide a supply of emergency epinephrine auto-injectors (also known as "EpiPens") on school property for use by trained school personnel for emergency medical aid for those suffering from an anaphylactic reaction during the school day or at school-sponsored events on school property. For purposes of this law, "school property" does not include transportation to or from school. Each school must store a minimum of 2 such auto-injectors in a secure, but unlocked and easily accessible location. *See* new statute G.S. 115C-375.2A.

Principals are directed to designate one or more school personnel, as part of the medical care program, to receive initial training and annual re-training from a school nurse or qualified representative of the local health department regarding the storage and emergency use of the auto-injectors. The school nurse or designated, trained school personnel will obtain a non-patient specific prescription for epinephrine auto-injectors from a doctor, physician assistant, or nurse practitioner of the local health department. The principal shall collaborate with appropriate school personnel to develop an emergency action plan for the use of epinephrine auto-injectors.

This legislation does not prohibit a student with a medical need from carrying and self-administering their own auto-injector. The following individuals are immune from civil liability for any act or omission authorized by this law (absent gross negligence, wanton conduct, or intentional wrongdoing): local boards of education, their members, employees, designees, agents, or volunteers, and a physician, physician assistant, or nurse practitioner of the local health department. The North Carolina Board of Pharmacy, in consultation with SBE, is adopting rules to address the authorization of school personnel to obtain a prescription for epinephrine for emergency health circumstances in public schools under this new law.

8.25 Opportunity Scholarship Grant Clarifications

Makes clarifying changes to the 2013 Opportunity Scholarship Grant law, as follows:

- Grants are to be awarded on March 15 (no longer March 1).
- Applications and personally identifiable information related to eligible students receiving scholarship grants are not a public record (retroactively effective July 1, 2013).
- The State Education Assistance Authority (SEAA) shall verify six percent (6%) of the applications annually, including those with apparent errors on the face of the application (however, for 2014-15 applications and spring 2015 applications, SEAA has to verify a minimum three percent (3%)).
- A nonpublic school that accepts eligible students cannot discriminate based on race, color, or national origin in accordance with federal law, 42 USC § 2000d, as it read on January 1, 2014.
- A nonpublic school that accepts eligible students must provide to SEAA a criminal background check for the staff member with the highest decision-making authority.
- Repeals the annual requirement for SBE and LEAs to proactively identify the reduced funding for each LEA based on students leaving public schools to use the scholarship grants in nonpublic schools.

Creates a new application cycle for grants awarded in the 2015 spring semester. SEAA shall make applications available on October 1, 2014, for the 2015 spring semester scholarship grants. To receive such a grant for this semester, a student must: (a) reside in a household with an income level equal to or less than that required to qualify for the federal free or reduced-price lunch program, and (b) be a full-time student who has not yet received a high school diploma and is attending a public school during the 2014 fall semester.

SEAA must establish temporary rules and regulations for the administration and awarding of scholarship grants for the 2015 spring semester. Priority will be given to an eligible student who applied but did not receive an award for the 2014-15 school year. SEAA may also develop a process for awarding grants using a random lottery system. Scholarship grants for the 2015 spring semester will be for amounts up to $2,100. No scholarship grant shall exceed the required tuition and fees for the subject nonpublic school.

8.26 Injury Prevention and Return-To-Work Programs

Adds new subdivision (43) under G.S. 115C-12 (Powers and duties of SBE). SBE has a new duty to "Ensure that Local Boards of Education Implement Injury Prevention and Return-to-Work Programs." SBE will develop policies and procedures to ensure that LEAs implement and comply with loss prevention and return-to-work programs. Models shall be designed to reduce the number of injuries resulting in workers' compensation claims and ensure injured employees with claims return to work in accordance with current SBE policies.

8.27 Participation in Investing in Innovation Grants
The federal Investing in Innovation Fund Grant awarded to the North Carolina New Schools Project for 2012-2017 requires students to enroll in a community college course in the 10th grade. Specified LEAs may offer one community college course to participating 10th grade students. Participating LEAs are Alleghany, Beaufort, Hertford, Jones, Madison, Richmond, Rutherford, Surry, Warren, and Yancey County Schools. Additionally, Bladen and Martin Counties are added as participants this year, and Wilkes County is removed.

8.28 Department of Public Instruction Response Time
Staff at DPI "shall, whenever practicable, respond to requests for information originating from the superintendent of a local school administrative unit, the principal officer of a charter school, or the principal of a regional school, or their designees, within three business days of receipt of the request. Absent extraordinary circumstances, requests for information shall be reasonably and fully answered within 14 business days following an initial response."

8.30 Extend Reporting for School Performance Scores and Grades
Delays the first annual report cards under G.S. 115C-12(9)c1, including the A-F School Performance Grades, to "no earlier than January 15, 2015" (revising the 2013 law which had delayed them to no earlier than August 1, 2014).

8.32 Annual Distribution of School Bullying/Cyber-Bullying Policies
At the outset of each school year, beginning in 2014-15, principals must provide to staff, students, and parents the LEA's policy prohibiting bullying, cyber-bullying, and harassing behavior. Revises G.S. 115C-407.16(d).

Beginning in the 2014-15 school year, each charter school and regional school is *encouraged* to adopt a policy against bullying, cyber-bullying, or harassing behavior. Charter and regional schools adopting such a policy shall, at the beginning of each school year, provide it to staff, students, and parents. Revises G.S. 115C-238.29F and -238.66.

8.33 Clarify School Counselors Work Duties
Clarifies that during the remaining 20% of a school counselor's work time (beyond the 80% requirement of "providing direct services to students"), he or she may "assist other staff with the coordination of standardized testing." *See* Section 8.33(a). The new language under G.S. 115C-316.1(b) reads as rewritten:

"(b) ~~During the remainder of their work time, counselors shall spend adequate time on school counseling program support activities that consist of professional development; consultation, collaboration, and training; and program management and operations.~~ School counseling program support activities do not include the coordination of standardized testing. ~~However,~~ During the remainder of their work time, school counselors may assist other staff with the coordination of standardized testing."

8.34 Funds for Charter School Closure

Adds requirement that charter schools must maintain, for the purposes of ensuring payment of expenses related to voluntary or involuntary dissolution, one or more of the following (*for charters seeking initial approval or renewal on or after August 7, 2014*):

1. An escrow account.
2. A letter of credit.
3. A bond.
4. A deed of trust.

The minimum aggregate value must be $50,000. SBE cannot allocate any funds to a charter school unless the school has provided documentation that these requirements have been met.

Recodifies G.S. 115C-238.29F(i) as G.S. 115C-238.29L(b), requiring that upon dissolution of a charter school, all net assets of the charter school purchased with public funds shall be deemed the property of the LEA in which the charter school is located.

8.35 Virtual Charter School Pilot Program

Directs SBE to establish a Virtual Charter School Pilot Program for a term of 4 years, for 2 virtual charter schools, beginning with the 2015-16 school year and ending in 2018-19. These virtual charter schools will be subject to the same statutes and rules applicable to traditional charter schools plus numerous others, as follows:

- The maximum enrollment is 1,500 students in the first year of operation and may increase annually by 20%; the maximum enrollment in year four is 2,592 students.
- The maximum overall ratio of teachers to students for grades K-8 is 1:50; and for grades 9-12, 1:150.
- A virtual charter school's procedures for withdrawal of students for regularly failing to participate in courses shall meet basic "notice" and "opportunity to be heard" requirements.
- Each school must maintain an administrative office within North Carolina and at least one testing center or meeting place within each of the 8 SBE districts where participating students reside.
- If a school contracts with a third party (e.g., Education Management Organization (EMO)) for staffing, the superintendent, principal, and business officer must be North Carolina residents.
- All teaching staff must carry the appropriate state certification and receive professional development in virtual instruction. At least 90% of the teaching staff must be North Carolina residents.
- The subject schools must maintain a withdrawal rate below 25%. However, students with the expressed intent of only being enrolled for a finite period of time will not be counted in the withdrawal rate. A count of school attendance will be taken at least once during each semester for funding purposes.
- The virtual charter schools must ensure that each student is assigned a learning coach who must: (a) provide daily support and supervision; (b) ensure participation in online lessons; and (c) coordinate teacher-led instructional sessions and state assessments.

- Notwithstanding G.S. 115C-238.29B and -238.29D, a participating virtual charter school that is academically successful during the pilot period will be eligible for SBE approval, at SBE's discretion, without additional application requirements.

The state funding for these virtual charter schools is generally the same as for regular charter schools, except that it will not include state allocations for low-wealth or small county supplemental funding. Local funding from the local current expense fund will be the lower amount of either $790.00 per pupil or the actual per pupil LEA amount provided to charter schools. All other provisions of G.S. 115C-238.29H apply.

If pilot participants do not comply with the provisions of this proposed law, they risk deferment, termination of enrollment expansion, or termination. Participating schools are subject to SBE examination of data, at the call of the SBE Chair, with a minimum of 21 days notice. SBE is required to report on the initial implementation of the pilot program to JLEOC by November 15, 2016, and on findings from three years of operation by November 15, 2018.

8.36 Clarify Regional School Cooperative Innovative High School (CIHS) Applications
Deems the Northeast Regional School of Biotechnology and Agriscience (NERSBA) a CIHS for the 2014-15 school year. To maintain this new designation beyond 2014-15, the board of directors of NERSBA must apply with a local board of trustees (community college or public or private university board) for approval as a CIHS under Part 9 of Article 16 of Chapter 115C (G.S. 115C-238.50 *et seq.*)

8.38 Lease Purchase or Installment Purchase Contracts to Purchase Athletic Lighting
Amends G.S. 115C-528(a) to allow local boards of education to purchase or finance the purchase of athletic lighting through lease purchase contracts and installment purchase contracts.

8.39 Education of Children in Private Psychiatric Residential Treatment Facilities (PRTFs)
Funds educational services ($3.2 million, recurring) to students in private PRTFs (approximately 43 facilities and 540 students in North Carolina as of May 2014) and establishes a new inter-agency state and local framework with joint efforts by SBE/DPI, DHHS, LEAs and PRTFs to ensure educational standards are met for these students. Allows authorized personnel in DHHS, DPI, LEAs and PRTFs to share necessary information regarding these students in order to provide educational services. Under G.S. 115C-12(44), SBE, in collaboration with DHHS, will oversee the new framework, and SBE will ensure that a child with a disability in a PRTF receives educational services and procedural safeguards under Article 9 ("Education of Children with Disabilities") of Chapter 115C. PRTFs are responsible for meeting the requirements under Article 9 of Chapter 115C for children with disabilities in their private facilities. *See* G.S. 122C-450.1.

DHHS holds the licensing authority over PRTFs and, as a condition for licensure, PRTFs must maintain a facility-based school meeting all requirements of a qualified nonpublic school and a Nonpublic Exceptional Children's Program under state law. Qualified PRTFs may enter into "educational services contracts" with LEAs to assist in the delivery of such services, and must report the same to DPI and DHHS. State funds are appropriated to DPI to be transferred to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

and ultimately allocated to the authorized PRTFs. Disbursement of funding ceases if a PRTF is not providing educational services as required by state law. PRTFs must comply with all audit and accounting policies applicable to other entities receiving public funding.

When a child is admitted to a PRTF, the PRTF must notify both DPI and the LEA where the child was last enrolled within 3 business days. Special timelines of required communication between PRTFs, LEAs and DPI are provided under new subsection G.S. 122C-450.2 ("Information sharing") in order to streamline educational services for children transitioning into PRTFs and then back to LEAs. SBE/DPI must also provide the following technical assistance and monitoring:

1. Offer training to PRTFs on compliance with special education laws and regulations;
2. Maintain a current list of children in PRTFs; and
3. Develop rules to monitor the delivery of educational services in PRTFs, while DHHS enforces applicable PRTF licensing requirements.

Finally, DHHS and DPI, in collaboration with other interested agencies, must submit an annual report to the General Assembly on the delivery of educational services in PRTFs by January 15.

8.40 Allow Continued Transfer of Funds from Special Education Tax Credits

Carries forward any remaining balance from the Fund for Special Education and Related Services (formerly a Special Education Tax Credit program) for future appropriations. This program was converted into the Special Education Scholarships for Children with Disabilities in 2013 and revised this year. *See* HB 712 (S.L. 2014-49).

8.41 Differentiated Pay for Highly Effective Teachers

It is the intent of the General Assembly "to provide local boards of education additional State funds for local programs to provide differentiated pay for highly effective classroom teachers" through the $1 million appropriated from the newly created NC Education Endowment Fund. *See* 8.11 above. Local boards are required to submit differentiated pay proposals for classroom teachers and Title I school instructional coaches to the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the JLEOC by January 15, 2015. Proposals may include the following types of differentiated pay:

- Performance-based salary increases for classroom teachers rated highly effective on the North Carolina Teacher Evaluation instrument based on successful performance relative to classroom instruction and student academic growth.
- Differentiated bonuses for classroom teachers, including:
    - Hard-to-staff subject areas, such as science, technology, engineering, and mathematics (STEM) education and exceptional children.
    - Hard-to-staff schools.
    - Assignment of additional academic responsibilities and leadership roles.
    - Assignment as an instructional coach.

Proposals must limit eligibility for differentiated pay to classroom teachers and Title I school instructional coaches. A classroom teacher is defined as one who is employed as a teacher who spends at least seventy percent (70%) of work time in classroom instruction and is not employed as instructional support personnel.

PART 9: COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

9.1 Teacher Salary Schedule

A new salary schedule for teachers and instructional support personnel is established, removing the previous schedule with 37 steps and replacing it with 6 bands:

Years of Experience	Monthly Salary (10-months)	Annual Salary
0-4	$3,300	$33,000
5-9	$3,650	$36,500
10-14	$4,000	$40,000
15-19	$4,350	$43,500
20-24	$4,650	$46,500
25+	$5,000	$50,000

Salary Supplements are available to teachers paid on this schedule, as follows:

- Licensed teachers who have NBPTS certification receive a salary supplement of 12% of their salary on the "A" salary schedule (previously, the 12% NBPTS supplement was calculated based on the Master's schedule). *See* 9.1(b)(1) of the Budget.
- Licensed teachers classified as "M" teachers receive a salary supplement of 10% of their salary on the "A" salary schedule.
- Licensed teachers with licensure based on academic preparation at the six-year degree level receive a salary supplement of $126.00 per month in addition to the supplement provided as "M" teachers.
- Licensed teachers with licensure based on academic preparation at the doctoral degree level receive a salary supplement of $253.00 per month in addition to the supplement provided as "M" teachers.
- Certified school nurses receive a salary supplement of 10% of their salary on the "A" salary schedule.

The first step of the salary schedule for school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to Step 5 of the "A" salary schedule. These employees shall receive a salary supplement each month of 10% of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

In lieu of providing an annual longevity payment to teachers, the amount of the longevity payment is built into this new salary schedule. No separate payments will be made for longevity earned after July 1, 2014. For teachers who earned longevity in FY 2013-14, it will be paid on a prorated basis in FY 2014-15 where applicable.

A teacher compensated on this schedule will receive whichever is *greater*: 1) the applicable amount on the new salary schedule, or 2) the sum of the 2013-14 salary plus the 2013-14 longevity payment. For those teachers in the latter category, they also receive a $1,000 bonus. No teachers will be paid less in State funds in 2014-15.

9.11 School-Based Administrator Salary Schedule
Administrators' schedules are *not* tied to the teachers' salary schedule; new salary schedules are established for principals and assistant principals for FY 2014-15. An *average* 2% salary increase is provided for principals and assistant principals through various changes and step increases to the pay schedule.

Principals will no longer be awarded one additional year of experience for every 3 years of principal experience, unless it was earned before June 30, 2009. Any principal or assistant principal employed in the 2013-14 school year and employed on July 1, 2014, who does not receive a salary increase, will receive a bonus of $809 plus benefits (e.g., top of the scale or below the threshold). School-based administrators will continue to receive longevity pay and applicable education-based salary supplements.

9.12 Central Office Salaries
Repeals a provision from the 2013 state budget that froze salaries for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers. Central office staff will receive a $500 salary increase with longevity pay and applicable education-based salary supplements.

9.13 Noncertified Personnel Salaries
Increases by $500 the annual salary for permanent, full-time noncertified public school employees whose salaries are supported from the state's General Fund. Part-time, noncertified public school employees will receive the same increase on a prorated and equitable basis.

PART 11: UNIVERSITIES

11.10 State Education Assistance Authority to Assume Responsibility for Teaching Fellows Program Scholarship Loans
The discontinuation of the Teaching Fellows Program is accelerated from July 1, 2015 to March 1, 2015. OSBM is directed to transfer the remaining cash balance in the Teaching Fellows Trust Fund to the State Education Assistance Authority (SEAA) by February 16, 2015. The Teaching Fellows Commission will make scholarship loan awards for the 2015 spring academic semester prior to the transfer of the cash balance.

By March 1, 2015, the SEAA must administer all outstanding scholarship loans previously awarded by the Teaching Fellows Program. By February 16, 2015, the Public School Forum may use up to $400,000 from the Teaching Fellows Trust Fund balance for costs associated with administration of the Teaching Fellows Program. Also, the SEAA, as the new administrator of the Teaching Fellows Program, may use up to $75,000 of this Fund balance for the Forgivable Education Loans for Service Fund for administration expenses.

PART 12: DEPARTMENT OF HEALTH AND HUMAN SERVICES

12E.9 Transfer of Summer Food Service Program (SFSP) to DPI
On October 1, 2014, the SFSP will be transferred from the Department of Health and Human Services (DHHS), Division of Public Health, to DPI.

12J.1 Revise DHHS Block Grants
Allocates $7,195,807 in Temporary Assistance to Needy Families (TANF) funds and $12,646,527 in TANF Emergency Contingency funds for NC Pre-K.

12J.1.(w) Maternal and Child Health Block Grant
Directs that if federal funds are received under the Maternal and Child Health Block Grant for abstinence education for FYs 2013-14 or 2014-15, then those funds must be transferred to SBE for DPI to use the funds to establish and implement an abstinence until marriage education program.

PART 17: DEPARTMENT OF JUSTICE

17.3A Ensure Proper Role for Attorney General
Revises G.S. 120-32.6 ("Certain employment authority") and sets forth new provisions in the event the General Assembly hires outside counsel to represent it when the validity or constitutionality of a General Assembly action is challenged in court. The General Assembly shall nonetheless be deemed a client of the Attorney General as a matter of law. Further allows the Speaker of the House and President Pro Tempore of the Senate to jointly designate outside counsel to serve as lead counsel for the General Assembly who shall possess final decision-making authority.

SUBPART 18-B: ADMINISTRATIVE OFFICE OF THE COURTS

18B.16(a) Three-Judge Panel to Rule on Claims That an Act of the General Assembly is Facially Invalid on the Basis that the Act Violates the NC Constitution or Federal Law
Revises G.S. 1-267.1 under Article 26A of Chapter 1 of the General Statutes ("Three-Judge Panel for Redistricting Challenges and for Certain Challenges to State Laws") such that any facial challenge to the validity of an act of the General Assembly shall be transferred to Wake County Superior Court and determined by a three-judge panel under this section. Sets forth new rules on how the three judges on any such panel are appointed by the Chief Justice of the Supreme Court.

PART 23: OFFICE OF THE GOVERNOR

23.1(a) Education and Workforce Innovation Program
Revises the funding and fine-tunes the Education and Workforce Innovation Program enacted in 2013 and codified under G.S. 115C-64.16 (FY 2014-15 $2 million, recurring). Allows up to 5% of funds appropriated for this Program in each fiscal year to be used by the Office of the Governor to provide reimbursement of expenses, technical and administrative assistance, including staff, to the Commission. Another 5% in each fiscal year will be allocated to the NC

New Schools Project. The New Schools Project is directed to use the funds to establish a peer-learning network for all grantees to ensure high-quality implementation of grant programs that lead to strong results for students. All grant applicants must match 50% of all state dollars, where the applicant's match may include in-kind contributions. Increases the number of members on the Education and Workforce Innovation Commission from 11 to 14, adding one appointment each for the Governor, House and Senate.

PART 25: OFFICE OF THE STATE AUDITOR

25.1 Private Audit of Pension Fund

The State Treasurer shall prepare and issue a set of financial statements for FY 2014-15 regarding the investment programs for the Retirement Systems enumerated in G.S. 147-69.2(b)(8) (which includes the Teachers' and State Employees' Retirement System), where said statements shall be audited by a commercial independent third-party audit firm selected and engaged by the State Auditor, in consultation with the State Treasurer. A discussion of the "Retirement Systems' risk and returns compared to benchmarks, total management fees and incentives paid, and comparisons to peer cost benchmarks" shall be included. *See* 25.1.(b). The audit firm's report is due to the State Controller and the General Assembly by January 1, 2016. Finally, the State Treasurer must engage a commercial independent expert firm to evaluate governance, operations and investment practices of the State Treasurer in order to develop recommendations for improvement. This report is to be provided to the General Assembly when complete.

PART 35: SALARIES AND BENEFITS

35.6 University of North Carolina System

The NC School of Science and Mathematics Board of Trustees will award the step increases authorized under the new Teacher Salary Schedule for its applicable teachers/employees. *See* Section 9.1 above.

35.6A State Agency Teachers

Employees of schools operated by DHHS, DPS, and SBE who are paid on the Teacher Salary Schedule are authorized to receive step increases on the new salary schedule.

35.7 Salary Adjustment Requirements/Limit on Cumulative Increases

For FY 2014-15, the cumulative salary adjustment awarded to any state employee or LEA employee paid from state funds may exceed 10% of annual salary only if the adjustment is approved in advance by OSBM or the employing local board of education, whichever is applicable.

35.9 All State-Supported Personnel/Salary Increases
The salary increases provided in the budget are made retroactively effective to July 1, 2014, but do not apply to persons separated from state employment due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday was prior to July 1, 2014. Payroll checks issued to employees after July 1, 2014, which represent payment of services provided prior to July 1, 2014, are not be eligible for salary increases provided in this budget. This subsection applies to all employees paid from State funds, including employees of public schools.

Unless otherwise stated in this budget, for FY 2014-15, permanent, full-time state agency employees and state-funded public school employees who work a 9-, 10-, or 11-month work year schedule shall receive $1,000, payable monthly.

35.10 Most State Employees
Unless otherwise specifically stated, permanent full-time state employees will receive a $1,000 salary increase and permanent part-time employees will receive the same increase on a prorated, equitable basis. Additionally, unless otherwise stated, any employee who is paid on a step schedule who does not receive a step increase will receive a $1,000 salary increase as authorized by this budget.

35.10A.(a) Special Annual Leave Bonus
Awards an additional 5 days of annual leave to eligible full-time permanent employees of the state as of September 1, 2014. The additional leave will remain available until used. Part-time permanent employees will receive a prorated amount of the 5 days.

35.13 Salary-Related Contributions
Sets the employer contribution rate to the State retirement system for FY 2014-15 to 15.21% (14.69% in 2013-14). Sets the employer contribution for the State Health Plan for FY 2014-15 at $5,378 ($5,435 in 2013-14) for non-Medicare eligible employees/retirees, and $4,179 ($4,224 in 2013-14) for Medicare eligible employees/retirees.

35.14 Provide Cost-of-Living Increases for Retirees of the Teachers' and State Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System
From and after July 1, 2014, retirement allowances increase to or on account of beneficiaries as follows:

- Those whose retirement commenced *on or before* July 1, 2013, will be increased by 1%.
- Those whose retirement commenced *after* July 1, 2013, but *before* June 30, 2014, will be increased by a prorated amount of 1% of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2013, and June 30, 2014.

35.15A Funding for North Carolina Public School Teachers' and Professional Educators' Investment Plan
Allows a loan from the Qualified Excess Benefit Arrangement (QEBA) assets of $150,000 to the North Carolina Public School Teachers' and Professional Educators' Investment Plan under G.S. 115C-341.2. The Plan must repay the loan to QEBA, plus interest, when the balance of the administrative account reaches $250,000.

35.16A Clarify that Re-Hired State Retirees Shall be Offered Coverage in State Health Plan as Active Employees Rather than as Retirees

Amends G.S. 135-48.41 ("Additional eligibility provisions") by adding a new subsection (j) such that retirees who are covered under the State Health Plan who are re-employed by an employing unit will be covered under the Plan as an active employee only and will not be eligible for retiree coverage, during the time of re-employment:

> "(j) If a retiree has been hired by an employing unit and is eligible for coverage under subdivision (1), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b) or under G.S. 135-48.40(e), then the hired retiree shall not, during the time of employment, be eligible for retiree coverage under G.S. 135-48.40(a)(1), G.S. 135-48.40(b)(3), G.S. 135-48.40(c)(2), or G.S. 135-48.40(d)(11)."

Repeals the following language from the 2013 Budget (SL 2013-360, Section 35.15(a), second paragraph):

> "Notwithstanding any other provision of law, an employing unit, as defined in G.S. 135-48.1, that hires or has hired as an employee a retiree that is in receipt of monthly retirement benefits from any retirement system supported in whole or in part by contributions of the State shall enroll the retiree in the active group and pay the cost for the hospital medical benefits if that retiree is employed in a position that would require the employer to pay hospital medical benefits if the individual had not been retired."

See SL 2014-100, Section 35.16A(b).

Budget Bill Excerpts

Excerpts from the Budget Bill Affecting Public Schools

GENERAL ASSEMBLY OF NORTH CAROLINA
2014 Session

SESSION LAW 2014-100
SENATE BILL 744

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2014."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the State Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in G.S. 143C-1-2(b).

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2015, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2014-2015 fiscal year.

Current Operations – General Fund

	2014-2015
EDUCATION	
Community Colleges System Office	$ 24,423,804
Department of Public Instruction	58,874,986

University of North Carolina – Board of Governors	
Appalachian State University	
East Carolina University	
Academic Affairs	(620,650)
Health Affairs	
Elizabeth City State University	
Fayetteville State University	
North Carolina Agricultural and Technical State University	
North Carolina Central University	
North Carolina State University	
Academic Affairs	1,839,185
Agricultural Extension	
Agricultural Research	
University of North Carolina at Asheville	
University of North Carolina at Chapel Hill	
Academic Affairs	
Health Affairs	
Area Health Education Centers	
University of North Carolina at Charlotte	
University of North Carolina at Greensboro	
University of North Carolina at Pembroke	
University of North Carolina School of the Arts	
University of North Carolina at Wilmington	
Western Carolina University	
Winston-Salem State University	(220,272)
General Administration	
University Institutional Programs	27,592,965
Related Educational Programs	50,000
North Carolina School of Science and Mathematics	
Aid to Private Institutions	840,000
Total University of North Carolina – Board of Governors	29,481,228

PART V. OTHER APPROPRIATIONS

INDIAN GAMING EDUCATION REVENUE FUND

SECTION 5.1. Section 5.4 of S.L. 2013-360 reads as rewritten:

"**SECTION 5.4.(a)** There is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, School Technology Fund, the sum of ~~three million dollars ($3,000,000)~~ five million dollars ($5,000,000) for the 2013-2014 fiscal year and the sum of ~~three million five hundred thousand dollars ($3,500,000)~~six million dollars ($6,000,000) for the 2014-2015 fiscal year.

"**SECTION 5.4.(b)** G.S. 143C-9-7 does not apply to the use of these funds for the 2013-2015 fiscal biennium."

EDUCATION LOTTERY FUNDS

SECTION 5.2.(a) Section 6.11(e) of S.L. 2013-360 reads as rewritten:

"**SECTION 6.11.(e)** The appropriations made from the Education Lottery Fund for the 2013-2015 fiscal biennium are as follows:

	FY 2013-2014	FY 2014-2015
Classroom Teachers	$220,643,188	~~$ 220,643,188~~ $254,586,185
Teacher Assistants		113,318,880
Prekindergarten Program	75,535,709	75,535,709
Public School Building Capital Fund	100,000,000	100,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
UNC Need-Based Financial Aid Forwarding Funding Reserve	32,530,359	~~19,130,728~~ 0
	11,928,735	~~11,928,735~~ 0
TOTAL APPROPRIATION	$481,832,724	~~**$ 468,433,093**~~ **$584,635,507**"

SECTION 5.2.(b) Section 6.11(f) of S.L. 2013-360 reads as rewritten:

"**SECTION 6.11.(f)** Notwithstanding G.S. 18C-164, the Office of State Budget and Management shall not transfer funds to the Education Lottery Reserve Fund for the 2013-2014 fiscal ~~year.~~year or for the 2014-2015 fiscal year."

SECTION 5.2.(c) Section 6.11(g) of S.L. 2013-360 reads as rewritten:

"**SECTION 6.11.(g)** Funds appropriated for Digital Learning pursuant to subsection (e) of this section shall be used to support grants to local education agencies (LEAs) for (i) delivering educator professional development focused on using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students and (ii) acquiring quality digital content to enhance instruction.

Up to one million dollars ($1,000,000) for the 2013-2015 fiscal biennium may be used by the Department of Public Instruction to (i) develop a plan to transition from funding for textbooks, both traditional and digital, to funding for digital materials, including textbooks and instructional resources and (ii) provide educational resources that remain current, are aligned with curriculum, and are effective for all learners by 2017. The plan shall also include an inventory of the infrastructure needed to support robust digital learning in public schools.

The Department of Public Instruction shall make an interim report on the implementation of this subsection to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by January 15, 2015, and a final report by August 15, 2015."

SECTION 5.2.(d) Funds appropriated for Digital Learning shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 5.2.(e) G.S. 18C-164(c) reads as rewritten:

"(c) The General Assembly shall appropriate the remaining net revenue of the Education Lottery Fund annually in the Current Operations Appropriations Act for education-related purposes, based upon estimates of lottery net revenue to the Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal Research Division of the Legislative Services Commission. A security interest shall not be granted in funds appropriated pursuant to this subsection."

SECTION 5.2.(f) G.S. 18C-172 is repealed.

SECTION 5.2.(g) G.S. 18C-115 reads as rewritten:

"**§ 18C-115. Reports.**

The Commission shall send quarterly and annual reports on the operations of the Commission to the Governor, State Treasurer, ~~the Lottery Oversight Committee,~~ and to the General Assembly. The reports shall include complete statements of lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds, including the occurrence of any audit."

SECTION 5.2.(h) Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 34.

"Joint Legislative Oversight Committee on the North Carolina State Lottery.

"**§ 120-295. Creation and membership of the Joint Legislative Oversight Committee on the North Carolina State Lottery.**

(a) The Joint Legislative Oversight Committee on the North Carolina State Lottery is established. The Committee consists of 14 members as follows:

(1) Seven members of the Senate appointed by the President Pro Tempore of the Senate, at least one of whom is a member of the minority party; and

(2) Seven members of the House of Representatives appointed by the Speaker of the House of Representatives, one of whom is a member of the minority party.

(b) Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

(c) A member continues to serve until a successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"**§ 120-296. Purpose and powers of Committee.**

(a) The Joint Legislative Oversight Committee on the North Carolina State Lottery shall examine, on a continuing basis, the operations of the North Carolina State Lottery. The Committee shall make ongoing recommendations to the General Assembly on ways to improve the operations and success of the lottery. The Committee shall do all of the following in conducting its examination of the North Carolina State Lottery:

(1) Examine the administration, budgeting, and policies of the lottery.

(2) Assess the lottery's efficiency and effectiveness.

(3) Review other state lottery policies and procedures to identify improvements and options for maximizing the transfer of lottery funds to the Education Lottery Fund.

(4) Study any other matters that the Committee considers necessary to fulfill its mandate.

"**§ 120-297. Organization of Committee.**

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on the North Carolina State Lottery. The Committee shall meet upon the joint call of the cochairs.

(b) A quorum of the Committee is five members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee shall receive subsistence and travel expenses as provided in G.S. 120-3.1. 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.

"**§ 120-298. Reports to Committee.**

Whenever the North Carolina State Lottery is required by law to report to the General Assembly or to any of its permanent committees or subcommittees on matters affecting the lottery, it shall transmit a copy of the report to the cochairs of the Joint Legislative Oversight Committee on the North Carolina State Lottery."

SECTION 5.2.(i) Subsection (d) of this section becomes effective June 30, 2014. Subsection (e) of this section is effective the date this act becomes law and applies to debt authorized on or after that date.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 5.3.(a) Section 5.3(a) of S.L. 2013-360 reads as rewritten:

"**SECTION 5.3.(a)** Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2015, as follows:

	FY 2013-2014	**FY 2014-2015**
School Technology Fund	$18,000,000	$18,000,000
State Public School Fund	$163,392,921	~~$120,362,790~~$131,935,020
Total Appropriation	$181,392,921	~~$138,362,790~~$149,935,020"

SECTION 5.3.(b) Section 5.3(c) of S.L. 2013-360 is repealed.

PART VI. GENERAL PROVISIONS

APPROPRIATE ENCUMBERED GRANT FUNDS THAT ARE RETURNED TO THE STATE

SECTION 6.1. Section 5.1 of S.L. 2013-360 is amended by adding a new subsection to read:

"**SECTION 5.1.(f)** Notwithstanding subsections (a) and (b) of this section, there is appropriated from the General Fund for the 2014-2015 fiscal year an amount equal to the amount of encumbered funds required to be spent in order to honor encumbrances of grant funds in accordance with G.S. 143C-6-23(f2)."

ESTABLISHING OR INCREASING FEES UNDER THIS ACT

SECTION 6.2.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 6.2.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.3. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

MAKE THE BASE BUDGET THE STARTING POINT FOR STATE AGENCY BUDGETING

SECTION 6.4.(a) G.S. 143C-1-1(d)(7a) is repealed.

SECTION 6.4.(b) G.S. 143C-1-1(d) is amended by adding a new subdivision to read:

"(d) Definitions. – The following definitions apply in this Chapter:

...

(1c) Base Budget. – That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:

a. Annualization of programs and positions.

b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.

c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.

d. Adjustments for federal payroll tax changes.

e. Rate increases in accordance with the terms of existing leases of real property.

f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.

g. Reconciliation of intragovernmental and intergovermental transfers.

...."

SECTION 6.4.(c) G.S. 143C-3-5 reads as rewritten:

"**§ 143C-3-5. Budget recommendations and budget message.**

...

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

(1) A Recommended State Budget setting forth goals for improving the State with recommended expenditure requirements, funding sources, and performance information for each State government program and for each proposed capital improvement. The Recommended State Budget may be presented in a format chosen by the Director, except that the Recommended State Budget shall clearly distinguish program ~~continuation~~base budget requirements, program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6.

(1a) The Governor's Recommended State Budget shall include a ~~continuation~~ base budget, which shall be presented in the budget support document pursuant to subdivision (2) of this subsection.

(2) A Budget Support Document showing, for each budget code and purpose or program in State government, accounting detail corresponding to the Recommended State Budget.

a. The Budget Support Document shall employ the North Carolina Accounting System Uniform Chart of Accounts adopted by the State Controller to show both uses and sources of funds and shall display in separate parallel columns all of the following: (i) actual expenditures and receipts for the most recent fiscal year for which actual information is available, (ii) the certified budget for the preceding

fiscal year, (iii) the currently authorized budget for the preceding fiscal year, (iv) program ~~continuation~~base budget requirements for each fiscal year of the biennium, (v) proposed expenditures and receipts for each fiscal year of the biennium, and (vi) proposed increases and decreases.

...

(5) A list of budget adjustments made during the prior fiscal year pursuant to G.S. 143C-6-4 that are included in the proposed ~~continuation~~base budget for the upcoming fiscal year.

...."

SECTION 6.4.(d) G.S. 58-2-215(c) reads as rewritten:

"(c) Moneys appropriated by the General Assembly shall be deposited in the Fund and shall become a part of the ~~continuation~~base budget of the Department of Insurance. Such ~~continuation~~base budget amount shall equal the actual expenditures drawn from the Fund during the prior fiscal year plus the official inflation rate designated by the Director of the Budget in the preparation of the State Budget for each ensuing fiscal year; provided that if interest income on the Fund exceeds the amount yielded by the application of the official inflation rate, such ~~continuation~~base budget amount shall be the actual expenditures drawn from the Fund. In the event the amount in the Fund exceeds two hundred fifty thousand dollars ($250,000) at the end of any fiscal year, such excess shall revert to the General Fund."

SECTION 6.4.(e) G.S. 116-30.3B(b) reads as rewritten:

"(b) It is the intent of the General Assembly that appropriations to the Board of Governors on behalf of a constituent institution not be reduced as a result of the institution's realization of energy savings. Instead, the General Assembly intends that the amount of appropriations be determined as if no energy savings had been realized. The Director of the Budget shall not decrease the recommended ~~continuation~~base budget requirements for utilities for constituent institutions by the amount of energy savings realized from implementing energy conservation measures, including savings achieved through a guaranteed energy savings contract."

SECTION 6.4.(f) G.S. 116-30.7 reads as rewritten:

"**§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to ~~fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b).~~appropriate to The University of North Carolina in the Recommended State Budget submitted pursuant to G.S. 143C-3-5(b)."

SECTION 6.4.(g) G.S. 121-6(c) reads as rewritten:

"(c) It shall be the duty and the responsibility for the Department of Cultural Resources to edit and publish a second or new series of the most significant records of colonial North Carolina. From records which have been compiled in the North Carolina State Archives concerning the colonial period of North Carolina, a selection of the most significant documents

shall be made therefrom by a skilled and competent editor. The editor shall edit, according to acceptable scholarly standards, the selected materials which shall be published in documentary volumes not to exceed approximately 700 pages each in length until full and representative published colonial records of North Carolina shall have been achieved. The number of copies of each volume to be so printed shall be determined by the Department of Cultural Resources, and such determination shall be based on the number of copies the Department can reasonably expect to sell in a period of 10 years from the date of publication. In any year during which the Department of Cultural Resources has completed a volume and has it ready for publication, the Department may include in its ~~continuation~~base budget for that year sufficient funds to pay the estimated costs of publishing the volume. In the event that the volume is not published during that year, the appropriation made, or any unencumbered balance, shall revert to the general fund."

SECTION 6.4.(h) This section becomes effective July 1, 2014, and applies beginning with the recommended State budget of the 2015-2017 fiscal biennium.

STATUTORY CHANGES RELATING TO THE HANDLING OF GRANTS TO NON-STATE ENTITIES

SECTION 6.5.(a) G.S. 143C-6-23 reads as rewritten:

"**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

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

(1) ~~"Grant" and "grant funds" means~~Grant or grant funds. – State funds disbursed as a grant by a State agency; however, the terms do not include any payment made by the Medicaid program, the State Health Plan for Teachers and State Employees, or other similar medical programs.

(2) ~~"Grantee" means a~~ Grantee. – A non-State entity that receives State funds as a grant from a State agency but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission.

(3) ~~"Subgrantee" means a~~ Subgrantee. – A non-State entity that receives State funds as a grant from a grantee or from another subgrantee but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission.

(4) Encumbrance. – A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided, or other legally binding agreement. A financial obligation is not an encumbrance for purposes of this section unless it (i) is in writing and has been signed by a person or entity who has authority to legally bind the grantee or subgrantee to spend the funds or (ii) was created by the provision of goods or services to the grantee or subgrantee by a third party under circumstances that create a legally binding obligation to pay for the goods or services.

...

(d) Office of State Budget Rules Must Require Uniform Administration of State Grants. – The Office of State Budget and Management shall adopt rules to ensure the uniform administration of State grants by all grantor State agencies and grantees or subgrantees. The Office of State Budget and Management shall consult with the Office of the State Auditor and the Attorney General in establishing the rules required by this subsection. The rules shall establish policies and procedures for disbursements of State grants and for State agency oversight, monitoring, and evaluation of grantees and subgrantees. The policies and procedures shall:

...

(5) Provide for adequate oversight and monitoring to prevent the misuse of grant funds. These policies shall require each grantee and subgrantee to ensure that, for accounting purposes, State funds and interest earned on those funds remain separate and apart from other funds in the possession or control of the grantee or subgrantee.

...

(12) Provide procedures for the recovery and return to the grantor State agency of unexpended grant funds from a grantee or subgrantee ~~if~~ (i) in accordance with subsection (f1) of this section or (ii) in the event that the grantee or subgrantee is unable to fulfill the purposes of the ~~grant.~~grant for a reason not set forth in that subsection.

(d1) Required Grant Terms. – The terms of each grant shall include all of the following, which shall be deemed a part of the grant:

(1) The limitation contained in G.S. 143C-6-8 concerning the availability of appropriated funds.

(2) The relevant provisions of any legislation authorizing or governing the administration of the grant.

(3) The terms of this section.

...

(f1) Return of Grant Funds. – Except as otherwise required by federal law, a grantee or subgrantee shall return to the State all affected grant funds and interest earned on those funds if any of the following occurs:

(1) The funds are in the possession or control of a grantee and are not expended, made subject to an encumbrance, or disbursed to a subgrantee by August 31 immediately following the fiscal year in which the funds are appropriated by the General Assembly, or a different period set forth in the terms of the applicable appropriation or federal grant.

(2) The funds remain unexpended at the time that the grantee or subgrantee dissolves, ceases operations, or otherwise indicates that it does not intend to spend the funds.

(3) The Office of State Budget and Management seeks to recover the funds pursuant to subsection (f) of this act.

(f2) Use of Returned Grant Funds. – Encumbered funds returned to the State pursuant to subsection (f1) of this section by a grantee or subgrantee shall upon appropriation by the General Assembly be spent in accordance with the terms of the encumbrance. All other funds returned to the State by a grantee or subgrantee pursuant to subsection (f1) of this section shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly. Nothing in this section shall be construed to authorize an expenditure pursuant to an unlawful encumbrance or in a manner that would violate the terms of the appropriation of the grant funds at issue.

...

(j) Use of Interest Earned on Grant Funds. – Except as otherwise required by federal law or the terms of a federal grant, interest earned on grant funds after receipt of the funds by a grantee or subgrantee shall be credited to the grantee or subgrantee and shall be used for the same purposes for which the grant or subgrant was made.

(k) Reporting by Grantees and Subgrantees That Cease Operations. – A grantee or subgrantee that intends to dissolve or cease operations shall report that decision in writing to the

Office of State Budget and Management and to the Fiscal Research Division at least 30 days prior to taking that action."

SECTION 6.5.(b) This section becomes effective July 1, 2014, and applies to grants appropriated on or after that date.

STATUTORY CHANGES RELATED TO THE DISPOSITION OF SETTLEMENT FUNDS

SECTION 6.6.(a) Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"**§ 114-2.4A. Disposition of funds received by the State or a State agency from a settlement or other final order or judgment of the court.**

(a) Definition. – For purposes of this section, the term "settlement" means an agreement entered into by the State or a State agency, with or without a court's participation, that ends (i) a dispute, lawsuit, or part of the dispute or lawsuit or (ii) the involvement of the State or State agency in the dispute, lawsuit, or part of the dispute or lawsuit. This term includes settlement agreements, stipulation agreements, consent judgments, and consent decrees.

(b) Prohibition. – The following restrictions shall apply:

(1) Funds received by the State or a State agency from a settlement or other final order or judgment of the court shall not be transferred or expended pursuant to G.S. 143C-6-4 and shall remain unexpended until the funds are appropriated by the General Assembly. Nothing in this subdivision shall be construed to prohibit the expenditure of funds to any of the following:

a. A party, other than the State or a State agency, to the dispute or lawsuit.

b. A consumer entitled to a refund or the recovery of damages.

c. An attorney awarded attorneys' fees for representing (i) a party under sub-subdivision a. of this subdivision or (ii) a consumer under sub-subdivision b. of this subdivision.

(2) The Attorney General, any subordinate who has been delegated the authority to negotiate or approve a settlement, and any private counsel retained to represent a State agency shall have no authority to include or agree to terms or conditions in any settlement that authorizes the expenditure, transfer, or award of funds to any person or entity other than any of the following:

a. A party, other than the State or a State agency, to the dispute or lawsuit.

b. A consumer entitled to a refund or the recovery of damages.

c. An attorney awarded attorneys' fees for representing (i) a party under sub-subdivision a. of this subdivision or (ii) a consumer under sub-subdivision b. of this subdivision.

(c) Exception. – Subsections (b) and (e) of this section shall not apply to funds received by the Department of Health and Human Services to the extent those funds represent the recovery of previously expended Medicaid funds.

(d) Recommendation. – The Attorney General may provide a nonbinding written recommendation to the chairs of the Senate and House Appropriations Committees for their consideration as to what purpose the funds subject to the prohibition in subsection (b) of this section should be appropriated for.

(e) Overrealized Receipts. – Any provision of law authorizing the expenditure of overrealized receipts shall not apply to the funds referred to in subdivision (1) of subsection (b) of this section unless the language of the law specifically references this section or specifically

references funds received by the State or a State agency from a settlement or other final order or judgment of the court.

(f) Required Disposition. – If the terms of a federal grant, another provision of State or federal law, or the State Constitution require a specific disposition of funds received from a settlement or other final order or judgment of the court, nothing in this section shall be construed to supersede, or authorize a deviation from, that specific disposition. Furthermore, nothing in this subsection shall be construed to abrogate the requirement that funds drawn from the State treasury be in consequence of appropriations made by law.

(g) Required Submission. – In addition to any other report or filing that may be required by law, and unless the settlement is sealed pursuant to a written order of the court in accordance with G.S. 132-1.3 or federal law, the Attorney General's Office shall submit a copy to the Legislative Library of any settlement or other final order or judgment of the court in which the State or a State agency receives funds in excess of seventy-five thousand dollars ($75,000). The submission required by this subsection shall be made within 60 days of the date (i) the settlement is entered into or (ii) the final order or judgment of the court is entered. Any information deemed confidential by State or federal law shall be redacted from the copy of the settlement or other final order or judgment of the court prior to submitting it to the Legislative Library."

SECTION 6.6.(b) This section becomes effective December 1, 2014, and applies to settlements entered into on or after that date and other final orders or judgments of the court entered on or after that date.

PILOT PROGRAM TO IMPROVE BUDGETING OF THE GENERAL FUND

SECTION 6.7.(a) Finding. – The General Assembly finds that State budgeting is more transparent when the enacted budget for any given fiscal year appropriates all State funds intended for expenditure during that fiscal year, including funds encumbered in prior fiscal years, funds carried forward from prior fiscal years pursuant to statutory authority, and unearned revenue earned in a prior fiscal year.

SECTION 6.7.(b) Review of Current Practices. – The Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall examine all of the following:

(1) How funds in the General Fund are currently accounted for, including practices relating to (i) the reversion of appropriated funds to the General Fund, (ii) the appropriation of funds to pay obligations incurred in prior fiscal years, (iii) the movement of funds into and out of special funds, and (iv) related matters.

(2) How the practices examined pursuant to subdivision (1) of this section compare with those of other states.

(3) Whether any statutory or administrative changes would improve the transparency and accounting accuracy of the General Fund.

(4) Whether the practices examined pursuant to subdivision (1) of this section comply with applicable standards of the Governmental Accounting Standards Board.

SECTION 6.7.(c) Pilot Program. – The Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, may establish and operate a pilot program to test measures for improving the extent to which funds that are to be spent in a given fiscal year are properly budgeted in that fiscal year. The pilot program may be subject to the following:

(1) The pilot program may include the following programs and funds:

a. Some or all of the grant programs and special funds within the Department of Environment and Natural Resources.
b. Some or all of the unexpended appropriations carried forward by The University of North Carolina pursuant to G.S. 116-30.3.
c. Any other programs and funds that are deemed to be suitable for inclusion in the pilot program.

(2) Funds and programs that are included in the pilot program may be subject to the following requirements:
a. An alternative liquidation period for encumbered funds that do not revert at the end of the 2014-2015 fiscal year under G.S. 143C-1-2(b).
b. A requirement (i) that The University of North Carolina prepare an estimate of the amount of funds it anticipates will be carried forward into the 2015-2016 fiscal year pursuant to G.S. 116-30.3 and (ii) that this estimate be submitted to the Office of State Budget and Management and to the Fiscal Research Division no later than March 1, 2015.

SECTION 6.7.(d) Report. – No later than October 1, 2015, the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall report the results of the review and pilot program required by this section to the chairs of the Senate Appropriations/Base Budget Committee, to the chairs of the House Appropriations Committee, and to the Director of the Budget. The report may include a recommendation to extend the pilot program for an additional fiscal year, if this is deemed desirable.

SECTION 6.7.(e) Recommendations for an Alternative Pilot Program. – If the Office of State Budget and Management and the Office of the State Controller, in consultation with the General Assembly's Fiscal Research Division, determine that the pilot program required by this section cannot be implemented, they shall report the reasons for reaching this conclusion, along with any other findings and recommendations for future action, to the chairs of the Senate Appropriations/Base Budget Committee, to the chairs of the House Appropriations Committee, and to the Director of the Budget no later than February 1, 2015. If a report is submitted pursuant to this subsection, then the pilot program required by subsection (c) of this section shall not be implemented, but the review required by subsection (b) of this section shall nonetheless be performed.

SECTION 6.7.(f) Expiration of Pilot Program. – The pilot program required by this section shall expire upon the submission of the report required by subsection (d) of this section or the submission pursuant to subsection (e) of this section stating that the pilot program cannot be implemented.

SECTION 6.7.(g) Effective Date. – This section is effective when it becomes law and applies to funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years.

ORDER OF APPROPRIATIONS BILLS

SECTION 6.8. G.S. 143C-5-2 reads as rewritten:

"**§ 143C-5-2. Order of appropriations bills.**

(a) Each house of the General Assembly shall first pass its version of the Current Operations Appropriations Act on third reading and order it sent to the other chamber before placing any other appropriations bill on the calendar for second reading. This section does not apply to the following bills:

(1) An appropriations bill to respond to an emergency as defined by G.S. 166A-19.3.

(2) An appropriations bill making adjustments to the current year budget.
(3) An appropriations bill authorizing continued operations at current funding levels.
(4) In even-numbered years, an appropriations bill that contains a statement that the General Assembly does not intend to enact a Current Operations Appropriations Act that year."

(b) The provisions of subsection (a) of this section shall apply to each fiscal year of the biennium."

REPORTING ON AGENCY REORGANIZATIONS AND MOVEMENTS OF POSITIONS

SECTION 6.10. Article 6 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"**§ 143C-6-12. Quarterly report on State agency reorganizations and movements of positions.**

The Office of State Budget and Management shall report quarterly to the Joint Legislative Commission on Governmental Operations and the appropriate Joint Legislative Oversight Committee on reorganizations of State agencies and movements of State agency positions. Each report submitted pursuant to this section shall include all of the following information for the previous quarter:

(1) A list of all reorganizations within State agencies or between State agencies.
(2) A list of all positions moved within a State agency or between State agencies.
(3) A statement of the purpose of each reorganization and position movement undertaken and of the legal authority under which each reorganization and position movement was made."

CONTINGENCY AND EMERGENCY FUND

SECTION 6.12. Section 6.1 of S.L. 2013-360, as amended by Section 1.4 of S.L. 2013-363, reads as rewritten:

"**SECTION 6.1.** For the 2013-2015 fiscal biennium and notwithstanding the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund may be used only for expenditures required (i) by a court or Industrial Commission order, (ii) to respond to events as authorized under G.S. 166A-19.40(a) of the North Carolina Emergency Management Act, (iii) by the State Treasurer to pay death benefits as authorized under Article 12A of Chapter 143 of the General Statutes, (iv) by the Office of the Governor for crime rewards in accordance with G.S. 15-53 and G.S. 15-53.1, (v) by the Industrial Commission for supplemental awards of compensation, ~~or~~ (vi) by the Department of Justice for legal ~~fees.~~fees, or (vii) for litigation expenses incurred by State agencies in defense of the State during the 2014-2015 fiscal year, in an amount not to exceed seven hundred fifty thousand dollars ($750,000), as approved by the Office of State Budget and Management.

These funds shall not be used for other statutorily authorized purposes or for any other contingencies and emergencies."

DEPARTMENT OF ADMINISTRATION/EUGENICS PROGRAM AMENDMENTS

SECTION 6.13.(a) G.S. 143B-426.51 reads as rewritten:

"**§ 143B-426.51. Compensation payments.**

(a) A claimant determined to be a qualified recipient under this Part shall receive ~~lump-sum~~ compensation in the amount determined by this subsection from funds appropriated ~~to the Department of State Treasurer~~ for these purposes. ~~Except as provided by the succeeding~~

~~sentence, the amount of compensation for each qualified recipient is the sum of ten million dollars ($10,000,000) divided by the total number of qualified recipients, and all such payments shall be made on June 30, 2015. The State Treasurer shall reduce the ten million dollars ($10,000,000) by holding out a pro-rata amount per claimant for any cases in which there has not been a final determination of the claim on June 30, 2015. Payments made to persons determined to be qualified claimants after that date shall be made upon such determination, and if after final adjudication of all claims there remains a balance from the funds held out, they shall be paid pro-rata to all qualified claimants.~~A qualified recipient shall receive compensation in the form of two payments. By October 31, 2014, claimants determined by the Commission to be qualified recipients shall receive an initial payment as provided by this section. Claimants determined to be qualified recipients after that date shall receive an initial payment within 60 days of the Commission's determination. A second and final payment shall be made after the exhaustion of all appeals arising from the denial of eligibility for compensation under this Part.

The initial payment to each qualified recipient will be calculated by adding together the number of qualified recipients as of October 1, 2014, and the number of claims outstanding that are pending, then dividing that total number into the sum of ten million dollars ($10,000,000). The initial payment checks shall be remitted by October 31, 2014.

The final payment calculation will be made by taking the balance of compensation funds remaining after the exhaustion of appeals and dividing that sum equally between the number of qualified recipients determined finally to be eligible to receive compensation. The final payment checks shall be remitted within 90 days of the exhaustion of the last appeal. Any qualified claimant who was successful on appeal and who did not receive an initial payment shall be paid an amount equal to the initial payment amount, plus the amount from the final payment calculation.

The Office and the State Controller shall collaborate to facilitate the administration of this section so as to effectuate the compensation of qualified recipients as soon as practicable.

(b) If any claimant shall die during the pendency of a claim, or after being determined to be a qualified recipient, any payment shall be made to the estate of the decedent.

(c) A qualified recipient may assign compensation received pursuant to subsection (a) of this section to a trust established for the benefit of the qualified recipient.

(d) It is the public policy of this State that funds awarded for the compensation of sterilization victims under this Part may be used only for the purpose of benefiting victims and shall not be used to pay attorneys' fees arising from representation at the Office, before the Commission, or on appeal. The General Assembly finds that qualified recipients have suffered a unique harm that calls for a unique remedy and that there are sufficient sources of assistance and pro bono legal representation available to protect their interests. Therefore, any agreement for the acceptance of attorneys' fees is null and void unless counsel has sought and received an opinion from the North Carolina State Bar that the fee arrangement is reasonable under the Rules of Professional Conduct.

(e) All missing claim information must be postmarked to, or received by, the Office by September 23, 2014, in order to be considered.

(f) By September 30, 2014, the Office shall submit all remaining claim forms to the Commission for appropriate disposition in accordance with this Part."

SECTION 6.13.(b) G.S. 143B-426.52(a) reads as rewritten:

"(a) An individual shall be entitled to compensation as provided for in this Part if a claim is submitted on behalf of that individual in accordance with this ~~Part~~ Part, or is mailed and postmarked, on or before June 30, 2014, and that individual is subsequently determined by a preponderance of the evidence to be a qualified recipient, except that any competent adult who

gave consent is not a qualified recipient unless that individual can show by a preponderance of the evidence that the consent was not informed."

SECTION 6.13.(c) G.S. 143B-426.53(g) reads as rewritten:

"(g) If at any stage of the proceedings the claimant is determined to be a qualified recipient, the Commission shall give notice to the claimant and to the Office of ~~the State Treasurer, and the State Treasurer~~ Justice for Sterilization Victims and to the Office of State Controller. The Office of State Controller shall make payment of compensation to the qualified recipient or

SECTION 6.13.(d) Of the funds appropriated from the General Fund to the Office of Justice for Sterilization Victims, Department of Administration, the sum of one hundred thirty thousand dollars ($130,000) shall be used for the 2014-2015 fiscal year to pay the costs of administering the compensation program for sterilization victims.

SECTION 6.13.(e) Section 6.18(g) of S.L. 2013-360 reads as rewritten:

"**SECTION 6.18.(g)** Subsection (b) of this section becomes effective for taxable years beginning on or after January 1, 2015. Subsections (e) and (g) of this section are effective when this act becomes law. The remainder of this section becomes effective July 1, 2013. Except for the provisions of subsections (b) and (c) of this section, and the final adjudication of any claims under subsection (a) of this section that are pending on June 30, 2015, this section expires ~~June 30, 2015.~~June 30, 2015, and the Office of Justice for Sterilization Victims is abolished."

SECTION 6.13.(f) G.S. 108A-70.5 is amended by adding a new subsection to read:

"(f) With regard to any recipient who has received compensation pursuant to Part 30 of Article 9 of Chapter 143B of the General Statutes, the Department shall reduce the amount of any recovery it seeks from the deceased recipient's estate under this section by the amount of the resource disregard provided for in G.S. 143B-426.56(b)(1)."

USE OF CASH BALANCES TO MEET TEMPORARY CASH NEEDS

SECTION 6.14. G.S. 147-86.11(e) is amended by adding a new subdivision to read:

"(7) The State Controller may use cash reserved to the Savings Reserve Account and cash from other funds, including special funds, that is not needed temporarily to meet the cash flow needs of the General Fund, but only to the extent that this authority can be used without jeopardizing the ability of reserves or funds, including special funds, to meet their ongoing obligations. Any cash transferred from reserves or funds, including special funds, shall be fully restored by the end of the fiscal year in which the funds were transferred, and interest shall be paid on all cash transferred to the General Fund pursuant to this subdivision from interest-bearing accounts."

PART VII. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND

SECTION 7.1.(a) Section 7.1 of S.L. 2013-360 reads as rewritten:

"**SECTION 7.1.** The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2013-2014	**FY 2014-2015**
General Fund Appropriation for IT Fund	$6,053,142	~~$6,055,342~~$7,108,142
General Fund Appropriation for Government Data Analytics Center	$3,000,000	~~$4,417,515~~$9,417,515
Criminal Justice Law Enforcement Automated Data		

System (CJLEADS)		$1,129,488
Interest	$2,200	$2,200
IT Fund Balance, June 30	$0	~~$0~~$2,200
Total Funds Available	$9,055,342	~~$10,475,057~~$17,659,545

Appropriations are made from the Information Technology Fund for the 2013-2015 fiscal biennium as follows:

Information Technology Operations		
Criminal Justice Information Network	$189,563	$189,563
Center for Geographic Information and Analysis	$495,338	$495,338
Enterprise Security Risk Management	$864,148	$864,148
Enterprise Project Management Office	$1,473,285	$1,473,285
Architecture and Engineering	$851,986	$851,986
State ~~Web Site~~Portal	$224,741	$224,741
Enterprises Licenses	$33,000	$33,000
Longitudinal Data Board		$5,000
Subtotal Information Technology Operations	$4,132,061	~~$4,132,061~~$4,137,061
Information Technology Projects		
Government Data Analytics Center	$3,000,000	~~$4,417,515~~$9,417,515

INFORMATION TECHNOLOGY OPERATIONS

SECTION 7.4.(a) Section 7.4 of S.L. 2013-360 is amended by adding a new subsection to read:

"**SECTION 7.4.(a1)** Unless an exception is granted in writing by the State Chief Information Officer, any new equipment purchased by State agencies to replace equipment currently housed in State agency data centers and any equipment purchased to provide new data center capabilities for State agencies shall be installed in Office of Information Technology Services data centers. Prior to purchasing any new equipment, State agencies shall coordinate with the Office of the State Chief Information Officer and the Office of Information Technology Services to ensure ITS has the capability to support planned equipment purchases."

SECTION 7.4.(b) Section 7.4(c) of S.L. 2013-360 reads as rewritten:

"**SECTION 7.4.(c)** Restructuring Plan. – ~~The State CIO shall conduct a comprehensive review of the State's overall information technology operations, including the efficacy of existing exemptions and exceptions from unified State IT governance. Based upon this analysis, the~~ The State CIO shall ~~develop a~~ update the plan to restructure the State's IT operations for the most effective and efficient utilization of resources and capabilities. The plan shall include identifying, documenting, and providing a framework for developing and implementing the education and training required for all State information technology personnel, including information technology contracting professionals. Each State agency, department, and institution, and The University of North Carolina, shall (i) cooperate fully with the Office of the State CIO during the review and assessment phase of restructuring plan development and (ii) provide to the State CIO all information needed to carry out the purposes of this subsection. By ~~May 1, 2014,~~ December 1, 2014, the State CIO shall present the plan to the Joint Legislative Oversight Committee on Information Technology, along with any recommended legislative proposals ~~for implementation to be considered for introduction during the 2014 Regular Session of the 2013 General Assembly.~~to the 2015 General Assembly."

GOVERNMENT DATA ANALYTICS CENTER/BUSINESS INTELLIGENCE

SECTION 7.6.(a) G.S. 143B-426.38A reads as rewritten:

"§ 143B-426.38A. Government Data Analytics Center; State data-sharing requirements.

...

~~(d1) Appropriations. Of the funds appropriated to the Information Technology Fund, the sum of three million dollars ($3,000,000) for the 2013-2014 fiscal year and the sum of four million four hundred seventeen thousand five hundred fifteen dollars ($4,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACTS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars ($1,417,515) shall be used in each fiscal year of the 2013-2015 biennium for OSC internal costs. For fiscal year 2014-2015, of the funds generated by GDAC and NCFACTS projects and returned to the General Fund, the sum of up to five million dollars ($5,000,000) is appropriated to fund GDAC and NCFACTS, to include vendor payments. Prioritization for the expenditure of these funds shall be for State costs associated with GDAC first, then vendor costs second. Funds in the 2013-2015 fiscal year budgets for GDAC and NCFACTS shall be used solely to support the continuation for these priority project areas.~~

...

(h) Definition/Additional Requirements. – For the purposes of this section, the term "business intelligence (BI)" means the process of collecting, organizing, sharing, and analyzing data through integrated data management, reporting, visualization, and advanced analytics to discover patterns and other useful information that will allow policymakers and State officials to make more informed decisions. The term also includes (i) broad master data management capabilities such as data integration, data quality and enrichment, data governance, and master data management to collect, reference, and categorize information from multiple sources and (ii) self-service query and reporting capabilities to provide timely, relevant, and actionable information to business users delivered through a variety of interfaces, devices, or applications based on their specific roles and responsibilities. All State agency business intelligence requirements, including any planning or development efforts associated with creating BI capability, as well as any master data management efforts, shall be implemented through GDAC. The State Chief Information Officer shall ensure that State agencies use the GDAC for agency business intelligence requirements."

SECTION 7.6.(b) Of the funds appropriated to the Information Technology Fund, the sum of nine million four hundred seventeen thousand five hundred fifteen dollars ($9,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACTS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars ($1,417,515) shall be used in each fiscal year of the 2013-2015 fiscal biennium for GDAC internal costs. An additional one million one hundred twenty-nine thousand four hundred eighty-eight dollars ($1,129,488) for the 2014-2015 fiscal year shall be used to support the Criminal Justice Law Enforcement Automated Data System. The GDAC may receive additional funding through the Information Technology Internal Service Fund. The State Chief Information Officer shall establish rates for GDAC services provided to State agencies, including rates for master data management.

INFORMATION TECHNOLOGY CONTRACTS

SECTION 7.7. Section 7.7 of S.L. 2013-360 is amended by adding a new subsection to read:

"**SECTION 7.7.(g)** Enhance State IT Contract Expertise. – The State Chief Information Officer (State CIO), the Office of State Human Resources, the Department of Computer Science at North Carolina State University, the Schools of Government and Law at the University of

North Carolina at Chapel Hill, and in the discretion of the State CIO, schools and departments at other public and private institutions of higher learning in the State, shall work jointly to create a career path for State government information technology contracting professionals that includes defined qualifications, career progression, training opportunities, and appropriate compensation. By December 1, 2014, the State CIO shall submit a detailed, fully implementable plan to create the career path for State government information technology contracting professionals to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

USE OF MOBILE COMMUNICATIONS DEVICES

SECTION 7.12.(a) G.S. 147-33.91(a) reads as rewritten:

"(a) With respect to State agencies, the State Chief Information Officer shall exercise general coordinating authority for all telecommunications and mobile electronic communications matters relating to the internal management and operations of those agencies. In discharging that responsibility, the State Chief Information Officer, in cooperation with affected State agency heads, may:

...

(14) Monitor the use of mobile electronic communications devices within State agencies and maintain information on the following:

a. The total number of devices issued by each agency.

b. The total cost of mobile devices issued by each agency.

c. The number and cost of new devices issued.

d. The contracts used to obtain the devices."

SECTION 7.12.(b) Section 7.18 of S.L. 2013-360 is repealed.

SECTION 7.12.(c) G.S. 120-236 is repealed.

STATE PORTAL

SECTION 7.13. Section 7.22 of S.L. 2013-360, as amended by S.L. 2013-363, reads as rewritten:

"**SECTION 7.22.** The State Chief Information Officer (SCIO) shall develop a plan to implement an electronic portal that makes obtaining information, conducting online transactions, and communicating with State agencies more convenient for members of the public. The portal shall be developed using resources determined by the SCIO. The SCIO shall report to the Joint Legislative Oversight Committee on Information Technology on the details of the plan prior to implementation. The plan shall contain all of the following:

(1) A detailed description for development and implementation of the portal, to include a list of anticipated applications to be implemented during the State fiscal years of 2013-2017.

(2) A description of how the portal will be implemented, including the use of outside vendors, detailed information on vendor participation, and potential costs.

(3) Detailed information on the anticipated total cost of ownership of the portal and any applications proposed for implementation during the State fiscal years of 2013-2017, including the amount of any payments to be made to any vendors supporting the project for each application and the portal as a whole.

(4) A funding model that limits the costs to the State.

(4a) Costs to State agencies for the portal as a whole and for each service.

(4b) Costs to access services for citizens of the State.

(5) If outsourced, a detailed, fully executable plan to return portal operations to the State, with associated ~~costs and a detailed analysis that demonstrates that it is more cost effective to use a vendor than to develop an application internally.~~costs.

(6) A provision requiring that any fees to support the operation of the portal must be authorized by the State Chief Information Officer and reported to the Joint Legislative Oversight Committee on Information Technology."

BUDGET AND REPORTING INFORMATION TECHNOLOGY EXPENDITURES

SECTION 7.18. The Office of the State Chief Information Officer shall complete implementation of a Budget and Reporting Information Technology Expenditures (BRITE) tool. By December 15, 2014, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the implementation of the BRITE tool. The report shall include the following:

(1) Initial and current implementation dates, with the reasons for any extensions.
(2) A time line of initial and current completion dates for each phase of the project.
(3) Every contract associated with the implementation, with the reason for each.
(4) An explanation of any changes to any initial contract, with the associated cost of each change.
(5) Initial and current budgets for the project.
(6) Initial and current total cost for the project, to include all associated contracts, as well as internal costs.
(7) Sources of funding for the implementation by fund code.
(8) Number of projected and actual hours to complete the effort, by phase, with the reasons for any overage.
(9) A list of system capabilities.
(10) Any capabilities required for budget development and management that are not currently available in BRITE, with an explanation of why the capability is not available, how the capability will be achieved, cost associated with adding the capability, and whether or not the capability was included in the initial contract with the BRITE vendor.
(11) Issues associated with implementation, with the cause and identified solution for each issue, as well as any additional costs resulting from the identified solution.
(12) Performance of each vendor during the project, with a list of actions taken in the event any vendor did not perform based on the terms specified in their contract.
(13) Potential for expansion of the BRITE tool to other agencies, with an explanation of why agencies would require the tool, what the associated costs would be, and any alternatives to the BRITE tool that are currently available within State agencies.

By December 15, 2014, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the status of the implementation within the Office of Information Technology Services and the potential for expansion of the BRITE tool to other State agencies.

PART VIII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 8.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand seven hundred sixty-eight dollars and eleven cents ($3,768.11) per child for the 2014-2015 fiscal year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of its 2014-2015 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 8.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand two hundred thirty-nine dollars and sixty-five cents ($1,239.65) per child for the 2014-2015 fiscal year. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2014-2015 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

EXTEND THE DATE FOR SCHOOL EMPLOYEES TO QUALIFY FOR CERTAIN EDUCATION-BASED SALARY SUPPLEMENTS/JLEOC STUDY

SECTION 8.3.(a) Section 8.22 of S.L. 2013-360 reads as rewritten:

"**SECTION 8.22.** Notwithstanding Section 35.11 of this act, ~~no~~ only the following teachers ~~or~~and instructional support ~~personnel, except for certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure,~~ personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2014-2015 school ~~year, unless they were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.~~year and subsequent school years:

(1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.

(2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.

(3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013."

SECTION 8.3.(b) The Joint Legislative Education Oversight Committee shall study (i) the payment of salary supplements for teachers and instructional support personnel who complete a degree at the master's, six-year, or doctoral degree level and (ii) the use of State funds to provide for, in addition to base salary and other applicable local supplements, differentiated

pay for classroom teachers based on a teacher's demonstrated effectiveness and additional responsibilities in advanced roles.

SECTION 8.3.(c) The Joint Legislative Education Oversight Committee shall report the results of the study required by subsection (b) of this section, including recommendations for any proposed legislative changes, to the General Assembly prior to the convening of the 2015 General Assembly.

FUNDS FOR SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS

SECTION 8.4. Section 8.4 of S.L. 2013-360, as amended by Section 3.11 of S.L. 2013-363, reads as rewritten:

"**SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

...

"**SECTION 8.4.(d)** Allotment ~~Formula~~Schedule for the 2014-2015 Fiscal Year. – Except as otherwise provided in ~~subsection~~ subsections (e) and (g) of this section, for the 2014-2015 fiscal year, each eligible county school administrative unit shall receive a dollar allotment ~~equal to the product of the following:~~according to the following schedule:

~~(1) A per student funding factor, equal to the product of the following:~~

~~a. One, minus the local school administrative unit's average daily membership divided by the maximum small school system average daily membership.~~

~~b. The maximum small school system dollars per student.~~

~~(2) The average daily membership of the eligible county school administrative unit.~~

Allotted ADM	Small County Allotment
0-600	$ 1,710,000
601-1,300	$ 1,820,000
1,301-1,700	$ 1,548,700
1,701-2,000	$ 1,600,000
2,001-2,300	$ 1,560,000
2,301-2,600	$ 1,470,000
2,601-2,800	$ 1,498,000
2,801-3,200	$ 1,548,000

"**SECTION 8.4.(e)** Phase-Out Provisions for the 2014-2015 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the ~~formula~~schedule in subsection (d) of this section in the 2014-2015 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2013-2014 in any fiscal year.

~~"**SECTION 8.4.(f)** Maximum Allotments for the 2014-2015 Fiscal Year. – For the 2014-2015 fiscal year, the maximum small school system dollars per student shall be two thousand ninety-four dollars ($2,094).~~

...."

BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 8.6. Section 8.6 of S.L. 2013-360 reads as rewritten:

"**SECTION 8.6.(a)** Notwithstanding G.S. 143C-6-4, the ~~Department of Public Instruction~~State Board of Education may, after consultation with the Office of State Budget and

Management and the Fiscal Research Division, ~~reorganize,~~reorganize the Department of Public Instruction, if necessary, to implement the budget reductions ~~set out in this act.~~ for the 2013-2015 fiscal biennium. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The ~~Department~~State Board shall provide a current organization chart for the Department of Public Instruction in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

"**SECTION 8.6.(b)** In implementing budget reductions for the 2014-2015 fiscal year, the State Board of Education shall make no reduction to funding or positions for (i) the North Carolina Center for Advancement of Teaching and (ii) the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, except that the State Board may, in its discretion, reduce positions that have been vacant for more than 16 months.

The State Board shall also make no reduction in funding to any of the following entities:

(1) Communities in Schools of North Carolina, Inc.

(2) Teach for America, Inc.

(3) Beginnings For Parents of Children Who Are Deaf or Hard of Hearing, Inc."

CLARIFY CARRYFORWARD FOR READING CAMPS

SECTION 8.7.(a) Section 8.16 of S.L. 2013-360 reads as rewritten:

"**SECTION 8.16.** Funds appropriated for the 2013-2015 fiscal biennium and subsequent fiscal years for ~~summer~~ reading camps as defined in G.S. 115C-83.3(9) shall not revert at the end of each fiscal year but shall remain available ~~until expended.~~ for expenditure until October 31 of the subsequent fiscal year."

SECTION 8.7.(b) This section becomes effective June 30, 2014.

CARRYFORWARD FOR PANIC ALARM GRANTS

SECTION 8.8.(a) Section 8.37 of S.L. 2013-360 is amended by adding a new subsection to read:

"**SECTION 8.37.(b1)** Funds appropriated for the award of panic alarm system grants pursuant to subsection (b) of this section shall not revert at the end of the fiscal year but shall remain available for expenditure until the end of the subsequent fiscal year."

SECTION 8.8.(b) This section becomes effective June 30, 2014.

STATE BOARD OF EDUCATION NOTIFICATION TO THE GENERAL ASSEMBLY OF FEDERAL GRANT APPLICATIONS

SECTION 8.9. G.S. 115C-12 is amended by adding a new subdivision to read:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(42) To notify the General Assembly of federal grant applications. – The State Board of Education shall provide written notification to the General Assembly in accordance with G.S. 120-29.5 and to the Fiscal Research Division of its intent to apply for any federal grant prior to submitting the grant application. The notice shall include details about the grant and a brief summary of any anticipated policy implications of accepting the grant."

PROPERTY INSURANCE SYSTEM FOR CHARTER SCHOOLS

SECTION 8.10. G.S. 115C-533 reads as rewritten:

"**§ 115C-533. Duty of State Board to operate insurance system.**

The State Board of Education shall have the duty to manage and operate a system of insurance for public school property. The State Board may offer a system of property insurance to any charter schools approved pursuant to G.S. 115C-238.29D."

NC EDUCATION ENDOWMENT FUND

SECTION 8.11.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 32E.

"North Carolina Education Endowment Fund.

"**§ 115C-472.16. Establishment of the North Carolina Education Endowment Fund.**

(a) There is established the North Carolina Education Endowment Fund. The Fund shall be a special fund consisting of (i) moneys credited to it under G.S. 20-81.12 from the sale of "I Support Teachers" special registration plates; (ii) proceeds of any gifts, grants, or contributions to the State that are specifically designated for inclusion in the Fund; (iii) appropriations made to it by the General Assembly; and (iv) interest accrued to it thereon. Moneys in the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

(b) The General Assembly shall only appropriate moneys in the North Carolina Education Endowment Fund for teacher compensation that is related directly to improving student academic outcomes in the public schools of the State."

SECTION 8.11.(b) G.S. 20-79.4(b) is amended by adding a new subdivision to read:

"(b) Types. – The Division shall issue the following types of special registration plates:

...

() I Support Teachers. – Issuable to the registered owner of a motor vehicle in accordance with G.S. 20-81.12. The plate shall have a gray chalkboard background with "I SUPPORT TEACHERS" written in white chalk across the top of the plate, and an image of a red apple shall be in the lower left corner with the letters "ABC" appearing in white chalk over the apple."

SECTION 8.11.(c) G.S. 20-81.12(b12) reads as rewritten:

"(b12) I Support ~~Public Schools~~ Teachers Plates. – The Division must receive 300 or more applications for ~~a~~the I Support ~~Public Schools~~ Teachers plate before the plate may be developed. The Division shall transfer quarterly the money in the Collegiate and Cultural Attraction Plate Account derived from the sale of I Support ~~Public Schools~~ Teachers plates to the ~~Fund for the Reduction of Class Size in Public Schools created pursuant to G.S. 115C-472.10.~~North Carolina Education Endowment Fund established pursuant to G.S. 115C-472.16."

SECTION 8.11.(d) G.S. 20-79.7 reads as rewritten:

"**§ 20-79.7. Fees for special registration plates and distribution of the fees.**

...

(a1) Fees. – All other special registration plates are subject to the regular motor vehicle registration fee in G.S. 20-87 or G.S. 20-88 plus an additional fee in the following amount:

Special Plate	Additional Fee Amount
...	
Harley Owners' Group	20.00
I Support Teachers	20.00
Jaycees	20.00
...	
Special Forces Association	20.00

~~Support Public Schools~~	~~20.00~~
US Equine Rescue League	20.00

...

(b) Distribution of Fees. – The Special Registration Plate Account and the Collegiate and Cultural Attraction Plate Account are established within the Highway Fund. The Division must credit the additional fee imposed for the special registration plates listed in subsection (a) of this section among the Special Registration Plate Account (SRPA), the Collegiate and Cultural Attraction Plate Account (CCAPA), the Clean Water Management Trust Fund (CWMTF), which is established under G.S. 113A-253, and the Parks and Recreation Trust Fund, which is established under G.S. 113-44.15, as follows:

Special Plate	SRPA	CCAPA	NHTF	PRTF
In-state Collegiate Insignia	$10	$15	0	0
I Support Teachers	$10	$10	0	0
Jaycees	$10	$10	0	0
...				
Support Our Troops	$10	$20	0	0
~~Support Public Schools~~	~~$10~~	~~$10~~	~~0~~	~~0~~
Support Soccer	$10	$15	0	0

..."

SECTION 8.11.(e) G.S. 20-63(b1) reads as rewritten:

"(b1) The following special registration plates do not have to be a "First in Flight" plate as provided in subsection (b) of this section. The design of the plates that are not "First in Flight" plates must be developed in accordance with G.S. 20-79.4(a3). For special plates authorized in G.S. 20-79.7 on or after July 1, 2013, the Division may not issue the plate on a background under this subsection unless it receives at least 200 applications for the plate in addition to the applications required under G.S. 20-79.4 or G.S. 20-81.12.

...

(43) Mountains-to-Sea Trail, Inc.

(44) I Support Teachers."

SECTION 8.11.(f) The Revisor of Statutes is authorized to alphabetize, number, and renumber the special registration plates listed in G.S. 20-79.4(b) to ensure that all the special registration plates are listed in alphabetical order and numbered accordingly.

SECTION 8.11.(g) Article 32C of Chapter 115C of the General Statutes is repealed.

SECTION 8.11.(h) Article 9 of Subchapter I of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-269.7. Contribution of income tax refund or payment to the North Carolina Education Endowment Fund.**

Any taxpayer entitled to a refund of income taxes under Article 4 of this Chapter, or any taxpayer who desires to make a contribution, may elect to contribute all or part of the refund or may make a contribution to the North Carolina Education Endowment Fund established pursuant to G.S. 115C-472.16 to be used in accordance with that statute. The Secretary shall provide appropriate language and space on the income tax form in which to make the election or contribution. The taxpayer's election or contribution becomes irrevocable upon filing the taxpayer's income tax return for the taxable year. The Secretary shall transmit the amounts designated pursuant to this section to the State Treasurer for credit to the North Carolina Education Endowment Fund."

SECTION 8.11.(i) Funds appropriated from the General Fund to the North Carolina Education Endowment Fund, as established by this section, for the 2014-2015 fiscal year shall be used for the purpose of providing local boards of education with additional State funds to

provide local programs for differentiated pay for highly effective classroom teachers. It is the intent of the General Assembly to use these funds for appropriations to local boards of education based on proposals for differentiated pay submitted by local boards of education in accordance with Section 8.41 of this act. Funds shall only be expended from the North Carolina Education Endowment Fund for differentiated pay upon an act of appropriation by the General Assembly.

SECTION 8.11.(j) Subsection (h) of this section is effective for taxable years beginning on or after January 1, 2014.

CLARIFY MILITARY SERVICE CREDIT FOR NEWLY HIRED EDUCATORS

SECTION 8.12. G.S. 115C-302.3(a) reads as rewritten:

"(a) The State Board of Education shall establish rules for awarding credit for salary purposes to principals, assistant principals, and ~~teachers~~teachers, who (i) served in the Armed Forces of the United ~~States and who~~ States; (ii) have retired or who have received an Honorable ~~Discharge.~~ Discharge; and (iii) have not been previously employed by a public school located in North Carolina. The rules shall include the following provisions:

(1) One full year of experience credit shall be awarded for each year of full-time relevant nonteaching work experience completed (i) while on active military duty in the Armed Forces of the United States and (ii) after earning a bachelor's degree.

(2) One full year of experience credit shall be awarded for each two years of full-time relevant nonteaching work experience completed (i) while on active duty in the Armed Forces of the United States and (ii) before earning a bachelor's degree.

(3) One full year of experience credit shall be awarded for every two years of full-time instructional or leadership duties while on active military duty in the Armed Forces of the United States, regardless of academic degree held while in instruction or leadership roles."

SCHOOL TRANSPORTATION FLEET MANUAL REVIEW

SECTION 8.13.(a) The Department of Public Instruction shall study and review school bus transportation maintenance issues by convening a committee of school bus transportation maintenance experts, at least half of whom shall be employees of local boards of education from around the State directly involved in the daily maintenance of school buses. The study shall specifically review the provisions of the State's School Transportation Fleet Manual. The Department shall do at least the following when conducting the review:

(1) Specify those provisions of the current manual that are required by federal law, regulation, or guideline.

(2) Determine if the procedures in the Manual, including the out-of-service criteria, can be streamlined and simplified to meet the minimum requirements of federal law, including Highway Safety Program Guideline No. 17 on Pupil Transportation Safety, and eliminate any unnecessary or unduly burdensome requirements.

(3) Determine if the current 30-day school bus inspection schedule in G.S. 115C-248 is still appropriate or should be extended.

SECTION 8.13.(b) The Department of Public Instruction shall report on the study and the results of the review, along with any recommendations for statutory changes, to the Joint Legislative Education Oversight Committee by December 15, 2014.

DRIVER EDUCATION FUNDING

SECTION 8.15.(a) Effective July 1, 2015, G.S. 20-88.1(c) is repealed.

SECTION 8.15.(b) It is the intent of the General Assembly that, beginning with the 2015-2016 fiscal year, the driver education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 shall no longer be paid out of the Highway Fund based on an annual appropriation by the General Assembly. Local boards of education shall use funds available to them, including a fee for instruction charged to students pursuant to G.S. 115C-216(g), to offer noncredit driver education courses in high schools.

SECTION 8.15.(c) G.S. 115C-216(g) reads as rewritten:

"(g) Fee for Instruction. – The local boards of education shall fund driver education courses from funds available to them and may charge each student participating in a driver education course a fee of up to ~~fifty-five~~sixty-five dollars ~~($55.00)~~($65.00) to offset the costs of providing the training and instruction."

FUNDS FOR ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE COURSES

SECTION 8.17. Section 8.27 of S.L. 2013-360 reads as rewritten:

"BROADEN SUCCESSFUL PARTICIPATION IN ADVANCED COURSES

...

SECTION 8.27.(d) Of the funds appropriated to the Department of Public Instruction to implement the requirements of this section, ten million eight hundred thirty-one thousand one hundred eighty-four dollars ($10,831,184) for the 2014-2015 fiscal year shall be used to fund fees for testing in advanced courses and one million five hundred thousand dollars ($1,500,000) for each fiscal year shall be used by the North Carolina Advanced Placement Partnership to carry out its responsibilities as set forth in this section. Funding appropriated for professional development may be used by the State Board of Education to contract with an independent evaluator to assess the implementation and impact of advanced course programs in North Carolina. For the purposes of this section, the term "advanced courses" means an Advanced Placement or International Baccalaureate Diploma Programme course.

If the funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years are insufficient, the Department of Public Instruction may use other funds within the State Public School Fund for these purposes.

SECTION 8.27.(e) Beginning with the 2014-2015 school year, the State Board of Education shall use funds allocated in subsection (d) of this section to do all of the following:

(1) Provide funds to local school administrative units and charter schools to pay testing fees for advanced courses for all students.

(2) Provide funds to the North Carolina Advanced Placement Partnership for professional development for teachers of Advanced Placement courses.

...."

JLEOC STUDY OF NCVPS REVENUE

SECTION 8.18.(a) The Joint Legislative Education Oversight Committee shall study the potential generation of revenue by the North Carolina Virtual Public School Program (NCVPS) by selling virtual course seats in under-subscribed courses to out-of-state students, selling training courses to in-State and out-of-state educators, and selling packages of educational materials to out-of-state education entities. The Committee shall consider issues related to authorizing NCVPS to expand as a for-profit online education provider, including intellectual property barriers, the use of public-private partnerships for expansion of marketing outside of the State, potential fiscal benefits to the State, concerns related to allowing NCVPS to

enter the private commercial marketplace as an online education provider, and any other issues the Committee deems relevant.

SECTION 8.18.(b) The Joint Legislative Education Oversight Committee shall report the results of the study required by subsection (a) of this section, including recommendations for any proposed legislative changes, to the General Assembly prior to the convening of the 2015 General Assembly.

COMPETITIVE GRANTS TO IMPROVE AFTER-SCHOOL SERVICES

SECTION 8.19.(a) Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2014-2015 fiscal year, the State Board of Education shall use five million dollars ($5,000,000) for the After-School Quality Improvement Grant Program administered by the Department of Public Instruction. It is the intent of the General Assembly to appropriate five million dollars ($5,000,000) for this purpose in each year of the 2015-2017 fiscal biennium. Of the funds appropriated for the program, the Department of Public Instruction may use up to two hundred thousand dollars ($200,000) for each fiscal year to administer the program.

SECTION 8.19.(b) The purpose of the After-School Quality Improvement Grant Program is to pilot after-school learning programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

(1) Use of an evidence-based model with a proven track record of success.

(2) Inclusion of rigorous, quantitative performance measures to confirm their effectiveness during the grant cycle and at the end-of-grant cycle.

(3) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.

(4) Prioritization in programs to integrate clear academic content, in particular, science, technology, engineering, and mathematics (STEM) learning opportunities or reading development and proficiency instruction.

(5) Emphasis on minimizing student class size when providing instruction.

(6) Expansion of student access to learning activities and academic support that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services and private-sector employer involvement.

SECTION 8.19.(c) Local school administrative units and nonprofits working in collaboration with local school administrative units may participate in the program, as set forth in this section, and are eligible to receive two-year grants of up to five hundred thousand dollars ($500,000) a year, based on the proposed number of students served, with an option for a third year of funding. At least seventy percent (70%) of students served by the program must qualify for free or reduced-price meals.

Grants shall be matched on the basis of three dollars ($3.00) in grant funds for every one dollar ($1.00) in nongrant funds. Matching funds shall not include other State funds. Matching funds may include in-kind contributions.

SECTION 8.19.(d) Grant recipients shall report to the Department of Public Instruction after the first year of funding on the progress of the grant, including alignment with State academic standards, data collection for reporting student progress, and other measures, before receiving funding for the next fiscal year. Grant recipients shall report after the second year of funding on key performance data, including statewide test results, attendance rates, and promotion rates. Grant allocations for the third year shall be based on student performance data.

SECTION 8.19.(e) The Department of Public Instruction shall provide interim reports on the grant program to the Joint Legislative Education Oversight Committee by

September 15, 2015, and September 15, 2016, with a final report on the program by September 15, 2017. The final report shall include the final results of the program and recommendations regarding effective after-school program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities and academic support, and the experience of the grant recipients.

SCHEMATIC DESIGNS/EMERGENCY ACCESS TO SCHOOLS

SECTION 8.20.(a) Section 8.39 of S.L. 2013-360 is repealed.

SECTION 8.20.(b) Article 8C of Chapter 115C of the General Statutes is amended by adding new sections to read:

"**§ 115C-105.53. Schematic diagrams and emergency access to school buildings for local law enforcement agencies.**

(a) Each local school administrative unit shall provide the following to local law enforcement agencies: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency access to key storage devices such as KNOX® boxes for all school buildings. Local school administrative units shall provide updates of the schematic diagrams to local law enforcement agencies when substantial modifications such as new facilities or modifications to doors and windows are made to school buildings. Local school administrative units shall also be responsible for providing local law enforcement agencies with updated access to school building key storage devices such as KNOX® boxes when changes are made to these boxes or devices.

(b) The Department of Public Instruction, in consultation with the Department of Public Safety, shall develop standards and guidelines for the preparation and content of schematic diagrams and necessary updates. Local school administrative units may use these standards and guidelines to assist in the preparation of their schematic diagrams.

(c) Schematic diagrams are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

"**§ 115C-105.54. Schematic diagrams and emergency response information provided to Division of Emergency Management.**

(a) Each local school administrative unit shall provide the following to the Division of Emergency Management (Division) at the Department of Public Safety: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Division for the School Risk Management Plan (SRMP) and the School Emergency Response Plan (SERP). Local school administrative units shall also provide updated schematic diagrams and emergency response information to the Division when such updates are made. The Division shall ensure that the diagrams and emergency response information are securely stored and distributed as provided in the SRMP and SERP to first responders, emergency personnel, and school personnel and approved by the Department of Public Instruction.

(b) The schematic diagrams and emergency response information are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 8.20.(c) The schematic diagrams referenced in subsection (b) of this section shall be provided to local law enforcement agencies and the Division of Emergency Management at the Department of Public Safety by June 1, 2015.

NBPTS SUPPLEMENT FOR INSTRUCTIONAL COACHES IN TITLE I SCHOOLS

SECTION 8.21. G.S. 115C-296.2(b) reads as rewritten:

"(b) Definitions. – As used in this subsection:

(1) A "North Carolina public school" is a school operated by a local board of education, the Department of Health and Human Services, the Division of Adult Correction of the Department of Public Safety, the Division of Juvenile Justice of the Department of Public Safety or The University of North Carolina; a school affiliated with The University of North Carolina; or a charter school approved by the State Board of Education.

(2) A "teacher" is a person who:

a. Either:

1. Is certified to teach in North Carolina; or
2. Holds a certificate or license issued by the State Board of Education that meets the professional license requirement for NBPTS ~~certification;~~certification.

b. Is a State-paid employee of a North Carolina public ~~school;~~school.

c. Is paid on the teacher salary ~~schedule; and~~schedule.

d. Spends at least seventy percent (70%) of his or her work time:

1. In classroom instruction, if the employee is employed as a teacher. Most of the teacher's remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, developing and leading staff development programs for teachers; ~~or~~
2. In work within the employee's area of certification or licensure, if the employee is employed in an area of NBPTS certification other than direct classroom ~~instruction.~~instruction; or
3. As an instructional coach, as classified by the Department of Public Instruction, in a Title I school. As used in this sub-sub-subdivision, a Title I school is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended."

JLEOC STUDY DIAGNOSTIC READING ASSESSMENTS FOR READ TO ACHIEVE

SECTION 8.22.(a) The Joint Legislative Education Oversight Committee shall study the formative and diagnostic reading assessments required by the Department of Public Instruction to meet the provisions of the Read to Achieve Program. The study shall examine whether there are additional options for formative and diagnostic reading assessments that would provide local school administrative units with additional flexibility in meeting the requirements of Read to Achieve, and if fewer assessment instruments or data-gathering activities could be used. When considering additional assessments, the Committee shall review the assessments to see if they could be used with the Education Value-Added Assessment System (EVAAS) in analyzing student growth for the purposes of the teacher evaluation instrument for kindergarten through second grade teachers. The Committee shall also identify other assessments that may be used in analyzing student growth for the purposes of the teacher evaluation instrument for kindergarten through second grade teachers. In identifying additional options for both formative and diagnostic reading assessments, and other assessments for analyzing student growth for the purposes of the teacher evaluation, the Committee shall consider at least the following factors:

(1) The time required for conducting assessments.

(2) The level of integration of assessment results with instructional support for teachers and students.

(3) The timeliness in reporting assessment results to teachers and administrators.

(4) The ability to provide timely and useful assessment results to parents and guardians.

SECTION 8.22.(b) The Joint Legislative Education Oversight Committee shall report the results of the study required by subsection (a) of this section to the General Assembly prior to the convening of the 2015 General Assembly.

SUPPLY OF EMERGENCY EPINEPHRINE AUTO-INJECTORS ON SCHOOL PROPERTY

SECTION 8.23.(a) Article 25A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-375.2A. School supply of epinephrine auto-injectors.**

(a) A local board of education shall provide for a supply of emergency epinephrine auto-injectors on school property for use by trained school personnel to provide emergency medical aid to persons suffering from an anaphylactic reaction during the school day and at school-sponsored events on school property. Each school shall store in a secure but unlocked and easily accessible location a minimum of two epinephrine auto-injectors. For purposes of this section, "school property" does not include transportation to or from school.

(b) For the purposes of this section and G.S. 115C-375.2, "epinephrine auto-injector" means a disposable drug delivery system with a spring-activated, concealed needle that is designed for emergency administration of epinephrine to provide rapid, convenient first aid for persons suffering a potentially fatal reaction to anaphylaxis.

(c) The principal shall designate one or more school personnel, as part of the medical care program under G.S. 115C-375.1, to receive initial training and annual retraining from a school nurse or qualified representative of the local health department regarding the storage and emergency use of an epinephrine auto-injector. Notwithstanding any other provision of law to the contrary, the school nurse or other designated school personnel who has received training under this subsection shall obtain a non-patient specific prescription for epinephrine auto-injectors from a physician, physician assistant, or nurse practitioner of the local health department serving the area in which the local school administrative unit is located.

(d) The principal shall collaborate with appropriate school personnel to develop an emergency action plan for the use of epinephrine auto-injectors in an emergency. The plan shall include at least the following components:

(1) Standards and procedures for the storage and emergency use of epinephrine auto-injectors by trained school personnel.

(2) Training of school personnel in recognizing symptoms of anaphylaxis.

(3) Emergency follow-up procedures, including calling emergency services and contacting a student's parent and physician.

(4) Instruction and certification in cardiopulmonary resuscitation.

(e) A supply of emergency epinephrine auto-injectors provided in accordance with this section shall not be used as the sole medication supply for students known to have a medical condition requiring the availability or use of an epinephrine auto-injector. Those students may be authorized to possess and self-administer their medication on school property under G.S. 115C-375.2.

(f) A local board of education, its members, employees, designees, agents, or volunteers, and a physician, physician assistant, or nurse practitioner of the local health department shall not be liable in civil damages to any party for any act authorized by this section or for any omission relating to that act unless that act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing."

SECTION 8.23.(b) G.S. 115C-238.29F(a) reads as rewritten:

"(a) Health and Safety Standards. – A charter school shall meet the same health and safety requirements required of a local school administrative unit. The Department of Public Instruction shall ensure that charter schools provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Department of Public Instruction shall also ensure that charter schools provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information shall be provided at the beginning of the school year to parents of children entering grades five through 12. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Department of Public Instruction shall also ensure that charter schools provide students in grades seven through 12 with information annually on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

The Department of Public Instruction shall also ensure that charter schools provide students in grades nine through 12 with information annually on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500.

The Department of Public Instruction shall also ensure that the guidelines for individual diabetes care plans adopted by the State Board of Education under G.S. 115C-12(31) are implemented in charter schools in which students with diabetes are enrolled and that charter schools otherwise comply with the provisions of G.S. 115C-375.3.

The Department of Public Instruction shall ensure that charter schools comply with G.S. 115C-375.2A. The board of directors of a charter school shall provide the school with a supply of emergency epinephrine auto-injectors necessary to carry out the provisions of G.S. 115C-375.2A."

SECTION 8.23.(c) G.S. 115C-238.66(7) reads as rewritten:

"(7) Health and safety. – The board of directors shall require that the regional school meet the same health and safety standards required of a local school administrative unit.

The Department of Public Instruction shall ensure that regional schools comply with G.S. 115C-375.2A. The board of directors of a regional school shall provide the school with a supply of emergency epinephrine auto-injectors necessary to carry out the provisions of G.S. 115C-375.2A."

SECTION 8.23.(d) Within 60 days of the date this act becomes law, the North Carolina Board of Pharmacy, in consultation with the State Board of Education, shall adopt rules addressing the authorization for school personnel to obtain a prescription for epinephrine for emergency health circumstances in public schools in accordance with G.S. 115C-375.2A, as enacted by this section.

SECTION 8.23.(e) Subsections (a) through (c) of this section become effective November 1, 2014.

OPPORTUNITY SCHOLARSHIP GRANT CLARIFICATIONS

SECTION 8.25.(a) G.S. 115C-562.2(a) reads as rewritten:

"(a) The Authority shall make available no later than February 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic school. Information about scholarship grants and the application process shall be made available on the Authority's Web site. Beginning ~~March 1,~~March 15, the Authority shall begin awarding scholarship grants according to the following criteria:

(1) First priority shall be given to eligible students who received a scholarship grant during the previous school year if those students have applied by March 1.

...."

SECTION 8.25.(b) G.S. 115C-562.2 is amended by adding a new subsection to read:

"(e) Scholarship applications and personally identifiable information related to eligible students receiving scholarship grants shall not be a public record under Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable information means any information directly related to a student or members of a student's household, including the name, birthdate, address, Social Security number, telephone number, e-mail address, financial information, or any other information or identification number that would provide information about a specific student or members of a specific student's household."

SECTION 8.25.(c) G.S. 115C-562.3(a) reads as rewritten:

"(a) The Authority may seek verification of information on any application for scholarship grants from eligible students. The Authority shall select and verify ~~a random sample of no less than~~ six percent (6%) of applications ~~annually.~~annually, including those with apparent errors on the face of the application. The Authority shall establish rules for the verification process and may use the federal verification requirements process for free and reduced-price lunch applications as guidance for those rules. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant to the eligible student."

SECTION 8.25.(d) G.S. 115C-562.5 is amended by adding a new subsection to read:

"(c1) A nonpublic school shall not discriminate with respect to the categories listed in 42 U.S.C. § 2000d, as that statute read on January 1, 2014."

SECTION 8.25.(d1) G.S. 115C-562.5(a)(2) reads as rewritten:

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

...

(2) ~~Conduct~~Provide to the Authority a criminal background check conducted for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing document, to ensure that person has not been convicted of any crime listed in G.S. 115C-332."

SECTION 8.25.(e) G.S. 115C-562.7(a) is repealed.

SECTION 8.25.(f) G.S. 115C-562.7(b) reads as rewritten:

"(b) The Authority shall report annually, no later than ~~March~~ April 1, to the Joint Legislative Education Oversight Committee on the following:

...."

SECTION 8.25.(g) Notwithstanding the requirement in G.S. 115C-562.2(a), as amended by this section, that the State Education Assistance Authority (Authority) make available applications for scholarship grants to attend nonpublic schools by February 1, the Authority shall make applications for the award of scholarships for the 2015 spring semester

available no later than October 1, 2014, and the Authority shall notify parents in writing of the eligibility as soon as practicable. Notwithstanding the awards criteria in G.S. 115C-562.2(a), as amended by this section, and the definition of eligible student in G.S. 115C-562.1(2), to be eligible to receive a scholarship grant for the 2015 spring semester, a student shall meet both of the following criteria:

(1) Reside in a household with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program.

(2) Be a full-time student who has not yet received a high school diploma and is assigned to and attending a public school pursuant to G.S. 115C-366 during the 2014 fall semester.

The Authority shall establish temporary rules and regulations for the administration and awarding of scholarship grants for the 2015 spring semester. The Authority shall give priority to an eligible student who applied but did not receive an award for the 2014-2015 school year in the awarding of scholarship grants for the 2015 spring semester. The Authority may also develop a process for awarding grants using a random lottery system.

SECTION 8.25.(h) Notwithstanding G.S. 115C-562.2(b), scholarship grants awarded to eligible students for the 2015 spring semester shall be for amounts of up to two thousand one hundred dollars ($2,100). No scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend. Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school.

SECTION 8.25.(i) Notwithstanding G.S. 115C-562.6, the Authority shall remit at least once during the 2015 spring semester scholarship grant funds awarded for that semester for endorsement by at least one of the student's parents or guardians. The requirements of G.S. 115C-562.6 shall otherwise apply to scholarship grants awarded for the 2015 spring semester.

SECTION 8.25.(j) Except as otherwise provided in this section, Part 2A of Article 39 of the General Statutes shall apply to the award of scholarship grants for the 2015 spring semester by the Authority.

SECTION 8.25.(k) Notwithstanding the requirements of G.S. 115C-562.3, as amended by this section, for applications received for the 2014-2015 school year or the 2015 spring semester, the State Education Assistance Authority shall select and verify no less than three percent (3%) of applications, including those with apparent errors on the face of the application.

SECTION 8.25.(l) Notwithstanding G.S. 116-30.3(a) or any other provision of law, of the funds appropriated to the Board of Governors of The University of North Carolina for the 2014-2015 fiscal year to award scholarship grants to eligible students in accordance with Section 8.29 of S.L. 2013-360 and the provisions of this section, any unspent funds in the 2014-2015 fiscal year for this purpose shall revert to the General Fund on June 30, 2015.

SECTION 8.25.(m) Subsection (b) of this section becomes effective July 1, 2013. The remainder of this section is effective when it becomes law.

INJURY PREVENTION AND RETURN-TO-WORK PROGRAMS

SECTION 8.26. G.S. 115C-12 is amended by adding a new subdivision to read:

"(43) To Ensure that Local Boards of Education Implement Injury Prevention and Return-to-Work Programs. – The State Board of Education shall develop policies and procedures to ensure that local boards of education implement and comply with loss prevention and return-to-work programs based on

models adopted by the State Board. These models shall be designed to reduce the number of injuries resulting in workers' compensation claims and ensure injured employees with workers' compensation claims return to work in accordance with current State Board of Education policy."

PARTICIPATION IN INVESTING IN INNOVATION GRANTS

SECTION 8.27. Section 8.25(b) of S.L. 2013-360 reads as rewritten:

"**SECTION 8.25.(b)** The federal Investing in Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools awarded to the North Carolina New Schools Project for 2012-2017 requires students to enroll in a community college course in the 10th grade. Notwithstanding any other provision of law, specified local school administrative units may offer one community college course to participating sophomore (10th grade) students. Participating local school administrative units are Alleghany, Beaufort, Bladen, Hertford, Jones, Madison, Martin, Richmond, Rutherford, Surry, Warren, ~~Wilkes,~~ and Yancey County Schools."

DEPARTMENT OF PUBLIC INSTRUCTION RESPONSE TIME

SECTION 8.28. Staff at the Department of Public Instruction shall, whenever practicable, respond to requests for information originating from the superintendent of a local school administrative unit, the principal officer of a charter school, or the principal of a regional school, or their designees, within three business days of receipt of the request. Absent extraordinary circumstances, requests for information shall be reasonably and fully answered within 14 business days following an initial response.

EXTEND REPORTING FOR SCHOOL PERFORMANCE SCORES AND GRADES

SECTION 8.30. Section 9.4(f) of S.L. 2013-360 reads as rewritten:

"**SECTION 9.4.(f)** The State Board of Education shall issue the first annual report cards under G.S. 115C-12(9)c1., as amended by this section, no earlier than ~~August 1, 2014.~~January 15, 2015."

ANNUAL DISTRIBUTION OF SCHOOL BULLYING/CYBER-BULLYING POLICIES

SECTION 8.32.(a) G.S. 115C-407.16(d) reads as rewritten:

"(d) At the beginning of each school year, the principal shall provide the local school administrative unit's policy prohibiting bullying and harassing behavior, including cyber-bullying, to staff, students, and parents as defined in G.S. 115C-390.1(b)(8). Notice of the local policy shall appear in any school unit publication that sets forth the comprehensive rules, procedures, and standards of conduct for schools within the school unit and in any student and school employee handbook."

SECTION 8.32.(b) G.S. 115C-238.29F is amended by adding a new subsection to read:

"(m) Policy Against Bullying. – A charter school is encouraged to adopt a policy against bullying or harassing behavior, including cyber-bullying, that is consistent with the provisions of Article 29C of this Chapter. If a charter school adopts a policy to prohibit bullying and harassing behavior, the charter school shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8)."

SECTION 8.32.(c) G.S. 115C-238.66 reads as rewritten:

"**§ 115C-238.66. Board of directors; powers and duties.**

The board of directors shall have the following powers and duties:

...

(12) Policy against bullying. – A regional school is encouraged to adopt a policy against bullying or harassing behavior, including cyber-bullying, that is consistent with the provisions of Article 29C of this Chapter. If a regional school adopts a policy to prohibit bullying and harassing behavior, the regional school shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8)."

SECTION 8.32.(d) This section applies beginning with the 2014-2015 school year.

CLARIFY SCHOOL COUNSELORS WORK DUTIES

SECTION 8.33.(a) G.S. 115C-316.1(b) reads as rewritten:

"(b) ~~During the remainder of their work time, counselors shall spend adequate time on school counseling program support activities that consist of professional development; consultation, collaboration, and training; and program management and operations.~~ School counseling program support activities do not include the coordination of standardized testing. ~~However,~~ During the remainder of their work time, school counselors may assist other staff with the coordination of standardized testing."

SECTION 8.33.(b) Section 8.35(b) of S.L. 2013-360 is repealed.

FUNDS FOR CHARTER SCHOOL CLOSURE

SECTION 8.34.(a) G.S. 115C-238.29F(i) is repealed.

SECTION 8.34.(b) Article 16 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-238.29L. Dissolution of a charter school.**

(a) Funds Reserved for Closure Proceedings. – A charter school shall maintain, for the purposes of ensuring payment of expenses related to closure proceedings in the event of a voluntary or involuntary dissolution of the charter school, one or more of the options set forth in this subsection. The minimum aggregate value of the options chosen by the charter school shall be fifty thousand dollars ($50,000). The State Board of Education shall not allocate any funds under G.S. 115C-238.29H to a charter school unless the school has provided documentation to the State Board that the charter school has met the requirements of this subsection. Permissible options to satisfy the requirements of this subsection include one or more of the following:

(1) An escrow account.
(2) A letter of credit.
(3) A bond.
(4) A deed of trust.

(b) Distribution of Assets. – Upon dissolution of a charter school, all net assets of the charter school purchased with public funds shall be deemed the property of the local school administrative unit in which the charter school is located."

SECTION 8.34.(c) G.S. 115C-238.29G(a1) reads as rewritten:

"(a1) The State Board shall adopt criteria for adequate performance by a charter school and shall identify charter schools with inadequate performance. The criteria shall include a requirement that a charter school which demonstrates no growth in student performance and has annual performance composites below sixty percent (60%) in any two years in a three-year period is inadequate.

...

(2) If a charter school is inadequate and has had a charter for more than five years, the State Board is authorized to terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board. The State Board shall develop rules on the assumption of a

charter by a new entity that include all aspects of the operations of the charter school, including the status of the employees. Public assets would transfer to the new entity and not revert to the local school administrative unit in which the charter school is located pursuant to ~~G.S. 115C-238.29F(i).~~G.S. 115C-238.29L(b)."

SECTION 8.34.(d) This section applies to charter schools that submit applications for an initial charter or the renewal of a charter to the State Board of Education on or after the date this act becomes law.

VIRTUAL CHARTER SCHOOL PILOT PROGRAM

SECTION 8.35.(a) Notwithstanding G.S. 115C-238.29D or any other provision of law to the contrary, the State Board of Education shall establish a pilot program to authorize the operation of two virtual charter schools serving students in kindergarten through twelfth grade. The State Board shall establish an application process to allow student enrollment in the selected virtual charter schools beginning with the 2015-2016 school year. A virtual charter school participating in the pilot may serve any grade span of students in kindergarten through twelfth grade. The pilot program shall continue for a period of four school years and shall end with the 2018-2019 school year.

SECTION 8.35.(b) The virtual charter schools participating in the pilot program authorized by this section shall be subject to the statutes and rules applicable to charter schools pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes, except as follows:

(1) The maximum student enrollment in any participating school shall be no greater than 1,500 in its first year of operation and may increase by twenty percent (20%) for each participating school up to a maximum student enrollment of 2,592 in the fourth year of the pilot. The State Board of Education may waive this maximum student enrollment threshold, beginning in the fourth year of the school's operation, if the State Board determines that doing so would be in the best interest of North Carolina students.

(2) The maximum overall ratio of teachers to students for kindergarten through eighth grade shall be 1:50, and for ninth through twelfth grade shall be 1:150.

(3) A student who regularly fails to participate in courses may be withdrawn from enrollment pursuant to procedures adopted by the virtual charter school. The procedures adopted by the virtual charter school shall ensure that (i) fair notice is provided to the parent and student and (ii) an opportunity is provided, prior to withdrawal of the student by the school, for the student and parent to demonstrate that failure to participate in courses is due to a lawful absence recognized under Part I of Article 26 of Chapter 115C of the General Statutes and any applicable rules adopted by the State Board of Education.

SECTION 8.35.(c) In addition to the operating requirements applicable to a virtual charter school participating in the pilot program pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes, the following requirements shall apply to a participating virtual charter school:

(1) The school shall maintain an administrative office within North Carolina. In addition, the school shall maintain at least one testing center or meeting place within each of the eight State Board of Education districts where the participating students reside, to allow educators and administrators from the school to meet students and parents.

(2) If the school contracts with a third party for the provision of administrative staff, such staff fulfilling the equivalent positions of superintendent, principal, or business officer shall be residents of North Carolina.

(3) All teaching staff shall carry the appropriate State certification to instruct any course and shall receive professional development in virtual instruction pursuant to the school's application to the State Board of Education to participate in the pilot program within 30 days of the employee's date of hire. At least ninety percent (90%) of the teaching staff shall reside within North Carolina.

(4) The school shall have a withdrawal rate below twenty-five percent (25%). A student enrolled in a school with the intent expressed prior to enrollment of only being enrolled for a finite period of time within the school year shall not be counted in the measured withdrawal rate. The school shall keep a written record of a student's stated intent for finite enrollment. A count of school attendance shall be taken at least once during each semester for funding purposes.

(5) The school shall ensure that each student is assigned a learning coach. The learning coach shall provide (i) daily support and supervision of students, (ii) ensure student participation in online lessons, and (iii) coordinate teacher-led instructional sessions and State assessments.

SECTION 8.35.(d) Notwithstanding G.S. 115C-238.29B and G.S. 115C-238.29D, a participating virtual charter school that is successful in meeting the requirements of this section and the applicable requirements of Part 6A of Article 16 of Chapter 115C of the General Statutes during the period of the pilot program shall be eligible to be approved by the State Board of Education, at its discretion, without additional application requirements.

SECTION 8.35.(e) The State Board of Education shall provide State funding to a virtual charter school participating in the pilot program as provided in G.S. 115C-238.29H(a) and G.S. 115C-238.29H(a1). The amount allocated pursuant to G.S. 115C-238.29H(a)(1) shall not, however, include the allocation for low-wealth counties supplemental funding and the allocation for small county supplemental funding. Virtual charter schools participating in the pilot program shall also be subject to the requirements in G.S. 115C-238.29H(b) through G.S. 115C-238.29H(d). The amount of local funds provided to participating schools pursuant to G.S. 115C-238.29H(b) shall be the lesser of seven hundred ninety dollars ($790.00) per pupil or the amount computed in accordance with G.S. 115C-238.29H(b).

SECTION 8.35.(f) A participating virtual charter school that does not comply with the provisions of this section may result in deferment or termination of enrollment expansion, or termination of a pilot. Schools are subject to presentation of data to the State Board of Education at the call of the Chair of the State Board with a minimum of 21 days' notice.

SECTION 8.35.(g) The State Board shall report on the initial implementation of the pilot program to the Joint Legislative Education Oversight Committee by November 15, 2016, and on findings from three years of operation of the pilot program by November 15, 2018. At a minimum, the report shall include the following:

(1) The number of students who have enrolled in courses offered by the schools.

(2) The number and type of courses offered by the schools.

(3) The withdrawal rate of students after enrollment.

(4) Student performance and accountability data.

(5) Information on the implementation, administration, and funding for the pilot program.

(6) Recommendations on the modification, continuation, and potential expansion of the program.

CLARIFY REGIONAL SCHOOL CIHS APPLICATIONS

SECTION 8.36.(a) G.S. 115C-238.50A(1a) reads as rewritten:

"(1a) Cooperative innovative high school. – A high school approved by the State Board of Education and the applicable governing Board that meets the following criteria:

a. It has no more than 100 students per grade level. This criterion shall not apply to a regional school as defined in G.S. 115C-238.61.

b. It partners with an institution of higher education to enable students to concurrently obtain a high school diploma and begin or complete an associate degree program, master a certificate or vocational program, or earn up to two years of college credit within five years.

c. It is located on the campus of the partner institution of higher education, unless the governing Board or the local board of trustees for a private North Carolina college specifically waives the requirement through adoption of a formal resolution. This criterion shall not apply to a regional school established as provided in Part 10 of this Article."

SECTION 8.36.(b) Notwithstanding the requirements of Part 9 of Article 16 of Chapter 115C of the General Statutes, for the 2014-2015 school year, the Northeast Regional School of Biotechnology and Agriscience shall be designated as a cooperative innovative high school. To maintain the designation as a cooperative innovative high school beyond the 2014-2015 school year, the board of directors of the Northeast Regional School of Biotechnology and Agriscience shall apply with a local board of trustees for approval as a cooperative innovative high school program as provided under Part 9 of Article 16 of Chapter 115C of the General Statutes.

LEASE PURCHASE OR INSTALLMENT PURCHASE CONTRACTS TO PURCHASE ATHLETIC LIGHTING

SECTION 8.38. G.S. 115C-528(a) reads as rewritten:

"(a) Local boards of education may purchase or finance the purchase of automobiles; school buses; mobile classroom units; food service equipment, photocopiers; athletic lighting; and computers, computer hardware, computer software, and related support services by lease purchase contracts and installment purchase contracts as provided in this section. Computers, computer hardware, computer software, and related support services purchased under this section shall meet the technical standards specified in the North Carolina Instructional Technology Plan as developed and approved under G.S. 115C-102.6A and G.S. 115C-102.6B."

EDUCATION OF CHILDREN IN PRIVATE PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES

SECTION 8.39.(a) G.S. 108A-80 reads as rewritten:

"**§ 108A-80. Confidentiality of records.**

(a) Except as provided in subsections (b) ~~below,~~and (b1) of this section, it shall be unlawful for any person to obtain, disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or other information concerning persons applying for or receiving public assistance or social services that may be directly or indirectly derived from the records, files or communications of the Department or the county boards of social services, or county departments of social services or acquired in the course of performing official duties except for

the purposes directly connected with the administration of the programs of public assistance and social services in accordance with federal law, rules and regulations, and the rules of the Social Services Commission or the Department.

(b) The Department shall furnish a copy of the recipient check register monthly to each county auditor showing a complete list of all recipients of Work First Family Assistance in Standard Program Counties and State-County Special Assistance, their addresses, and the amounts of the monthly grants. An Electing County whose checks are not being issued by the State shall furnish a copy of the recipient check register monthly to its county auditor showing a complete list of all recipients of Work First Family Assistance in the Electing County, their addresses, and the amounts of the monthly payments. These registers shall be public records open to public inspection during the regular office hours of the county auditor, but the registers or the information contained therein may not be used for any commercial or political purpose. Any violation of this section shall constitute a Class 1 misdemeanor.

(b1) The Department may share confidential information concerning a person receiving public assistance or social services with a local school administrative unit and with the Department of Public Instruction. Disclosure is limited to that information necessary to establish, coordinate, or maintain appropriate educational services for the person receiving public assistance or social services.

(c) Any listing of recipients of benefits under any public assistance or social services program compiled by or used for official purposes by a county board of social services or a county department of social services shall not be used as a mailing list for political purposes. This prohibition shall apply to any list of recipients of benefits of any federal, State, county or mixed public assistance or social services program. Further, this prohibition shall apply to the use of such listing by any person, organization, corporation, or business, including but not limited to public officers or employees of federal, State, county, or other local governments, as a mailing list for political purposes. Any violation of this section shall be punishable as a Class 1 misdemeanor.

(d) The Social Services Commission may adopt rules governing access to case files for social services and public assistance programs, except the Medical Assistance Program. The Secretary of the Department of Health and Human Services shall have the authority to adopt rules governing access to medical assistance case files."

SECTION 8.39.(b) G.S. 115C-12 is amended by adding a new subdivision to read:

"(44) Duty to Ensure Educational Services in Private Psychiatric Residential Treatment Facilities (PRTFs). – The Board, in collaboration with the Department of Health and Human Services, shall ensure that educational services are provided to all students in PRTFs as required under Part 4 of Article 6 of Chapter 122C of the General Statutes. The Board shall ensure that a child with a disability as defined under G.S. 115C-106.3(1) in a PRTF receives educational services and procedural safeguards as provided in Article 9 of this Chapter."

SECTION 8.39.(c) G.S. 122C-23.1 reads as rewritten:

"**§ 122C-23.1. Licensure of residential treatment facilities.**

(a) The General Assembly finds:

(1) That much of the care for residential treatment facility residents is paid by the State and the counties;

(2) That the cost to the State for care for residents of residential treatment facilities is substantial, and high vacancy rates in residential treatment facilities further increase the cost of care;

(3) That the proliferation of residential treatment facilities results in costly duplication and underuse of facilities and may result in lower quality service;

(4) There is currently no ongoing relationship between some applicants for licensure and local management entities (LMEs) that are responsible for the placement of children and adults in residential treatment facilities; and

(5) That it is necessary to protect the general welfare and lives, health, and property of the people of the State for the local management entity (LME) to verify that additional beds are needed in the LME's catchment area before new residential treatment facilities are licensed. This process is established to ensure that unnecessary costs to the State do not result, residential treatment facility beds are available where needed, and that individuals who need care in residential treatment facilities may have access to quality care.

Based on these findings, the Department of Health and Human Services may license new residential treatment facilities if the applicant for licensure submits with the application a letter of support obtained from the local management entity in whose catchment area the facility will be located. The letter of support shall be submitted to the Department of Health and Human Services, Division of Health Service Regulation and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall specify the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility.

(b) All private psychiatric residential treatment facilities (PRTFs), as defined in G.S. 122C-450(a)(3), that serve children eligible to attend the public schools in accordance with G.S. 115C-366, including a student who has been suspended or expelled but otherwise meets the requirements of that statute, shall have a facility-based school as a condition of licensure. Subject to the time limits of subsection (c) of this section, the school shall meet all the requirements of a qualified nonpublic school under Article 39 of Chapter 115C of the General Statutes and of a Nonpublic Exceptional Children's Program as defined in G.S. 122C-450(a)(2). The requirements of this subsection and subsection (c) of this section do not apply to PRTFs that are approved charter schools pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes.

(c) The Department of Health and Human Services may issue an initial license to a PRTF that meets all licensure requirements except for the approval of the facility-based school as a Nonpublic Exceptional Children's Program by the Department of Public Instruction. This initial license is valid for a period of six months, during which time the PRTF shall obtain approval of its facility-based school as a Nonpublic Exceptional Children's Program by the Department of Public Instruction. If such approval is not obtained before the expiration of the initial license, the Department of Health and Human Services shall review the PRTF's license for appropriate action. If the PRTF obtains approval as a Nonpublic Exceptional Children's Program, the Department of Health and Human Services may issue a license for the remainder of the calendar year, and the facility is eligible for annual renewal thereafter.

(d) At any time upon receipt of a written notice from the Department of Public Instruction that a PRTF has not provided or is not providing educational services, or is not reasonably cooperating with the Department of Public Instruction to ensure those services are provided and that compliance with State and federal law is assured, the Department of Health and Human Services shall review the PRTF's license for appropriate action. The Department of Health and Human Services may issue sanctions including (i) requiring a refund of all State funds disbursed for the provision of educational services for the current fiscal year, (ii) barring future funding for the provision of educational services for the current or following year, or (iii) suspending or revoking the PRTF's license.

(e) As used in this ~~subsection,~~section, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes."

SECTION 8.39.(d) G.S. 122C-55 is amended by adding a new subsection to read:

"(g2) Whenever there is reason to believe that the client is eligible for educational services through a governmental agency, a facility shall disclose client identifying information to the Department of Public Instruction. Disclosure is limited to that information necessary to establish, coordinate, or maintain educational services. The Department of Public Instruction may further disclose client identifying information to a local school administrative unit as necessary."

SECTION 8.39.(e) Article 6 of Chapter 122C of the General Statutes is amended by adding a new Part to read:

"Part 4. Educational Services in Private Psychiatric Residential Treatment Facilities.

"**§ 122C-450. Definitions.**

(a) The following definitions apply in this Part:

(1) "Educational services" means appropriate education-related assessment and instruction provided to any child residing in a private psychiatric residential treatment facility, including special education and related services to a child with a disability as defined in G.S. 115C-106.3(1). An education-related assessment includes the determination of need for special education and related services.

(2) "Nonpublic Exceptional Children's Program" means a facility-based school that meets all of the following criteria:

a. Provides at least one teacher for every 14 students. The PRTF shall report exceptions to this requirement to (i) the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) to request additional funding for educational services as provided under G.S. 122C-450.1(d) to the extent that funds are available and, if funds are not available, (ii) the Department of Public Instruction to request a waiver from this requirement.

b. Provides at least one teacher with a North Carolina Professional Educator license in special education, if there is a child with a disability as defined in G.S. 115C-106.3(1) residing in the PRTF.

c. Registers with the Department of Administration, Division of Nonpublic Schools, under Article 39 of Chapter 115C of the General Statutes.

d. Has been approved by the Department of Public Instruction to provide educational services as promulgated by the rules adopted by the State Board of Education pursuant to the Administrative Procedures Act.

(3) "Private psychiatric residential treatment facility" (PRTF) means a facility, other than a hospital, that provides psychiatric and other behavioral health services as described in Subpart D of C.F.R. Part 441 of Chapter 42 to individuals under age 21 in an inpatient setting licensed by the Department of Health and Human Services as provided under Chapter 122C of the General Statutes. A PRTF does not include a State-operated facility.

"**§ 122C-450.1. Eligibility and allocations.**

(a) A child who is receiving psychiatric and other behavioral health services in a PRTF shall also receive educational services in accordance with federal and State law, if the child is eligible to enroll in public schools as provided in G.S. 115C-366, including a student who has been suspended or expelled but otherwise meets the requirements of that statute. For a child with

a disability, as defined in G.S. 115C-106.3(1), who has been placed in a PRTF, all educational services shall meet applicable standards as required under Article 9 of Chapter 115C of the General Statutes.

(b) A PRTF shall be qualified to receive a funding allocation, to the extent that funds are available from the Department of Health and Human Services, to provide educational services if the following conditions are met:

(1) The PRTF is licensed by the Department of Health and Human Services pursuant to Chapter 122C of the General Statutes and has a facility-based school approved by the Department of Public Instruction as a Nonpublic Exceptional Children's Program.

(2) The PRTF documents deviations from educational and other programmatic requirements when it is medically necessary for a resident in accordance with G.S. 122C-62(e).

(c) A PRTF that meets the qualification standards required in subsection (b) of this section may enter into an educational services contract, to the extent that funds are available, with a local school administrative unit to assist in the delivery of educational services to the children in the PRTF. The contract shall clearly define the education-related assessment, instruction, and legal responsibilities of both parties engaging in the educational services contract. A PRTF entering into an educational services contract with a local school administrative unit shall submit the educational services contract to both the Department of Public Instruction and the Department of Health and Human Services for inclusion in any required reports to the General Assembly regarding the provision of educational services to children in PRTFs.

(d) To the extent that funds are available in the Department of Public Instruction for the delivery of educational services in PRTFs as provided in this Part, those funds shall be transferred to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS). The funds transferred for the purchase of educational services within the PRTF shall not be allocated to LME/MCOs but shall be held in reserve at the DMH/DD/SAS. The DMH/DD/SAS shall use the reserve funds to pay for educational services authorized by the Department of Public Instruction and billed by the PRTFs in a process established by the DMH/DD/SAS. The funds transferred to the DMH/DD/SAS pursuant to this section shall be allocated to the PRTFs for educational services in a manner determined by the Department of Health and Human Services and the Department of Public Instruction in a Memorandum of Understanding or a Memorandum of Agreement. The Department of Health and Human Services shall disburse for these purposes only those funds transferred from the Department of Public Instruction.

(e) The Department of Health and Human Services shall cease disbursement of educational funding to a PRTF upon receipt of a written notice from the Department of Public Instruction that educational services have not been provided. Educational funding disbursement shall be reinstated by the Department of Health and Human Services upon written notice from the Department of Public Instruction that the PRTF is providing educational services.

(f) A PRTF that receives educational funding shall comply with all audit and accounting policies applicable to other public and private entities receiving public funding.

"**§ 122C-450.2. Information sharing.**

(a) Within three business days of admitting a child into a PRTF, the admitting PRTF shall notify (i) the Department of Public Instruction and (ii) the local school administrative unit in which the child was last enrolled, if known. The PRTF shall request a copy of the child's most current Individualized Education Program and any other available documents related to the provision of appropriate educational services from the local school administrative unit. To the

extent practicable, the local school administrative unit shall provide this information within three business days of receiving a request made pursuant to this subsection. Upon withdrawal or discharge of a child, the PRTF shall notify the Department of Public Instruction within three business days of such withdrawal or discharge.

(b) The PRTF and the receiving local school administrative unit shall work together to develop a transition plan, including a revised Individualized Education Program, if necessary, to be implemented upon discharge of the child residing in a PRTF.

"**§ 122C-450.3. Technical assistance and monitoring.**

The State Board of Education and the Department of Public Instruction shall (i) offer training to PRTFs on compliance with special education laws and regulations, (ii) maintain a current list of names of children residing in PRTFs along with the name and contact information of the PRTF in which each child resides, and (iii) develop and implement rules to monitor the delivery of educational services in PRTFs, including a process to inform the Department of Health and Human Services when services are not being provided. The Department of Health and Human Services shall appropriately enforce applicable licensing requirements as provided under G.S. 122C-23.1.

"**§ 122C-450.4. Reporting requirement.**

The Department of Health and Human Services and the Department of Public Instruction, in collaboration with other interested agencies, shall submit, by January 15 of each year, a joint report to the Joint Legislative Education Oversight Committee and to the Joint Legislative Oversight Committee on Health and Human Services on the delivery of educational services in PRTFs, including (i) the annual number of children by age residing in a PRTF both with and without an Individualized Education Program, (ii) the average length of stay of these children, (iii) the types of educational services, including number of hours each type of service has been provided, (iv) the costs and outcomes of providing educational services, and (v) recommendations for improving the efficiency and effectiveness of delivering educational services to children residing in PRTFs."

SECTION 8.39.(f) As of the effective date of this act, PRTFs that are licensed to serve children eligible to enroll in public schools as provided in G.S. 115C-366, including a student who has been suspended or expelled but otherwise meets the requirements of that statute, shall have six months after their next annual renewal to obtain approval of their facility-based school by the Department of Public Instruction as a Nonpublic Exceptional Children's Program. If such approval is not obtained before the expiration of the additional six months, the Department of Health and Human Services shall review the PRTF's license for appropriate action. This subsection does not apply to PRTFs that are approved charter schools pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes.

SECTION 8.39.(g) The State Board of Education shall adopt emergency rules pursuant to G.S. 150B-21.1A to monitor the delivery of educational services in PRTFs, including a process to inform the Department of Health and Human Services when services are not being provided.

SECTION 8.39.(h) The Department of Health and Human Services and the Department of Public Instruction, in collaboration with other interested agencies, shall submit its initial joint report, as required by G.S. 122C-450.4, to the Joint Legislative Education Oversight Committee and to the Joint Legislative Oversight Committee on Health and Human Services by January 15, 2015.

SECTION 8.39.(i) In accordance with G.S. 122C-450.1(d), as enacted by this act, the Department of Public Instruction shall transfer the funds provided for in this act for the purchase of educational services within PRTFs pursuant to this section to the Department of

Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS).

SECTION 8.39.(j) The Department of Public Instruction shall process all applications submitted by PRTFs on or before September 1, 2014, for approval as a Nonpublic Exceptional Children's Program no later than December 1, 2014.

ALLOW CONTINUED TRANSFER OF FUNDS FROM SPECIAL EDUCATION TAX CREDITS

SECTION 8.40. Section 6(b) of S.L. 2013-364 reads as rewritten:

"**SECTION 6.(b)** The State Controller shall transfer the fund balance from the Fund for Special Education and Related Services to Nontax Budget Code 19978 (Intrastate Transfers) or the appropriate budget code as determined by the State Controller to support General Fund ~~appropriations for the 2013-2014 fiscal year.~~appropriations."

DIFFERENTIATED PAY FOR HIGHLY EFFECTIVE TEACHERS

SECTION 8.41.(a) Intent. – It is the intent of the General Assembly to provide local boards of education additional State funds for local programs to provide differentiated pay for highly effective classroom teachers through funds appropriated from the North Carolina Education Endowment Fund as provided in Section 8.11(i) of this act.

SECTION 8.41.(b) Proposals. – Local boards of education shall submit proposals to establish a local program to provide differentiated pay for highly effective classroom teachers to the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Joint Legislative Education Oversight Committee by January 15, 2015.

(1) Proposals may include any of the following types of differentiated pay for classroom teachers:

a. Performance-based salary increases for classroom teachers rated highly effective on the North Carolina Teacher Evaluation instrument based on successful performance relative to classroom instruction and student academic growth.

b. Differentiated bonuses for classroom teachers, including:

1. Hard-to-staff subject areas, such as science, technology, engineering, and mathematics (STEM) education and exceptional children.
2. Hard-to-staff schools.
3. Assignment of additional academic responsibilities and leadership roles.
4. Assignment as an instructional coach.

(2) Proposals shall limit eligibility for differentiated pay to the following employees of local boards of education:

a. Classroom teachers. – An eligible classroom teacher is a teacher who is employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction and is not employed as instructional support personnel.

b. Instructional coach, as classified by the Department of Public Instruction, in a Title I school, as identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 9.1.(a) The following monthly teacher salary schedule shall apply for the 2014-2015 fiscal year to licensed personnel of the public schools who are classified as teachers. The schedule contains steps with each step corresponding to one year of teaching experience.

2014-2015 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0-4	$3,300
5-9	3,650
10-14	4,000
15-19	4,350
20-24	4,650
25+	5,000

SECTION 9.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule. –

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

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

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

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

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

SECTION 9.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to Step 5 of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 9.1.(d) In lieu of providing annual longevity payments to teachers paid on this salary schedule for the 2014-2015 fiscal year and subsequent fiscal years, the amounts of those longevity payments are built into this salary schedule.

SECTION 9.1.(e) A teacher compensated in accordance with this salary schedule shall receive an amount equal to the greater of (i) the applicable amount on the salary schedule or (ii) the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year.

In addition, educators receiving compensation equal to the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year shall receive an annual bonus of one thousand dollars ($1,000), payable monthly.

SECTION 9.1.(f) Teachers who earned longevity during the 2013-2014 fiscal year shall be paid a prorated longevity amount for annual longevity earned prior to July 1, 2014. If the funds appropriated for the 2014-2015 fiscal year to the Accrued Longevity Reserve – Educators are insufficient, the Department of Public Instruction shall use other funds within the State Public School Fund for these purposes.

SECTION 9.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 9.1.(h) Section 35.11 of S.L. 2013-360 is repealed.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 9.11.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2014-2015 fiscal year commencing July 1, 2014.

2014-2015 Principal and Assistant Principal Salary Schedules

	Classification				
Years of Exp	Assistant	Prin I	Prin II	Prin III	Prin IV
Principal	(0-10)	(11-21)	(22-32)	(33-43)	
0-9	$3,828	-	-	-	-
10	$3,977	-	-	-	-
11	$4,123	-	-	-	-
12	$4,240	-	-	-	-
13	$4,323	$4,323	-	-	-
14	$4,377	$4,377	-	-	-
15	$4,434	$4,434	$4,489	-	-
16	$4,489	$4,489	$4,547	-	-
17	$4,547	$4,547	$4,606	$4,665	-
18	$4,606	$4,606	$4,665	$4,726	$4,788
19	$4,665	$4,665	$4,726	$4,788	$4,851
20	$4,726	$4,726	$4,788	$4,851	$4,918
21	$4,788	$4,788	$4,851	$4,918	$4,983
22	$4,851	$4,851	$4,918	$4,983	$5,050
23	$4,918	$4,918	$4,983	$5,050	$5,119
24	$4,983	$4,983	$5,050	$5,119	$5,188
25	$5,050	$5,050	$5,119	$5,188	$5,263
26	$5,119	$5,119	$5,188	$5,263	$5,335
27	$5,188	$5,188	$5,263	$5,335	$5,409
28	$5,263	$5,263	$5,335	$5,409	$5,483
29	$5,335	$5,335	$5,409	$5,483	$5,561
30	$5,409	$5,409	$5,483	$5,561	$5,641
31	$5,483	$5,483	$5,561	$5,641	$5,722
32	$5,561	$5,561	$5,641	$5,722	$5,794
33	$5,641	$5,641	$5,722	$5,794	$5,909
34	$5,722	$5,722	$5,794	$5,909	$6,027
35	$5,794	$5,794	$5,909	$6,027	$6,148
36	$5,909	$5,909	$6,027	$6,148	$6,271
37	-	$6,027	$6,148	$6,271	$6,396
38	-	-	$6,271	$6,396	$6,524
39	-	-	$6,396	$6,524	$6,654

40	-	-	-	$6,654	$6,787
41	-	-	-	$6,787	$6,923
42	-	-	-	-	$7,061

2014-2015 Principal and Assistant Principal Salary Schedules

Years of Exp	Classification			
	Prin V	Prin VI	Prin VII	Prin VIII
(44-54)	(55-65)	(66-100)	(101+)	
0-19	$4,918	-	-	-
20	$4,983	-	-	-
21	$5,050	$5,119	-	-
22	$5,119	$5,188	$5,335	-
23	$5,188	$5,263	$5,409	$5,483
24	$5,263	$5,335	$5,483	$5,561
25	$5,335	$5,409	$5,561	$5,641
26	$5,409	$5,483	$5,641	$5,722
27	$5,483	$5,561	$5,722	$5,794
28	$5,561	$5,641	$5,794	$5,909
29	$5,641	$5,722	$5,909	$6,027
30	$5,722	$5,794	$6,027	$6,148
31	$5,794	$5,909	$6,148	$6,271
32	$5,909	$6,027	$6,271	$6,396
33	$6,027	$6,148	$6,396	$6,524
34	$6,148	$6,271	$6,524	$6,654
35	$6,271	$6,396	$6,654	$6,787
36	$6,396	$6,524	$6,787	$6,923
37	$6,524	$6,654	$6,923	$7,061
38	$6,654	$6,787	$7,061	$7,202
39	$6,787	$6,923	$7,202	$7,346
40	$6,923	$7,061	$7,346	$7,493
41	$7,061	$7,202	$7,493	$7,643
42	$7,202	$7,346	$7,643	$7,796
43	$7,346	$7,493	$7,796	$7,952
44	-	$7,643	$7,952	$8,111
45	-	$7,796	$8,111	$8,273
46+	-	-	$8,273	$8,438

SECTION 9.11.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	**Number of Teachers Supervised**
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers

Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 9.11.(c) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certified employee of the public schools and an additional step for every three years of experience serving as a principal on or before June 30, 2009. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 9.11.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 9.11.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 9.11.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subsection applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

SECTION 9.11.(g) Participants in an approved full-time master's in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. The stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time master's in-school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 9.11.(h) During the 2013-2015 fiscal biennium, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

SECTION 9.11.(i) Effective July 1, 2014, any person paid on the State Salary Schedule in the 2013-2014 school year and employed on July 1, 2014, who does not receive a salary increase on this salary schedule shall receive a nonrecurring salary bonus of eight hundred nine dollars ($809.00).

CENTRAL OFFICE SALARIES

SECTION 9.12. Section 35.13 of S.L. 2013-360 reads as rewritten:

"**SECTION 35.13.(a)** The monthly salary ranges that follow, which apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, shall ~~remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013.~~be increased by five hundred dollars ($500.00) annually as follows:

School Administrator I	~~$3,349~~$3,391	~~$6,281~~$6,323
School Administrator II	~~$3,550~~$3,592	~~$6,662~~$6,704
School Administrator III	~~$3,769~~$3,811	~~$7,068~~$7,110
School Administrator IV	~~$3,920~~$3,962	~~$7,349~~$7,391
School Administrator V	~~$4,078~~$4,120	~~$7,647~~$7,689
School Administrator VI	~~$4,326~~$4,368	~~$8,109~~$8,151
School Administrator VII	~~$4,500~~$4,542	~~$8,436~~$8,478

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

"**SECTION 35.13.(b)** The monthly salary ranges that follow, which apply to public school superintendents, shall ~~remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013.~~be increased beginning July 1, 2014, as follows:

Superintendent I	~~$4,777~~$4,819	~~$8,949~~$8,991
Superintendent II	~~$5,071~~$5,113	~~$9,490~~$9,532
Superintendent III	~~$5,380~~$5,422	~~$10,067~~$10,109
Superintendent IV	~~$5,710~~$5,752	~~$10,679~~$10,721
Superintendent V	~~$6,060~~$6,102	~~$11,330~~$11,372

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

"**SECTION 35.13.(c)** Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

"**SECTION 35.13.(d)** Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

"**SECTION 35.13.(e)** The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

"**SECTION 35.13.(f)** The annual salaries of all permanent, full-time personnel paid from the Central Office Allotment shall ~~remain unchanged for the 2013-2015 fiscal biennium.~~be increased by five hundred dollars ($500.00)."

NONCERTIFIED PERSONNEL SALARIES

SECTION 9.13. Section 35.14 of S.L. 2013-360 reads as rewritten:

"**SECTION 35.14.** The annual salary for permanent, full-time ~~and part-time~~ noncertified public school employees whose salaries are supported from the State's General Fund shall be ~~remain unchanged for the 2013-2015 fiscal biennium.~~increased by five hundred dollars ($500.00). Part-time, noncertified public school employees shall receive the increase authorized by this section on a prorated and equitable basis."

PART XI. UNIVERSITIES

STATE EDUCATION ASSISTANCE AUTHORITY TO ASSUME RESPONSIBILITY FOR TEACHING FELLOWS PROGRAM SCHOLARSHIP LOANS

SECTION 11.10.(a) The Office of State Budget and Management shall transfer to the State Education Assistance Authority the cash balance remaining in the Teaching Fellows Trust Fund as of February 16, 2015. The funds shall be taken from Budget Code 63501 unless otherwise determined by the Office of State Budget and Management. The North Carolina Teaching Fellows Commission shall make scholarship loan awards for the 2015 spring academic semester prior to the transfer of the cash balance from the Teaching Fellows Trust Fund. The Office of State Budget and Management shall work with the State Education Assistance Authority to determine the schedule for implementing the transfer of funds; however, the transfer of funds required by this section shall be completed no later than February 16, 2015.

SECTION 11.10.(b) Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-209.27. Administration of scholarships previously awarded by Teaching Fellows Program.**

(a) The Authority shall, as of March 1, 2015, administer all outstanding scholarship loans previously awarded by the former North Carolina Teaching Fellows Commission and subject to repayment under the former Teaching Fellows Program.

(b) Scholarship loans previously awarded by the North Carolina Teaching Fellows Commission by notes payable to the Commission shall be deemed payable to the Authority, as the successor in interest to the North Carolina Teaching Fellows Commission, by the same terms stated in the note.

(c) All funds received by the Authority in association with its administration of the Teaching Fellows Program, including all funds received as repayment of scholarship loans and all interest earned on these funds, shall be deposited into the Forgivable Education Loans for Service Fund established in G.S. 116-209.45."

SECTION 11.10.(c) The North Carolina Teaching Fellows Commission shall deliver to the State Education Assistance Authority, in a format acceptable to the Authority, complete electronic and paper records on (i) all outstanding scholarship loans previously awarded but not canceled by service or otherwise satisfied in full as of the date of delivery, including records of applicable teaching service performed to that date, and (ii) aggregate

historical data on the numbers of loans made that are no longer active and, of those, numbers and dollars paid in cash, paid in service, or written off due to death, disability, or uncollectible debt.

Prior to the transfer of any such outstanding scholarship loan and related records, the North Carolina Teaching Fellows Commission shall discharge its reporting obligations under G.S. 147-86.26 and specifically confirm for the Authority that no account subject to write-off in accordance with the Statewide Accounts Receivable Program has been transferred under this section.

SECTION 11.10.(d) Notwithstanding G.S. 115C-363.23A(f), the Public School Forum may use up to four hundred thousand dollars ($400,000) during the 2014-2015 fiscal year from the Teaching Fellows Trust Fund balance for costs associated with administration of the Teaching Fellows Program, provided that these funds are withdrawn from the Teaching Fellows Trust Fund balance prior to February 16, 2015.

SECTION 11.10.(e) The State Education Assistance Authority, as administrator for the Teaching Fellows Program, may use up to seventy-five thousand dollars ($75,000) for the 2014-2015 fiscal year of the fund balance for the Forgivable Education Loans for Service Fund for expenses related to accepting and beginning its administration of the Teaching Fellows Program, including the conversion of the data.

SECTION 11.10.(f) Section 1.38(a) of S.L. 2011-266 reads as rewritten:

"**SECTION 1.38.(a)** Effective ~~July 1, 2015,~~ March 1, 2015, Part 2 of Article 24C of Chapter 115C of the General Statutes, G.S. 115C-363.22 through G.S. 115C-363.23A, is repealed."

SECTION 11.10.(g) G.S. 116-209.45(h) reads as rewritten:

"(h) Use of Fund Monies. – All funds appropriated to or otherwise received by the Authority to provide loans through the Program, all funds received as repayment of loans, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used only for loans made pursuant to this section and for administrative costs of the ~~Authority.~~Authority, including costs of administering the former Teaching Fellows Program transferred to the Authority under G.S. 116-209.27."

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

HHS COMPETITIVE GRANTS PROCESS REVISIONS

SECTION 12A.1. Section 12A.2 of S.L. 2013-360 reads as rewritten:

"**FUNDING FOR NONPROFIT ORGANIZATIONS/ESTABLISH COMPETITIVE GRANTS PROCESS**

"**SECTION 12A.2.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of nine million five hundred twenty-nine thousand one hundred thirty-four dollars ($9,529,134) in recurring funds for ~~each year of the 2013-2015 fiscal biennium,~~the 2013-2014 fiscal year and the sum of nine million one hundred three thousand nine hundred eleven dollars ($9,103,911) in recurring funds for the 2014-2015 fiscal year, the sum of three hundred seventeen thousand four hundred dollars ($317,400) in nonrecurring funds for each year of the 2013-2015 fiscal biennium, and the sum of three million eight hundred fifty-two thousand five hundred dollars ($3,852,500) appropriated in Section 12J.1 of this act in Social Services Block Grant funds for each year of the 2013-2015 fiscal biennium shall be used to allocate funds for nonprofit organizations.

...

"**SECTION 12A.2.(d)** It is the intent of the General Assembly that, beginning fiscal year 2014-2015, the Department implement a competitive grants process for nonprofit funding. To

that end, the Department shall develop a plan that establishes a competitive grants process to be administered by the Division of Central Management and Support. The Department shall develop a plan that, at a minimum, includes each of the following:

(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis.

(2) A requirement that nonprofits match a minimum of ten percent (10%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits ~~dedicated to providing~~that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.

b. ~~A comprehensive program of education, advocacy, and support related to brain injury and those affected by brain injury.~~

c. A system of residential supports for those afflicted with substance abuse addiction.

d. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.

e. Supports and services to children and adults with developmental disabilities or mental health diagnoses.

f. A food distribution system for needy individuals.

g. The provision and coordination of services for the homeless.

h. The provision of services for individuals aging out of foster care.

i. Programs promoting wellness, physical activity, and health education programming for North Carolinians.

j. A program focused on enhancing vision screening through the State's public school system.

k. Provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.

l. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.

m. The provision of assistive information technology services for blind and disabled persons.

n. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.

(5) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

...

"**SECTION 12A.2.(h)** For fiscal year 2014-2015 only, from the sum of nine million one hundred three thousand nine hundred eleven dollars ($9,103,911) referred to in subsection (a) of this section, the Department shall allocate the sum of one hundred seventy-five thousand dollars ($175,000) to St. Gerard House for the purpose of assisting individuals with autism spectrum disorders (ASD), learning disabilities, developmental delays, and behavioral health needs.

St. Gerard House shall be required to seek future funding through the competitive grants process in accordance with subsection (d) of this section."

SUBPART XII-E. DIVISION OF PUBLIC HEALTH

TRANSFER OF SUMMER FOOD SERVICE PROGRAM TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 12E.9.(a) The North Carolina Summer Food Service Program is hereby transferred from the Department of Health and Human Services, Division of Public Health, to the Department of Public Instruction, by a Type I transfer, as defined in G.S. 143A-6.

SECTION 12E.9.(b) This section becomes effective October 1, 2014.

SUBPART XII-J. DHHS BLOCK GRANTS

REVISE DHHS BLOCK GRANTS

SECTION 12J.1. Section 12J.1 of S.L. 2013-360 reads as rewritten:

DHHS BLOCK GRANTS

"**SECTION 12J.1.(a)** Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2015, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS

		FY2013-2014	FY2014-2015
08A.	Pre-K Swap Out		7,195,807

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS

		FY2013-2014	FY2014-2015
04.	Pre-K Swap Out		12,646,527

MATERNAL AND CHILD HEALTH BLOCK GRANT

"**SECTION 12J.1.(w)** If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2013-2014 fiscal year or the 2014-2015 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 12J.1.(x) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program."

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

TVA SETTLEMENT FUNDS

SECTION 13.15. Section 13.3 of S.L. 2013-360 reads as rewritten:

"**SECTION 13.3.(a)** In each fiscal year of the 2013-2015 biennium, the Department of Agriculture and Consumer Services shall apply for two million two hundred forty thousand dollars ($2,240,000) from the Tennessee Valley Authority Settlement Agreement in compliance

with the requirements of paragraphs 122 through 128 of the Consent Decree entered into by the State in State of Alabama et al. v. Tennessee Valley Authority, Civil Action 3:11-cv-00170 in the United States District Court for the Eastern District of Tennessee, and Appendix C to the Compliance Agreement. The funds received by the State under this section shall be allocated as follows:

(1) Five hundred thousand dollars ($500,000) for each fiscal year of the 2013-2015 biennium to award grants for "Environmental Mitigation Projects" of the types specified in paragraph 128 of the Consent Decree in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey.

(2) Five hundred thousand dollars ($500,000) for ~~each fiscal year of the 2013-2015 biennium~~ the 2013-2014 fiscal year to the North Carolina Agricultural Water Resources Assistance Program to fund projects in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey.

(2a) Five hundred thousand dollars ($500,000) for the 2014-2015 fiscal year to WNC Communities to fund lighting efficiency projects for public schools in areas served by the organization. Of the funds allocated in this subdivision, WNC Communities may use up to fifty thousand dollars ($50,000) for administrative expenses.

(3) One million dollars ($1,000,000) for each fiscal year of the 2013-2015 biennium to North Carolina Agricultural Development and Farmland Preservation Trust Fund to be used, notwithstanding G.S. 106-744, to award funds in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey.

(4) Two hundred forty thousand dollars ($240,000) for each fiscal year of the 2013-2015 biennium to the Appalachian Energy Center at Appalachian State University.

"**SECTION 13.3.(b)** Funds allocated under subdivision (1) of subsection (a) of this section shall not be used to acquire ~~land.~~land or purchase conservation easements."

PART XV. DEPARTMENT OF COMMERCE

COMMON FOLLOW-UP/COSTS SHARED BY STATE AGENCIES & LEAD DEVELOP PLAN TO TRANSFER COMMON FOLLOW-UP DATA AND CAPABILITIES TO GDAC

SECTION 15.6.(a) The Commission on Workforce Development (hereinafter "Commission") shall prescribe a method for calculating the amount each of the agencies listed in this subsection shall contribute to fund the Common Follow-Up System at a cost of five hundred thousand dollars ($500,000) on a nonrecurring basis. In developing the method, the Commission shall consider each agency's proportion of data contribution and System usage. The agencies that shall contribute to fund the Common Follow-Up System are as follows:

(1) Department of Public Safety, Division of Adult Correction.

(2) Department of Public Instruction.

(3) Department of Commerce, Division of Workforce Solutions.

(4) Department of Health and Human Services, Division of Services for the Blind; Division of Social Services; and Division of Vocational Rehabilitation Services.
(5) North Carolina Community College System.
(6) The University of North Carolina.

SECTION 15.6.(b) The agencies listed in subsection (a) of this section shall transfer their share of the funds needed to fund the Common Follow-Up System, which shall be determined using the method prescribed by the Commission, to the Department of Commerce, Labor & Economic Analysis Division, no later than December 31, 2014.

SECTION 15.6.(c) The Department of Commerce, Labor & Economic Analysis Division (LEAD), shall develop a plan to transfer the information in and required capabilities of the Common Follow-Up System to the Government Data Analytics Center (GDAC). By February 1, 2015, the Department shall submit the plan to the Office of the State Chief Information Officer, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT

STATE CAPITOL POLICE/RECEIPT-SUPPORTED POSITIONS

SECTION 16B.6.(a) The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 16B.6.(b) The State Capitol Police shall report the creation of any position pursuant to this section to the Chairs of the House Appropriations Subcommittee on Justice and Public Safety, to the Chairs of the Senate Appropriations Committee on Justice and Public Safety, and to the Fiscal Research Division within 30 days of the position's creation.

PART XVII. DEPARTMENT OF JUSTICE

ENSURE PROPER ROLE FOR ATTORNEY GENERAL

SECTION 17.3A.(a) G.S. 120-32.6 reads as rewritten:

"**§ 120-32.6. Certain employment authority.**

(a) Use of Private Counsel. – G.S. 114-2.3 and G.S. 147-17 (a) through (c) shall not apply to the General Assembly.

(b) General Assembly as Client of Attorney General by Operation of Law. – Whenever the validity or constitutionality of an act of the General Assembly or a provision of the Constitution of North Carolina is the subject of an action in any court, if the General Assembly hires outside counsel to represent the General Assembly in connection with that action, the General Assembly shall also be deemed to be a client of the Attorney General for purposes of that action as a matter of law. Nothing herein shall (i) impair or interfere with the rights of other named parties to appear in and to be represented by the Attorney General or outside counsel as authorized by law or (ii) impair the right of the Governor to employ counsel on behalf of the State pursuant to G.S. 147-17.

(c) General Assembly Counsel Shall Be Lead Counsel. – In those instances when the General Assembly employs counsel in addition to or other than the Attorney General, the Speaker of the House of Representatives and the President Pro Tempore of the Senate may jointly designate the counsel employed by the General Assembly as lead counsel for the General Assembly. The lead counsel so designated shall possess final decision-making authority with respect to the representation, counsel, or service for the General Assembly. Other counsel for the

General Assembly shall, consistent with the Rules of Professional Conduct, cooperate with such designated lead counsel.

(d) The rights provided by this section shall be supplemental to those provided by any other provision of law."

SECTION 17.3A.(b) G.S. 114-2 reads as rewritten:

"**§ 114-2. Duties.**

It shall be the duty of the Attorney General:

...

(2) To represent all State departments, agencies, institutions, commissions, bureaus or other organized activities of the State which receive support in whole or in part from the State. Where the Attorney General represents a State department, agency, institution, commission, bureau, or other organized activity of the State which receives support in whole or in part from the State, the Attorney General shall act in conformance with Rule 1.2 of the Rules of Professional Conduct of the North Carolina State Bar.

...."

SECTION 17.3A.(c) G.S. 114-2.2 reads as rewritten:

"**§ 114-2.2. ~~Attorney General to approve consent~~ Consent judgments.**

(a) To be effective against the State, a consent judgment entered into by the State, a State department, State agency, State institution, or a State officer who is a party in his official capacity must be signed personally by the Attorney General. This power of approval may not be delegated to a deputy or assistant Attorney General or to any other subordinate. This subsection shall not apply to consent judgments that name as a party a State department, agency, institution, or officer.

(a1) Where a dispute, claim, or controversy names as a party a State department, agency, or institution, or officer, a consent judgment shall be approved by the head of the department, agency, or institution, or by the State officer, before the judgment may be entered.

(b) The provisions of this section are supplemental to G.S. 114-2.1.

(c) Notwithstanding subsection (a) of this section, the Attorney General by rule may delegate to a deputy or assistant Attorney General or to another subordinate the power to sign consent judgments in condemnation or eminent domain actions brought under the provisions of Chapters 40A or 136 of the General Statutes and consent judgments under the provision of Article 31 of Chapter 143 (Tort Claims Act) and Chapter 97 (Workers' Compensation Act) of the General Statutes."

SECTION 17.3A.(d) G.S. 114-2.4 reads as rewritten:

"**§ 114-2.4. ~~Attorney General to render opinion on settlement~~Settlement agreements.**

(a) The Attorney General shall review the terms of all proposed agreements entered into by the State or a State department, agency, institution, or officer to settle or resolve litigation or potential litigation, that involves the payment of public monies in the sum of seventy-five thousand dollars ($75,000) or more. In order for such an agreement or contract to be effective against the State, the Attorney General shall submit to the State or the State department, agency, institution, or officer a written opinion regarding the terms of the proposed agreement and the advisability of entering into the agreement, prior to entering into the agreement. The written opinion required by this section shall be maintained in the official file of the final settlement agreement. The Attorney General by rule may delegate to a deputy or assistant Attorney General or to another subordinate the authority to ~~approve~~ review settlement agreements.

(b) Where a dispute, claim, or controversy names as a party a State department, agency, or institution, or officer, a proposed settlement agreement or other agreement that would dispose

of the dispute, claim, or controversy shall be approved by the head of the department, agency, or institution, or by the State officer, before the agreement may be entered.

~~(b)~~(c) The Attorney General shall report to the Joint Legislative Commission on Governmental Operations on all agreements entered into by the State or a State department, agency, institution, or officer to settle or resolve litigation or potential litigation, that involves the payment of public monies in the sum of seventy-five thousand dollars ($75,000) or more."

SECTION 17.3A.(e) This section is effective when it becomes law.

PART XVIII. JUDICIAL DEPARTMENT

SUBPART XVIII-B. ADMINISTRATIVE OFFICE OF THE COURTS

THREE-JUDGE PANEL TO RULE ON CLAIMS THAT AN ACT OF THE GENERAL ASSEMBLY IS FACIALLY INVALID ON THE BASIS THAT THE ACT VIOLATES THE NORTH CAROLINA CONSTITUTION OR FEDERAL LAW

SECTION 18B.16.(a) Article 26A of Chapter 1 of the General Statutes reads as rewritten:

"Article 26A.

"Three-Judge Panel for Redistricting ~~Challenges.~~Challenges and for Certain Challenges to State Laws.

"**§ 1-267.1. Three-judge panel for actions challenging plans apportioning or redistricting State legislative or congressional ~~districts.~~districts; claims challenging the facial validity of an act of the General Assembly.**

(a) Any action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts shall be filed in the Superior Court of Wake County and shall be heard and determined by a three-judge panel of the Superior Court of Wake County organized as provided by subsection (b) of this section.

(a1) Except as otherwise provided in subsection (a) of this section, any facial challenge to the validity of an act of the General Assembly shall be transferred pursuant to G.S. 1A-1, Rule 42(b)(4), to the Superior Court of Wake County and shall be heard and determined by a three-judge panel of the Superior Court of Wake County, organized as provided by subsection (b2) of this section.

(b) Whenever any person files in the Superior Court of Wake County any action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts, a copy of the complaint shall be served upon the senior resident superior court judge of Wake County, who shall be the presiding judge of the three-judge panel required by subsection (a) of this section. Upon receipt of that complaint, the senior resident superior court judge of Wake County shall notify the Chief Justice, who shall appoint two additional resident superior court judges to the three-judge panel of the Superior Court of Wake County to hear and determine the action. Before making those appointments, the Chief Justice shall consult with the North Carolina Conference of Superior Court Judges, which shall provide the Chief Justice with a list of recommended appointments. To ensure that members of the three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to the three-judge panel one resident superior court judge from the First through Fourth Judicial Divisions and one resident superior court judge from the Fifth through Eighth Judicial Divisions. In order to ensure fairness, to avoid the appearance of impropriety, and to avoid political bias, no member of the panel, including the senior resident superior court judge of Wake County, may be a former member of the General Assembly. Should the senior resident superior court judge of Wake County be disqualified or otherwise unable to serve on the

three-judge panel, the Chief Justice shall appoint another resident superior court judge of Wake County as the presiding judge of the three-judge panel. Should any other member of the three-judge panel be disqualified or otherwise unable to serve on the three-judge panel, the Chief Justice shall appoint as a replacement another resident superior court judge from the same group of judicial divisions as the resident superior court judge being replaced.

(b1) Any facial challenge to the validity of an act of the General Assembly filed in the Superior Court of Wake County, other than a challenge to plans apportioning or redistricting State legislative or congressional districts that shall be heard pursuant to subsection (b) of this section, or any claim transferred to the Superior Court of Wake County pursuant to subsection (a1) of this section, shall be assigned by the senior resident Superior Court Judge of Wake County to a three-judge panel established pursuant to subsection (b2) of this section.

(b2) For each challenge to the validity of statutes and acts subject to subsection (a1) of this section, the Chief Justice of the Supreme Court shall appoint three resident superior court judges to a three-judge panel of the Superior Court of Wake County to hear the challenge. The Chief Justice shall appoint a presiding judge of each three-judge panel. To ensure that members of each three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to each three-judge panel one resident superior court judge from the First, Second, or Fourth Judicial Division, one resident superior court judge from the Seventh or Eighth Judicial Division, and one resident superior court judge from the Third, Fifth, or Sixth Judicial Division. Should any member of a three-judge panel be disqualified or otherwise unable to serve on the three-judge panel or be removed from the panel at the discretion of the Chief Justice, the Chief Justice shall appoint as a replacement another resident superior court judge from the same group of judicial divisions as the resident superior court judge being replaced.

(c) No order or judgment shall be entered affecting the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional ~~districts~~districts, or finds that an act of the General Assembly is facially invalid on the basis that the act violates the North Carolina Constitution or federal law, except by ~~the~~ a three-judge panel of the Superior Court of Wake County organized as provided by subsection (b) or subsection (b2) of this section. In the event of disagreement among the three resident superior court judges comprising ~~the~~ a three-judge panel, then the opinion of the majority shall prevail.

(d) This section applies only to civil proceedings. Nothing in this section shall be deemed to apply to criminal proceedings, to proceedings under Chapter 15A of the General Statutes, to proceedings making a collateral attack on any judgment entered in a criminal proceeding, or to appeals from orders of the trial courts pertaining to civil proceedings filed by a taxpayer pursuant to G.S. 105-241.17."

SECTION 18B.16.(b) G.S. 1-81.1 reads as rewritten:

"**§ 1-81.1. Venue in apportionment or redistricting ~~cases.~~cases; certain injunctive relief actions.**

(a) Venue lies exclusively with the Wake County Superior Court in any action concerning any act of the General Assembly apportioning or redistricting State legislative or congressional ~~districts lies exclusively with the Wake County Superior Court.~~districts.

(a1) Venue lies exclusively with the Wake County Superior Court with regard to any claim seeking an order or judgment of a court, either final or interlocutory, to restrain the enforcement, operation, or execution of an act of the General Assembly, in whole or in part, based upon an allegation that the act of the General Assembly is facially invalid on the basis that the act violates the North Carolina Constitution or federal law. Pursuant to G.S. 1-267.1(a1) and G.S. 1-1A, Rule 42(b)(4), claims described in this subsection that are filed or raised in courts other than Wake County Superior Court or that are filed in Wake County Superior Court shall be transferred to a three-judge panel of the Wake County Superior Court if, after all other questions

of law in the action have been resolved, a determination as to the facial validity of an act of the General Assembly must be made in order to completely resolve any issues in the case.

(b) Any action brought concerning an act of the General Assembly apportioning or redistricting the State legislative or congressional districts shall be filed in the Superior Court of Wake County."

SECTION 18B.16.(c) G.S. 1A-1, Rule 42, reads as rewritten:

"**Rule 42. Consolidation; separate trials.**

(a) Consolidation. – Except as provided in subdivision (b)(2) of this section, when actions involving a common question of law or fact are pending in one division of the court, the judge may order a joint hearing or trial of any or all the matters in issue in the actions; he may order all the actions consolidated; and he may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay. When actions involving a common question of law or fact are pending in both the superior and the district court of the same county, a judge of the superior court in which the action is pending may order all the actions consolidated, and he may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay.

(b) Separate trials. –

(1) The court may in furtherance of convenience or to avoid prejudice and shall for considerations of venue upon timely motion order a separate trial of any claim, cross-claim, counterclaim, or third-party claim, or of any separate issue or of any number of claims, cross-claims, counterclaims, third-party claims, or issues.

(2) Upon motion of any party in an action that includes a claim commenced under Article 1G of Chapter 90 of the General Statutes involving a managed care entity as defined in G.S. 90-21.50, the court shall order separate discovery and a separate trial of any claim, cross-claim, counterclaim, or third-party claim against a physician or other medical provider.

(3) Upon motion of any party in an action in tort wherein the plaintiff seeks damages exceeding one hundred fifty thousand dollars ($150,000), the court shall order separate trials for the issue of liability and the issue of damages, unless the court for good cause shown orders a single trial. Evidence relating solely to compensatory damages shall not be admissible until the trier of fact has determined that the defendant is liable. The same trier of fact that tries the issues relating to liability shall try the issues relating to damages.

(4) Pursuant to G.S. 1-267.1, any facial challenge to the validity of an act of the General Assembly, other than a challenge to plans apportioning or redistricting State legislative or congressional districts, shall be heard by a three-judge panel in the Superior Court of Wake County if a claimant raises such a challenge in the claimant's complaint or amended complaint in any court in this State, or if such a challenge is raised by the defendant in the defendant's answer, responsive pleading, or within 30 days of filing the defendant's answer or responsive pleading. In that event, the court shall, on its own motion, transfer that portion of the action challenging the validity of the act of the General Assembly to the Superior Court of Wake County for resolution by a three-judge panel if, after all other matters in the action have been resolved, a determination as to the facial validity of an act of the General Assembly must be made in order to completely resolve any matters in the case. The court in which the action originated shall maintain jurisdiction over all matters other than the challenge to the act's facial validity and shall stay all

matters that are contingent upon the outcome of the challenge to the act's facial validity pending a ruling on that challenge and until all appeal rights are exhausted. Once the three-judge panel has ruled and all appeal rights have been exhausted, the matter shall be transferred or remanded to the three-judge panel or the trial court in which the action originated for resolution of any outstanding matters, as appropriate."

SECTION 18B.16.(d) G.S. 1A-1, Rule 62, reads as rewritten:

"**Rule 62. Stay of proceedings to enforce a judgment.**

(a) Automatic stay; exceptions – Injunctions and receiverships. – Except as otherwise stated herein, no execution shall issue upon a judgment nor shall proceedings be taken for its enforcement until the expiration of the time provided in the controlling statute or rule of appellate procedure for giving notice of appeal from the judgment. Unless otherwise ordered by the court, an interlocutory or final judgment in an action for an injunction or in a receivership action shall not be stayed during the period after its entry and until an appeal is taken or during the pendency of an appeal. The provisions of section (c) govern the suspending, modifying, restoring, or granting of an injunction during the pendency of an appeal.

(b) Stay on motion for new trial or for judgment. – In its discretion and on such conditions for the security of the adverse party as are proper, the court may stay the execution of or any proceedings to enforce a judgment pending the disposition of a motion for a new trial or to alter or amend a judgment made pursuant to Rule 59, or of a motion for relief from a judgment or order made pursuant to Rule 60, or of a motion for judgment made pursuant to Rule 50, or of a motion for amendment to the findings or for additional findings made pursuant to Rule 52(b). If the time provided in the controlling statute or rule of appellate procedure for giving notice of appeal from the judgment had not expired before a stay under this subsection was entered, that time shall begin to run immediately upon the expiration of any stay under this section, and no execution shall issue nor shall proceedings be taken for enforcement of the judgment until the expiration of that time.

(c) Injunction pending appeal. – When an appeal is taken from an interlocutory or final judgment granting, dissolving, or denying an injunction, the court in its discretion may suspend, modify, restore, or grant an injunction during the pendency of the appeal upon such terms as to bond or otherwise as it considers proper for the security of the rights of the adverse party.

(d) Stay upon appeal. – When an appeal is taken, the appellant may obtain a stay of execution, subject to the exceptions contained in section (a), by proceeding in accordance with and subject to the conditions of G.S. 1-289, G.S. 1-290, G.S. 1-291, G.S. 1-292, G.S. 1-293, G.S. 1-294, and G.S. 1-295.

When stay is had by giving supersedeas bond, the bond may be given at or after the time of filing the notice of appeal or of procuring the order allowing the appeal as the case may be, and stay is then effective when the supersedeas bond is approved by the court.

(e) Stay in favor of North Carolina, city, county, local board of education, or agency thereof. – When an appeal is taken by the State of North Carolina, or a city or a county thereof, a local board of education, or an officer in his official capacity or agency thereof or by direction of any department or agency of the State of North Carolina or a city or county thereof or a local board of education and the operation or enforcement of the judgment is stayed, no bond, obligation, or other security shall be required from the appellant.

(f) Power of appellate court not limited. – The provisions of this rule do not limit any power of an appellate court or of a judge or justice thereof to stay proceedings during the pendency of an appeal or to suspend, modify, restore, or grant an injunction during the pendency of an appeal or to make any order appropriate to preserve the status quo or the effectiveness of the judgment subsequently to be entered.

(g) Stay of judgment as to multiple claims or multiple parties. – When a court has ordered a final judgment under the conditions stated in Rule 54(b), the court may stay enforcement of that judgment until the entering of a subsequent judgment or judgments and may prescribe such conditions as are necessary to secure the benefit thereof to the party in whose favor the judgment is entered.

(h) Right to immediate interlocutory appeal of order granting or denying injunctive relief in as-applied constitutional challenge. – Notwithstanding any other provision of law, a party shall have the right of immediate appeal (i) from an adverse ruling by a trial court granting or denying interlocutory, temporary, or permanent injunctive or declaratory relief restraining the State or a political subdivision of the State from enforcing the operation or execution of an act of the General Assembly as applied against a party in a civil action or (ii) from an adverse ruling by a trial court denying a motion to stay an injunction restraining the State or a political subdivision of the State from enforcing the operation or execution of an act of the General Assembly as applied against a party in a civil action. This subsection only applies where the State or a political subdivision of the State is a party in the civil action. This subsection does not apply to facial challenges heard by a three-judge panel pursuant to G.S. 1-267.1."

SECTION 18B.16.(e) G.S. 7A-27 reads as rewritten:

"**§ 7A-27. Appeals of right from the courts of the trial divisions.**

...

(a1) Appeal lies of right directly to the Supreme Court from any order or judgment of a court, either final or interlocutory, that holds that an act of the General Assembly is facially invalid on the basis that the act violates the North Carolina Constitution or federal law. Nothing in this section shall be deemed to apply to appeals from orders of the trial courts pertaining to criminal proceedings, to proceedings under Chapter 15A of the General Statutes, to proceedings making a collateral attack on any judgment entered in a criminal proceeding, or to appeals from orders of the trial courts pertaining to civil proceedings filed by a taxpayer pursuant to G.S. 105-241.17.

(b) Appeal lies of right directly to the Court of Appeals in any of the following cases:

(1) From any final judgment of a superior court, other than the one described in subsection (a) of this section, or one based on a plea of guilty or nolo contendere, including any final judgment entered upon review of a decision of an administrative agency, except for a final judgment entered upon review of a court martial under G.S. 127A-62.

(2) From any final judgment of a district court in a civil action.

(3) From any interlocutory order or judgment of a superior court or district court in a civil action or proceeding which does any of the following:

a. Affects a substantial right.

b. In effect determines the action and prevents a judgment from which an appeal might be taken.

c. Discontinues the action.

d. Grants or refuses a new trial.

e. Determines a claim prosecuted under G.S. 50-19.1.

f. Grants temporary injunctive relief restraining the State or a political subdivision of the State from enforcing the operation or execution of an act of the General Assembly as applied against a party in a civil action. This subsection only applies where the State or a political subdivision of the State is a party in the civil action. This subsection does not apply to facial challenges to an act's validity heard by a three-judge panel pursuant to G.S. 1-267.1.

(4) From any other order or judgment of the superior court from which an appeal is authorized by statute."

SECTION 18B.16.(f) G.S. 1-267.1(b2), as enacted in subsection (a) of this section, becomes effective September 1, 2014. The remainder of this section is effective when it becomes law and applies to any claim filed on or after that date or asserted in an amended pleading on or after that date that asserts that an act of the General Assembly is either facially invalid or invalid as applied to a set of factual circumstances on the basis that the act violates the North Carolina Constitution or federal law.

PART XXIII. OFFICE OF THE GOVERNOR

EDUCATION AND WORKFORCE INNOVATION PROGRAM

SECTION 23.1.(a) Of the funds appropriated for the Education and Workforce Innovation Program, established under G.S. 115C-64.16, up to five percent (5%) each fiscal year may be used by the Office of the Governor to provide technical assistance and administrative assistance, including staff, to the Commission and reimbursement expenses for the Commission, and five percent (5%) each fiscal year shall be allocated to North Carolina New Schools Project. North Carolina New Schools Project shall use the funds to establish a peer learning network for all grantees to ensure high-quality implementation of grant programs that lead to strong results for students. The peer learning network shall (i) share effective practices and lessons learned among grantees; (ii) bring together grantee teachers and leaders for intensive development that sustains focus on instruction, academic rigor, and skills development; and (iii) benchmark grantee data against State and national standards. North Carolina New Schools Project shall also advise grantees in fund-raising.

SECTION 23.1.(b) G.S. 115C-64.16(f) reads as rewritten:

"(f) Reporting Requirements. – No later than ~~March 1~~September 1 of each year, a grant recipient shall submit to the Commission an annual report for the preceding grant year that describes the academic progress made by the students and the implementation of program initiatives."

SECTION 23.1.(c) Funds appropriated for the Education and Workforce Innovation Program authorized by G.S. 115C-64.16 shall not revert at the end of each fiscal year but shall remain available until expended.

SECTION 23.1.(d) G.S. 115C-64.16(d) reads as rewritten:

"(d) Matching Private and Local Funds. – ~~All funds appropriated by the State must be matched by a combination of private and local funds. All grant applicants must fund twenty-five percent (25%) of program costs through local funds. An additional twenty-five percent (25%) of program costs must be raised by private funds.~~All grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not include other State funds. Matching funds may include in-kind contributions."

SECTION 23.1.(e) G.S. 115C-64.15 reads as rewritten:

"§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.

...

(b) The Commission shall consist of the following ~~11~~ 14 members:

(1) The Secretary of Commerce.
(2) The State Superintendent of Public Instruction.
(3) The Chair of the State Board of Education.
(4) The President of The University of North Carolina.
(5) The President of the North Carolina Community College System.

(6) ~~Two~~ Three members appointed by the Governor who have experience in education.

(7) ~~Two~~ Three members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(8) ~~Two~~ Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(b1) Members appointed by the Governor or the General Assembly shall serve for three-year terms commencing July 1 of the year of appointment and may serve successive terms.

...."

SECTION 23.1.(f) The terms of members appointed by the Governor or the General Assembly who are serving on the Commission on the effective date of this section shall expire June 30, 2016.

PART XXIV. OFFICE OF STATE BUDGET AND MANAGEMENT

STAFFING ANALYSIS OF STATE AGENCY BUSINESS FUNCTIONS AND REDEPLOYMENT OF RESOURCES FROM HR/PAYROLL MANAGEMENT

SECTION 24.3. Section 6.7 of S.L. 2007-323 is repealed.

PART XXV. OFFICE OF THE STATE AUDITOR

PRIVATE AUDIT OF PENSION FUND

SECTION 25.1.(a) In addition to all other audits and reports required by law, the State Treasurer shall prepare and issue, for the 2014-2015 fiscal year, a set of financial statements regarding the investment programs for the Retirement Systems enumerated in G.S. 147-69.2(b)(8). These financial statements shall be audited by a commercial independent third-party audit firm selected and engaged by the State Auditor based upon selection criteria developed by the State Auditor in consultation with the State Treasurer. The audit firm's report and the financial statements shall be provided to the State Controller and the General Assembly no later than January 1, 2016.

SECTION 25.1.(b) Supplementary information accompanying the financial statements required by subsection (a) of this section shall include a discussion of the Retirement Systems' risk and returns compared to benchmarks, total management fees and incentives paid, and comparisons to peer cost benchmarks.

SECTION 25.1.(c) The State Treasurer shall transfer to the State Auditor, from the assets of the Retirement Systems, the funds necessary to conduct the third-party audit required under this section.

SECTION 25.1.(d) The State Treasurer shall engage a commercial independent expert firm pursuant to G.S. 147-69.3(g) to evaluate the governance, operations, and investment practices of the State Treasurer in order to develop recommendations for improvement. The firm shall evaluate any potential cost-savings and performance impact generated by additional internal management of investments. The report of the expert firm shall be provided to the General Assembly when complete.

EXPAND THE STATE AUDITOR'S AUTHORITY TO PUBLISH REPORTS AND PROVIDE DISCRETION WHEN CHARGING AND COLLECTING COSTS OF CERTAIN AUDITS

SECTION 25.2. G.S. 147-64.6(c) reads as rewritten:

"(c) The Auditor shall be responsible for the following acts and activities:

...

(3) The Auditor, on ~~his~~the Auditor's own initiative and as often as ~~he~~the Auditor deems necessary, or as requested by the Governor or the General Assembly, shall, to the extent deemed practicable and consistent with ~~his~~the Auditor's overall responsibility as contained in this act, make or cause to be made audits of all or any part of the activities of the State agencies.

(4) The Auditor, at ~~his~~the Auditor's own discretion, may, in selecting audit areas and in evaluating current audit activity, consider and utilize, in whole or in part, the relevant audit coverage and applicable reports of the audit staffs of the various State agencies, independent contractors, and federal agencies. ~~He~~The Auditor shall coordinate, to the extent deemed practicable, the auditing conducted within the State to meet the needs of all governmental bodies.

...

(6) The Auditor is authorized and directed in ~~his~~the Auditor's reports of audits or reports of special investigations to make any comments, suggestions, or recommendations ~~he~~the Auditor deems appropriate concerning any aspect of such agency's activities and operations.

(7) The Auditor ~~shall~~may charge and collect from each examining and licensing board the actual cost of each audit of such board. Costs collected under this subdivision shall be based on the actual expense incurred by the Auditor's office in making such audit and the affected agency shall be entitled to an itemized statement of such costs. Amounts collected under this subdivision shall be deposited into the general fund as nontax revenue.

(8) The Auditor shall examine as often as may be deemed necessary the accounts kept by the Treasurer, and if ~~he~~the Auditor discovers any irregularity or deficiency therein, unless the same be rectified or explained to his satisfaction, report the same forthwith in writing to the General Assembly, with copy of such report to the Governor and Attorney General. In addition to regular audits, the Auditor shall check the treasury records at the time a Treasurer assumes office (not to succeed ~~himself),~~himself or herself), and therein charge ~~him~~the Treasurer with the balance in the treasury, and shall check the Treasurer's records at the time ~~he~~the Treasurer leaves office to determine that the accounts are in order.

(9) The Auditor may examine the accounts and records of any bank or financial institution relating to transactions with the State Treasurer, or with any State agency, or ~~he~~the Auditor may require banks doing business with the State to furnish ~~him~~the Auditor information relating to transactions with the State or State agencies.

(10) The Auditor may, as often as ~~he~~the Auditor deems advisable, conduct a detailed review of the bookkeeping and accounting systems in use in the various State agencies which are supported partially or entirely from State funds. Such examinations will be for the purpose of evaluating the adequacy of systems in use by these agencies and institutions. In instances where the Auditor determines that existing systems are outmoded, inefficient, or

otherwise inadequate, ~~he~~the Auditor shall recommend changes to the State Controller. The State Controller shall prescribe and supervise the installation of such changes, as provided in G.S. 143B-426.39(2).

(11) The Auditor shall, through appropriate tests, satisfy ~~himself~~himself or herself concerning the propriety of the data presented in the Comprehensive Annual Financial Report and shall express the appropriate auditor's opinion in accordance with generally accepted auditing standards.

(12) The Auditor shall provide a report to the Governor and Attorney General, and other appropriate officials, of such facts as are in ~~his~~the Auditor's possession which pertain to the apparent violation of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee.

(13) At the conclusion of an audit, the Auditor or ~~his~~the Auditor's designated representative shall discuss the audit with the official whose office is subject to audit and submit necessary underlying facts developed for all findings and recommendations which may be included in the audit report. On audits of economy and efficiency and program results, the auditee's written response shall be included in the final report if received within 30 days from receipt of the draft report.

(14) The Auditor shall notify the General Assembly, the Governor, the Chief Executive Officer of each agency audited, and other persons as the Auditor deems appropriate that an audit report has been published, its subject and title, and the locations, including State libraries, at which the report is available. The Auditor shall then distribute copies of the report only to those who request a report. The copies shall be in written or electronic form, as requested. He shall also file a copy of the audit report in the Auditor's office, which will be a permanent public ~~record; Provided, nothing~~record. In addition, the Auditor may publish on his or her Web site any reports from audits of State agencies not directly conducted by the Auditor. Nothing in this subsection shall be construed as authorizing or permitting the publication of information whose disclosure is otherwise prohibited by law.

...."

PART XXXV. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 35.1.(a) G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred forty one thousand two hundred sixty five dollars ($141,265)~~ one hundred forty-two thousand two hundred sixty-five dollars ($142,265) annually, payable monthly."

SECTION 35.1.(b) Section 35.1(b) of S.L. 2013-360 reads as rewritten:

"**SECTION 35.1.(b)** ~~Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries for members of the Council of State, payable monthly, shall ~~remain unchanged~~ be increased by one thousand dollars ($1,000) as follows:

Council of State	Annual Salary
Lieutenant Governor	~~$124,676~~$125,676
Attorney General	~~$124,676~~$125,676
Sectary of State	~~$124,676~~$125,676
State Treasurer	~~$124,676~~$125,676

State Auditor	~~$124,676~~$125,676
Superintendent of Public Instruction	~~$124,676~~$125,676
Agricultural Commissioner	~~$124,676~~$125,676
Insurance Commissioner	~~$124,676~~$125,676
Labor Commissioner	~~$124,676~~$125,676

SECTION 35.1.(c) Section 35.1(a) of S.L. 2013-360 is repealed.

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 35.6.(a) Section 35.6 of S.L. 2013-360 reads as rewritten:

"**SECTION 35.6.(a)** The annual compensation of all full-time University of North Carolina ~~EPA~~ EHRA faculty, ~~EPA~~ EHRA nonfaculty, ~~SPA~~ SHRA employees, and teachers employed by the North Carolina School of Science and Mathematics shall remain unchanged for the ~~2013-2015 fiscal biennium.~~2013-2014 fiscal year. Effective for the 2014-2015 fiscal year:

(1) The annual compensation of all full-time University of North Carolina SHRA employees shall be increased by one thousand dollars ($1,000).

(2) The Board of Governors of The University of North Carolina shall have flexibility in allocating funds appropriated in this act for EHRA faculty and EHRA nonfaculty compensation increases (except for teachers at the North Carolina School of Science and Mathematics) pursuant to policies adopted by the Board.

"**SECTION 35.6.(b)** The annual compensation of all full-time employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the ~~2013-2015 fiscal biennium.~~2013-2014 fiscal year."

SECTION 35.6.(b) For the 2014-2015 fiscal year, the Board of Trustees of the North Carolina School of Science and Mathematics shall award the step increases authorized by the Teacher Salary Schedule under Section 9.1 of this act.

STATE AGENCY TEACHERS

SECTION 35.6A. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall receive the experience step increases authorized in Section 9.1 of this act.

STATE HIGHWAY PATROL STEP INCREASES

SECTION 35.6B. Notwithstanding G.S. 20-187.3 for the 2014-2015 fiscal year, the annual salary of a member of the State Highway Patrol whose salary does not exceed the maximum of the applicable salary range shall be increased on a percentage basis according to the date the member received sworn law enforcement officer status with the Patrol, as follows, in the amount of:

(1) Six percent (6%) for a member sworn between 2012 and June 30, 2014.

(2) Five and five-tenths percent (5.5%) for a member sworn between 2008 and 2011.

(3) Five percent (5%) for a member sworn between 2005 and 2007.

SALARY ADJUSTMENT REQUIREMENTS/LIMIT ON CUMULATIVE INCREASES

SECTION 35.7. Section 35.8 of S.L. 2013-360 reads as rewritten:

"**SECTION 35.8.(a)** The annual compensation of all employees subject to or exempt from the ~~State Personnel Act,~~ North Carolina Human Resources Act, including employees of local

boards of education, community colleges, and The University of North Carolina, for the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year shall remain unchanged from that authorized on June 30, 2013, or the last date in pay status during the 2011-2013 fiscal biennium, if earlier, unless an increase is authorized by this section or under the Salary Adjustment Fund established by this act.

SECTION 35.8.(b) Salary increases may be awarded during the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year under this ~~section~~ subsection only for the following special circumstances:

(1) For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.

(1a) For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is (i) funded from local funding sources or (ii) for the purposes of retention or equity.

(2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund; (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources; (iii) faculty, nonfaculty, and other employees for the purposes of retention or equity.

(3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

The cumulative salary adjustment allowed under this subsection ~~for each fiscal year~~ during the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

SECTION 35.8.(b1) For fiscal year 2014-2015, the cumulative salary adjustment awarded to any employee may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

SECTION 35.8.(c) The automatic salary step increases for assistant and deputy clerks of superior court and magistrates are suspended for the ~~2013-2015 fiscal biennium.~~2013-2014 fiscal year.

SECTION 35.8.(d) The salary increase provisions of G.S. 20-187.3 are suspended for the ~~2013-2015 fiscal biennium.~~2013-2014 fiscal year.

SECTION 35.8.(e) ~~During the 2013-2015 fiscal biennium,~~ For the 2013-2014 fiscal year, notwithstanding G.S. 53C-2-3(c), employees of the Office of the Commissioner of Banks shall not be awarded (i) compensation increases unless allowed under subdivision (1) of subsection (b) of this section or (ii) compensation bonuses.

SECTION 35.8.(f) Employees of the Lottery Commission shall not receive compensation bonuses during the ~~2013-2015 fiscal biennium.~~2013-2014 fiscal year."

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY INCREASES

SECTION 35.8.(a) The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases in amounts set forth in the committee report described in Section 38.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for legislatively mandated salary increases.

SECTION 35.8.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases exceed the amount required by that agency for that purpose, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases.

SECTION 35.8.(c) No later than October 1, 2014, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases. This report shall include at least the following information for each State agency for the 2014-2015 fiscal year:

(1) The total amount of funds that the agency received for legislatively mandated salary increases.

(2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.

(3) The total amount of funds used by the agency for legislatively mandated salary increases.

(4) The total amount of funds received by the agency for legislatively mandated salary increases that are anticipated to revert at the end of the fiscal year.

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

SECTION 35.9.(a) Salaries and related benefits for positions that are funded:

(1) Partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

(2) Fully from sources other than the General Fund or Highway Fund shall be increased as provided by this act. The Director of the Budget may increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

SECTION 35.9.(b) The salary increases provided in this act become effective July 1, 2014, and do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2014.

SECTION 35.9.(c) Payroll checks issued to employees after July 1, 2014, which represent payment of services provided prior to July 1, 2014, shall not be eligible for salary increases provided for in this act. This subsection applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

SECTION 35.9.(d) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

SECTION 35.9.(e) Unless otherwise provided by this act, for the 2014-2015 fiscal year, permanent, full-time State agency employees and State-funded public school employees who work a nine-, 10-, or 11-month work year schedule shall receive the one thousand dollar ($1,000) annual increase provided by this act.

MOST STATE EMPLOYEES

SECTION 35.10.(a) Section 35.7 of S.L. 2013-360 reads as rewritten:

"**SECTION 35.7.** ~~For the 2013-2015 fiscal biennium, the salaries in effect June 30, 2013, for the following employees shall remain unchanged, effective July 1, 2013:~~ Except as otherwise specifically set forth in this act, the salaries in effect for the following employees on June 30, 2014, shall be increased by one thousand dollars ($1,000):

(1) Permanent full-time State officials and persons whose salaries are set in accordance with the ~~State Personnel Act.~~North Carolina Human Resources Act.

(2) Permanent full-time State officials and persons in positions exempt from the ~~State Personnel Act.~~North Carolina Human Resources Act.

(3) Permanent part-time State ~~employees.~~employees and temporary and permanent hourly State employees, on a prorated and equitable basis subject to the availability of funds in the employing State agency, department, or institution and within regular State Budget Act procedures.

~~(4) Temporary and permanent hourly State employees.~~"

SECTION 35.10.(b) Except as otherwise specifically provided, any employee who is paid on a step schedule who:

(1) Does not receive a step increase, shall receive the one thousand dollar ($1,000) salary increase authorized by this act.

(2) Does receive a step increase, shall not receive the one thousand dollar ($1,000) salary increase authorized by this act. Further, such employees are not eligible to move more than one step on the applicable salary schedule.

SPECIAL ANNUAL LEAVE BONUS

SECTION 35.10A.(a) Any person who is (i) a full-time permanent employee of the State or a community college institution on September 1, 2014, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on September 1, 2014.

SECTION 35.10A.(b) The additional leave shall be accounted for separately with the leave provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, and by Section 29.14A of S.L. 2005-276 and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days.

STATE EMPLOYEES REASSIGNMENT/NO THIRTY-FIVE-MILE RADIUS REQUIREMENT

SECTION 35.11.(a) G.S. 126-5(e)(2) reads as rewritten:

"(e) An exempt employee may be transferred, demoted, or separated from his or her position by the department head authorized to designate the exempt position except:

...

(2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within

the same department or agency, or if necessary within another agency, ~~and within a 35 mile radius of the exempt position,~~ at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as his most recent subject position."

SECTION 35.11.(b) This section is effective when it becomes law and applies to State employees hired before June 30, 2013.

STUDY GRANTING EXPERIENCE AND EDUCATION CREDIT TO PROSPECTIVE STATE HIGHWAY PATROL MEMBERS WITH PRIOR LAW ENFORCEMENT OR MILITARY EXPERIENCE

SECTION 35.11A. The State Highway Patrol, in consultation with the Criminal Justice Education and Training Standards Commission and the Fiscal Research Division, shall study granting law enforcement experience and education credit to prospective members of the State Highway Patrol who have prior law enforcement or military police experience. No later than February 1, 2015, the State Highway Patrol shall report its findings to the Chairs of the House Appropriations Committee, the Chairs of the Senate Appropriations/Base Budget Committee, the Chairs of the House Appropriations Subcommittee on Justice and Public Safety, and the Chairs of the Senate Appropriations Committee on Justice and Public Safety. The report shall include at least the following:

(1) An analysis of potential costs and benefits of granting experience and education credit to prospective members of the State Highway Patrol who have prior law enforcement or military police experience.

(2) Identification of additional resources that may be needed to facilitate the granting of credit under these circumstances.

(3) Identification of obstacles that may need to be addressed before a program of granting credit under these circumstances can be implemented.

LOTTERY COMMISSION/LIMITS ON CERTAIN SALARY INCREASES

SECTION 35.12A. For the 2014-2015 fiscal year, notwithstanding the provisions of G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission shall not expend funds for merit-based or performance-based increases.

SALARY-RELATED CONTRIBUTIONS

SECTION 35.13.(a) Section 35.15(b) of S.L. 2013-360 reads as rewritten:

"**SECTION 35.15.(b)** Effective July 1, 2013, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the ~~2013-2015 fiscal biennium~~2013-2014 fiscal year are (i) fourteen and sixty-nine hundredths percent (14.69%) – Teachers and State Employees; (ii) nineteen and sixty-nine hundredths percent (19.69%) – State Law Enforcement Officers; (iii) twelve and sixty-eight hundredths percent (12.68%) – University Employees' Optional Retirement Program; (iv) twelve and sixty-eight hundredths percent (12.68%) – Community College Optional Retirement Program; (v) thirty-three and forty-one hundredths percent (33.41%) – Consolidated Judicial Retirement System; and (vi) five and forty hundredths percent (5.40%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty hundredths percent (5.40%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-four hundredths percent (0.44%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for

State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement."

SECTION 35.13.(b) Effective July 1, 2014, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2014-2015 fiscal year are (i) fifteen and twenty-one hundredths percent (15.21%) – Teachers and State Employees; (ii) twenty and twenty-one hundredths percent (20.21%) – State Law Enforcement Officers; (iii) twelve and seventy-four hundredths percent (12.74%) – University Employees' Optional Retirement Program; (iv) twelve and seventy-four hundredths percent (12.74%) – Community College Optional Retirement Program; (v) thirty-two and seventy hundredths percent (32.70%) – Consolidated Judicial Retirement System; and (vi) five and forty-nine hundredths percent (5.49%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty-nine hundredths percent (5.49%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 35.13.(c) Section 35.15(d) of S.L. 2013-360 reads as rewritten:

"**SECTION 35.15.(d)** Effective July 1, 2014, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2014-2015 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare eligible employees and retirees – ~~four thousand two hundred twenty four dollars ($4,224)~~ four thousand one hundred seventy-nine dollars ($4,179) and (ii) non-Medicare eligible employees and retirees – ~~five thousand four hundred thirty-five dollars ($5,435).~~ five thousand three hundred seventy-eight dollars ($5,378)."

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 35.14.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(ttt) From and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2013, shall be increased by one percent (1%) of the allowance payable on June 1, 2014, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2013, but before June 30, 2014, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2013, and June 30, 2014."

SECTION 35.14.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(ee) From and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2013, shall be increased by one percent (1%) of the allowance payable on June 1, 2014. Furthermore, from and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2013, but before June 30, 2014, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the

number of months that a retirement allowance was paid between July 1, 2013, and June 30, 2014."

SECTION 35.14.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(y) In accordance with subsection (a) of this section, from and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2014, shall be increased by one percent (1%) of the allowance payable on June 1, 2014. Furthermore, from and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2014, but before June 30, 2014, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2014, and June 30, 2014."

USE OF FUNDS APPROPRIATED FOR STATE RETIREMENT SYSTEM CONTRIBUTION INCREASES

SECTION 35.15.(a) The appropriations set forth in Section 2.1 of this act include appropriations for State Retirement System contribution increases in amounts set forth in the committee report described in Section 38.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for State Retirement System contribution increases.

SECTION 35.15.(b) If the Director of the Budget determines that funds appropriated to a State agency for increases exceed the amount required by that agency for that purpose, the Director may reallocate those funds to other State agencies that received insufficient funds for State Retirement System contribution increases.

SECTION 35.15.(c) No later than October 1, 2014, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for State Retirement System contribution increases. This report shall include at least the following information for each State agency for the 2014-2015 fiscal year:

(1) The total amount of funds that the agency received for State Retirement System contribution increases.

(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 State Retirement System contribution increases.

(4) The total amount of funds received by the agency for State Retirement System contribution increases that are anticipated to revert at the end of the fiscal year.

FUNDING FOR NORTH CAROLINA PUBLIC SCHOOL TEACHERS' AND PROFESSIONAL EDUCATORS' INVESTMENT PLAN

SECTION 35.15A. Notwithstanding the provisions of G.S. 135-151(e), the assets of the Qualified Excess Benefit Arrangement (QEBA) established under Article 7 of Chapter 135 of the General Statutes may be used to loan the sum of one hundred fifty thousand dollars ($150,000) to the administrative account of the North Carolina Public School Teachers' and Professional Educators' Investment Plan established under G.S. 115C-341.2. The Plan shall repay the QEBA when the balance in its administrative account exceeds the sum of two hundred fifty thousand dollars ($250,000). The repayment shall be made with interest at a rate set by the Board of Trustees established under G.S. 135-6.

CLARIFY THAT RE-HIRED STATE RETIREES SHALL BE OFFERED COVERAGE IN STATE HEALTH PLAN AS ACTIVE EMPLOYEES RATHER THAN AS RETIREES

SECTION 35.16A.(a) G.S. 135-48.41 is amended by adding the following new subsection:

"**§ 135-48.41. Additional eligibility provisions.**

...

(j) If a retiree has been hired by an employing unit and is eligible for coverage under subdivision (1), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b) or under G.S. 135-48.40(e), then the hired retiree shall not, during the time of employment, be eligible for retiree coverage under G.S. 135-48.40(a)(1), G.S. 135-48.40(b)(3), G.S. 135-48.40(c)(2), or G.S. 135-48.40(d)(11)."

SECTION 35.16A.(b) The second paragraph of Section 35.15(a) of S.L. 2013-360 is repealed.

MOST TEXT APPLIES ONLY TO 2014-2015 FISCAL YEAR

SECTION 38.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2014-2015 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2014-2015 fiscal year.

EFFECT OF HEADINGS

SECTION 38.5. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a part.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 38.6.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2013-360, S.L. 2013-363, S.L. 2013-364, and S.L. 2013-397 remain in effect.

SECTION 38.6.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2014-2015 fiscal year in S.L. 2013-360, S.L. 2013-363, S.L. 2013-364, and S.L. 2013-397 that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations and budget reductions of this act for those same particular purposes.

SEVERABILITY

SECTION 38.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 38.8. Except as otherwise provided, this act becomes effective July 1, 2014.

In the General Assembly read three times and ratified this the 2nd day of August, 2014.

s/ Chad Barefoot
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 9:10 a.m. this 7th day of August, 2014

House Bill Summaries

SESSION LAW 2014-93
HB 27 Escheat Savings Bond Trust Fund/Scholarships
Amends: Article 4 of Chapter 116B of the General Statutes by adding 116B-54A.
Application/Effective Date: Effective when it became law, August 1, 2014.
Local Action Required: None.
SBE/DPI Action Required: None.
Summary: Unredeemed and unclaimed United States savings bonds shall escheat to the State after the State Treasurer commences a civil action in Wake County Superior Court and the court enters a judgment. A United States savings bond is unclaimed and presumed abandoned if the owner fails to redeem the savings bond within three years after the savings bond has fully matured. Interest and investment earnings from the newly created Escheat Savings Bond Trust Fund shall be used exclusively to provide scholarships to worthy and needy students who are residents of North Carolina and are enrolled in public institutions of higher education in this state.

SESSION LAW 2014-5
HB 230 Clarify Read to Achieve/School Performance Grades
Amends: G.S. 115C-83.3(2), -83.3(8), -83.3(9), -83.5(d), -83.7(b), -83.8, -83.9; Article 8 of Chapter 115C of the General Statutes by adding 115C-83.11; G.S. 115C-238.29F(d1); recodifies G.S. 115C-83.4A as G.S. 115C-174.26; 115C-83.15(b), (d).
Application/Effective Date: Effective when it became law, June 10, 2014.
Local Action Required: Adhere to new requirements under *Read to Achieve* for student reading portfolios, reading camps, good cause exemptions, and information sessions. Administer the developmental screening instrument as implemented by the SBE in schools enrolling kindergarten students. Option to apply for and obtain waivers for up to five additional days in order to administer final exams. Prepare for the issuance of A-F School Performance Grades (based on 2013-14 data) in 2015.
SBE/DPI Action Required: Under *Read to Achieve,* provide and approve local alternative assessments, establish achievement level ranges for each such approved assessment, annually review all such assessments to ensure validity and reliability, and, as set forth below, oversee further changes to the State law. Implement the developmental screening instrument and Kindergarten Entry Assessment (KEA). Calculate and disseminate the A-F School Performance Grades. Grant waivers for additional days for LEAs to administer final exams for the 2014-15 school year.
Summary: This law changed a number of pre-existing education laws, including *Read to Achieve*, A-F School Performance Grades and others, as follows:

Read to Achieve

1. Requires the SBE to approve and provide several valid and reliable alternative assessments to LEAs and set achievement level ranges for these assessments.
2. Reduces the minimum length of Reading Camps (formerly "Summer Reading Camps") from six to three weeks, requiring a minimum 72 hours of reading instruction.
3. Revises the good cause exemption for students with disabilities to those whose IEPs indicate any one of the following:
    a. The use of NCEXTEND1 alternate assessment;
    b. At least a two school-year delay in educational performance; or
    c. Receipt of intensive reading interventions for at least two school years.
4. Specifies that Limited English Proficient students with less than two "school years" of English as a Second Language instruction are exempt from mandatory retention in third grade.
5. Allows flexibility for an LEA to develop its own student reading portfolio with approval from the SBE.

6. Student Reading Portfolios can begin to be compiled in the first half of the year (rather than waiting until the spring).
7. Portfolios can have one reading passage assess up to two standards (rather than the former law where one passage could assess only one standard). This can reduce the required reading passages.
8. Encourages (rather than requires) parents to enroll eligible children in Reading Camp.
9. Requires LEAs to provide at least one opportunity (*e.g.*, alternative assessment or reading portfolio) for eligible students not participating in a Reading Camp to demonstrate third grade reading proficiency prior to retention.
10. For students who have demonstrated reading proficiency but still wish to attend Reading Camp, LEAs can charge up to $825 per student.
11. After the November 1 mid-year promotion deadline, principals can use their discretion under G.S. 115C-288(a) to grade and classify an eligible student demonstrating reading proficiency.

A-F School Performance Grades

1. The school achievement score employs a composite approach, applying the calculation based on the total number of students meeting standards over the total number of students included in all indicators. In this calculation, a school's grade will not be disproportionately impacted by an indicator that has very few students (*e.g.*, high schools with very few students participating in ACT WorkKeys).
2. If a school is meeting growth and the school's growth score depresses the achievement score and resulting grade, then just the achievement score may be used to calculate total performance.
3. *For the 2013-14 Grades only*, the 10-point grading scale is changed to a 15-point scale, such that:
    a. 85-100 is an A;
    b. 70-84 is a B;
    c. 55-69 is a C;
    d. 40-54 is a D;
    e. Any score below 40 is an F.
4. *Note*: The budget bill revised the first issuance of these Grades from no earlier than August 1, 2014 to now "no earlier than January 15, 2015." *See* Section 8.30 of SL 2014-100.

Other

1. Allows LEAs to apply for a waiver to the SBE to add five additional testing days for end-of-course and end-of-semester testing. LEAs must have applied for a waiver by September 1, 2014, and were notified by October 1, 2014, if the request for a waiver was granted.

Kindergarten Entry Assessment (KEA)

1. Revises G.S. 115C-83.5(d) to add that: (i) the KEA shall "yield both qualitative and quantitative data" in each of the five essential domains of school readiness; (ii) data obtained from the KEA shall be used in a longitudinal database; and (iii) the language and literacy component of the KEA may be used as a formative and diagnostic reading assessment.
2. Implements the developmental screening instrument (in literacy and mathematics) in 50% of LEAs during the 2014-15 school year, and in all LEAs by the 2015-16 school year, with additional components of the KEA fully implemented in the 2016-17 school year.

SESSION LAW 2014-8
HB 292 Moratorium/Lawsuits for School Funds
As amended by:
SESSION LAW 2014-9
SB 355/Tech Correction/Gaston, Nash, Union Local Act
Amends: (For Union, Gaston and Nash counties only) G.S. 115C-429(b) and repeals 115C-431.
Application/Effective Date: June 11, 2014, but does not affect any action filed prior to this date.
Local Action Required: Union, Gaston and Nash counties only.
SBE/DPI Action Required: None.
Summary: This is local legislation pertaining to Union, Gaston and Nash Counties only. It involves the processes in the event of local budget disputes between county commissioners and boards of education. It enacts a temporary moratorium on the three local boards of education, prohibiting them from filing actions challenging the sufficiency of funds appropriated by the county commissioners to the local current expense fund, the capital outlay fund, or both. It also sets forth specific local appropriations and requires a working group in Union County to develop a multiyear capital needs plan. The moratorium expires upon the adoption of the 2016-17 fiscal year budgets by the aforementioned boards of county commissioners. (*See* Local Bills Tab for copy of these Session Laws).

SESSION LAW 2014-119
HB 369 Criminal Law Changes
Amends: Various state statutes involving criminal law.
Application/Effective Date: Generally effective when bill became law on September 18, 2014; however, many individual provisions have different effective dates.
Local Action Required: Note the revision to G.S. 14-316 in the below *Summary* section.
SBE/DPI Action Required: DPI will consult with the Human Trafficking Commission to study the prevention of sexual abuse of children.
Summary: Revises G.S. 14-316 to allow children under 12 to use air rifles, air pistols, and BB guns (lifting the criminal "dangerous firearms" designation) in the following counties: Anson, Caswell, Chowan, Cleveland, Cumberland, Harnett, Stanly and Surry. Allows detention officers employed by the sheriff to carry firearms on campuses or other educational property.

SESSION LAW 2014-49
HB 712 Clarifying Changes/Special Education Scholarships
Amends: Part 1H of Article 9 of Chapter 115C of the General Statutes; 115C-112.5; -112.6; -112.7; -112.8; adds 115C-112.9; G.S. 110-86.
Application/Effective Date: Generally became effective when bill became law, July 1, 2014, and applies to grants awarded beginning the 2014-15 school year, except for the public records exception section (Section 4) which retroactively became effective July 29, 2013.
Local Action Required: Reiterates current law whereby LEAs conduct evaluations requested by a child's parent or guardian of suspected children with disabilities as required by G.S. 115C-107.3 and the federal Individuals with Disabilities Education Act (IDEA). LEAs shall provide reevaluations to identified children with disabilities receiving scholarships at the request of the parent or guardian pursuant to G.S. 115C-112.6(c). For more information generally, please see DPI's Project Child Find site: http://ec.ncpublicschools.gov/policies/project-child-find.
SBE/DPI Action Required: The SBE will monitor all LEAs to determine compliance with the applicable portions of this State law and IDEA; the SBE will ensure that LEAs conduct evaluations and reevaluations as set forth above in the "*Local Action Required*" section. Otherwise, this law involves administration and oversight by the State Education Assistance Authority (SEAA): http://www.ncseaa.edu/CDSG.htm.

***Summary*:** Revises the definitions of terms that apply to the Special Education Scholarships for Children with Disabilities. Clarifies information that the SEAA must make available to parents seeking such scholarships, including a notice "...that federal regulations adopted under IDEA provide that no parentally placed private school child with a disability has an individual right to receive some or all of the special education and related services that the child would receive if enrolled in a public school." Provides more detailed requirements for scholarship reimbursements. Creates a public records exemption for related student and family data. Ensures that evaluations and reevaluations are conducted in accordance with IDEA.

Redefines an eligible student as one who:

1. Is a child with a disability as defined by G.S. 115C-106.3(1).
2. Is eligible to attend a NC public school under G.S. 115C-366.
3. Has not been placed in a nonpublic school or facility by a public agency at public expense.
4. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
5. Has not received a high school diploma.
6. Meets at least one of the following requirements:
    a. Was enrolled in a North Carolina public school during the previous semester;
    b. Received special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester;
    c. Was approved for a scholarship for the previous semester; or
    d. Is a child who is identified as a child with a disability prior to the end of the year of initial enrollment in kindergarten or first grade and documentation of the same is provided.

Allowable reimbursements for the following eligible costs with proper documentation:

1. Tuition Reimbursement: requires proof that the student was enrolled in a nonpublic school or a public school charging tuition for at least 75 days of the semester. This subsection added the following new language: "Tuition reimbursement shall not be provided for home schooled students." *See* Section 3, adding a new subsection at G.S. 115C-112.6(b1)(2)(a).
2. Special Education Reimbursement: requires proof that the student received special education for at least 75 days of the semester. Reimbursement will not be provided for home-schooled students if a member of the student's household provided the special education instruction.
3. Related Services Reimbursement: requires proof that the student received related services for at least 75 days of the semester for which reimbursement is sought. Reimbursement will not be provided for home-schooled students if a member of the student's household provided the related services.
4. Educational Technology Reimbursement: requires proof that the student used the technology for at least 75 days of the semester for which reimbursement is sought.

SESSION LAW 2014-21
HB 777 Sex Offender/Expand Residential Restrictions (Jackson)
***Amends*:** G.S. 14-208.16(b).
***Application/Effective Date*:** Effective when it became law, June 24, 2014.
***Local Action Required*:** None.
***SBE/DPI Action Required*:** None.
***Summary*:** Adds Boys and Girls Clubs' permanent locations as "child care centers" for purposes of prohibiting a sex offender from residing within 1,000 feet of any such location.

SESSION LAW 2014-104

HB 884 Dropout Prevention/Recovery Pilot Charter School

***Amends*:** Repeals S.L. 2011-259 Dropout Recovery Pilot Program.

***Application/Effective Date*:** Effective when it became law, August 6, 2014. The Pilot Program begins the 2014-15 school year and concludes at the end of the 2015-16 school year.

***Local Action Required*:** The selected charter school and the LEA where it is located must comply with the relevant provisions of this law.

***SBE/DPI Action Required*:** Establish a two-year Dropout Prevention and Recovery Pilot Program and report by March 15, 2016, as set forth below in the *Summary* section. Report on the utilization, purpose, and prevalence of contracts for personnel services by LEAs and charter school boards by December 15, 2014.

***Summary*:** The SBE shall select one eligible charter school by September 30, 2014, that has been approved under G.S. 115C-238.29D, to provide educational services and programming for the Pilot Program. The purpose of the Pilot Program is to re-engage students and increase the North Carolina graduation rate through an educational program that provides flexible scheduling and a blended learning environment with individualized and self-paced learning. For funding purposes, the selected charter school will receive allotments and adjustments as provided in G.S. 115C-238.29H and funding shall be adjusted on the basis of the average daily membership (ADM) in the fifth month of the school year. The eligible charter school's enrollment must only include high school students who have (i) dropped out of high school, or (ii) transferred from their high school to the charter school.

Transfer decisions must be made by the student who is 18 years old or the student's parents or guardians. The charter school, its charter management organization, or its education management organization must be accredited by the Southern Association of Colleges and Schools (SACS), and all the school's teachers must be licensed teachers under G.S. 115C-296. The selected charter school must develop and implement an alternative accountability model that meets the guidelines adopted by the SBE for alternative learning programs. The SBE must report to the Joint Legislative Education Oversight Committee (JLEOC) by March 15, 2016 on outcomes of the Pilot Program.

SESSION LAW 2014-18

HB 1031 North Carolina Economic Development Partnership Modifications (Murry)

***Amends*:** Article 10 of Chapter 143B, adds new G.S. 143B-431A; amends G.S. 132-6(d); repeals G.S. 143B-434; amends G.S. 143B-434.01; repeals G.S.143B-437.03; amends G.S. 126-5; repeals Section 15.7A of S.L. 2013-360; amends Part 18 of Article 10 of Chapter 143B: G.S. 143B-472.80, -472.81, -437.80, -437.81; adds new G.S. 143B-28.1; amends G.S. 115C-65.

***Application/Effective Date*:** The new educational districts become effective April 1, 2015; however, the new Prosperity Zones (which have the same lines as the new educational districts) became effective on July 1, 2014.

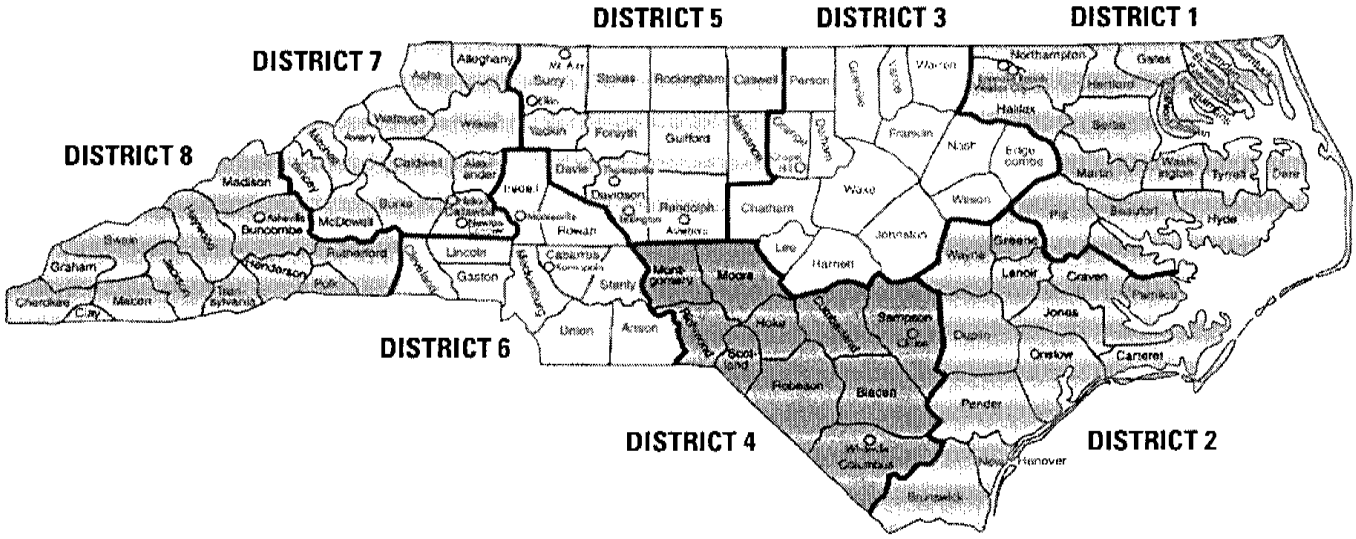
***Local Action Required*:** Comply with the new educational districts effective April 1, 2015.

***SBE/DPI Action Required*:** Plan for and proceed with the new educational districts effective April 1, 2015. The SBE and other State agencies must report to the General Assembly by January 1, 2015, on how they plan to establish Collaboration for Prosperity Zones, as defined by this act. By January 1, 2015, the SBE and the Community Colleges System Office must report to the General Assembly and the Office of State Budget and Management on the establishment of liaisons within each Prosperity Zone and a description of the assigned activities, with a subsequent report due by April 1, 2015, on the activities of the liaisons.

***Summary*:** Creates new "Prosperity Zones" (pictured below) in the State for purposes of enhanced collaboration and cooperation between governmental agencies, planning, use of resources, and improved efficiency at a regional level, etc. The State will now be divided into eight such zones: Western Region, Northwest Region, Southwest Region, Piedmont-Triad (Central), North Central, Sandhills (South

Central), Northeast Region, and Southeast. Effective April 1, 2015, the eight educational districts under G.S. 115C-65 will match the composition of the new Prosperity Zones under G.S. 143B-28.1. The SBE members appointed prior to 2015 with terms ending in 2017, 2019, and 2021 shall be designated as the appointees of the following districts for the remainder of the member's current term:

- Western Region: Wayne McDevitt
- Southwest Region: Gregory Alcorn
- Piedmont Triad (Central) Region: A.L. Collins
- Sandhills (South Central) Region: Olivia Oxendine
- Northeast Region: Rebecca Taylor
- Southeast Region: Reginald Kenan



SESSION LAW 2014-42

HB 1043 Prequalification Update (Arp, Hager)

Amends: G.S. 143-135.8, -128.1, -64.31; recodifies G.S. 143-64.31(b), (c), and (d) as G.S. 143-133.1(a), (b), and (c); amends G.S. 143-133.1, -128.1B(b)(6), -128.1A(b)(6).

Application/Effective Date: October 1, 2014, except for the new Commission set forth in Section 8 of this law which became effective on June 30, 2014.

Local Action Required: Comply with changes to public contracting statutes for governmental entities.

SBE/DPI Action Required: Provide construction and planning expertise to public schools where necessary.

Summary: Defines "prequalification" and sets forth the new laws that governmental entities must follow if they choose to prequalify bidders for a public construction or repair contract. Permits a governmental entity to prequalify bidders when all of the following apply:

1. The governmental entity is using one of the construction methods authorized in G.S. 143-128(a1)(1) through G.S. 143-128(a1)(3).
2. The board or governing body of the governmental entity adopts an objective prequalification policy applicable to all construction or repair work prior to the advertisement of the contract for which the governmental entity intends to prequalify bidders. This objective prequalification policy must meet new stringent criteria under G.S. 143-135.8(c).
3. The governmental entity has adopted the assessment tool and criteria for that specific project, which must include the prequalification scoring values and minimum required score for prequalification on that project. Any construction manager at risk shall jointly develop with the entity this tool and criteria for a specific project.

Establishes the 20 member "Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State," effective June 30, 2014, with a termination date of December 31, 2016 (or upon the filing of its final report to the 2016 Regular Session of the General Assembly, whichever occurs first). Among other things, this Commission shall study the anticipated building construction needs of State agencies, local school boards, and the feasibility of establishing a building and infrastructure fund, which would be a dedicated source of revenue for capital funding for counties, cities and local school boards.

SESSION LAW 2014-15
HB 1060 Military Student Identifier (Holloway, Johnson, Horn, G. Martin)
Amends: G.S. 115C-12(18), -288(m).
Application/Effective Date: Effective when it became law, June 19, 2014, except as detailed below.
Local Action Required: LEAs must begin the annual identification of military-connected students using the Uniform Education Reporting System (UERS) beginning with the 2015-16 school year, and *may* begin this annual identification in the 2014-15 school year. Principals have an ongoing duty to develop a means for serving the unique needs of military-connected students, but the revision to G.S. 115C-288(m) under this new law becomes effective July 1, 2015 (essentially cross-referencing the existing duty for principals with the new identification process set forth under G.S. 115C-12(18)(f)).
SBE/DPI Action Required: The SBE will develop a process for LEAs to annually identify enrolled military-connected students using UERS.
Summary: Institutes a new statewide process for LEAs to identify military-connected students, as set forth above, where such a student is identified as "enrolled in a local school administrative unit who has a parent, step-parent, sibling, or any other person who resides in the same household serving in the active or reserve components of the Army, Navy, Air Force, Marine Corps, Coast Guard, or National Guard." Specifies that the identification of military-connected students shall not be used for the purposes of determining school achievement, growth, and performance scores under G.S. 115C-12(9)c1. Clarifies that the identification of such students is not a public record and shall not be made public, except as permitted by the federal Family Educational and Privacy Rights Act (FERPA).

SESSION LAW 2014-115
HB 1133 Technical and Other Corrections
Amends: Various State statutes and session laws. Regarding public education, amends G.S. 66-58(b), G.S. 115C-64.16(e), -174.13, -174.26(h), -296(b1), -21(a)(1), G.S. 143B-426.40A(g), G.S. 115C-45(c), -287.1, and several SBE/DPI reporting statutes.
Application/Effective Date: Generally, when it became law, August 11, 2014.
Local Action Required: Note the personnel law change at number eight below, and number seven for the pilot program in Hickory Public Schools and Newton-Conover City Schools only.
SBE/DPI Action Required: As set forth below, comply with revised reporting deadlines and various technical changes to the law.
Summary: Makes technical and other changes to existing State statutes (58-page bill). Provisions affecting public education are as follows:

1. Exempts the North Carolina Center for the Advancement of Teaching (NCCAT) from the Umstead Act regarding the use of NCCAT's facilities, equipment, services, and staff. This exemption will allow NCCAT more flexibility to generate additional revenue.
2. Clarifies that grants awarded by the North Carolina Education and Workforce Innovation Commission may be used for funding new or existing projects.
3. Provides that State tests and related materials are not public records until they are officially "released" by the SBE.
4. Extends the SBE submission date of the advanced courses report to JLEOC from October 1 to November 15 of each year.

5. Extends the SBE submission date of educator preparation program report cards to JLEOC from October 1 to November 15 of each year.
6. Repeals SL 2012-1 (the former law that had, in part, prohibited payroll deduction for public school employees' professional membership dues) and revises G.S. 143B-426.40A(g) such that the total membership count for public school teachers and employees, among other government employees, must be certified annually by the State Auditor.
7. Adds enforcement provisions, including criminal penalties for students who violate the compulsory attendance provisions, to the pilot program in Hickory Public Schools and Newton-Conover City Schools that changes the high school dropout age from 16 to 18.
8. Revises SL 2013-360, Section 9.6(k) (eliminating certain appeal rights for school administrators and noncertified employees of school systems), to ensure that such public school employees who are *re-hired* after July 1, 2014 (the effective date), also do not retain these appeal rights.
9. Changes numerous reporting dates for reports generated and submitted by the SBE and DPI for submission to the General Assembly. With some exceptions, the SBE and DPI reporting dates are now generally set on the 15th of the month.

SESSION LAW 2014-97
HB 1193 Retirement Technical Corrections Act of 2014 (Collins, S. Ross)
***Amends*:** G.S. 58-86-2(9); G.S. 135-5(r), (m2); G.S. 128-27(m2); G.S. 135-1; G.S. 128-21; G.S. 135-53, -3(8)c; G.S. 128-24(5)c; G.S. 135(e)(1); G.S. 128-27(e)(1); G.S. 135-60(d), -48.1(12), -53(16); G.S. 120-4.2(c); G.S. 135-103(b)(2); 143-166.60(e).
***Application/Effective Date*:** All sections become effective July 1, 2014 except Section 4, which becomes effective January 1, 2015.
***Local Action Required*:** None.
***/DPI Action Required*:** None.
***Summary*:** Section 2 amends G.S. 135-5(r) to clarify that a minimum benefit established in 1973 only applies to those retired prior to January 1, 1970. Effective January 1, 2015, Section 4 amends various statutes applicable to the NC Teachers' and State Employees' Retirement System (TSERS), Local Government Employees' Retirement System (LGERS), and the Consolidated Judicial Retirement System (CJRS), to define the term Consumer Price Index as it applies to limits on the amount that can be earned by re-employed retirees and recipients of disability benefits. Section 9 amends the separate insurance benefits fund statute to reflect gender-neutral language.

SESSION LAW 2014-112
HB 1194 Retirement Administration Changes Act of 2014 (Collins, S. Ross)
***Amends*:** G.S. 135-5(g); G.S. 128-27(g); G.S. 135-8(f); G.S. 128-30(g); G.S. 135-5(1), -64(i), -64; G.S. 120-4.27; G.S. 128-27(14), -27; G.S. 135-6(i); G.S. 128-28(j); G.S. 135-9; G.S. 128-31; G.S. 135-6; G.S. 128-27, -27(a)(1).
***Application/Effective Date*:** Sections 1 and 3 become effective January 1, 2015; Sections 2, 4, 5, and 6 became effective October 1, 2014; Section 7 became effective September 1, 2014.
***Local Action Required*:** None.
***SBE/DPI Action Required*:** None.
***Summary*:** Effective January 1, 2015, Section 1 amends the TSERS and LGERS Statutes to change the timing of the offset for Social Security benefits under Option Four. Option Four, one of the payment options available to TSERS and LGERS retirees, provides a higher benefit until the retiree becomes eligible for Social Security and a lower benefit after eligibility, with the goal of providing a more constant income stream in total. This change allows the Retirement System to delay the reduction in the TSERS or LGERS benefit by one month to avoid a significant reduction in total cash flow in the month a member first becomes eligible for Social Security.

Effective January 1, 2015, Section 3 puts the Contributory Death Benefit (CDB) on parity with all other death benefits by allowing retirees to name their beneficiary(ies) for the CDB. The CDB is currently paid to the surviving spouse, if there is one, or to the estate if the spouse does not survive the retiree. The current payment order would continue to apply if the retiree does not name a beneficiary(ies). Effective October 1, 2014, Section 4 provides additional transparency to the governance of retirement supplemental insurance benefits by requiring the Retirement System to publish annually a report on supplemental insurance offerings that are made available to retirees and the extent to which retirees participate in those offerings. Section 5 limits payment of a member's former spouse's benefit under a Domestic Relations order entered on or after January 1, 2015, to the lifetime of the former spouse. It also clarifies the recovery procedures for healthcare premiums paid on behalf of members deemed to have been ineligible to receive a retirement benefit. Effective October 1, 2014, Section 6 provides personal immunity from civil liabilities for fiduciary decisions made by members of the TSERS and LGERS Boards of Trustees.

SESSION LAW 2014-88

HB 1195 Fiscal Integrity/Pension-Spiking Prevention (Collins, S. Ross)

Amends: G.S. 135-5; G.S. 128-27; G.S. 135-4; G.S. 128-26; G.S. 135-8(f)(2); G.S. 128-30(g)(2); G.S. 135-5(f); G.S. 128-27(f); G.S. 120-4.25; G.S. 135-62(a), -3(8), -5(a); repeals G.S. 135-5(a2); G.S. 135-5(b19); repeals G.S. 135-5(b20); G.S. 135-5(m); repeals 135-5(m3); G.S. 135-57, -106(b); G.S. 143-166.41.

Application/Effective Date: Effective July 30, 2014; Sections 1 and 2 become effective on January 1, 2015.

Local Action Required: None.

SBE/DPI Action Required: None.

Summary: Section 1 establishes a contribution-based cap on pension benefits for members retiring from TSERS and LGERS. The benefit cap intends to control the practice of "pension spiking," whereby a member's compensation significantly increases during or immediately preceding the four-year period over which compensation is averaged in order to calculate the member's retirement benefit. The cap approximately corresponds with the annuitized equivalent of the total accumulated balance of employee contributions multiplied by a factor selected by the Boards of Trustees. The Boards of Trustees shall select a factor such that no more than 0.75% of retirement benefits shall be affected by the benefit cap. The benefit cap shall not apply to members whose average final compensation is less than or equal to the minimum average final compensation threshold of $100,000. This minimum compensation threshold shall be adjusted on January 1 of each year using the Consumer Price Index formula. This section also provides a contribution-based purchase provision to allow members hired after January 1, 2015 whose employers elect not to pay the additional cost of the member's benefit in excess of the cap to pay this additional cost and receive an uncapped benefit. Stipulates that employers must transmit the lump-sum payment required under the contribution-based purchase provision for retiring members hired prior to January 1, 2015, who last earned service credit as an employee of that employer in the month immediately preceding the month in which the member's retirement becomes effective. Section 2 allows TSERS members who leave employment before attaining five years of creditable service to receive a refund of their member contributions with the accumulated interest on their contributions, calculated at the current statutory rate of 4% on the prior year's balance. Section 3 restores the vesting period for all members of TSERS who became members on or after August 1, 2011, to five years instead of the prior ten-year requirement.

SESSION LAW 2014-53
HB 1220 Hope 4 Haley and Friends (McElraft, Avila, Carney, Fulghum)
***Amends*:** Chapter 90 of the General Statutes by adding new Article 5G and new G.S. 90-94.1.
***Application/Effective Date*:** Effective when it became law, July 3, 2014.
***Local Action Required*:** None.
***SBE/DPI Action Required*:** None.
***Summary*:** Creates a new "NC Epilepsy Alternative Treatment Act" to permit medical professionals to conduct limited-scope, evidence-based studies exploring the safety and efficacy of treating intractable epilepsy using hemp extract. This law recognizes that, "Hemp extract shows promise in treating children with intractable epilepsy." The Department of Health and Human Services (DHHS) shall create a secure online Intractable Epilepsy Alternative Treatment Pilot Study database for the registration of the authorized pilot studies.

House Bills

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-93
HOUSE BILL 27

AN ACT TO PROVIDE THAT UNCLAIMED UNITED STATES SAVINGS BONDS SHALL ESCHEAT TO THE STATE, TO DIRECT THE TREASURER TO REDEEM THOSE UNITED STATES SAVINGS BONDS ESCHEATED TO THE STATE, TO CREATE AN ESCHEAT SAVINGS BOND TRUST FUND WITHIN THE ESCHEAT FUND FOR DEPOSIT OF THE PROCEEDS OF THOSE REDEMPTIONS, AND TO PROVIDE THAT INTEREST AND INVESTMENT EARNINGS FROM THE ESCHEAT SAVINGS BOND TRUST FUND SHALL BE USED TO FUND SCHOLARSHIPS TO WORTHY AND NEEDY STUDENTS WHO ARE RESIDENTS OF NORTH CAROLINA AND ARE ENROLLED IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. Article 4 of Chapter 116B of the General Statutes is amended by adding a new section to read:

"**§ 116B-54A. Unclaimed United States savings bonds.**

(a) U.S. Savings Bonds. – Except as otherwise provided in this section, the provisions of this Article apply to United States savings bonds. A United States savings bond is unclaimed and presumed abandoned if the owner of the savings bond fails to redeem the savings bond within three years after the savings bond has fully matured. The Treasurer may bring a civil action under this section to take all property rights and legal title and ownership of the savings bond or proceeds from the savings bond, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary. For purposes of this section, the term "savings bond" also includes United States savings notes, also known as Freedom Shares.

(b) Civil Action. – Within 365 days after a United States savings bond is unclaimed and presumed abandoned under subsection (a) of this section, the Treasurer may commence a civil action in the Superior Court of Wake County for a determination that the savings bond escheats to the State of North Carolina. The Treasurer must make sufficient efforts to locate the owner of the savings bond before bringing an action under this section. The Treasurer may not bring an action under this section until a sufficient amount of United States savings bonds have accumulated owing to persons with a last known address of North Carolina to justify the expense of a proceeding under this section. The Treasurer may not bring an action under this section as to a specific savings bond if a claim has been filed for that savings bond in accordance with the provisions of this Article.

(c) Title to the Savings Bond. – The court must enter a judgment that the United States savings bonds have escheated to the State of North Carolina and that all property rights and legal title to and ownership of the savings bonds or proceeds from the bonds, including all rights, powers, and privileges of survivorship of any owner, co-owner, or beneficiary, vest solely in the State of North Carolina if all of the following conditions are met:

(1) No person files a claim or appears at the hearing to substantiate a claim.

(2) The court determines that a person who has filed a claim or appears at the hearing to substantiate a claim is not entitled to the property claimed by the claimant.

(3) The court is satisfied by the evidence that the Treasurer has substantially complied with the laws of this State.

(d) Claim for Escheated Savings Bond. – A person claiming ownership for a United States savings bond that has escheated to the State of North Carolina, or for the proceeds from a savings bond that has been redeemed by the Treasurer, may file a claim in accordance with the

provisions of this Article. Upon providing sufficient proof of the validity of a person's claim, the Treasurer may pay the claim.

(e) Redemption of Savings Bond. – The Treasurer must take steps necessary to redeem any United States savings bond that has escheated to the State of North Carolina under this section. The proceeds from the redemption of the savings bond must be deposited in the Escheat Savings Bond Trust Fund, as provided in subsection (f) of this section.

(f) Escheat Savings Bond Trust Fund. – The Escheat Savings Bond Trust Fund is established as a separately accounted fund within the Escheat Fund. The net proceeds from redemption of United States savings bonds must be credited to this Fund. The Escheat Savings Bond Trust Fund shall be treated as an endowment, and subject to the Treasurer withholding an amount necessary to accomplish the Treasurer's duties as set out in this Chapter, its corpus may only be spent for purposes of investment and to pay funds to potential claimants. The interest and investment earnings on the Escheat Savings Bond Trust Fund shall be used exclusively to provide scholarships to worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 25th day of July, 2014.

s/ Philip E. Berger
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:55 a.m. this 1st day of August, 2014

SESSION LAW 2014-5
HOUSE BILL 230

AN ACT TO CLARIFY PROVISIONS OF THE READ TO ACHIEVE ACT AND SCHOOL PERFORMANCE GRADES AND TO EXPAND THE TESTING WINDOW FOR ONE YEAR.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-83.3(2) reads as rewritten:

"(2) "Alternative assessment" means a valid and reliable standardized assessment of reading comprehension, approved by the State Board of Education, that is not the same test as the State-approved standardized test of reading comprehension administered to third grade students. The State Board of Education shall (i) provide several valid and reliable alternative assessments to local school administrative units upon request, (ii) approve valid and reliable alternative assessments submitted by local school administrative units, and (iii) establish achievement level ranges for each approved alternative assessment. The State Board of Education shall annually review all alternative assessments to ensure ongoing relevance, validity, and reliability."

SECTION 2. G.S. 115C-83.3(8) reads as rewritten:

"(8) "Student reading portfolio" means a compilation of independently produced student work selected by the student's teacher, beginning during the first half of the school year, and signed by the teacher and principal, as an accurate picture of the student's reading ability. The student reading portfolio shall include an organized collection of evidence of the student's mastery of the State's reading standards that are assessed by the State-approved standardized test of reading comprehension administered to third grade students. A single piece of evidence may show mastery of up to two standards. For each benchmark, there shall be three examples of student work demonstrating mastery by a grade of seventy percent (70%) or above."

SECTION 3. G.S. 115C-83.3(9) reads as rewritten:

"(9) ~~"Summer reading~~ "Reading camp" means an additional educational program outside of the instructional calendar provided by the local school administrative unit to any student who does not demonstrate reading proficiency. Parents or guardians of the student not demonstrating reading proficiency shall make the final decision regarding the student's ~~summer~~ reading camp attendance. ~~Summer~~ Reading camps shall (i) ~~be six to eight weeks long, four or five days per week; (ii) include at least three hours of instructional time per day; (iii)~~ offer at least 72 hours of reading instruction to yield positive reading outcomes for participants; (ii) be taught by compensated, licensed teachers selected based on demonstrated student outcomes in reading proficiency; and ~~(iv) allow~~ (iii) allow volunteer mentors to read with ~~students.~~students at times other than during the 72 hours of reading instruction. The 72 hours of reading instruction shall be provided over no less than three weeks for students in schools using calendars other than year-round calendars."

SECTION 4. G.S. 115C-83.5(d) reads as rewritten:

"(d) The kindergarten entry assessment shall (i) address the five essential domains of school readiness: language and literacy development, cognition and general knowledge,

approaches toward learning, physical well-being and motor development, and social and emotional ~~development.~~development and (ii) yield both qualitative and quantitative data in each of these domains. Data obtained through administration of the kindergarten entry assessment shall be used to populate relevant fields in a longitudinal data base. The language and literacy component of the kindergarten entry assessment may be used as a formative and diagnostic reading assessment as provided in G.S. 115C-83.6."

SECTION 5. G.S. 115C-83.7(b) reads as rewritten:

"(b) Students may be exempt from mandatory retention in third grade for good cause, but shall continue to be eligible to participate in reading camps, receive instructional supports and services and reading interventions appropriate for their age and reading level. Good cause exemptions shall be limited to the following:

(1) Limited English Proficient students with less than two ~~years~~ school years of instruction in an English as a Second Language program.

(2) Students with disabilities, as defined in ~~G.S. 115C-106.3(1), whose individualized education program indicates the use of alternative assessments and reading interventions.~~G.S. 115C-106.3(1), and whose individualized education program indicates (i) the use of the NCEXTEND1 alternate assessment, (ii) at least a two school year delay in educational performance, or (iii) receipt of intensive reading interventions for at least two school years.

(3) Students who demonstrate reading proficiency appropriate for third grade students on an alternative assessment approved by the State Board of Education. ~~Teachers may administer alternative assessment following the administration of the State-approved standardized test of reading comprehension typically given to third grade students at the end of the school year or after a student's participation in the local school administrative unit's summer reading camp.~~

(4) Students who demonstrate, through a student reading portfolio, reading proficiency appropriate for third grade students. ~~Teachers may submit the student reading portfolio at the end of the school year or after a student's participation in the local school administrative unit's summer reading camp. The student~~ Student reading portfolio and review ~~process~~ processes used by local school administrative units shall be ~~established~~ approved by the State Board of Education.

(5) Students who have (i) received reading intervention and (ii) previously been retained more than once in kindergarten, first, second, or third grades."

SECTION 6. G.S. 115C-83.8 reads as rewritten:

"**§ 115C-83.8. Successful reading development for retained students.**

(a) Parents or guardians of ~~Students~~ students not demonstrating reading proficiency shall be ~~enrolled~~ encouraged to enroll their student in a ~~summer~~ reading camp provided by the local school administrative ~~unit prior to being retained.~~ unit. ~~Students who demonstrate reading proficiency on an alternative assessment of reading comprehension or student reading portfolio after completing a summer reading camp shall be promoted to the fourth grade. Students who do not demonstrate reading proficiency on these measures after completing a summer reading camp shall be retained under G.S. 115C-83.7(a) and provided with the instruction listed in subsection (b) of this section during the retained year.~~Parents or guardians of a student not demonstrating reading proficiency shall make the final decision regarding a student's reading camp attendance. Local school administrative units shall provide at least one opportunity for students not participating in a reading camp to demonstrate reading proficiency appropriate for third grade students on an alternative assessment or through a student reading portfolio process approved by the State Board of Education prior to retaining the student.

(b) Students retained under G.S. 115C-83.7(a) shall be provided with a teacher selected based on demonstrated student outcomes in reading proficiency and placed in an accelerated reading class or a transitional third and fourth grade class combination, as appropriate. Classroom instruction shall include at least 90 minutes of daily, uninterrupted, evidence-based reading instruction, not to include independent reading time, and other appropriate instructional supports and services and reading interventions.

(c) The State Board of Education shall establish a midyear promotion policy for any student retained under G.S. 115C-83.7(a) who, by November 1, demonstrates reading

proficiency through administration of the alternative assessment of reading comprehension or student reading portfolio review. Principals shall use the provisions under G.S. 115C-288(a) to grade and classify students demonstrating reading proficiency after the November 1 midyear promotion deadline.

(d) Repealed by Session Laws 2013-360, s. 8.30, effective July 1, 2013.

(e) Parents or guardians of students who have been retained twice under the provisions of G.S. 115C-83.7(a) shall be offered supplemental tutoring for the retained student in evidence-based reading services outside the instructional day."

SECTION 7. G.S. 115C-83.9 reads as rewritten:

"**§ 115C-83.9. Notification requirements to parents and guardians.**

(a) Parents or guardians shall be notified in writing, and in a timely manner, that the student shall be retained, unless he or she is exempt from mandatory retention for good cause, if the student is not demonstrating reading proficiency by the end of third grade. Parents or guardians shall receive this notice when a kindergarten, first, second, or third grade student (i) is demonstrating difficulty with reading development; (ii) is not reading at grade level; or (iii) has a personal education plan under G.S. 115C-105.41.

(b) Parents or guardians of any student who is to be retained under the provisions of G.S. 115C-83.7(a) shall be notified in writing of the reason the student is not eligible for a good cause exemption as provided in G.S. 115C-83.7(b). Written notification shall also include a description of proposed reading interventions that will be provided to the student to remediate identified areas of reading deficiency.

(c) Parents or guardians of students retained under G.S. 115C-83.7(a) shall receive at least monthly written reports on student progress toward reading proficiency. The evaluation of the student's progress shall be based upon the student's classroom work, observations, tests, assessments, and other relevant information.

(d) Teachers and principals shall provide ~~opportunities~~ opportunities, including, but not limited to, information sessions, to discuss with parents and guardians the notifications listed in this section."

SECTION 8. Part 1A of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-83.11. Continued support for students demonstrating reading proficiency.**

(a) Parents or guardians of a student demonstrating reading proficiency appropriate for a third grade student as provided under G.S. 115C-83.7 may choose to enroll the student in the reading camp as defined in G.S. 115C-83.3(9) but may be charged an attendance fee. Local boards of education may establish a fee amount to be equal to the per student program cost of participating in the reading camp, not to exceed eight hundred twenty-five dollars ($825.00).

(b) Priority enrollment in the reading camp is for students not demonstrating reading proficiency as provided under G.S. 115C-83.8. Local boards of education shall establish application procedures and enrollment priorities for reading camps for students demonstrating reading proficiency."

SECTION 9. G.S. 115C-238.29F(d1) reads as rewritten:

"(d1) Reading Proficiency and Student Promotion. –

(1) Students in the third grade shall be retained if the student fails to demonstrate reading proficiency by reading at or above the third grade level as demonstrated by the results of the State-approved standardized test of reading comprehension administered to third grade students. The charter school shall provide reading interventions to retained students to remediate reading deficiency, which may include 90 minutes of daily, uninterrupted, evidence-based reading instruction, accelerated reading classes, transition classes containing third and fourth grade students, and summer reading camps.

(2) Students may be exempt from mandatory retention in third grade for good cause but shall continue to receive instructional supports and services and reading interventions appropriate for their age and reading level. Good cause exemptions shall be limited to the following:

a. Limited English Proficient students with less than two school years of instruction in an English as a Second Language program.

b. Students with disabilities, as defined in G.S. 115C-106.3(1), and whose individualized education program indicates ~~the use of~~

~~alternative assessments and reading interventions.~~(i) the use of the NCEXTEND1 alternate assessment, (ii) at least a two school year delay in educational performance, or (iii) receipt of intensive reading interventions for at least two school years.

c. Students who demonstrate reading proficiency appropriate for third grade students on an alternative assessment of reading comprehension. The charter school shall notify the State Board of Education of the alternative assessment used to demonstrate reading proficiency.

d. Students who demonstrate, through a student reading portfolio, reading proficiency appropriate for third grade students.

e. Students who have (i) received reading intervention and (ii) previously been retained more than once in kindergarten, first, second, or third grades.

...."

SECTION 10. The State Board of Education shall implement the developmental screening instrument as provided in G.S. 115C-83.5 in each school in a local school administrative unit enrolling kindergarten students, and according to the approved time line for the administration of the Kindergarten Entry Assessment as provided under Section 3.9 of S.L. 2013-363. Additional components of the Kindergarten Entry Assessment shall be fully implemented in each school in a local school administrative unit enrolling kindergarten students beginning with the 2016-2017 school year.

SECTION 11. The title of Part 5 of Article 10A of Chapter 115C of the General Statutes reads as rewritten:

"CAREER AND COLLEGE READINESS."

SECTION 12. G.S. 115C-83.4A is recodified in Part 5 of Article 10A of Chapter 115C of the General Statutes as G.S. 115C-174.26.

SECTION 13. G.S. 115C-83.15(b) reads as rewritten:

"(b) Calculation of the School Achievement Score. – In calculating the overall school achievement score earned by schools, the State Board of Education shall total the sum of points earned by a school on all of the following indicators that are measured for that school:

(1) One point for each percent of students who score at or above proficient on annual assessments for mathematics in grades three through eight.

(2) One point for each percent of students who score at or above proficient on annual assessments for reading in grades three through eight.

(3) One point for each percent of students who score at or above proficient on annual assessments for science in grades five and eight.

(4) One point for each percent of students who score at or above proficient on the Algebra I or Integrated Math I end-of-course test.

(5) One point for each percent of students who score at or above proficient on the English II end-of-course test.

(6) One point for each percent of students who score at or above proficient on the Biology end-of-course test.

(7) One point for each percent of students who complete Algebra II or Integrated Math III with a passing grade.

(8) One point for each percent of students who achieve the minimum score required for admission into a constituent institution of The University of North Carolina on a nationally normed test of college readiness.

(9) One point for each percent of students enrolled in Career and Technical Education courses who meet the standard when scoring at Silver, Gold, or Platinum levels on a nationally normed test of workplace readiness.

(10) One point for each percent of students who graduate within four years of entering high school.

~~Each school achievement indicator shall be of equal value when used to determine the overall school achievement score.~~ In calculating the overall school achievement score earned by schools, the State Board of Education shall (i) use a composite approach to weigh the achievement elements based on the number of students measured by any given achievement element and (ii) proportionally adjust the scale to account for the absence of a school achievement element for award of scores to a school that does not have a measure of one of the

school achievement elements annually assessed for the grades taught at that school. The overall school achievement score shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-238.29F, and 115C-238.66."

SECTION 14. G.S. 115C-83.15(d) reads as rewritten:

"(d) Calculation of the School Performance Scores and Grades. – ~~For schools exceeding or not meeting expected school growth, the~~ The State Board of Education shall use EVAAS to calculate the school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum. ~~For schools meeting expected growth, and with a school achievement score of eighty percent (80%) or higher, the school performance score shall solely reflect the achievement score. For schools meeting expected growth, and with a school achievement score below eighty percent (80%), the school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum.~~ If a school has met expected growth and inclusion of the school's growth score reduces the school's performance score and grade, a school may choose to use the school achievement score solely to calculate the performance score and grade. For all schools, the total school performance score shall be converted to a 100-point scale and used to determine a school performance grade based on the following scale:

(1) A school performance score of at least 90 is equivalent to an overall school performance grade of A.
(2) A school performance score of at least 80 is equivalent to an overall school performance grade of B.
(3) A school performance score of at least 70 is equivalent to an overall school performance grade of C.
(4) A school performance score of at least 60 is equivalent to an overall school performance grade of D.
(5) A school performance score of less than 60 points is equivalent to an overall school performance grade of F."

SECTION 15. Notwithstanding G.S. 115C-83.15(d), for the 2013-2014 school year only, for all schools the total school performance score shall be converted to a 100-point scale and used to determine a school performance grade based on the following scale:

(1) A school performance score of at least 85 is equivalent to an overall school performance grade of A.
(2) A school performance score of at least 70 is equivalent to an overall school performance grade of B.
(3) A school performance score of at least 55 is equivalent to an overall school performance grade of C.
(4) A school performance score of at least 40 is equivalent to an overall school performance grade of D.
(5) A school performance score of less than 40 points is equivalent to an overall school performance grade of F.

SECTION 16. For the 2014-2015 school year only, local boards of education may apply for waivers from the requirements in G.S. 115C-174.12(4) which limit the administration of final exams for year-long courses to the final 10 instructional days of the school year and the final five instructional days of the semester for semester courses. Local boards of education shall apply for these waivers to the State Board of Education by September 1, 2014. The State Board of Education shall grant the waivers for up to five additional days in order to allow the administration of final exams for year-long courses within the final 15 instructional days of the school year and for semester courses within the final 10 instructional days of the semester. By October 1, 2014, the State Board of Education shall notify the local boards of education whether the requested waivers have been granted.

SECTION 17. This act is effective when it becomes law. Section 16 of this act applies only for the 2014-2015 school year.

In the General Assembly read three times and ratified this the 9th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Paul Stam
Speaker Pro Tempore of the House of Representatives

s/ Pat McCrory
Governor

Approved 5:42 p.m. this 10th day of June, 2014

SESSION LAW 2014-119
HOUSE BILL 369

AN ACT TO MAKE CHANGES TO VARIOUS CRIMINAL LAWS AND TO CLARIFY TO WHICH LOCAL GOVERNMENT CONTRACTS E-VERIFY APPLIES.

The General Assembly of North Carolina enacts:

MODIFY EXPUNCTIONS

SECTION 1.(a) G.S. 15A-145.5(a) reads as rewritten:

"**§ 15A-145.5. Expunction of certain misdemeanors and felonies; no age limitation.**

(a) For purposes of this section, the term "nonviolent misdemeanor" or "nonviolent felony" means any misdemeanor or felony except the following:

(1) A Class A through G felony or a Class A1 misdemeanor.
(2) An offense that includes assault as an essential element of the offense.
(3) An offense requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, whether or not the person is currently required to register.
(4) Any of the following sex-related or stalking offenses: G.S. 14-27.7A(b), 14-190.7, 14-190.8, 14-190.9, 14-202, 14-208.11A, 14-208.18, 14-277.3, 14-277.3A, 14-321.1.
(5) Any felony offense in Chapter 90 of the General Statutes where the offense involves methamphetamines, heroin, or possession with intent to sell or deliver or sell and deliver cocaine.
(6) An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any offense for which punishment was determined pursuant to G.S. 14-3(c).
(7) An offense under G.S. 14-401.16.
(7a) An offense under G.S. 14-54(a), 14-54(a1), or 14-56.
(8) Any felony offense in which a commercial motor vehicle was used in the commission of the offense.
(9) Any offense that is an attempt to commit an offense described in subdivisions (1) through (8) of this subsection."

SECTION 1.(b) This section becomes effective December 1, 2014, and applies to petitions filed on or after that date, but petitions filed prior to that date are not abated by this act.

CONDITIONAL DISCHARGE AUTHORIZED

SECTION 2.(a) G.S. 15A-1341 reads as rewritten:

"**§ 15A-1341. Probation generally.**

(a) Use of Probation. – Unless specifically prohibited, a person who has been convicted of any criminal offense may be placed on probation as provided by this Article if the class of offense of which the person is convicted and the person's prior record or conviction level under Article 81B of this Chapter authorizes a community or intermediate punishment as a type of sentence disposition or if the person is convicted of impaired driving under G.S. 20-138.1.

(a1) Deferred Prosecution. – A person who has been charged with a Class H or I felony or a misdemeanor may be placed on probation as provided in this Article on motion of the defendant and the prosecutor if the court finds each of the following facts:

(1) Prosecution has been deferred by the prosecutor pursuant to written agreement with the defendant, with the approval of the court, for the purpose of allowing the defendant to demonstrate his good conduct.

(2) Each known victim of the crime has been notified of the motion for probation by subpoena or certified mail and has been given an opportunity to be heard.

(3) The defendant has not been convicted of any felony or of any misdemeanor involving moral turpitude.

(4) The defendant has not previously been placed on probation and so states under oath.

(5) The defendant is unlikely to commit another offense other than a Class 3 misdemeanor.

(a2) Deferred Prosecution for Purpose of Drug Treatment Court Program. – A defendant eligible for a Drug Treatment Court Program pursuant to Article 62 of Chapter 7A of the General Statutes may be placed on probation if the court finds that prosecution has been deferred by the prosecutor, with the approval of the court, pursuant to a written agreement with the defendant, for the purpose of allowing the defendant to participate in and successfully complete the Drug Treatment Court Program.

(a3) ~~Deferred Prosecution~~ Conditional Discharge for Prostitution. – A defendant ~~whose prosecution is deferred pursuant to G.S. 14-204(c)~~ for whom the court orders a conditional discharge pursuant to G.S. 14-204(b) may be placed on probation as provided in this Article.

(a4) Conditional Discharge. – Whenever a person pleads guilty to or is found guilty of a Class H or I felony or a misdemeanor, the court may, on joint motion of the defendant and the prosecutor, and without entering a judgment of guilt and with the consent of the person, defer further proceedings and place the person on probation as provided in this Article for the purpose of allowing the defendant to demonstrate the defendant's good conduct if the court finds each of the following facts:

(1) Each known victim of the crime has been notified of the motion for probation by subpoena or certified mail and has been given an opportunity to be heard.

(2) The defendant has not been convicted of any felony or of any misdemeanor involving moral turpitude.

(3) The defendant has not previously been placed on probation and so states under oath.

(4) The defendant is unlikely to commit another offense other than a Class 3 misdemeanor.

(a5) Conditional Discharge for Purpose of Drug Treatment Court Program. – When a defendant is eligible for a Drug Treatment Court Program pursuant to Article 62 of Chapter 7A of the General Statutes, the court may, without entering a judgment of guilt and with the consent of the defendant, defer further proceedings and place the defendant on probation for the purpose of allowing the defendant to participate in and successfully complete the Drug Treatment Court Program.

(a6) Compliance With Terms of Conditional Discharge. – Upon violation of a term or condition of a conditional discharge granted pursuant to this section, the court may enter an adjudication of guilt and proceed as otherwise provided. Upon fulfillment of the terms and conditions of a conditional discharge granted pursuant to this section, any plea or finding of guilty previously entered shall be withdrawn and the court shall discharge the person and dismiss the proceedings against the person.

(b) Supervised and Unsupervised Probation. – The court may place a person on supervised or unsupervised probation. A person on unsupervised probation is subject to all incidents of probation except supervision by or assignment to a probation officer.

(c) Repealed by Session Laws 1995, c. 429, s. 1.

(d) Search of Sex Offender Registration Information Required When Placing a Defendant on Probation. – When the court places a defendant on probation, the probation officer assigned to the defendant shall conduct a search of the defendant's name or other identifying information against the registration information regarding sex offenders compiled by the Division of Criminal Statistics of the Department of Justice in accordance with Article 27A of Chapter 14 of the General Statutes. The probation officer may conduct the search using the Internet site maintained by the Division of Criminal Statistics.

(e) Review of Defendant's Juvenile Record. – The probation officer assigned to a defendant may examine and obtain copies of the defendant's juvenile record in a manner consistent with G.S. 7B-3000(b) and (e1)."

SECTION 2.(b) G.S. 7A-272 reads as rewritten:

"**§ 7A-272. Jurisdiction of district court; concurrent jurisdiction in guilty or no contest pleas for certain felony offenses; appellate and appropriate relief procedures applicable.**

...

(e) With the consent of the chief district court judge and the senior resident superior court judge, the district court has jurisdiction to preside over the supervision of a probation judgment entered in superior court in which the defendant is required to participate in a drug treatment court program pursuant to G.S. 15A-1343(b1)(2b) or a therapeutic court as defined in subsection (f) of this section, or is participating in the drug treatment court pursuant to a deferred prosecution agreement under ~~G.S. 15A-1341(a2).~~G.S. 15A-1341(a2) or the terms of a conditional discharge under G.S. 15A-1341(a5). The district court may modify or extend the probation judgment, but jurisdiction to revoke probation supervised under this subsection is as provided in G.S. 7A-271(f).

(f) As used in subsection (e) of this section, the term "therapeutic court" refers to a court, other than drug treatment court established pursuant to Article 62 of Chapter 7A of the General Statutes, in which a criminal defendant, either as a condition of probation or pursuant to a deferred prosecution agreement or the terms of a conditional discharge under G.S. 15A-1341, is ordered to participate in specified activities designed to address underlying problems of substance abuse and mental illness that contribute to the person's criminal activity. The ordered activities shall, at a minimum, require the person to participate in treatment and attend regular court sessions of the therapeutic court over an extended period of time. The senior resident superior court judge and the chief district court judge shall agree in writing that the therapeutic court is being established and shall file the written agreement with the Administrative Office of the Courts before jurisdiction established by subsection (e) of this section may be exercised by the district court."

SECTION 2.(c) G.S. 14-313(f) reads as rewritten:

"(f) Deferred ~~prosecution.~~Prosecution or Conditional Discharge. – Notwithstanding ~~G.S. 15A-1341(a1),~~G.S. 15A-1341(a1) or G.S. 15A-1341(a4), any person charged with a misdemeanor under this section shall be qualified for deferred prosecution or a conditional discharge pursuant to Article 82 of Chapter 15A of the General Statutes provided the defendant has not previously been placed on probation for a violation of this section and so states under oath."

SECTION 2.(d) G.S. 15A-146(d) reads as rewritten:

"(d) A person charged with a crime that is dismissed pursuant to compliance with a deferred prosecution agreement or the terms of a conditional discharge and who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the North Carolina Department of Justice for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent."

SECTION 2.(e) G.S. 15A-1342 reads as rewritten:

"**§ 15A-1342. Incidents of probation.**

(a) Period. – The court may place a convicted offender on probation for the appropriate period as specified in G.S. 15A-1343.2(d), not to exceed a maximum of five years. The court may place a defendant as to whom prosecution has been deferred or who receives a conditional discharge on probation for a maximum of two years. The probation remains conditional and subject to revocation during the period of probation imposed, unless terminated as provided in subsection (b) or G.S. 15A-1341(c).

Extension. – In addition to G.S. 15A-1344, the court with the consent of the defendant may extend the period of probation beyond the original period (i) for the purpose of allowing the defendant to complete a program of restitution, or (ii) to allow the defendant to continue medical or psychiatric treatment ordered as a condition of the probation. The period of extension shall not exceed three years beyond the original period of probation. The special extension authorized herein may be ordered only in the last six months of the original period of

probation. Any probationary judgment form provided to a defendant on supervised probation shall state that probation may be extended pursuant to this subsection.

(a1) Supervision of Defendants on Deferred ~~Prosecution.~~Prosecution or Conditional Discharge. – The Section of Community Corrections of the Division of Adult Correction of the Department of Public Safety may be ordered by the court to supervise an offender's compliance with the terms of a conditional discharge or deferred prosecution agreement entered into under ~~G.S. 15A-1341(a1) or (a3).~~G.S. 15A-1341(a1), (a3), or (a4). Violations of the terms of the agreement or conditional discharge shall be reported to the court as provided in this Article and to the district attorney in the district in which the agreement was entered.

...

(i) Immunity from Prosecution upon Compliance. – Upon the expiration or early termination as provided in subsection (b) of a period of probation imposed after deferral of prosecution and before ~~conviction,~~ conviction or a conditional discharge, the defendant shall be immune from prosecution of the charges ~~deferred.~~deferred or discharged and dismissed.

...."

SECTION 2.(f) G.S. 15A-1343 reads as rewritten:

"**§ 15A-1343. Conditions of probation.**

...

(c1) Supervision Fee. – Any person placed on supervised probation pursuant to subsection (a) of this section shall pay a supervision fee of forty dollars ($40.00) per month, unless exempted by the court. The court may exempt a person from paying the fee only for good cause and upon motion of the person placed on supervised probation. No person shall be required to pay more than one supervision fee per month. The court may require that the fee be paid in advance or in a lump sum or sums, and a probation officer may require payment by such methods if he is authorized by subsection (g) to determine the payment schedule. Supervision fees must be paid to the clerk of court for the county in which the judgment was ~~entered or~~ entered, the deferred prosecution agreement was ~~filed.~~ filed, or the conditional discharge was ordered. Fees collected under this subsection shall be transmitted to the State for deposit into the State's General Fund.

(c2) Electronic Monitoring Device Fees. – Any person placed on house arrest with electronic monitoring under subsection (a1) or (b1) of this section shall pay a fee of ninety dollars ($90.00) for the electronic monitoring device and a daily fee in an amount that reflects the actual cost of providing the electronic monitoring. The court may exempt a person from paying the fees only for good cause and upon motion of the person placed on house arrest with electronic monitoring. The court may require that the fees be paid in advance or in a lump sum or sums, and a probation officer may require payment by those methods if the officer is authorized by subsection (g) of this section to determine the payment schedule. The fees must be paid to the clerk of court for the county in which the judgment was ~~entered or~~ entered, the deferred prosecution agreement was ~~filed.~~filed, or the conditional discharge was ordered. Fees collected under this subsection for the electronic monitoring device shall be transmitted to the State for deposit into the State's General Fund. The daily fees collected under this subsection shall be remitted to the Department of Public Safety to cover the costs of providing the electronic monitoring."

SECTION 2.(g) G.S. 143B-708 reads as rewritten:

"**§ 143B-708. Community service program.**

...

(c) A fee of two hundred fifty dollars ($250.00) shall be paid by all persons who participate in the program or receive services from the program staff. Only one fee may be assessed for each sentencing transaction, even if the person is assigned to the program on more than one occasion, or while on deferred prosecution, under a conditional discharge, or ~~while~~ serving a sentence for the offense. A sentencing transaction shall include all offenses considered and adjudicated during the same term of court. Fees collected pursuant to this subsection shall be deposited in the General Fund. If the person is convicted in a court in this State, the fee shall be paid to the clerk of court in the county in which the person is convicted, regardless of whether the person is participating in the program as a condition of parole, of probation imposed by the court, or pursuant to the exercise of authority delegated to the probation officer pursuant to G.S. 15A-1343.2(e) or (f). If the person is participating in the program as a result of a conditional discharge or a deferred prosecution or similar program, the fee shall be paid to the clerk of court in the county in which the agreement is filed. Persons

participating in the program for any other reason shall pay the fee to the clerk of court in the county in which the services are provided by the program staff. The fee shall be paid in full before the person may participate in the community service program, except that:

(1) A person convicted in a court in this State may be given an extension of time or allowed to begin the community service before the person pays the fee by the court in which the person is convicted; or

(2) A person performing community service pursuant to a conditional discharge, deferred prosecution or similar agreement may be given an extension of time or allowed to begin community service before the fee is paid by the official or agency representing the State in the agreement.

(3) A person performing community service as a condition of parole may be given an extension of time to pay the fee by the Post-Release Supervision and Parole Commission. No person shall be required to pay the fee before beginning the community service unless the Commission orders the person to do so in writing.

(4) A person performing community service as ordered by a probation officer pursuant to authority delegated by G.S. 15A-1343.2 may be given an extension of time to pay the fee by the probation officer exercising the delegated authority.

...

(e) The community service staff shall report to the court in which the community service was ordered, a significant violation of the terms of the probation, ~~or~~ deferred prosecution, or conditional discharge related to community service, including a willful failure to pay any moneys due the State under any court order or payment schedule adopted by the Section of Community Corrections of the Division of Adult Correction. The community service staff shall give notice of the hearing to determine if there is a willful failure to comply to the person who was ordered to perform the community service. This notice shall be given by either personal delivery to the person to be notified or by depositing the notice in the United States mail in an envelope with postage prepaid, addressed to the person at the last known address available to the preparer of the notice and reasonably believed to provide actual notice to the person. The notice shall be mailed at least 10 days prior to any hearing and shall state the basis of the alleged willful failure to comply. The court shall then conduct a hearing, even if the person ordered to perform the community service fails to appear, to determine if there is a willful failure to complete the work as ordered by the community service staff within the applicable time limits. The hearing may be held in the county in which the ~~probation judgment or deferred prosecution~~ order requiring the performance of community service was imposed, the county in which the violation occurred, or the county of residence of the person. If the court determines there is a willful failure to comply, it shall revoke any drivers license issued to the person and notify the Division of Motor Vehicles to revoke any drivers license issued to the person until the community service requirement has been met. In addition, if the person is present, the court may take any further action authorized by Article 82 of Chapter 15A of the General Statutes for violation of a condition of probation."

SECTION 2.(h) This section becomes effective December 1, 2014.

POSSESSION OF MARIJUANA PARAPHERNALIA/CLASS 3 MISDEMEANOR

SECTION 3.(a) G.S. 90-113.22(a) reads as rewritten:

"(a) It is unlawful for any person to knowingly use, or to possess with intent to use, drug paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, package, repackage, store, contain, or conceal a controlled substance other than marijuana which it would be unlawful to possess, or to inject, ingest, inhale, or otherwise introduce into the body a controlled substance other than marijuana which it would be unlawful to possess."

SECTION 3.(b) Article 5B of Chapter 14 of the General Statutes is amended by adding a new section to read:

"**§ 90-113.22A. Possession of marijuana drug paraphernalia.**

(a) It is unlawful for any person to knowingly use, or to possess with intent to use, drug paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, package, repackage, store, contain, or conceal marijuana or to inject, ingest, inhale, or otherwise introduce marijuana into the body.

(b) A violation of this section is a Class 3 misdemeanor. A violation of this section shall be a lesser included offense of G.S. 90-113.22."

SECTION 3.(c) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

HUMAN TRAFFICKING COMMISSION/STUDY ERIN'S LAW

SECTION 4.(a) The Human Trafficking Commission established by G.S. 114-70, in consultation with Prevent Child Abuse North Carolina; the North Carolina Coalition Against Sexual Assault; the National Association of Social Workers, North Carolina Chapter; the North Carolina School Boards Association; the Department of Public Instruction; the North Carolina Pediatric Society; and two representatives of local child advocacy agencies, shall study the prevention of sexual abuse of children. As part of this study, the Commission shall do the following:

(1) Gather information concerning the occurrence of child sexual abuse throughout the State.

(1a) Receive reports and testimony on child sexual abuse from individuals, State and local agencies, community-based organizations, and other public and private organizations.

(2) Identify statewide goals to prevent child sexual abuse.

(3) Examine age-appropriate curricula on the subject of sexual abuse for students in kindergarten through grade six that could be included as part of the Basic Education Program for the public schools.

(4) Identify methods for increasing teacher, student, and parent awareness of issues regarding sexual abuse of children, including the warning signs indicating that a child may be a victim of sexual abuse, actions that a child who is a victim of sexual abuse may take to obtain assistance and intervention, and available counseling options for children affected by sexual abuse.

(5) Study any other issue the Commission considers relevant to this topic.

SECTION 4.(b) The Human Trafficking Commission shall submit a final report of the results of its study and its recommendations, including any proposed legislation, to the 2015 General Assembly.

INCREASE PENALTY FOR GIVING OR SELLING A CELL PHONE TO AN INMATE/MAKE IT UNLAWFUL FOR STATE INMATE TO POSSESS A CELL PHONE/INCREASE PENALTY FOR INMATE OF LOCAL CONFINEMENT FACILITY TO POSSESS CELL PHONE

SECTION 5.(a) G.S. 14-258.1 reads as rewritten:

"**§ 14-258.1. Furnishing poison, controlled substances, deadly weapons, cartridges, ammunition or alcoholic beverages to inmates of charitable, mental or penal institutions or local confinement facilities; furnishing tobacco products or mobile phones to inmates.**

...

(d) Any person who knowingly gives or sells a mobile telephone or other wireless communications device, or a component of one of those devices, to an inmate in the custody of the Division of Adult Correction of the Department of Public Safety or to an inmate in the custody of a local confinement facility, or any person who knowingly gives or sells any such device or component to a person who is not an inmate for delivery to an inmate, is guilty of a ~~Class 1 misdemeanor.~~Class H felony.

(e) Any inmate of a local confinement facility who possesses any tobacco product, as defined in G.S. 148-23.1, other than for authorized religious purposes, ~~or who possesses a mobile telephone or other wireless communications device or a component of one of those devices,~~ is guilty of a Class 1 misdemeanor.

(f) Any inmate in the custody of the Division of Adult Correction of the Department of Public Safety or an inmate of a local confinement facility who possesses a mobile telephone or other wireless communication device or a component of one of those devices is guilty of a Class H felony."

SECTION 5.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

ASSAULT ON A LEGISLATIVE, EXECUTIVE, OR COURT OFFICIAL/THREATS/SOLICITATION BY AN INMATE

SECTION 6.(a) G.S. 14-16.6(a) reads as rewritten:

"(a) Any person who assaults any legislative officer, executive officer, or court officer, or assaults another person as retaliation against any legislative officer, executive officer, or court officer because of the exercise of that officer's duties, or any person who makes a violent attack upon the residence, office, temporary accommodation or means of transport of any one of those officers or persons in a manner likely to endanger the ~~officer,~~ officer or person, shall be guilty of a felony and shall be punished as a Class I felon."

SECTION 6.(b) G.S. 14-16.7 reads as rewritten:

"**§ 14-16.7. Threats against executive, legislative, or court officers.**

(a) Any person who knowingly and willfully makes any threat to inflict serious bodily injury upon or to kill any legislative officer, executive officer, or court officer, or who knowingly and willfully makes any threat to inflict serious bodily injury upon or kill any other person as retaliation against any legislative officer, executive officer, or court officer because of the exercise of that officer's duties, shall be guilty of a felony and shall be punished as a Class I felon.

(b) Any person who knowingly and willfully deposits for conveyance in the mail any letter, writing, or other document containing a threat to ~~inflict serious bodily injury upon or to kill any legislative officer, executive officer, or court officer,~~ commit an offense described in subsection (a) of this section shall be guilty of a felony and shall be punished as a Class I felon."

SECTION 6.(c) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

ADD RETIRED QUALIFIED CORRECTIONAL OFFICERS/COURSE EXEMPTION

SECTION 7.(a) G.S. 14-415.10 is amended by adding a new subdivision to read:

"(4c) Qualified retired correctional officer. – An individual who retired from service as a State correctional officer, other than for reasons of mental disability, who has been retired as a correctional officer two years or less from the date of the permit application and who meets all of the following criteria:

a. Immediately before retirement, the individual met firearms training standards of the Division of Adult Correction of the Department of Public Safety and was authorized by the Division of Adult Correction of the Department of Public Safety to carry a handgun in the course of assigned duties.

b. The individual retired in good standing and was never a subject of a disciplinary action by the Division of Adult Correction of the Department of Public Safety that would have prevented the individual from carrying a handgun.

c. The individual has a vested right to benefits under the Teachers' and State Employees' Retirement System of North Carolina established under Article 1 of Chapter 135 of the General Statutes.

d. The individual is not prohibited by State or federal law from receiving a firearm."

SECTION 7.(b) G.S. 14-415.12A(a) reads as rewritten:

"(a) A person who is a qualified sworn law enforcement officer, a qualified former sworn law enforcement officer, a qualified retired correctional officer, or a qualified retired probation or parole certified officer is deemed to have satisfied the requirement under G.S. 14-415.12(a)(4) that an applicant successfully complete an approved firearms safety and training course."

SECTION 7.(c) This section is effective when this act becomes law.

REMOTE VIDEO TESTIMONY BY FORENSIC AND CHEMICAL ANALYSTS

SECTION 8.(a) Article 73 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"**§ 15A-1225.3. Forensic analyst remote testimony.**

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

(1) Criminal proceeding. – Any hearing or trial in a prosecution of a person charged with violating a criminal law of this State and any hearing or proceeding conducted under Subchapter II of Chapter 7B of the General Statutes where a juvenile is alleged to have committed an offense that would be a criminal offense if committed by an adult.

(2) Remote testimony. – A method by which a forensic analyst testifies from a location other than the location where the hearing or trial is being conducted and outside the physical presence of a party or parties.

(b) Remote Testimony Authorized. – In any criminal proceeding, the testimony of an analyst regarding the results of forensic testing admissible pursuant to G.S. 8-58.20, and reported by that analyst, shall be permitted by remote testimony if all of the following occur:

(1) The State has provided a copy of the report to the attorney of record for the defendant, or to the defendant if that person has no attorney, as required by G.S. 8-58.20(d). For purposes of this subdivision, "report" means the full laboratory report package provided to the district attorney.

(2) The State notifies the attorney of record for the defendant, or the defendant if that person has no attorney, at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the testimony regarding the results of forensic testing into evidence using remote testimony.

(3) The defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the testimony will be presented that the defendant objects to the introduction of the remote testimony.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the analyst shall be allowed to testify by remote testimony.

(c) Testimony. – The method used for remote testimony authorized by this section shall allow the trier of fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar manner as if the analyst were testifying in the location where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney, or the defendant if that person has no attorney, has a full and fair opportunity for examination and cross-examination of the analyst.

(d) Nothing in this section shall preclude the right of any party to call any witness."

SECTION 8.(b) G.S. 20-139.1 is amended by adding a new subsection to read:

"(c5) The testimony of an analyst regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in all administrative hearings, and in any court, if all of the following occur:

(1) The State has provided a copy of the report to the attorney of record for the defendant, or to the defendant if that person has no attorney, as required by subsections (c1) and (c3) of this section.

(2) The State notifies the attorney of record for the defendant, or the defendant if that person has no attorney, at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the testimony regarding the chemical analysis into evidence using remote testimony.

(3) The defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the testimony will be presented that the defendant objects to the introduction of the remote testimony.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the analyst shall be allowed to testify by remote testimony.

The method used for remote testimony authorized by this subsection shall allow the trier of fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar

manner as if the analyst were testifying in the location where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney, or the defendant if that person has no attorney, has a full and fair opportunity for examination and cross-examination of the analyst.

Nothing in this section shall preclude the right of any party to call any witness. Nothing in this subsection shall obligate the Administrative Office of the Courts or the State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds for that purpose."

SECTION 8.(c) This section becomes effective September 1, 2014, and applies to testimony admitted on or after that date.

PERMIT DETENTION OFFICERS TO CARRY WEAPONS ON CAMPUS OR OTHER EDUCATIONAL PROPERTY WHEN DISCHARGING OFFICIAL DUTIES

SECTION 9.(a) G.S. 14-269.2 reads as rewritten:

"**§ 14-269.2. Weapons on campus or other educational property.**

...

(g) This section shall not apply to any of the following:

(1) A weapon used solely for educational or school-sanctioned ceremonial purposes, or used in a school-approved program conducted under the supervision of an adult whose supervision has been approved by the school authority.

(1a) A person exempted by the provisions of G.S. 14-269(b).

(2) Firefighters, emergency service personnel, ~~and~~ North Carolina Forest Service personnel, detention officers employed by and authorized by the sheriff to carry firearms, and any private police employed by a school, when acting in the discharge of their official duties.

(3) Home schools as defined in G.S. 115C-563(a).

(4) Weapons used for hunting purposes on the Howell Woods Nature Center property in Johnston County owned by Johnston Community College when used with the written permission of Johnston Community College or for hunting purposes on other educational property when used with the written permission of the governing body of the school that controls the educational property.

(5) A person registered under Chapter 74C of the General Statutes as an armed armored car service guard or an armed courier service guard when acting in the discharge of the guard's duties and with the permission of the college or university.

(6) A person registered under Chapter 74C of the General Statutes as an armed security guard while on the premises of a hospital or health care facility located on educational property when acting in the discharge of the guard's duties with the permission of the college or university.

(7) A volunteer school safety resource officer providing security at a school pursuant to an agreement as provided in G.S. 115C-47(61) and either G.S. 162-26 or G.S. 160A-288.4, provided that the volunteer school safety resource officer is acting in the discharge of the person's official duties and is on the educational property of the school that the officer was assigned to by the head of the appropriate local law enforcement agency."

SECTION 9.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

PROVIDE THAT AIR RIFLES, AIR PISTOLS, AND BB GUNS ARE NOT INCLUDED IN THE DEFINITION OF "DANGEROUS FIREARMS" FOR CERTAIN PURPOSES IN THE FOLLOWING COUNTIES: ANSON, CLEVELAND, HARNETT, STANLY, AND SURRY

SECTION 10.(a) G.S. 14-316 reads as rewritten:

"**§ 14-316. Permitting young children to use dangerous firearms.**

(a) It shall be unlawful for any person to knowingly permit a child under the age of 12 years to have access to, or possession, custody or use in any manner whatever, of any gun, pistol or other dangerous firearm, whether such weapon be loaded or unloaded, unless the

person has the permission of the child's parent or guardian, and the child is under the supervision of an adult. Any person violating the provisions of this section shall be guilty of a Class 2 misdemeanor.

(b) Air rifles, air pistols, and BB guns shall not be deemed "dangerous firearms" within the meaning of subsection (a) of this section except in the following counties: ~~Anson,~~ Caldwell, ~~Caswell, Chowan, Cleveland, Cumberland,~~ Durham, Forsyth, Gaston, ~~Harnett,~~ Haywood, Mecklenburg, ~~Stanly,~~ Stokes, ~~Surry,~~ Union, Vance."

SECTION 10.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

PROPER IMPLEMENTATION OF EXPUNCTION LAWS

SECTION 11.(a) G.S. 15A-145.5(f) reads as rewritten:

"(f) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section upon receipt from the petitioner of an order entered pursuant to this section. The agency shall also vacate any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. A person whose administrative action has been vacated by an occupational licensing board pursuant to an expunction under this section may then reapply for licensure and must satisfy the board's then current education and preliminary licensing requirements in order to obtain licensure. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA ~~Databank or to fingerprint records.~~Databank."

SECTION 11.(b) This section is effective when it becomes law and applies to expunctions issued pursuant to G.S. 15A-145.5 before, on, or after that date.

INCREASE PENALTY FOR SECOND OFFENSE OF CARRYING A CONCEALED WEAPON THAT IS A FIREARM

SECTION 12.(a) G.S. 14-269(c) reads as rewritten:

"(c) Any person violating the provisions of subsection (a) of this section shall be guilty of a Class 2 misdemeanor. Any person violating the provisions of subsection (a1) of this section shall be guilty of a Class 2 misdemeanor for the first ~~offense. A~~ offense and a Class H felony for a second or subsequent ~~offense is punishable as a Class I felony.~~ offense. A violation of subsection (a1) of this section punishable under G.S. 14-415.21(a) is not punishable under this section."

SECTION 12.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

CLARIFY TO WHICH LOCAL GOVERNMENT CONTRACTS E-VERIFY APPLIES

SECTION 13.(a) G.S. 160A-20.1(b) reads as rewritten:

"(b) Contractors Must Use E-Verify. – No city may enter into a contract subject to G.S. 143-129 unless the contractor and the contractor's subcontractors comply with the requirements of Article 2 of Chapter 64 of the General Statutes."

SECTION 13.(b) G.S. 153A-449(b) reads as rewritten:

"(b) Contractors Must Use E-Verify. – No county may enter into a contract subject to G.S. 143-129 unless the contractor and the contractor's subcontractors comply with the requirements of Article 2 of Chapter 64 of the General Statutes."

SECTION 13.(c) This section becomes effective October 1, 2014, and applies to contracts entered into on or after that date.

EFFECTIVE DATE

SECTION 14. Except as otherwise provided in this act, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of August, 2014.

s/ Phil E. Berger
Presiding Officer of the Senate

s/ Tim Moore
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:45 a.m. this 18th day of September, 2014

SESSION LAW 2014-49
HOUSE BILL 712

AN ACT TO REVISE AND CLARIFY THE SPECIAL EDUCATION SCHOLARSHIPS FOR CHILDREN WITH DISABILITIES AND TO EXEMPT CERTAIN SCHOOLS FROM CHILD CARE LICENSURE REQUIREMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. Part 1H of Article 9 of Chapter 115C of the General Statutes is retitled as "Special Education Scholarships for Children With Disabilities."

SECTION 2. G.S. 115C-112.5 reads as rewritten:

"**§ 115C-112.5. Definitions.**

The following definitions apply in this Part:

(1) Authority. – The North Carolina State Education Assistance Authority.

(1a) Child with a disability. – As defined in G.S. 115C-106.3(1).

(1b) Disability. – As defined in G.S. 115C-106.3(2).

(1c) Educational technology. – As defined by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.

(2) Eligible student. – A child ~~with a disability~~ under the age of 22 who meets all of the following criteria:

a. ~~Requires an Individualized Education Plan.~~Is a child with a disability.

b. ~~Receives special education or related services on a daily basis.~~Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366.

c. Has not been placed in a nonpublic school or facility by a public agency at public expense.

d. Has not ~~spent any time~~been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.

e. Has not received a high school diploma.

f. Meets at least one of the following requirements:

1. Was enrolled in a North Carolina public school during the previous semester.

2. Received special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester.

3. ~~Received~~ Was approved for a scholarship ~~grant~~ for the previous semester.

4. ~~Is eligible for initial enrollment in kindergarten or the first grade in a North Carolina public school.~~Is a child who is identified as a child with a disability prior to the end of the year of initial enrollment in kindergarten or first grade. An award by the Authority based on eligibility under this sub-sub-subdivision shall be conditional. If documentation is not provided to the Authority that the child is a child with a disability prior to the end of the year of initial enrollment, (i) no reimbursement shall be awarded and (ii) the child shall not

qualify the following year as an eligible student under sub-sub-subdivision 3. of this section.

(3) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter as identified by the Division of Nonpublic Education, Department of Administration.

(3a) Related services. – As defined in G.S. 115C-106.3(18).

(4) ~~Scholarship grants.~~ Scholarships. – ~~Grants~~ Funds awarded by the Authority to eligible ~~students.~~students to be used to receive special education on a daily basis while attending either a nonpublic school or a North Carolina public school for which payment of tuition is required.

(5) Special education. – Specially designed instruction to meet the unique needs of a child with a disability. The term includes instruction in physical education and instruction conducted in a classroom, the home, a hospital or institution, and other settings."

SECTION 3. G.S. 115C-112.6 reads as rewritten:

"**§ 115C-112.6. ~~Scholarship grants.~~Scholarships.**

(a) Scholarship Applications. – The Authority shall make available no later than May 1 annually applications to eligible students for the award of ~~scholarship grants to attend any nonpublic school and to receive special education and related services in a nonpublic school setting.~~ scholarships. Information about ~~scholarship grants~~scholarships and the application process shall be made available on the Authority's Web site. The Authority shall give priority in awarding ~~scholarship grants~~scholarships to eligible students who received a scholarship ~~grant~~ during the previous semester. Except as otherwise provided by the Authority for prior scholarship ~~grant~~ recipients, ~~scholarship grants~~scholarships shall be awarded to eligible students in the order in which the applications are received.

(a1) Web Site Availability. – Information about scholarships and the application process shall be made available on the Authority's Web site. The Authority shall also include information on the Web site notifying parents that federal regulations adopted under IDEA provide that no parentally placed private school child with a disability has an individual right to receive some or all of the special education and related services that the child would receive if enrolled in a public school.

(b) Scholarship Awards. – ~~Scholarship grants~~Scholarships awarded to eligible students shall be for amounts of not more than three thousand dollars ($3,000) per semester per eligible student. Eligible students awarded ~~grants~~ scholarships may not be enrolled in a public ~~school.~~school to which that student has been assigned as provided in G.S. 115C-366. ~~Scholarship grants~~Scholarships shall be awarded only for the reimbursement of ~~tuition and special education and related services, including those services provided to home schooled students.~~tuition, special education, related services, and educational technology, as provided in subsection (b1) of this section. The Authority shall notify parents in writing of their eligibility to receive scholarships for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1.

(b1) Scholarship Reimbursements. – Scholarship reimbursement shall be provided as follows:

(1) Preapproval process. – Prior to the start of each school semester, the parent of an eligible student may submit documentation of the tuition, special education, related services, or educational technology the parent anticipates incurring costs on in that semester for preapproval by the Authority.

(2) Reimbursement submissions. – Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester. In addition, parents shall provide documentation of the following to seek reimbursement:

a. Tuition reimbursement. – Parents may only receive reimbursement for tuition if the parent provides documentation that the student was enrolled in nonpublic school or public school for which payment of tuition is required for no less than 75 days of the semester for which the parent seeks reimbursement. Tuition reimbursement shall not be provided for home schooled students.

b. Special education reimbursement. – Parents may only receive reimbursement for special education if the parent provides documentation that the student received special education for no less than 75 days of the semester for which the parent seeks reimbursement. Special education reimbursement shall not be provided for special education instruction provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

c. Related services reimbursement. – Parents may only receive reimbursement for related services if the parent provides documentation that the student also received special education for no less than 75 days of the semester for which the parent seeks reimbursement for the related services. Related services reimbursement shall not be provided for related services provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

d. Educational technology reimbursement. – Parents may only receive reimbursement for educational technology if the parent provides documentation that the student used the educational technology for no less than 75 days of the semester for which the parent seeks reimbursement.

~~Parents may only receive reimbursement for related services provided to home schooled students if the parent provides documentation that the student received related services for no less than 75 days of the semester for which the parent seeks reimbursement. The Authority shall notify parents in writing of their eligibility to receive scholarship grants for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1. Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester as well as documentation that the student was enrolled in the nonpublic school for no less than 75 days of the semester for which the parent seeks reimbursement for tuition or documentation that related services were provided to a home schooled student for no less than 75 days of the semester for which the parent seeks reimbursement for related services.~~

(3) Scholarship award. – The Authority shall award a scholarship ~~grant~~ in the amount of costs demonstrated by the parent up to the maximum amount. If the costs incurred by the parent do not meet the maximum amount, the Authority shall use the remainder of those funds for the award of ~~scholarship grants~~scholarships to eligible students for the following semester. The Authority shall award ~~scholarship grants~~scholarships to the parents of eligible students at least semiannually.

(c) Student Reevaluation. – After an eligible student's initial receipt of a ~~scholarship grant,~~scholarship, the Authority shall ensure that the student is reevaluated at least every three years by the local educational agency in order to verify that the student continues to be a child with a disability.

(d) Rule Making. – The Authority shall establish rules and regulations for the administration and awarding of ~~scholarship grants.~~scholarships. The Authority shall annually develop a list of educational technology for which scholarships may be used and shall provide scholarship recipients with information about the list."

SECTION 4. G.S. 115C-112.6 is amended by adding a new subsection to read:

"(e) Public Records Exception. – Scholarship applications and personally identifiable information related to eligible students receiving scholarships shall not be a public record under Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable information means any information directly related to a student or members of a student's household, including the name, birthdate, address, Social Security number, telephone number, e-mail address, financial information, or any other information or identification number that would provide information about a specific student or members of a specific student's household."

SECTION 5. G.S. 115C-112.7 reads as rewritten:

"**§ 115C-112.7. Verification of eligibility.**

(a) The Authority may seek verification of information on any application for ~~scholarship grants~~scholarships from eligible students. If a parent fails to cooperate with verification efforts, the Authority shall revoke the award of the scholarship ~~grant~~ to the eligible student.

(b) Parents of applicants for ~~scholarship grants~~scholarships shall authorize the Authority to access any information held by the local educational agency that is needed for verification efforts."

SECTION 6. G.S. 115C-112.8 reads as rewritten:

"**§ 115C-112.8. Authority reporting requirements.**

(a) The Authority shall report annually, no later than October 1, to the Joint Legislative Education Oversight Committee on the Special Education ~~Scholarship Grants~~Scholarships for Children with Disabilities.

(b) The annual report shall include all of the following information:

(1) Total number, age, and grade level of eligible students receiving ~~scholarship grants.~~scholarships.

(2) Total amount of scholarship ~~grant~~ funding awarded.

(3) Nonpublic schools in which scholarship ~~grant~~ recipients are enrolled and the number of scholarship ~~grant~~ students at that school.

(4) The type of special education or related services for which ~~scholarship grants~~scholarships were awarded."

SECTION 7. Article 9 of Chapter 115 of the General Statutes is amended by adding a new section to read:

"**§ 115C-112.9. Duties of State Board of Education.**

The State Board, as part of its duty to monitor all local educational agencies to determine compliance with this Article and IDEA as provided in G.S. 115C-107.4, shall ensure that local educational agencies do the following:

(1) Conduct evaluations requested by a child's parent or guardian of suspected children with disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by IDEA.

(2) Provide reevaluations to identified children with disabilities receiving scholarships as provided in Part 1H of this Article at the request of the parent or guardian to ensure compliance with G.S. 115C-112.6(c)."

SECTION 8. G.S. 110-86 reads as rewritten:

"**§ 110-86. Definitions.**

Unless the context or subject matter otherwise requires, the terms or phrases used in this Article shall be defined as follows:

...

(2) Child care. – A program or arrangement where three or more children less than 13 years old, who do not reside where the care is provided, receive care on a regular basis of at least once per week for more than four hours but less than 24 hours per day from persons other than their guardians or full-time custodians, or from persons not related to them by birth, marriage, or adoption. Child care does not include the following:

...

f. Nonpublic schools described in Part 2 of Article 39 of Chapter 115C of the General Statutes that are accredited by national or regional accrediting agencies with early childhood standards and that operate (i) a child care facility as defined in subdivision (3) of this section for less than six and one-half hours per day either on or off the school ~~site;~~site or (ii) a child care facility for more than six and one-half hours per day, but do not receive NC Pre-K or child care subsidy funding;

...."

SECTION 9. Section 4 of this act becomes effective July 29, 2013. The remainder of this act is effective when it becomes law, and Sections 1 through 7 apply to grants awarded beginning with the 2014-2015 school year.

In the General Assembly read three times and ratified this the 26th day of June, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:33 a.m. this 1st day of July, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-21
HOUSE BILL 777

AN ACT TO AMEND THE LAW THAT IMPOSES RESIDENTIAL RESTRICTIONS ON SEX OFFENDERS TO PROVIDE THAT A SEX OFFENDER IS PROHIBITED FROM RESIDING WITHIN ONE THOUSAND FEET OF A SITE WHERE A BOYS AND GIRLS CLUB OF AMERICA IS LOCATED.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-208.16(b) reads as rewritten:

"(b) As used in this section, "school" does not include home schools as defined in G.S. 115C-563 or institutions of higher ~~education, and the~~ education. The term "child care center" is defined by ~~G.S. 110-86(3).~~ G.S. 110-86(3); however, for purposes of this section, the term "child care center" does include the permanent locations of organized clubs of Boys and Girls Clubs of America. The term "registrant" means a person who is registered, or is required to register, under this Article."

SECTION 2. This act is effective when it becomes law and applies to all persons registered or required to register on or after that date. This act does not apply to a person who has established a residence prior to the effective date of this act in accordance with G.S. 14-208.16(d)(1), (2), or (3).

In the General Assembly read three times and ratified this the 19th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 1:21 p.m. this 24th day of June, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-104
HOUSE BILL 884

AN ACT TO PROVIDE FOR A DROPOUT PREVENTION AND RECOVERY PILOT PROGRAM WITH A CHARTER SCHOOL AND TO REQUIRE THE STATE BOARD OF EDUCATION TO REPORT ON UTILIZATION OF PERSONNEL CONTRACTS.

The General Assembly of North Carolina enacts:

SECTION 1. S.L. 2011-259 is repealed.

SECTION 2. The State Board of Education shall establish a two-year Dropout Prevention and Recovery Pilot Program (Pilot Program). The State Board of Education shall select one charter school that has been approved by the State Board under G.S. 115C-238.29D to provide the educational services and programming for the Pilot Program. The purpose of the Pilot Program is to reengage students and increase the graduation rates in North Carolina through an educational program that provides flexible scheduling and a blended learning environment with individualized and self-paced learning options.

SECTION 3. To be eligible to participate in the Pilot Program, the charter school's enrollment shall only include high school students who have (i) dropped out of high school or (ii) transferred from their high school to the charter school. For the purposes of this act, high school shall include ninth through twelfth grades. Transfer decisions shall be made by the student who is 18 years of age or older or the student's parents or guardians. The charter school, its affiliated charter management organization, or its education management organization must be accredited by the Southern Association of Colleges and Schools as an indicator of quality instructional programming. All teachers employed by the charter school participating in the Pilot Program shall be licensed teachers under G.S. 115C-296.

SECTION 4. The charter school participating in the Pilot Program shall develop and implement an alternative accountability model that meets the guidelines adopted by the State Board of Education for alternative learning programs under G.S. 115C-12(24).

SECTION 5. For the charter school participating in the Pilot Program, the allotments and adjustments shall be made as provided in G.S. 115C-238.29H and shall be adjusted on the basis of the average daily membership in the fifth month of the school year.

SECTION 6. Existing charter schools meeting the criteria as provided in this act may apply to participate in the Pilot Program no later than August 31, 2014. The State Board of Education shall select by September 30, 2014, the participant for the Pilot Program for the 2014-2015 and 2015-2016 school years.

SECTION 7. The State Board of Education shall submit a report to the Joint Legislative Education Oversight Committee by March 15, 2016, on the outcomes of the Dropout Prevention and Recovery Pilot Program, including (i) the number of students who dropped out of high school, enrolled in the program, and completed a high school diploma, (ii) the results of the alternative accountability model, and (iii) the impact on the ADM Contingency Reserve. The report shall also include any recommendations to enhance the effectiveness and the efficiency of the Pilot Program funding and accountability models.

SECTION 8. The Joint Legislative Education Oversight Committee shall report to the 2016 Regular Session of the 2015 General Assembly on necessary legislation to transition the Pilot Program into alternative charter schools serving high school students who have dropped out of high school.

SECTION 8.5. The State Board of Education and the Charter Schools Advisory Board shall jointly report by December 15, 2014, to the General Assembly on the utilization of contracts for personnel services by local boards of education and charter school boards of

directors. The report shall indicate both the purposes and the extent of such contracts prevalent in each local school administrative district and charter schools statewide.

SECTION 9. This act is effective when it becomes law. The Pilot Program shall begin with the 2014-2015 school year and shall conclude at the end of the 2015-2016 school year.

In the General Assembly read three times and ratified this the 31st day of July, 2014.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 5:05 p.m. this 6th day of August, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-18
HOUSE BILL 1031

AN ACT TO FACILITATE ECONOMIC DEVELOPMENT WITHIN THE STATE.

The General Assembly of North Carolina enacts:

PART I. AUTHORIZE CONTRACTING OF ECONOMIC DEVELOPMENT FUNCTIONS BY THE DEPARTMENT OF COMMERCE

SECTION 1.1.(a) Part 1 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-431A. Department of Commerce – contracting of functions.**

(a) Purpose. – The purpose of this section is to establish a framework whereby the Department of Commerce may contract with a North Carolina nonprofit corporation to assist the Department in fostering and retaining jobs and business development, international trade, marketing, and travel and tourism. It is the intent of the General Assembly that the Department develop a plan to work cooperatively with a nonprofit corporation for these purposes while safeguarding programmatic transparency and accountability as well as the fiscal integrity of economic development programs of the State.

(b) Contract. – The Department of Commerce is authorized to contract with a North Carolina nonprofit corporation to perform one or more of the Department's functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. If the Department contracts with a North Carolina nonprofit corporation to promote and grow the travel and tourism industries, then all funds appropriated to the Department for tourism marketing purposes shall be used for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing. The Department may not contract with a North Carolina nonprofit corporation regarding any of the following:

(1) The obligation or commitment of funds under this Article, such as the One North Carolina Fund, the Job Development Investment Grant Program, the Industrial Development Fund, or the Job Maintenance and Capital Development Fund.
(2) The Division of Employment Security, including the administration of unemployment insurance.
(3) The functions set forth in G.S. 143B-431(a)(2).
(4) The administration of funds or grants received from the federal government or its agencies.

(c) Oversight. – There is established the Economic Development Accountability & Standards Committee, which is a Board as that term is defined in G.S. 138A-3 of the State Government Ethics Act. The Committee shall consist of seven members as follows: the Secretary of Commerce as Chair of the Committee, the Secretary of Transportation, the Secretary of Environment and Natural Resources, the Secretary of Revenue, one member appointed by the Speaker of the House of Representatives, one member appointed by the President Pro Tempore of the Senate, and one member jointly appointed by the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

The members of the Committee who are appointed by the Speaker of the House of Representatives or by the President Pro Tempore of the Senate may not be members of the General Assembly. The Committee shall meet at least quarterly upon the call of the Chair. The duties of the Committee shall include all of the following:

(1) Monitoring and oversight of the performance of a contract entered into pursuant to this section by the Department with a North Carolina nonprofit corporation.

(2) Receiving, reviewing, and referring complaints regarding the contract or the performance of the North Carolina nonprofit corporation, as appropriate.

(3) Requesting enforcement of the contract by the Attorney General or the Department.

(4) Auditing, at least biennially, by the Office of State Budget and Management, State Auditor, or internal auditors of the Department, the records of the North Carolina nonprofit corporation with which the Department has contracted pursuant to this section during and after the term of the contract to review financial documents of the corporation, performance of the corporation, and compliance of the corporation with applicable laws.

(5) Coordination of economic development grant programs of the State between the Department of Commerce, the Department of Transportation, and the Department of Environment and Natural Resources.

(6) Any other duties deemed necessary by the Committee.

(d) Limitations. – Prior to contracting with a North Carolina nonprofit corporation pursuant to this section and in order for the North Carolina nonprofit corporation to receive State funds, the following conditions shall be met:

(1) At least 45 days prior to entering into or amending in a nontechnical manner a contract authorized by this section, the Department shall submit the contract or amendment, along with a detailed explanation of the contract or amendment, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

(2) The nonprofit corporation adheres to the following governance provisions related to its governing board:

a. The board shall be composed of 17 voting members as follows: eight members and the chair appointed by the Governor, four members appointed by the Speaker of the House of Representatives, and four members appointed by the President Pro Tempore of the Senate. The Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate shall each use best efforts to select members so as to reflect the diversity of the State's geography. The Speaker of the House and the President Pro Tempore shall each select their appointed members so that one-fourth come from a development tier one area, one-fourth come from a development tier two area, and no two members come from the same Collaboration for Prosperity Zone. The Governor shall select appointed members so that two-ninths come from a development tier one area, two-ninths come from a development tier two area, and no more than two members come from the same Collaboration for Prosperity Zone. The Governor shall use best efforts to ensure that each member appointed by the Governor has expertise in one or more of the following areas:

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

b. The nonprofit corporation shall comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

c. No State officer or employee may serve on the board.

d. The board shall meet at least quarterly at the call of its chair. Each quarter and upon request, the board shall report to the Chair of the Economic Development Accountability and Standards Committee on the progress of the State's economic development.

e. The board is required to perform the following duties if the Department contracts pursuant to G.S. 143B-431A for the performance of the Secretary's responsibilities under G.S. 143B-434.01:

1. To provide advice concerning economic and community development planning for the State, including a strategic business facilities development analysis of existing, available buildings or shell or special-use buildings and sites.

2. To recommend economic development policy to the Secretary of Commerce, the General Assembly, and the Governor.

3. To recommend annually to the Governor biennial and annual appropriations for economic development programs.

4. To recommend how best to coordinate economic development efforts among the various agencies and entities, including those created by executive order of the Governor, that receive economic development appropriations, including the assignment of key responsibilities for different aspects of economic development and resource allocation and planning designed to encourage each agency to focus on its area of primary responsibility and not diffuse its resources by conducting activities assigned to other agencies.

(3) The amount of State funds that may be used for the annual salary of any one officer or employee of the nonprofit corporation with which the Department contracts pursuant to this section shall not exceed the greater of (i) one hundred twenty thousand dollars ($120,000) or (ii) the amount most recently set by the General Assembly in a Current Operations Appropriations Act. Members of the governing board may receive only per diem and allowances pursuant to G.S. 138-5.

(4) The nonprofit corporation shall have received from fundraising efforts and sources, other than State funds, an amount totaling at least two hundred fifty thousand dollars ($250,000) to support operations and functions of the corporation.

(e) Mandatory Contract Terms. – Any contract entered into under this section must include all of the following:

(1) A provision requiring the North Carolina nonprofit corporation provide to the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Department of Commerce, and the Fiscal Research Division a copy of the corporation's annual audited financial statement within seven days of issuance of the statement.

(2) A provision requiring the nonprofit corporation to provide by September 1 of each year, and more frequently as requested, a report to the Department on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. The report shall also include all of the following:

a. Jobs anticipated to result from efforts of the nonprofit corporation. This includes project leads that were not submitted to the Department for possible discretionary incentives pursuant to Chapter 143B of the General Statutes.

b. Developed performance metrics of economic development functions itemized by county, by development tier area designation, as defined by G.S. 143B-437.08, and by Collaboration for Prosperity Zones created pursuant to G.S. 143B-28.1.

c. Any proposed amendments to the areas of expertise required to be represented on the governing board of the nonprofit corporation.

d. A detailed explanation of how annual salaries are determined, including base pay schedules and any additional salary amounts or bonuses that may be earned as a result of job performance. The explanation shall include the proportion of State and private funds for each position and shall include the means used by the nonprofit corporation to foster employee efforts for economic development in rural and low-income areas in the State. Any bonuses paid to employees shall be based upon overall job performance and not be based on a specific project lead.

e. Any other information requested by the Department.

(3) A provision providing that, upon termination of the contract, or upon dissolution of, or repeal by the General Assembly of, the charter of the nonprofit corporation with which the Department has contracted under this section, all assets and funds of the nonprofit corporation, including interest on funds, financial and operational records, and the right to receive future funds pursuant to the contract, will be surrendered to the Department within 30 days of the termination, dissolution, or repeal. During the 30-day period, the corporation may not further encumber any assets or funds. For purposes of this subdivision, assets and funds of the nonprofit corporation include assets and funds of any subsidiary or affiliate of the nonprofit corporation. An affiliate of the nonprofit corporation exists when both are directly or indirectly controlled by the same parent corporation or by the same or associated financial interests by stock ownership, interlocking directors, or by any other means whatsoever, whether the control is direct or through one or more subsidiary, affiliated, or controlled corporations.

(4) A provision providing that the nonprofit corporation shall adopt and publish a resolution or policy containing a conflict of interest policy and gift policy to guide actions by the governing board members, officers, and employees of the nonprofit corporation in the performance of their duties.

(5) The conflict of interest policy required by subdivision (4) of this subsection shall contain at a minimum the information in this subdivision. No subject person of the nonprofit corporation may take any official action or use the subject person's official position to profit in any manner the subject person, the subject person's immediate family, a business with which the subject person or the subject person's immediate family has a business association, or a client of the subject person or the subject person's immediate family with whom the subject person, or the subject person's immediate family, has an existing business relationship. No subject person shall attempt to profit from a proposed project lead if the profit is greater than that which would be realized by other persons living in the area where the project lead is located. If the profit under this subdivision would be greater for the subject person than other persons living in the area where the project lead is located, not only shall the subject person abstain from voting on that issue, but once the conflict of interest is apparent, the subject person shall not discuss the project lead with any other subject person or representative of the Department except to state that a conflict of interest exists. Under this subdivision, a subject person is presumed to profit if the profit would be realized by the subject person, the subject person's immediate family, a business with which the subject person or the subject person's immediate family has a business association, or a client of the subject person or the subject person's immediate family with whom the subject person, or the subject person's immediate family, has an existing business relationship with a company that is the subject of a proposed project lead. No subject person, in contemplation of official action by the subject person, or in reliance on information that was made known to the subject person in the subject person's official capacity and that has not been made public, shall (i) acquire a pecuniary interest in any property, transaction, or enterprise or gain any

(f) Report. – By September 30 of each year, and more frequently as requested, the Department shall submit a report to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division on any performance for which the Department has contracted pursuant to this section. The report shall contain, at a minimum, each of the following:

(1) A copy of the most recent report required by the Department pursuant to subdivision (2) of subsection (e) of this section.

(2) An executive summary of the report required by subdivision (1) of this subsection.

(3) A listing of each entity referred to the Department by a North Carolina nonprofit corporation with which the Department contracts pursuant to this section and any other information the Secretary determines is necessary or that is specifically requested in writing.

(4) An explanation of the response by the Department to any notifications of noncompliance submitted to the Department by the nonprofit corporation, as required by G.S. 143B-431A(e), including actions taken by the Department to prevent repeat or similar instances of noncompliance.

(5) For each activity in which the Secretary of Commerce solicits funds for the corporation, as permitted by subsection (i) of this section, a listing of each activity, including the date and the name of each person or entity from whom funds were solicited.

(6) If the nonprofit corporation or any affiliated entity of the corporation has received, directly or indirectly, any gift, contribution, or item or service of value for which fair market value was not paid and if an entity making the gift or contribution receives an award, a list of the entity and the amount of the award.

(g) Public Funds. – A North Carolina nonprofit corporation with which the Department contracts pursuant to this section shall comply with the requirements provided in this subsection regarding the use of State funds.

(1) Interest earned on State funds after receipt of the funds by the nonprofit corporation shall be used for the same purposes for which the principal was to be used.

(2) The travel and personnel policies and regulations of the State of North Carolina Budget Manual limiting reimbursement for expenses of State employees apply to reimbursements for expenses of officers, employees, or members of a governing board of the nonprofit corporation. Deviations from the policies and regulations shall be approved by the Secretary.

(3) State funds shall not be used to hire a lobbyist.

(h) Applicable Laws. – A North Carolina nonprofit corporation with which the Department contracts pursuant to this section is subject to the requirements of (i) Chapter 132 of the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. Officers, employees, and members of the governing board of the corporation are public servants, as defined in G.S. 138A-3, and are subject to the requirements of Chapter 138A of the General Statutes. Officers, members of the governing board, and employees of the corporation whose annual compensation is equal to or greater than sixty thousand dollars ($60,000) are subject to G.S. 138A-22.

(i) Prohibition. – A State officer or employee, other than the Secretary of Commerce, shall not solicit funds for a North Carolina nonprofit corporation with which the Department contracts pursuant to this section. The Secretary of Commerce may solicit funds for the nonprofit corporation pursuant to G.S. 138A-31(b)(5).

(j) Benefits. – An officer, employee, or member of a governing board of a North Carolina nonprofit corporation with which the Department contracts pursuant to this section is not a State employee, is not covered by Chapter 126 of the General Statutes, and is not entitled to State-funded employee benefits, including membership in the Teachers' and State Employees' Retirement System and the State Health Plan for Teachers and State Employees."

(k) Raised Funds. – For funds raised from sources other than State funds by the nonprofit corporation, at least twenty-five percent (25%) of the funds shall be used for the

benefit of or for salaried positions located in or working solely on development in development tier one or two areas, as defined in G.S. 143B-437.08."

SECTION 1.1.(b) G.S. 143B-431A(i), as enacted by this act, does not apply to employees of the Department of Commerce, other than employees involved in the recommendation and administration of State economic development incentive programs, prior to the time the Department contracts with a North Carolina nonprofit corporation pursuant to this act.

SECTION 1.1.(c) G.S. 132-6(d) reads as rewritten:

"(d) Notwithstanding the provisions of subsections (a) and (b) of this section, public records relating to the proposed expansion or location of specific business or industrial projects may be withheld so long as their inspection, examination or copying would frustrate the purpose for which such public records were created; provided, however, that nothing herein shall be construed to permit the withholding of public records relating to general economic development policies or activities. Once the State, a local government, or the specific business has announced a commitment by the business to expand or locate a specific project in this State ~~or a final decision not to do so and the business has communicated that commitment or decision to the State or local government agency involved with the project,~~and that the business will receive a discretionary incentive for the project pursuant to Chapter 143B of the General Statutes, the provisions of this subsection allowing public records to be withheld by the agency no longer apply. If the specific business has requested discretionary incentives for the project pursuant to Chapter 143B of the General Statutes, but decides to not expand or locate the project in this State or does not receive such discretionary incentives, then the only records that are subject to disclosure pursuant to this Chapter are the records submitted to the Department of Commerce by the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431A. If a business decides to expand or locate a specific project in this State, but the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431A does not submit any documentation to the Department regarding a request for any discretionary incentives by the State pursuant to Chapter 143B of the General Statutes, and the business does not receive any such discretionary incentives, then any records regarding such project are not subject to disclosure pursuant to this Chapter. Once the provisions of this subsection no longer apply, the agency shall disclose as soon as practicable, and within 25 business days, public records requested for the announced project that are not otherwise made confidential by law. An announcement that a business or industrial project has committed to expand or locate in the State shall not require disclosure of local government records relating to the project if the business has not selected a specific location within the State for the project. Once a specific location for the project has been determined, local government records must be disclosed, upon request, in accordance with the provisions of this section. For purposes of this section, "local government records" include records maintained by the State that relate to a local government's efforts to attract the project."

SECTION 1.2.(a) G.S. 143B-434 is repealed.

SECTION 1.2.(b) G.S. 143B-434.01 reads as rewritten:

"**§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**

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

~~(1) Board. – The Economic Development Board.~~

...

(6) Secretary. – The Secretary of Commerce or the governing board of a North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431A for the performance of the Secretary's responsibilities under this section.

(b) ~~Board to Prepare~~ Plan. – The ~~Board~~ Secretary shall ~~prepare~~ review and update the existing Plan ~~by April 1, 1994,~~on or before April 1 of each year. ~~The Board shall review and update this Plan by April 1 of each year.~~ The ~~original~~ Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The ~~Board~~ Secretary shall provide copies of the Plan and each annual update to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan shall encompass all of the components set out in this section.

(c) Purpose. – The purpose of this section is to require the ~~Board~~ Secretary to apply strategic planning principles to its economic development efforts. This requirement is expected to result in:

(1) The selection of a set of priority development objectives that recognizes the increasingly competitive economic environment and addresses the changing needs of the State in a more comprehensive manner.
(2) The effective utilization of available and limited resources.
(3) A commitment to achieve priority objectives and to sustain the process.

(d) (1) Public and Private Input. – At each stage as it develops and updates the Plan, the ~~Board~~ Secretary shall solicit input from all parties involved in economic development in North Carolina, including:
a. Each of the programs and organizations that, for State budget purposes, identifies economic development as one of its global goals.
b. Local economic development departments and regional economic development organizations.
c. The Board of Governors of The University of North Carolina.

(2) The ~~Board~~ Secretary shall also hold hearings in each of the Regions to solicit public input on economic development before the initial Plan is completed. The purposes of the public hearings are to:
a. Assess the strengths and weaknesses of recent regional economic performance.
b. Examine the status and competitive position of the regional resource base.
c. Identify and seek input on issues that are key to improving the economic well-being of the Region.

The ~~Board~~ Secretary shall hold additional hearings from time to time to solicit public input regarding economic development activities.

(3) Each component of the Plan shall be based on this broad input and, to the extent possible, upon a consensus among all affected parties. The ~~Board~~ Secretary shall coordinate its planning process with any State capital development planning efforts affecting State infrastructure such as roads and water and sewer facilities.

(e) Environmental Scan. – The first step in developing the Plan shall be to develop an environmental scan based on the input from economic development parties and the public and on information about the economic environment in North Carolina. To prepare the scan, the ~~Board~~ Secretary shall gather the ~~following~~ information required in this subsection and ensure that the information is updated periodically. The updated information may be provided in whatever format and through whatever means is most efficient. The information required to prepare the scan includes all of the following:

...

(f) Repealed by Session Laws 2012-142, s. 13.4(a), effective July 1, 2012.

(g) Vision and Mission Statements. – The ~~Board~~ Secretary shall develop a vision statement for economic development that would describe the preferred future for North Carolina and what North Carolina would be like if all economic development efforts were successful. The ~~Board~~ Secretary shall then develop a mission statement that outlines the basic purpose of each of North Carolina's economic development programs. Because special purpose nonprofit organizations are uniquely situated to conduct the entrepreneurial and high-risk activity of investing in and supporting new business creation in the State, they should be assigned a dominant role in this key component of economic development activity.

(h) Goals and Objectives. – The ~~Board~~ Secretary, using data from the public input and the environmental scan, shall formulate a list of goals and objectives. Goals shall be long-range, four years or more, and shall address both needs of economically distressed Regions and counties as well as opportunities for Regions and counties not distressed. The goals shall be developed with realism but should also be selected so as to encourage every Region and county within the State to develop to its maximum potential. Objectives shall be one year or less in scope and shall, if achieved, lead to the realization of the goals formulated by the ~~Board~~ Secretary as provided in this section.

Both goals and objectives should be stated largely in economic terms, that is, they should be related to specific population, employment, demographic targets, or economic sector targets. Both efficiency and equity considerations are to be addressed and balanced with special emphasis placed on the needs of disadvantaged or economically distressed populations and communities. The goals and objectives should not state how the economic targets are to be

reached, but rather what the economic conditions will be if they are obtained. So that the progress of North Carolina's economic development efforts can be monitored, the ~~Board~~ Secretary shall set objectives for each goal that allow measurement of progress toward the goal. Objectives should be quantifiable and time-specific in order to serve as performance indicators.

...

(j) Implementation Plan. – Based upon all of the foregoing steps, the ~~Board~~ Secretary shall establish an implementation plan assigning to the appropriate parties specific responsibilities for meeting measurable objectives. The implementation plan shall contain all necessary elements so that it may be used as a means to monitor performance, guide appropriations, and evaluate the outcomes of the parties involved in economic development in the State.

(k) Annual Evaluation. – The ~~Board~~ Secretary shall annually evaluate the State's economic performance based upon the statistics listed in this subsection and upon the ~~Board's~~ Secretary's stated goals and objectives in its Plan. The statistics upon which the evaluation is made should be available to policymakers. The information may be provided in whatever format and through whatever means is most efficient.

...

(l) Accountability. – The ~~Board~~ Secretary shall make all data, plans, and reports available to the General Assembly, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Senate Appropriations Committee on Natural and Economic Resources, and the House of Representatives Appropriations Subcommittee on Natural and Economic Resources at appropriate times and upon request. The ~~Board~~ Secretary shall prepare and make available on an annual basis public reports on each of the major sections of the Plan and the Annual Report indicating the degree of success in attaining each development objective."

SECTION 1.2.(c) G.S. 143B-437.03 is repealed.

SECTION 1.3. The Department of Commerce shall study and develop a plan for contracting with a North Carolina nonprofit corporation pursuant to G.S. 143B-431A, as enacted by this act, for the performance of economic development activities and duties of the Department. The study shall include each of the following:

(1) The Department shall develop a plan for private fund-raising efforts for the nonprofit corporation for the performance of economic development functions. The study shall include the creation of a budget for the nonprofit corporation that provides for the performance of core functions of the corporation, including economic development functions, in the absence of private funds. The study shall compare the budget of the Department and the budget developed for the nonprofit corporation according to Department division and budget category, including personal services; purchased services; supplies; property, plant, and equipment; other expenses and adjustments; aid and public assistance; and other budget categories used by the Department. The study shall include a measurement and estimation of expected private fund-raising potential, and the Department shall examine the efforts of other states that have permitted public-private partnerships for economic development activities and report on the source or sources of funds for those partnerships, separately accounting for funds provided by the State and private funds.

(2) The Department shall report on each performance metric listed in this subdivision. The report shall analyze the Department's performance for each metric for (i) the last full year prior to contracting for performance of the metric and (ii) the annual average for the five-year period preceding contracting for performance of the metric. The performance metrics to be reported upon are as follows:

a. For business recruitment:

1. Number of jobs announced by the Department in total.
2. Number of jobs announced resulting from recruitment of new businesses.
3. Number of jobs announced resulting from existing business expansions.

4. Total U.S. dollar amount of investment resulting from new projects.
5. Total U.S. dollar amount of investment resulting from recruitment of new businesses.
6. Total U.S. dollar amount of investment resulting from existing business expansions.
7. Total U.S. dollar amount of foreign direct investment.

b. For business services:
1. Number of existing businesses receiving support.
2. Number of Business Services Team leads that lead to an expansion of existing businesses.
3. Number of businesses receiving export assistance.
4. Total U.S. dollar amount of exports by assisted companies.

c. For tourism and marketing:
1. Number of consumer inquiries about travel to North Carolina.
2. Total U.S. dollar amount of spending by visitors while in North Carolina.
3. Total U.S. dollar amount of State and local tax revenues resulting from visitors' spending while in North Carolina.
4. Number of business inquiries for business relocation, investment, and expansion.

d. Any other information or performance metrics allowing comparison between departmental and corporate performance for any other economic development division in the Department for which the Department contracts for performance with a North Carolina nonprofit corporation pursuant to this act.

e. Any other information or performance metrics deemed useful or necessary by the Department in the listed areas or other areas.

The Department shall make a report to the Office of State Budget Management, to the Joint Legislative Commission on Governmental Operations, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division no later than December 1, 2014.

The Department shall require the nonprofit corporation to include in each report mandated by G.S. 143B-431A(e)(2) an analysis of the corporation's performance and a comparison to departmental performance using the same performance metrics studied and reported by the Department, as required by subdivision (2) of this section.

SECTION 1.4. G.S. 126-5 reads as rewritten:

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

...

(c2) The provisions of this Chapter shall not apply to:

...

(5) Officers, employees, and members of the governing board of a North Carolina nonprofit corporation with which the Department of Commerce has contracted pursuant to the authority granted in G.S. 143B-431A.

...

(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the State Personnel Act, the Governor may designate a total of 1,000 exempt positions throughout the following departments:

...

(2b) Designation of Liaison Positions. – Liaisons to the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 for the Departments of Commerce, Environment and Natural Resources, and Transportation are designated as exempt.

...."

SECTION 1.5. Section 15.7A of S.L. 2013-360 is repealed.

SECTION 1.6. Section 1.5 of this act is effective when it becomes law. The remainder of this Part becomes effective July 1, 2014.

PART II. MODIFY NORTH CAROLINA BOARD OF SCIENCE AND TECHNOLOGY

SECTION 2.1. Part 18 of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 18. North Carolina Board of ~~Science and Technology.~~Science, Technology, and Innovation.

"§ 143B-472.80. North Carolina Board of ~~Science and Technology;~~ Science, Technology, and Innovation; creation; powers and duties.

The North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation of the Department of Commerce is created. The Board has the following powers and duties:

...

(4) To advise and make recommendations to the Governor, the General Assembly, the Secretary of Commerce, and ~~the Economic Development Board~~ any North Carolina nonprofit corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431A on the role of ~~science and technology~~ science, technology, and innovation in the economic growth and development of North Carolina.

...

"§ 143B-472.81. North Carolina Board of ~~Science and Technology;~~ Science, Technology, and Innovation; membership; organization; compensation; staff services.

(a) The North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation consists of the Governor, the Secretary of Commerce, and ~~17~~ 23 members appointed as follows: the Governor shall appoint one member from the University of North Carolina at Chapel Hill, one member from North Carolina State University at Raleigh, and two members from other components of the University of North Carolina, one of which shall be from a historically black college or university, all nominated by the President of the University of North Carolina; one member from Duke University, nominated by the President of Duke University; one member from a private college or university, other than Duke University, in North Carolina, nominated by the President of the Association of Private Colleges and Universities; one member of the North Carolina Community College System; one member representing K-12 public education; ~~one member from the Research Triangle Institute, nominated by the executive committee of the board of that institute; one member from the Microelectronics Center of North Carolina, nominated by the executive committee of the board of that center; one member from the North Carolina Biotechnology Center, nominated by the executive committee of the board of that center; four~~ six members from private industry in North ~~Carolina, at least one of whom shall be a professional engineer registered pursuant to Chapter 89C of the General Statutes or a person who holds at least a bachelors degree in engineering from an accredited college or university; and two members from public agencies in North Carolina.~~Carolina; and seven at-large members. Two members shall be appointed by the General Assembly, one shall be appointed upon the recommendation of the President Pro Tempore of the Senate, and one shall be appointed upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. The nominating authority for any vacancy on the Board among members appointed by the Governor shall submit to the Governor two nominations for each position to be filled, and the persons so nominated shall represent different disciplines.

...."

SECTION 2.2. G.S. 143B-437.80 reads as rewritten:

"§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of ~~Science and Technology.~~Science, Technology, and Innovation. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to offset costs associated with applying to the United States Small Business Administration for Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

...

(c) Grant. – The North Carolina Board of ~~Science and Technology~~Science, Technology, and Innovation may award grants to reimburse an eligible business for up to fifty percent (50%)

of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three thousand dollars ($3,000). A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission. Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal preparation, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees.

(d) Application. – A business shall apply, under oath, to the North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation for a grant under this section on a form prescribed by the Board that includes at least all of the following:

...."

SECTION 2.3. G.S. 143B-437.81 reads as rewritten:

"**§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.**

(a) Program. – There is established the North Carolina SBIR/STTR Matching Funds Program to be administered by the North Carolina Board of ~~Science and Technology.~~ Science, Technology, and Innovation. In order to foster job creation and economic development in the State, the Board may provide grants to eligible businesses to match funds received by a business as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II awards.

...

(c) Grant. – The North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of one hundred thousand dollars ($100,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission. Over its lifetime, a business may receive a maximum of five awards under this section.

(d) Application. – A business shall apply, under oath, to the North Carolina Board of ~~Science and Technology~~ Science, Technology, and Innovation for a grant under this section on a form prescribed by the Board that includes at least all of the following:

...."

SECTION 2.4. This Part becomes effective July 1, 2014.

PART III. CREATION OF COLLABORATION FOR PROSPERITY ZONES

SECTION 3.1. Intent to create Collaboration for Prosperity Zones. – It is the intent of the General Assembly to establish geographically uniform zones in this State to facilitate collaborative and coordinated planning and use of resources, to improve cooperation with other governmental and nonprofit entities at the local and regional level, to facilitate administrative efficiencies within State government, to receive advice on economic development issues by local boards established by a North Carolina nonprofit corporation with which the Department of Commerce contracts, and, to the extent feasible, to establish one-stop sources in each region for citizens and businesses seeking State services at a regional level.

SECTION 3.2. Article 1 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-28.1. Create Collaboration for Prosperity Zones.**

For purposes of enhanced collaboration and cooperation between governmental agencies, planning, use of resources, and improved efficiency at a regional level, the State is hereby divided into eight permanent zones as follows:

(1) Western Region, consisting of Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, Polk, Rutherford, Swain, and Transylvania Counties.

(2) Northwest Region, consisting of Alleghany, Ashe, Alexander, Avery, Burke, Caldwell, Catawba, McDowell, Mitchell, Watauga, Wilkes, and Yancey Counties.

(3) Southwest Region, consisting of Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union Counties.

(4) Piedmont-Triad (Central) Region, consisting of Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin Counties.

(5) North Central Region, consisting of Chatham, Durham, Edgecombe, Franklin, Granville, Harnett, Johnston, Lee, Nash, Orange, Person, Vance, Wake, Warren, and Wilson Counties.

(6) Sandhills (South Central) Region, consisting of Bladen, Columbus, Cumberland, Hoke, Montgomery, Moore, Richmond, Robeson, Sampson, and Scotland Counties.

(7) Northeast Region, consisting of Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, and Washington Counties.

(8) Southeast Region, consisting of Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, and Wayne Counties."

SECTION 3.3. The Departments of Commerce, Environment and Natural Resources, and Transportation, the Community Colleges System Office, and the State Board of Education shall, by January 1, 2015, report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee on how they plan to establish Collaboration for Prosperity Zones as defined by this act.

SECTION 3.4. G.S. 115C-65 reads as rewritten:

"**§ 115C-65. State divided into districts.**

The State of North Carolina shall be divided into eight educational ~~districts~~ districts, which shall match the composition of the zones set forth in G.S. 143B-28.1 ~~embracing the counties herein set forth:~~

~~**FIRST DISTRICT**~~

~~Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Hertford, Hyde, Martin, Pasquotank, Perquimans, Pitt, Tyrrell, Washington.~~

~~**SECOND DISTRICT**~~

~~Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Sampson, Wayne.~~

~~**THIRD DISTRICT**~~

~~Durham, Edgecombe, Franklin, Granville, Halifax, Johnston, Nash, Northampton, Vance, Wake, Warren, Wilson.~~

~~**FOURTH DISTRICT**~~

~~Bladen, Columbus, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, Richmond, Robeson, Scotland.~~

~~**FIFTH DISTRICT**~~

~~Alamance, Caswell, Chatham, Davidson, Forsyth, Guilford, Orange, Person, Randolph, Rockingham, Stokes.~~

~~**SIXTH DISTRICT**~~

~~Anson, Cabarrus, Cleveland, Gaston, Lincoln, Mecklenburg, Stanly, Union.~~

~~**SEVENTH DISTRICT**~~

~~Alexander, Alleghany, Ashe, Avery, Burke, Caldwell, Catawba, Davie, Iredell, Rowan, Surry, Watauga, Wilkes, Yadkin.~~

~~**EIGHTH DISTRICT**~~

~~Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Yancey.~~"

SECTION 3.5. Section 3.4 of this act becomes effective April 1, 2015. Members of the State Board of Education appointed by the Governor and confirmed by the General Assembly prior to 2015 with terms ending in 2017, 2019, and 2021 shall be designated as the appointees of the following districts for the remainder of the member's current term:

a. Western Region: Wayne McDevitt
b. Southwest Region: Gregory Alcorn
c. Piedmont Triad (Central) Region: A.L. Collins
d. Sandhills (South Central) Region: Olivia Oxendine
e. Northeast Region: Rebecca Taylor
f. Southeast Region: Reginald Kenan

The remainder of this Part becomes effective July 1, 2014.

PART IV. REQUIRE AT LEAST ONE LIAISON IN EACH COLLABORATION FOR PROSPERITY ZONE

SECTION 4.1. No later than January 1, 2015, the Departments of Commerce, Environment and Natural Resources, and Transportation shall have at least one employee physically located in the same office in each of the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with local governments, schools and colleges, planning and development bodies, and businesses in that zone. The departments shall jointly select the office. For purposes of this Part, the Department of Commerce may contract with a North Carolina nonprofit corporation pursuant to G.S. 143B-431A, as enacted by this act, to fulfill the departmental liaison requirements for each office in each of the Collaboration for Prosperity Zones.

No later than January 1, 2015, the Community Colleges System Office shall designate at least one representative from a community college or from the Community Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the community college system, the community colleges in the zone, and other educational agencies and schools within the zone. A liaison may be from a business center located in a community college. These liaisons are not required to be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

No later than January 1, 2015, the State Board of Education shall designate at least one representative from a local school administrative unit or from the Department of Public Instruction to serve as a liaison in each Collaboration for Prosperity Zone for the local school administrative units and other public schools within the zone. These liaisons are not required to be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

SECTION 4.2. In addition to other related tasks assigned by their respective agencies, liaisons in each Collaboration for Prosperity Zone shall work to enhance collaboration and cooperation between their departments and other State agencies, local governmental agencies, and other regional public and nonprofit entities. The liaisons from the Departments of Environment and Natural Resources and Transportation shall work to consolidate and simplify the process for citizens and businesses seeking permits from their respective agencies. The liaisons from the Department of Commerce shall be used to support local economic development efforts, to coordinate such efforts, and to coordinate the Department of Commerce's activities within each Collaboration for Prosperity Zone. The liaisons from the community college system and local school administrative units shall work closely with the Department of Commerce and other State and local governmental agencies and local businesses in the zone to promote job development through career technical education.

SECTION 4.3.(a) The Departments of Transportation and Environment and Natural Resources shall jointly report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, the Environmental Review Commission, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of collocated liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with the other Department and with other governmental agencies, improved administrative efficiencies, and any steps taken to make services to citizens and businesses within each zone more efficient, economical, and user-friendly.

SECTION 4.3.(b) The Community Colleges System Office and the State Board of Education shall each report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with other governmental agencies, improved planning on use of educational resources, and improved administrative efficiencies.

SECTION 4.3.(c) The Department of Commerce shall include in its first report under G.S. 143B-431A(f), as enacted by this act, a report on the establishment and activities of its liaisons in each Collaboration for Prosperity Zone. The Department of Commerce shall send a copy of this report to the Office of State Budget and Management, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee.

SECTION 4.4. The Departments of Commerce, Environment and Natural Resources, and Transportation, the Community Colleges System Office, and the State Board of Education shall use funds available to carry out the requirements of this section. Nothing in this act shall be construed as an authorization for payment of additional compensation for persons serving as liaisons.

SECTION 4.5. This Part becomes effective July 1, 2014, and expires July 1, 2018.

PART V. GENERAL ASSEMBLY REVIEW OF REPORTS

SECTION 5. It is the intent of the General Assembly to receive and review the reports required by Section 4.3 of this act concerning the creation of the Collaboration for Prosperity Zones and to use those reports to further address the following topics:

(1) Enhancing collaboration and cooperation between State and other governmental agencies in order to streamline and improve services to citizens and businesses, to make such services more user-friendly, and to implement collaborative and cooperative interagency measures to enhance access to services.

(2) Reducing barriers faced by citizens and businesses in accessing services that are unnecessarily caused by agency specialization, which may produce a "silo mentality."

(3) Additional recommendations regarding liaison personnel, including expanding the requirement to other State departments.

(4) Ways to integrate collaboration between educational institutions in each Collaboration for Prosperity Zone on the one hand and other governmental agencies and local businesses on the other.

(5) Requiring the establishment of interagency one-stop shops in each Collaboration for Prosperity Zone.

(6) Consolidating programs or services.

(7) Cross-training employees.

(8) Identifying offices, equipment, and support services that may be efficiently and economically shared between agencies in each Collaboration for Prosperity Zone.

(9) The grouping of counties within each Collaboration for Prosperity Zone to determine whether there is a better configuration while keeping the same overall number of zones.

PART VI. EFFECTIVE DATE AND CONSTRUCTION

SECTION 6.1. Nothing in this act shall be construed to obligate the General Assembly to appropriate funds to implement this act.

SECTION 6.2. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 19th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 1:08 p.m. this 24th day of June, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-42
HOUSE BILL 1043

AN ACT TO CLARIFY THE STATUTES RELATED TO THE USE OF PREQUALIFICATION IN PUBLIC CONSTRUCTION CONTRACTING, AS STUDIED BY THE JOINT PURCHASE AND CONTRACT STUDY COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-135.8 reads as rewritten:

"**§ 143-135.8. Prequalification.**

(a) Except as provided in this section, ~~Bidders~~bidders may not be prequalified for any ~~public~~ construction or repair work project.

(b) A governmental entity may prequalify bidders for a particular construction or repair work project when all of the following apply:

(1) The governmental entity is using one of the construction methods authorized in G.S. 143-128(a1)(1) through G.S. 143-128(a1)(3).

(2) The board or governing body of the governmental entity adopts an objective prequalification policy applicable to all construction or repair work prior to the advertisement of the contract for which the governmental entity intends to prequalify bidders.

(3) The governmental entity has adopted the assessment tool and criteria for that specific project, which must include the prequalification scoring values and minimum required score for prequalification on that project.

(c) The objective prequalification policy adopted by a governmental entity pursuant to subdivision (2) of subsection (b) of this section shall meet all of the following criteria:

(1) Must be uniform, consistent, and transparent in its application to all bidders.

(2) Must allow all bidders who meet the prequalification criteria to be prequalified to bid on the construction or repair work project.

(3) Clearly state the prequalification criteria, which must comply with all of the following:

a. Be rationally related to construction or repair work.

b. Not require that the bidder has previously been awarded a construction or repair project by the governmental entity.

c. Permit bidders to submit history or experience with projects of similar size, scope, or complexity.

(4) Clearly state the assessment process of the criteria to be used.

(5) Establish a process for a denied bidder to protest to the governmental entity denial of prequalification, which process shall be completed prior to the opening of bids under G.S. 143-129(b) and which allows sufficient time for a bidder subsequently prequalified pursuant to a protest to submit a bid on the contract for which the bidder is subsequently prequalified.

(6) Outline a process by which the basis for denial of prequalification will be communicated in writing, upon request, to a bidder who is denied prequalification.

(d) If the governmental entity opts to prequalify bidders, bids submitted by any bidder not prequalified shall be deemed nonresponsive. This subsection shall not apply to bidders initially denied prequalification that are subsequently prequalified pursuant to a protest under the governmental entity's prequalification policy.

(e) Prequalification may not be used for the selection of any qualification-based services under Article 3D of this Chapter, G.S. 143-128.1A, G.S. 143-128.1B, G.S. 143-128.1C, or the selection of the construction manager at risk under G.S. 143-128.1.

(f) For purposes of this section, the following definitions shall apply:

(1) Governmental entity. – As defined in G.S. 143-128.1B(a)(6).

(2) Prequalification. – A process of evaluating and determining whether potential bidders have the skill, judgment, integrity, sufficient financial resources, and ability necessary to the faithful performance of a contract for construction or repair work."

SECTION 2. G.S. 143-128.1 reads as rewritten:

"**§ 143-128.1. Construction management at risk contracts.**

(a) For purposes of this section and G.S. 143-64.31:

(1) "Construction management services" means services provided by a construction manager, which may include preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services, and construction administration.

(2) "Construction management at risk services" means services provided by a person, corporation, or entity that (i) provides construction management services for a project throughout the preconstruction and construction phases, (ii) who is licensed as a general contractor, and (iii) who guarantees the cost of the project.

(3) "Construction manager at risk" means a person, corporation, or entity that provides construction management at risk services.

(4) "First-tier subcontractor" means a subcontractor who contracts directly with the construction manager at risk.

(b) The construction manager at risk shall be selected in accordance with Article 3D of this Chapter. Design services for a project shall be performed by a licensed architect or engineer. The public owner shall contract directly with the architect or engineer. The public owner shall make a good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities when selecting a construction manager at risk.

(c) The construction manager at risk shall contract directly with the public entity for all construction; shall publicly advertise as prescribed in G.S. 143-129; and shall prequalify and accept bids from first-tier subcontractors for all construction work under this section. The construction manager at risk shall use the prequalification ~~criteria~~ process ~~shall be~~ determined by the public entity ~~and the construction manager at risk to address quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, capacity to perform, and other factors deemed appropriate by the public entity.~~in accordance with G.S. 143-135.8, provided that public entity and the construction manager at risk shall jointly develop the assessment tool and criteria for that specific project, which must include the prequalification scoring values and minimum required score for prequalification on that project. The public entity shall require the construction manager at risk to submit its plan for compliance with G.S. 143-128.2 for approval by the public entity prior to soliciting bids for the project's first-tier subcontractors. A construction manager at risk and first-tier subcontractors shall make a good faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities. A construction manager at risk may perform a portion of the work only if (i) bidding produces no responsible, responsive bidder for that portion of the work, the lowest responsible, responsive bidder will not execute a contract for the bid portion of the work, or the subcontractor defaults and a prequalified replacement cannot be obtained in a timely manner, and (ii) the public entity approves of the construction manager at risk's performance of the work. All bids shall be opened publicly, and once they are opened, shall be public records under Chapter 132 of the General Statutes. The construction manager at risk shall act as the fiduciary of the public entity in handling and opening bids. The construction manager at risk shall award the contract to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, compliance with G.S. 143-128.2, and other factors deemed appropriate by the public entity and advertised as part of the bid solicitation. The public entity may require the selection of a different first-tier subcontractor for any portion of the work, consistent with this

section, provided that the construction manager at risk is compensated for any additional cost incurred.

When contracts are awarded pursuant to this section, the public entity shall provide for a dispute resolution procedure as provided in G.S. 143-128(f1).

(d) The construction manager at risk shall provide a performance and payment bond to the public entity in accordance with the provisions of Article 3 of Chapter 44A of the General Statutes.

(e) Construction management at risk services may be used by the public entity only after the public entity has concluded that construction management at risk services is in the best interest of the project, and the public entity has compared the advantages and disadvantages of using the construction management at risk method for a given project in lieu of the delivery methods identified in G.S. 143-128(a1)(1) through G.S. 143-128(a1)(3). The public entity may not delegate this determination."

SECTION 3. G.S. 143-64.31(b), (c), and (d) are recodified as G.S. 143-133.1(a), (b), and (c).

SECTION 4. G.S. 143-64.31, as amended by Section 3 of this act, is amended to add a new subsection to read:

"(f) Except as provided in this subsection, no work product or design may be solicited, submitted, or considered as part of the selection process under this Article; and no costs or fees, other than unit price information, may be solicited, submitted, or considered as part of the selection process under this Article. Examples of prior completed work may be solicited, submitted, and considered when determining demonstrated competence and qualification of professional services; and discussion of concepts or approaches to the project, including impact on project schedules, is encouraged."

SECTION 5. G.S. 143-133.1, as created by Section 3 of this act, reads as rewritten:

"**§ 143-133.1. Reporting.**

(a) ~~Public~~ Governmental entities that contract with a construction manager at risk, design-builder, or private developer under a public-private partnership ~~under this section~~ shall report to the Secretary of Administration the following information on all projects where a construction manager at risk, design-builder, or private developer under a public-private partnership is utilized:

(1) A detailed explanation of the reason why the particular construction manager at risk, design-builder, or private developer was selected.

(2) The terms of the contract with the construction manager at risk, design-builder, or private developer.

(3) A list of all other firms considered but not selected as the construction manager at risk, design-builder, or private ~~developer, and the amount of their proposed fees for services.~~developer.

(4) A report on the form of bidding utilized by the construction manager at risk, design-builder, or private developer on the project.

(5) A detailed explanation of why the particular delivery method was used in lieu of the delivery methods identified in G.S. 143-128(a1) subdivisions (1) through (3) and the anticipated benefits to the public entity from using the particular delivery method.

(b) The Secretary of Administration shall adopt rules to implement the provisions of this ~~subsection~~ section, including the format and frequency of reporting.

(c) A ~~public body~~governmental entity letting a contract pursuant to any of the delivery methods identified in subdivisions (a1)(4), (a1)(6), (a1)(7), or (a1)(8) of G.S. 143-128 shall submit the report required by ~~G.S. 143-64.31(b)~~this section no later than 12 months from the date the ~~public body~~governmental entity takes beneficial occupancy of the project. In the event that the ~~public body~~governmental entity fails to do so, the ~~public body~~governmental entity shall be prohibited from utilizing subdivisions (a1)(4), (a1)(6), (a1)(7), or (a1)(8) of G.S. 143-128 until such time as the ~~public body~~governmental entity completes the reporting requirement under this this section. Contracts entered into in violation of this prohibition shall not be deemed ultra vires and shall remain valid and fully enforceable. Any person, corporation or entity, however, which has submitted a bid or response to a request for proposals on any construction project previously advertised by the ~~public body~~governmental entity shall be entitled to obtain an injunction against the ~~public body~~governmental entity compelling the ~~public body~~governmental entity to comply with the reporting requirements of this section and

from commencing or continuing a project let in violation of this subdivision until such time as the ~~public body~~governmental entity has complied with the reporting requirements of this section. The plaintiff in such cases shall not be entitled to recover monetary damages caused by the ~~public body's~~governmental entity's failure to comply with this reporting requirements section, and neither the plaintiff nor the defendant shall be allowed to recover attorneys fees except as otherwise allowed by G.S. 1A-11 or G.S. 6-21.5. An action seeking the injunctive relief allowed by this subdivision must be filed within four years from the date that the ~~owner~~ governmental entity took beneficial occupancy of the project for which the report remains due.

(d) For purposes of this section, the term "governmental entity" shall have the same meaning as in G.S. 143-128.1B(a)(6)."

SECTION 6. G.S. 143-128.1B(b)(6) reads as rewritten:

"(6) The criteria utilized by the governmental entity, including a comparison of the ~~cost and benefit~~advantages and disadvantages of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1), (2), and (4) of G.S. 143-128(a1)."

SECTION 7. G.S. 143-128.1A(b)(6) reads as rewritten:

"(6) The criteria utilized by the governmental entity, including a comparison of the ~~costs and benefits~~ advantages and disadvantages of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1), (2), and (4) of G.S. 143-128(a1)."

SECTION 8.(a) There is established a Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State (Commission).

SECTION 8.(b) The Commission shall be composed of 20 members as follows:

(1) Seven members appointed by the Speaker of the House of Representatives, as follows:
   a. Three members of the House of Representatives.
   b. One person upon recommendation of the North Carolina League of Municipalities.
   c. One member of the public, licensed as an architect in this State.
   d. One member of the public, licensed as a professional engineer in this State.
   e. One person upon recommendation of the North Carolina Chamber.

(2) Seven members appointed by the President Pro Tempore of the Senate, as follows:
   a. Three members of the Senate.
   b. One person upon recommendation of the North Carolina County Commissioners Association.
   c. One person upon recommendation of the North Carolina School Boards Association.
   d. One member of the public, licensed as a general contractor in this State.
   e. One member of the public, licensed as an attorney in this State, with experience in infrastructure financing or infrastructure bonds.

(3) Six members appointed by the Governor, as follows:
   a. The State Treasurer, or the Treasurer's designee.
   b. The Secretary of Administration, or the Secretary's designee.
   c. The President of The University of North Carolina, or the President's designee.
   d. The President of the North Carolina System of Community Colleges, or the President's designee.
   e. A member of the State Water Infrastructure Authority.
   f. The Secretary of the Department of Commerce, or the Secretary's designee.

SECTION 8.(c) The Commission shall study the following matters related to building and infrastructure needs, including new repairs, renovations, expansion, and new construction, in North Carolina:

(1) The anticipated building construction needs of State agencies, The University of North Carolina, and North Carolina System of Community Colleges until 2025.

(2) The anticipated water and sewer infrastructure construction needs of counties and cities until 2025.
(3) The anticipated building needs of the local school boards until 2025.
(4) The anticipated costs of such building and infrastructure needs.
(5) A process that would prioritize needs within each infrastructure category and among all categories, with an emphasis on developing criteria that focus on public safety and economic development.
(6) The feasibility of establishing a building and infrastructure fund, which would be a dedicated source of revenue for capital funding for counties, cities, local school boards, The University of North Carolina, the North Carolina System of Community Colleges, and State agencies.
(7) Funding options for meeting the anticipated capital needs until 2025.
(8) Other matters the Commission deems relevant and related.

SECTION 8.(d) The Speaker of the House of Representatives shall designate one Representative as cochair, and the President Pro Tempore of the Senate shall designate one Senator as cochair. The Commission shall meet upon the call of the cochairs. A quorum of the Commission shall be 10 members. Any vacancy on the Commission shall be filled by the appointing authority.

SECTION 8.(e) Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, G.S. 138-5, or G.S. 138-6, as appropriate. The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.4. The Commission may meet upon the call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building. With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission.

All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

SECTION 8.(f) The Commission may make an interim report of its findings and recommendations to the 2015 General Assembly and shall make a final report of its findings and recommendations to the 2016 Regular Session of the 2015 General Assembly. The Commission shall terminate on December 31, 2016, or upon the filing of its final report, whichever occurs first.

SECTION 10. Section 8 of this act is effective when it becomes law. The remainder of this act becomes effective October 1, 2014, and applies to contracts awarded on or after that date.

In the General Assembly read three times and ratified this the 26th day of June, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:26 p.m. this 30th day of June, 2014

SESSION LAW 2014-15
HOUSE BILL 1060

AN ACT TO REQUIRE THE STATE BOARD OF EDUCATION TO IDENTIFY MILITARY-CONNECTED STUDENTS USING THE UNIFORM EDUCATION REPORTING SYSTEM, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-12(18) reads as rewritten:

"(18) Duty to Develop and Implement a Uniform Education Reporting System, Which Shall Include Standards and Procedures for Collecting Fiscal and Personnel Information. –

a. The State Board of Education shall adopt standards and procedures for local school administrative units to provide timely, accurate, and complete fiscal and personnel information, including payroll information, on all school personnel.

b. The State Board of Education shall develop and implement a Uniform Education Reporting System that shall include requirements for collecting, processing, and reporting fiscal, personnel, and student data, by means of electronic transfer of data files from local computers to the State Computer Center through the State Communications Network.

c. The State Board of Education shall comply with the provisions of G.S. 116-11(10a) to plan and implement an exchange of information between the public schools and the institutions of higher education in the State. The State Board of Education shall require local boards of education to provide to the parents of children at a school all information except for confidential information received about that school from institutions of higher education pursuant to G.S. 116-11(10a) and to make that information available to the general public.

d. The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for textbooks, educational supplies and equipment, capital outlay, at-risk students, and other purposes.

e. When practicable, reporting requirements developed by the State Board of Education as part of the Uniform Education Reporting System under this subdivision shall be incorporated into the PowerSchool application or any other component of the Instructional Improvement System to minimize duplicative reporting by local school administrative units.

f. The State Board of Education shall develop a process for local school administrative units to annually identify enrolled military-connected students using the Uniform Education Reporting System. The identification of military-connected students shall not be used for the

purposes of determining school achievement, growth, and performance scores as required by G.S. 115C-12(9)c1. The identification of military-connected students is not a public record within the meaning of G.S. 132-1 and shall not be made public by any person, except as permitted under the provisions of the Family Educational and Privacy Rights Act of 1974, 20 U.S.C. § 1232g. For purposes of this section, a "military-connected student" means a student enrolled in a local school administrative unit who has a parent, step-parent, sibling, or any other person who resides in the same household serving in the active or reserve components of the Army, Navy, Air Force, Marine Corps, Coast Guard, or National Guard."

SECTION 2. G.S. 115C-288(m) reads as rewritten:

"(m) To Address the Unique Needs of ~~Students With Immediate Family Members in the Military.~~Military-Connected Students. -- The principal shall develop a means for ~~identifying and~~ serving the unique needs of students ~~who have immediate family members in the active or reserve components of the Armed Forces of the United States.~~identified as military-connected students as required in G.S. 115C-12(18)f."

SECTION 3. Section 2 of this act becomes effective July 1, 2015. The remainder of this act is effective when it becomes law, and the annual identification requirement for local school administrative units applies beginning with the 2015-2016 school year. Local school administrative units may begin the annual identification of military-connected students using the Uniform Education Reporting System beginning with the 2014-2015 school year.

In the General Assembly read three times and ratified this the 17th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 2:49 p.m. this 19th day of June, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-115
HOUSE BILL 1133

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE GENERAL STATUTES AND THE SESSION LAWS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION, AND TO MAKE ADDITIONAL TECHNICAL AND OTHER CHANGES TO THE GENERAL STATUTES AND SESSION LAWS.

The General Assembly of North Carolina enacts:

PART I. TECHNICAL CORRECTIONS RECOMMENDED BY THE GENERAL STATUTES COMMISSION

SECTION 1. Subsection (c) of G.S. 1A-1, Rule 59, is rewritten to read:

"(c) Time for serving affidavits. – When a motion for new trial is based upon affidavits they shall be served with the motion. The opposing party has 10 days after such service within which to serve opposing affidavits, which period may be extended for an additional period not exceeding 30 days either by the court for good cause shown or by the parties by written stipulation. The court may permit reply affidavits."

SECTION 2. G.S. 15-11.2 reads as rewritten:

"**§ 15-11.2. Disposition of unclaimed firearms not confiscated or seized as trial evidence.**

(a) Definition. – For purposes of this section, the term "unclaimed firearm" means a firearm that is found or received by a law enforcement agency and that remains unclaimed by the person who may be entitled to it for a period of 30 days after the publication of the notice required by subsection (b) of this section. The term does not include a firearm that is seized and disposed of pursuant to G.S. 15-11.1 or a firearm that is confiscated and disposed of pursuant to G.S. 14-269.1.

(b) Published Notice of Unclaimed Firearm. – When a law enforcement agency finds or receives a firearm and the firearm remains unclaimed for a period of 180 days, the agency shall publish at least one notice in a newspaper published in the county in which the agency is located. The notice shall include all of the following:

(1) A statement that the firearm is unclaimed and is in the custody of the law enforcement agency.

(2) A statement that the firearm may be sold or otherwise disposed of unless the firearm is claimed within 30 days of the date of the publication of the notice.

(3) A brief description of the firearm and any other information that the chief or head of the law enforcement agency may consider necessary or advisable to reasonably inform the public about the firearm.

(c) Repealed by Session Laws 2013-158, s. 2, effective September 1, 2013, and applicable to any firearm found or received by a local law enforcement agency on or after that date and to any judicial order for the disposition of any firearm on or after that date.

(d) Disposition of Unclaimed Firearm. – If the firearm remains unclaimed for a period of 30 days after the publication of the notice, then the head or chief of the law enforcement agency shall order the disposition of the firearm in one of the following ways:

(1) By having the firearm destroyed if the firearm does not have a legible, unique identification number or is unsafe for use because of wear, damage, age, or modification and will not be disposed of pursuant to subdivision (3) of this subsection. The head or chief of the law enforcement agency shall maintain a record of the destruction of the firearm.

(2) By sale, trade, or exchange by the agency to a federally licensed firearm dealer in accordance with all applicable State and federal firearm laws or by

sale of the firearm at a public auction to persons licensed as firearms collectors, dealers, importers, or manufacturers. The head or chief of the law enforcement agency shall dispose of the firearm pursuant to this subdivision only if the firearm has a legible, unique identification number.

(3) By maintaining the firearm for training or experimental purposes or transferring the firearm to a museum or historical society.

(e) Repealed by Session Laws 2013-158, s. 2, effective September 1, 2013, and applicable to any firearm found or received by a local law enforcement agency on or after that date and to any judicial order for the disposition of any firearm on or after that date.

(f) Disbursement of Proceeds of Sale. – If the law enforcement agency sells the firearm pursuant to subdivision (2) of subsection (d) of this section, then the proceeds of the sale shall be retained by the law enforcement agency and used for law enforcement purposes. The receiving law enforcement agency shall maintain a record and inventory of all firearms received pursuant to this section, as well as the disposition of the firearm, including any funds received from a sale of a firearm or any firearms or other property received in exchange or trade of a firearm."

SECTION 2.1.(a) G.S. 15A-830 reads as rewritten:

"**§ 15A-830. Definitions.**

(a) The following definitions apply in this Article:

(1) Accused. – A person who has been arrested and charged with committing a crime covered by this Article.

(2) Arresting law enforcement agency. – The law enforcement agency that makes the arrest of an accused.

(3) Custodial agency. – The agency that has legal custody of an accused or defendant arising from a charge or conviction of a crime covered by this Article including, but not limited to, local jails or detention facilities, regional jails or detention facilities, facilities designated under G.S. 122C-252 for the custody and treatment of involuntary clients, or the Division of Adult Correction of the Department of Public Safety.

(4) Investigating law enforcement agency. – The law enforcement agency with primary responsibility for investigating the crime committed against the victim.

(5) Law enforcement agency. – An arresting law enforcement agency, a custodial agency, or an investigating law enforcement agency.

(6) Next of kin. – The victim's spouse, children, parents, siblings, or grandparents. The term does not include the accused unless the charges are dismissed or the person is found not guilty.

(7) Victim. – A person against whom there is probable cause to believe one of the following crimes was committed:

a. A Class A, B1, B2, C, D, or E felony.

b. A Class F felony if it is a violation of one of the following: G.S. 14-16.6(b); 14-16.6(c); 14-18; 14-32.1(e); 14-32.2(b)(3); 14-32.3(a); 14-32.4; 14-34.2; 14-34.6(c); 14-41; 14-43.3; 14-43.11; ~~14-190.17; 14-190.19;~~ 14-202.1; 14-277.3A; 14-288.9; 20-138.5; former G.S. 14-190.19; or former G.S. 14-277.3.

c. A Class G felony if it is a violation of one of the following: G.S. 14-32.3(b); 14-51; 14-58; ~~14-87.1; or 20-141.4,~~ or 14-87.1.

d. A Class H felony if it is a violation of one of the following: G.S. 14-32.3(a); ~~14-32.3(c);~~ 14-33.2; 14-34.6(b); 14-190.17A; 14-277.3A; former G.S. 14-32.3(c); or former G.S. 14-277.3.

e. A Class I felony if it is a violation of ~~one of the following: G.S. 14-32.3(b); 14-34.6(b); or 14-190.17A.~~ G.S. 14-32.3(b).

f. An attempt of any of the felonies listed in this subdivision if the attempted felony is punishable as a felony.

g. Any of the following misdemeanor offenses when the offense is committed between persons who have a personal relationship as defined in G.S. 50B-1(b): G.S. 14-33(c)(1); 14-33(c)(2); 14-33(a); 14-34; 14-134.3; 14-277.3A; or former G.S. 14-277.3.

h. Any violation of a valid protective order under G.S. 50B-4.1.

(b) If the victim is deceased, then the next of kin, in the order set forth in the definition contained in this section, is entitled to the victim's rights under this Article. However, the right contained in G.S. 15A-834 may only be exercised by the personal representative of the victim's estate. An individual entitled to exercise the victim's rights as a member of the class of next of kin may designate anyone in the class to act on behalf of the class."

SECTION 2.1.(b) This section does not affect the rights granted by Article 46 of Chapter 15A of the General Statutes to any person who was a victim as defined in G.S. 15A-830 before the effective date of this section.

SECTION 2.2. The title of G.S. 20-28.9 reads as rewritten:

"**§ 20-28.9. Authority for the Department of Public Instruction to administer a statewide or regional towing, storage, and sales program for ~~driving while impaired~~ vehicles forfeited.**"

SECTION 2.3. G.S. 28A-22-7(c) is repealed.

SECTION 2.4. G.S. 31-33 reads as rewritten:

"**§ 31-33. Cause transferred to trial docket.**

~~The caveator's~~

(a) Upon the filing of a caveat, the clerk shall transfer the cause to the superior court for trial by jury. The caveat shall be served upon all interested parties in accordance with G.S. 1A-1, Rule 4 of the Rules of Civil Procedure.

(b) After service under subsection (a) of this section, the caveator shall cause notice of a hearing to align the parties to be served upon all parties in accordance with G.S. 1A-1, Rule 5 of the Rules of Civil Procedure. At the alignment hearing, all of the interested parties who wish to be aligned as parties shall appear and be aligned by the court as parties with the caveators or parties with the propounders of the will. If an interested party does not appear to be aligned or chooses not to be aligned, the judge shall dismiss that interested party from the proceeding, but that party shall be bound by the proceeding.

(c) Within 30 days following the entry of an order aligning the parties, any interested party who was aligned may file a responsive pleading to the caveat, provided, however, that failure to respond to any averment or claim of the caveat shall not be deemed an admission of that averment or claim. An extension of time to file a responsive pleading to the caveat may be granted as provided by G.S. 1A-1, Rule 6 of the Rules of Civil Procedure.

(d) Upon motion of an aligned party, the court may require a caveator to provide security in such sum as the court deems proper for the payment of such costs and damages as may be incurred or suffered by the estate if the estate is found to have been wrongfully enjoined or restrained. The court may consider relevant facts related to whether a bond should be required and the amount of any such bond, including, but not limited to, (i) whether the estate may suffer irreparable injury, loss, or damage as a result of the caveat and (ii) whether the caveat has substantial merit. Provisions for bringing suit in forma pauperis apply to the provisions of this subsection."

SECTION 3. G.S. 42A-15 reads as rewritten:

"**§ 42A-15. Trust account uses.**

A landlord or real estate broker may require a tenant to pay all or part of any required rent, security deposit, or other fees permitted by law in advance of the commencement of a tenancy under this Chapter if these payments are expressly authorized in the vacation rental agreement. If the tenant is required to make any advance payments, other than a security deposit, whether the payment is denominated as rent or otherwise, the landlord or real estate broker shall deposit these payments in a trust account in an insured bank or savings and loan association in North Carolina no later than three banking days after the receipt of ~~the~~ these payments. These payments deposited in a trust account shall not earn interest unless the landlord and tenant agree in the vacation rental agreement that the payments may be deposited in an interest-bearing account. The landlord and tenant shall also provide in the agreement to whom the accrued interest shall be disbursed."

SECTION 4. G.S. 53-244.111 reads as rewritten:

"**§ 53-244.111. Prohibited acts.**

In addition to the activities prohibited under other provisions of this Article, it shall be unlawful for any person in the course of any residential mortgage loan transaction:

...

(22) For a person acting as a mortgage servicer to fail to mail, at least 45 days before foreclosure is initiated, a notice addressed to the borrower at the borrower's last known address with the following information:

a. An itemization of all past due amounts causing the loan to be in default.

b. An itemization of any other charges that must be paid in order to bring the loan current.

c. A statement that the borrower may have options available other than foreclosure and that the borrower may discuss the options with the mortgage lender, the mortgage servicer, or a counselor approved by the U.S. Department of Housing and Urban Development (HUD).

d. The address, telephone number, and other contact information for the mortgage lender, the mortgage servicer, or the agent for either of them who is authorized to attempt to work with the borrower to avoid foreclosure.

e. The name, address, telephone number, and other contact information for one or more HUD-approved counseling agencies operating to assist borrowers in North Carolina to avoid foreclosure.

f. The address, telephone number, and other contact information for the ~~consumer complaint section of the Office of the Commissioner of Banks.~~State Home Foreclosure Prevention Project of the Housing Finance Agency.

...."

SECTION 4.1. G.S. 58-50-75(b) reads as rewritten:

"(b) This Part applies to all insurers that offer a health benefit plan and that provide or perform utilization review pursuant to G.S. 58-50-61, the State Health Plan for Teachers and State Employees, and any optional plans or programs operating under Part 2 of Article 3A of Chapter 135 of the General ~~Statutes, the North Carolina Health Insurance Risk Pool, and the Health Insurance Program for Children.~~ Statutes. With respect to second-level grievance review decisions, this Part applies only to second-level grievance review decisions involving noncertification decisions."

SECTION 5. G.S. 95-111.4 reads as rewritten:

"**§ 95-111.4. Powers and duties of Commissioner.**

The Commissioner of Labor is hereby ~~empowered:~~empowered to do all of the following:

(1) To delegate to the Director of the Elevator and Amusement Device Division such powers, duties and responsibilities as the Commissioner determines will best serve the public interest in the safe operation of amusement ~~devices;~~devices.

(2) To supervise the Director of the Elevator and Amusement Device ~~Division:~~Division.

(3) To adopt, modify, or revoke such rules and regulations as are necessary for the purpose of carrying out the provisions of this Article including, but not limited to, those governing the design, construction, installation, plans review, testing, inspection, certification, operation, use, maintenance, alteration and relocation of devices subject to the provisions of this Article. The rules and regulations promulgated pursuant to this rulemaking authority shall conform with good engineering and safety standards, formulas and ~~practices;~~practices.

(4) To enforce rules and regulations adopted under authority of this ~~Article;~~Article.

(5) To inspect and have tested for acceptance all new and relocated devices subject to the provisions of this Article. Relocated amusement devices shall be inspected upon reassembly at each new location within this State; provided that the Commissioner may provide for less frequent inspections when he determines that the device is of such a type and its use is of such a nature that inspection less often than upon each reassembly would not expose the public to an unsafe condition likely to result in serious personal injury or property ~~damage:~~damage.

(6) To inspect amusement devices which have been substantially rebuilt or substantially modified so as to change the original action, structure or capacity of the ~~device;~~device.

(7) To make maintenance and periodic inspections and tests of all devices subject to the provisions of this Article. Devices located in amusement parks shall be inspected at least once ~~annually;~~annually.

(8) To issue certificates of operation which certify for use such devices as are found to be in compliance with this Article and the rules and regulations promulgated ~~thereunder;~~thereunder.

(9) To have reasonable access, with or without notice, to the devices subject to the provisions of this Article during reasonable hours, for purposes of inspection or ~~testing;~~testing.

(10) To obtain an Administrative Search and Inspection Warrant in accordance with the provisions of Article 4A of Chapter 15 of the General ~~Statutes;~~Statutes.

(11) To investigate accidents involving devices subject to the provisions of this Article to determine the cause of ~~such~~ the accident, and ~~he~~ the Commissioner shall have full subpoena powers in conducting ~~such investigation;~~the investigation.

(12) To institute proceedings in the civil courts of this State, when a provision of this Article or the rules and regulations promulgated thereunder has been ~~violated;~~violated.

(13) To adopt, modify or revoke rules and regulations governing the qualifications of ~~inspectors;~~inspectors.

(14) To grant exceptions from the requirements of the rules and regulations promulgated under authority of this Article and to permit the use of other devices when ~~such~~ these exceptions and uses will not expose the public to an unsafe condition likely to result in serious personal injury or property ~~damage;~~damage.

(15) To require that before any device subject to the provisions of this Article is erected in this State, or before any additions or alterations which substantially change ~~such~~ the device are made, or before the physical spacing between ~~such~~ the devices is changed, the owner or ~~his~~ the owner's authorized agent shall file with the Commissioner a written notice of ~~his~~ the owner's intention to do so and the type of device involved. Should circumstances necessitate, the Commissioner may require that ~~such~~ the owner or ~~his~~ the owner's authorized agent furnish a copy of the plans, diagrams, specifications or stress analyses of ~~such~~ the device before the inspection of ~~same.~~the device. When ~~such~~ plans, diagrams, specifications or stress analyses are requested by the Commissioner, ~~he~~ the Commissioner shall review them within 10 days of receipt, and upon approval, ~~he~~ shall authorize the device for use by the ~~public;~~public.

(16) To prohibit the use of any device subject to the provisions of this Article which is found upon inspection to expose the public to an unsafe condition likely to cause personal injury or property damage. Such a device shall be made operational only upon the Commissioner's determination that ~~such device~~ it has been made ~~safe;~~safe.

(17) To order the payment of all civil penalties provided by this Article. The clear proceeds of funds collected pursuant to a civil penalty order shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with ~~G.S. 115C-457.2; and~~G.S. 115C-457.2.

(18) To coordinate enforcement and inspection activity relative to equipment, devices and operations covered by this Article in order to minimize duplication of liability or regulatory responsibility on the part of the employer or owner.

(19) To establish fees not to exceed two hundred fifty dollars ($250.00) for the inspection and issuance of certificates of operation for devices subject to this Article that are in use."

SECTION 6. G.S. 95-148 reads as rewritten:

"**§ 95-148. Safety and health programs of State agencies and local governments.**

It shall be the responsibility of each administrative department, commission, board, division or other agency of the State and of counties, cities, towns and subdivisions of government to establish and maintain an effective and comprehensive occupational safety and health program which is consistent with the standards and regulations promulgated under this Article. The head of each agency shall:

(1) Provide safe and healthful places and conditions of employment, consistent with the standards and regulations promulgated by this ~~Article;~~Article.

(2) Acquire, maintain, and require the use of safety equipment, personal protective equipment, and devices reasonably necessary to protect ~~employees;~~employees.

(3) Consult with and encourage employees to cooperate in achieving safe and healthful working ~~conditions;~~conditions.

(4) Keep adequate records of all occupational accidents and illnesses for proper evaluation and corrective ~~action;~~action.

(5) Consult with the Commissioner as to the adequacy as to form and content of records kept pursuant to this ~~section;~~section.

(6) Make an annual report to the Commissioner with respect to occupational accidents and injuries and the agency's program under this section.

The Commissioner shall transmit annually to the Governor and the General Assembly a report of the activities of the State agency and instrumentalities under this section. If the Commissioner has reason to believe that any local government program or program of any agency of the State is ineffective, ~~he~~ the Commissioner shall, after unsuccessfully seeking by negotiations to abate ~~such~~ this failure, include this in ~~his~~ the Commissioner's annual report to the Governor and the General Assembly, together with the reasons therefor, and may recommend legislation intended to correct ~~such~~ the condition.

The Commissioner shall have access to the records and reports kept and filed by State agencies and instrumentalities pursuant to this section unless such records and reports are required to be kept secret in the interest of national defense, in which case the Commissioner shall have access to such information as will not jeopardize national defense.

Employees of any agency or department covered under this section are afforded the same rights and protections as granted employees in the private sector.

This section shall not apply to volunteer fire departments not a part of any municipality.

Any municipality with a population of 10,000 or less may exclude its fire department from the operation of this section by a resolution of the governing body of the municipality, except that the resolution may not exclude those firefighters who are employees of the municipality.

The North Carolina Fire and Rescue Commission shall recommend regulations and standards for fire departments."

SECTION 7.(a) G.S. 111-47.1 reads as rewritten:

"**§ 111-47.1. Food service at North Carolina aquariums.**

(a) Notwithstanding ~~Article 3 of Chapter 111 of the General Statutes,~~this Article, the North Carolina Aquariums may operate or contract for the operation of food or vending services at the North Carolina Aquariums. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services that are provided at the North Carolina Aquariums and are operated by or whose operation is contracted for by the Division of North Carolina Aquariums shall be credited to the North Carolina Aquariums Fund.

(b) This section shall not be construed to alter any contract for food or vending services at the North Carolina Aquariums that is in force ~~at the time this section becomes law.~~ on July 1, 1999."

SECTION 7.(b) G.S. 111-47.2 reads as rewritten:

"**§ 111-47.2. Food service at museums and historic sites operated by the Department of Cultural Resources.**

Notwithstanding ~~Article 3 of Chapter 111 of the General Statutes,~~ this Article, the North Carolina Department of Cultural Resources may operate or contract for the operation of food or vending services at museums and historic sites operated by the Department. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services provided at museums and historic sites operated by the Department or a vendor with whom the Department has contracted shall be credited to the appropriate fund of the museum or historic site where the funds were generated and shall be used for the operation of that museum or historic site."

SECTION 8. G.S. 113-133.1(e) reads as rewritten:

"(e) Because of strong community interest expressed in their retention, the local acts or portions of local acts listed in this section are not repealed. The following local acts are retained to the extent they apply to the county for which listed:

Alleghany: Session Laws 1951, Chapter 665; Session Laws 1977, Chapter 526; Session Laws 1979, Chapter 556.

Anson: Former G.S. 113-111, as amended by Session Laws 1955, Chapter 286.

Ashe: Former G.S. 113-111; Session Laws 1951, Chapter 665.

Avery: Former G.S. 113-122.

Beaufort: Session Laws 1947, Chapter 466, as amended by Session Laws 1979, Chapter 219; Session Laws 1957, Chapter 1364; Session Laws 1971, Chapter 173.

Bertie: Session Laws 1955, Chapter 1376; Session Laws 1975, Chapter 287.

Bladen: Public-Local Laws 1933, Chapter 550, Section 2 (as it pertains to fox season); Session Laws 1961, Chapter 348 (as it applies to Bladen residents fishing in Robeson County); Session Laws 1961, Chapter 1023; Session Laws 1971, Chapter 384.

Brunswick: Session Laws 1975, Chapter 218.

Buncombe: Public-Local Laws 1933, Chapter 308.

Burke: Public-Local Laws 1921, Chapter 454; Public-Local Laws 1921 (Extra Session), Chapter 213, Section 3 (with respect to fox seasons); Public-Local Laws 1933, Chapter 422, Section 3; Session Laws 1977, Chapter 636.

Caldwell: Former G.S. 113-122; Session Laws 1977, Chapter 636; Session Laws 1979, Chapter 507.

Camden: Session Laws 1955, Chapter 362 (to the extent it applies to inland fishing waters); Session Laws 1967, Chapter 441.

Carteret: Session Laws 1955, Chapter 1036; Session Laws 1977, Chapter 695.

Caswell: Public-Local Laws 1933, Chapter 311; Public-Local Laws 1937, Chapter 411.

Catawba: Former G.S. 113-111, as amended by Session Laws 1955, Chapter 1037.

Chatham: Public-Local Laws 1937 Chapter 236; Session Laws 1963, Chapter 271.

Chowan: Session Laws 1979, Chapter 184; Session Laws 1979, Chapter 582.

Cleveland: Public Laws 1907, Chapter 388; Session Laws 1951, Chapter 1101; Session Laws 1979, Chapter 587.

Columbus: Session Laws 1951, Chapter 492, as amended by Session Laws 1955, Chapter 506.

Craven: Session Laws 1971, Chapter 273, as amended by Session Laws 1971, Chapter 629.

Cumberland: Session Laws 1975, Chapter 748; Session Laws 1977, Chapter 471.

Dare: Session Laws 1973, Chapter 259.

Davie: Former G.S. 113-111, as amended by Session Laws 1947, Chapter 333.

Duplin: Session Laws 1965, Chapter 774; Session Laws 1973 (Second Session 1974), Chapter 1266; Session Laws 1979, Chapter 466.

Edgecombe: Session Laws 1961, Chapter 408.

Gates: Session Laws 1959, Chapter 298; Session Laws 1975, Chapter 269; Session Laws 1975, Chapter 748.

Granville: Session Laws 1963, Chapter 670.

Greene: Session Laws 1975, Chapter 219; Session Laws 1979, Chapter 360.

Halifax: Public-Local Laws 1925, Chapter 571, Section 3 (with respect to fox-hunting seasons); Session Laws 1947, Chapter 954; Session Laws 1955, Chapter 1376.

Haywood: Former G.S. 113-111, as modified by Session Laws 1963, Chapter 322.

Henderson: Former G.S. 113-111.

Hertford: Session Laws 1959, Chapter 298; Session Laws 1975, Chapter 269; Session Laws 1975, Chapter 748; Session Laws 1977, Chapter 67.

Hoke: Session Laws 1963, Chapter 267.

Hyde: Public-Local Laws 1929, Chapter 354, Section 1 (as it relates to foxes); Session Laws 1951, Chapter 932.

Iredell: Session Laws 1979, Chapter 577.

Jackson: Session Laws 1965, Chapter 765.

Johnston: Session Laws 1975, Chapter 342.

Jones: Session Laws 1979, Chapter 441.

Lee: Session Laws 1963, Chapter 271; Session Laws 1977, Chapter 636.

Lenoir: Session Laws 1979, Chapter 441.

Lincoln: Public-Local Laws 1925, Chapter 449, Sections 1 and 2; Session Laws 1955, Chapter 878.

Madison: Public-Local Laws 1925, Chapter 418, Section 4; Session Laws 1951, Chapter 1040.

Martin: Session Laws 1955, Chapter 1376; Session Laws 1977, Chapter 636.

Montgomery: Session Laws 1977 (Second Session 1978), Chapter 1142.

Nash: Session Laws 1961, Chapter 408.

New Hanover: Session Laws 1971, Chapter 559; Session Laws 1975, Chapter 95.

Northampton: Session Laws 1955, Chapter 1376; Session Laws 1975, Chapter 269; Session Laws 1975, Chapter 748; Session Laws 1977, Chapter 67; Session Laws 1979, Chapter 548.

Orange: Public-Local Laws 1913, Chapter 547.

Pamlico: Session Laws 1977, Chapter 636.

Pender: Session Laws 1961, Chapter 333; Session Laws 1967, Chapter 229; Session Laws 1969, Chapter 258, as amended by Session Laws 1973, Chapter 420; Session Laws 1977, Chapter 585, as amended by Session Laws 1985, Chapter 421; Session Laws 1977, Chapter 805; Session Laws 1979, Chapter 546.

Perquimans: Former G.S. 113-111; Session Laws 1973, Chapter 160; Session Laws 1973, Chapter 264.

Polk: ~~Session Laws 1975, Chapter 397;~~ Session Laws 1975, Chapter 269, as amended by Session Laws 1977, Chapter 167.

Randolph: Public-Local Laws 1941, Chapter 246; Session Laws 1947, Chapter 920.

Robeson: Public-Local Laws 1924 (Extra Session), Chapter 92; Session Laws 1961, Chapter 348.

Rockingham: Former G.S. 113-111; Public-Local Laws 1933, Chapter 310.

Rowan: Session Laws 1975, Chapter 269, as amended by Session Laws 1977, Chapter 106, and Session Laws 1977, Chapter 500; Session Laws 1979, Chapter 556.

Rutherford: Session Laws 1973, ~~Chapter 114; Session Laws 1975, Chapter 397.~~Chapter 114.

Sampson: Session Laws 1979, Chapter 373.

Scotland: Session Laws 1959, Chapter 1143; Session Laws 1977, Chapter 436.

Stokes: Former G.S. 113-111; Public-Local Laws 1933, Chapter 310; Session Laws 1979, Chapter 556.

Surry: Public-Local Laws 1925, Chapter 474, Section 6 (as it pertains to fox seasons); Session Laws 1975, Chapter 269, as amended by Session Laws 1977, Chapter 167.

Swain: Public-Local Laws 1935, Chapter 52; Session Laws 1953, Chapter 270; Session Laws 1965, Chapter 765.

Transylvania: Public Laws 1935, Chapter 107, Section 2, as amended by Public Laws 1935, Chapter 238.

Tyrrell: Former G.S. 113-111; Session Laws 1953, Chapter 685.

Wake: Session Laws 1973 (Second Session 1974), Chapter 1382.

Washington: Session Laws 1947, Chapter 620.

Wayne: Session Laws 1975, Chapter 269; Session Laws 1975, Chapter 342, as amended by Session Laws 1977, Chapter 43; Session Laws 1975, Chapter 343, as amended by Session Laws 1977, Chapter 45; Session Laws 1977, Chapter 695.

Wilkes: Former G.S. 113-111, as amended by Session Laws 1971, Chapter 385; Session Laws 1951, Chapter 665; Session Laws 1973, Chapter 106; Session Laws 1979, Chapter 507.

Yadkin: Former G.S. 113-111, as amended by Session Laws 1953, Chapter 199; Session Laws 1979, Chapter 507.

Yancey: Session Laws 1965, Chapter 522."

SECTION 9. G.S. 115C-325(h)(7) reads as rewritten:

"(7) Within five days of being notified of the request for a hearing before a hearing officer, the Superintendent of Public Instruction shall submit to both parties a list of hearing officers trained and approved by the State Board of Education. Within five days of receiving the list, the parties may jointly select a hearing officer from that list, or, if the parties cannot agree to a hearing officer, each party may strike up to one-third of the names on the list and submit its strikeout list to the Superintendent of Public Instruction. The Superintendent of Public Instruction shall then appoint a hearing officer from those individuals remaining on the list. Further, the parties may jointly

agree on another hearing officer not on the State Board of ~~Eduation's~~ Education's list, provided that individual is available to proceed in a timely manner and is willing to accept the terms of appointment required by the State Board of Education. No person eliminated by the career employee or superintendent shall be designated as the hearing officer for that case."

SECTION 10. G.S. 130A-294.1(b) reads as rewritten:

"(b) Funds collected pursuant to this section shall be used for personnel and other resources necessary to:

(1) Provide a high level of technical assistance and waste minimization effort for the hazardous waste management ~~program;~~program.
(2) Provide timely review of permit ~~applications;~~applications.
(3) Insure that permit decisions are made on a sound technical basis and that permit decisions incorporate all conditions necessary to accomplish the purposes of this ~~Part;~~Part.
(4) Improve monitoring and compliance of the hazardous waste management ~~program;~~program.
(5) Increase the frequency of ~~inspections;~~inspections.
(6) Provide chemical, biological, toxicological, and analytical support for the hazardous waste management ~~program; and~~program.
(7) Provide resources for emergency response to imminent hazards associated with the hazardous waste management ~~program;~~program.
(8) Implement and provide oversight of necessary response activities involving inactive hazardous substance or waste disposal ~~sites;~~ sites.
(9) Provide compliance and prevention activities within the solid waste program to ensure that hazardous waste is not disposed in solid waste management facilities."

SECTION 10.1. G.S. 130A-335(f1) reads as rewritten:

"(f1) A preconstruction conference with the owner or developer, or an agent of the owner or developer, and a representative of the local health department shall be required for any authorization for wastewater system construction issued with an improvement permit under ~~G.S. 130-336~~ G.S. 130A-336 when the authorization is greater than five years old. Following the conference, the local health department shall issue a revised authorization for wastewater system construction that includes current technology that can reasonably be expected to improve the performance of the system."

SECTION 11. G.S. 136-93(b) reads as rewritten:

"(b) Except as provided in G.S. 136-133.1(g), no vegetation, including any tree, shrub, or underbrush, in or on any right-of-way of a State road or State highway shall be planted, cut, trimmed, pruned, or removed without a written selective vegetation removal permit issued pursuant to G.S. 136-133.2 and in accordance with the rules of the Department. Requests for a permit for selective vegetation cutting, thinning, pruning, or removal shall be made by the owner of an outdoor advertising sign or the owner of a business facility to the appropriate person in the Division of Highways office on a form prescribed by the Department. For purposes of this section, G.S. 136-133.1, 136-133.2, and 136-133.4, the phrase "outdoor advertising" shall mean the outdoor advertising expressly permitted under ~~G.S. 136-129(a)(4)~~ G.S. 136-129(4) or ~~G.S. 136-129(a)(5).~~ G.S. 136-129(5). These provisions shall not be used to provide visibility to on-premises signs."

SECTION 11.1. G.S. 143-52.2 is repealed.

SECTION 12. 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 examination	80.00
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.

~~Or renewal 20.00 110.00 20.00~~

(b) Subsequent Application. – An individual who applied for a license as a home inspector and who failed the home inspector examination is not required to pay an additional application fee if the individual submits another application for a license as a home inspector. The individual must pay the examination fee, however, to be eligible to take the examination again. An individual may take the examination only once every 180 days."

SECTION 13. G.S. 143-151.77 reads as rewritten:

"**§ 143-151.77. Enforcement and penalties.**

(a) In addition to injunctive relief, the Commissioner may assess and collect a civil penalty against any person who violates any of the provisions of this Article or rules adopted pursuant to this Article, as provided in this ~~subsection.~~ section. The maximum civil penalty for a violation is five thousand dollars ($5,000). A civil penalty may be assessed from the date of the violation. Each day of a continuing violation may constitute a separate violation.

(b) The Commissioner shall determine the amount of the civil penalty and shall notify the person who is assessed the civil penalty of the amount of the penalty and the reason for assessing the penalty. The notice of assessment shall be served by any means authorized under Rule 4 of G.S. 1A-1 and shall direct the violator to either pay the assessment or contest the assessment within 30 calendar days by filing a petition for a contested case under Article 3 of Chapter 150B of the General Statutes. If a violator does not pay a civil penalty assessed by the Commissioner within 30 calendar days after it is due, the Commissioner shall request that the Attorney General institute a civil action to recover the amount of the assessment. The civil action may be brought in the superior court of any county where the violation occurred. A civil action must be filed within one year of the date the assessment was due. An assessment that is not contested is due when the violator is served with a notice of assessment. An assessment that is contested is due at the conclusion of the administrative and judicial review of the assessment.

(c) In determining the amount of the penalty, the Commissioner shall consider the degree and extent of harm caused by the violation, the cost of rectifying the damage, the amount of money the violator saved by noncompliance, whether the violation was committed willfully, the prior record of the violator in complying or failing to comply with this Article, and the action of the person to remedy the violation.

(d) The clear proceeds of civil penalties collected by the Commissioner under this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

SECTION 14. G.S. 150B-41 reads as rewritten:

"**§ 150B-41. Evidence; stipulations; official notice.**

(a) In all contested cases, irrelevant, immaterial, and unduly repetitious evidence shall be excluded. Except as otherwise provided, the rules of evidence as applied in the trial division of the General Court of Justice shall be followed; but, when evidence is not reasonably available under such rules to show relevant facts, they may be shown by the most reliable and substantial evidence available. It shall not be necessary for a party or his attorney to object to evidence at the hearing in order to preserve the right to object to its consideration by the agency in reaching its decision, or by the court of judicial review.

(b) Evidence in a contested case, including records and documents shall be offered and made a part of the record. Other factual information or evidence shall not be considered in determination of the case, except as permitted under ~~G.S. 150B-30.~~ subsection (d) of this section. Documentary evidence may be received in the form of a copy or excerpt or may be incorporated by reference, if the materials so incorporated are available for examination by the parties. Upon timely request, a party shall be given an opportunity to compare the copy with the original if available.

(c) The parties in a contested case under this Article by a stipulation in writing filed with the agency may agree upon any fact involved in the controversy, which stipulation shall be used as evidence at the hearing and be binding on the parties thereto. Parties should agree upon facts when practicable. Except as otherwise provided by law, disposition may be made of a contested case by stipulation, agreed settlement, consent order, waiver, default, or other method agreed upon by the parties.

(d) Official notice may be taken of all facts of which judicial notice may be taken and of other facts within the specialized knowledge of the agency. The noticed fact and its source shall be stated and made known to affected parties at the earliest practicable time, and any party shall on timely request be afforded an opportunity to dispute the noticed fact through submission of evidence and argument. An agency may use its experience, technical competence, and specialized knowledge in the evaluation of evidence presented to it."

SECTION 15.(a) G.S. 153A-357(d) is repealed.

SECTION 15.(b) G.S. 160A-417(c) is repealed.

SECTION 15.1. G.S. 160A-58.64 reads as rewritten:

"**§ 160A-58.64. Referendum prior to involuntary annexation ordinance.**

(a) After the adoption of the resolution of intent under this Part, the municipality shall place the question of annexation on the ballot. The municipal governing board shall notify the appropriate county board or boards of elections of the adoption of the resolution of intent and provide a legible map and clear written description of the proposed annexation area.

(b) In accordance with ~~G.S. 163-58.55,~~ G.S. 160A-58.55, the municipal governing board shall adopt a resolution setting the date for the referendum and so notify the appropriate county board or boards of elections.

(c) The county board or boards of elections shall cause legal notice of the election to be published. That notice shall include the general statement of the referendum. The referendum shall be conducted, returned, and the results declared as in other municipal elections in the municipality. Only registered voters of the proposed annexation area shall be allowed to vote on the referendum.

(d) The referendum of any number of proposed involuntary annexations may be submitted at the same election; but as to each proposed involuntary annexation, there shall be an entirely separate ballot question.

(e) The ballots used in a referendum shall submit the following proposition:

"[ ] FOR [ ] AGAINST

The annexation of (clear description of the proposed annexation area)."

(f) If less than a majority of the votes cast on the referendum are for annexation, the municipal governing body may not proceed with the adoption of the annexation ordinance or begin a separate involuntary annexation process with respect to that proposed annexation area for at least 36 months from the date of the referendum. If a majority of the votes cast on the referendum are for annexation, the municipal governing body may proceed with the adoption of the annexation ordinance under G.S. 160A-58.55."

SECTION 16.(a) On March 13, 1895, the General Assembly enacted "An act to incorporate the town of Columbus." The act was published in the 1895 "Private Laws of North Carolina," appearing on pages 404 through 406. The session law designation that appears at the beginning of the act is "Chapter 354," although (i) the act is physically located between Chapters 253 and 255, and (ii) pages 404 through 406 have a running header showing Chapter 254 as the session law contained on those pages. There is otherwise no Chapter 254 in the 1895 "Private Laws of North Carolina," and the last session law in that volume is Chapter 353. It therefore appears that the intended session law designation for the act was Chapter 254 and that the published session law number contains a typographical error. The act has been cited at least once in a subsequent session law as "Chapter 354 of the Private Laws of 1895" and was repealed in Chapter 46 of the 1985 Session Laws ("An act to revise and consolidate the charter of the town of Columbus").

SECTION 16.(b) To remove any ambiguity, any reference to "Chapter 354" of the 1895 Private Laws of this State or to "Chapter 254" of the 1895 Private Laws of this State shall be construed as a reference to the act enacted by the General Assembly on March 13, 1895, entitled "An act to incorporate the town of Columbus."

SECTION 16.1. Section 5 of S.L. 2011-84 reads as rewritten:

"**SECTION 5.** Sections 2, 3, and 4 of this act do not apply to a city or joint agency providing communications service as of January 1, 2011, provided the city or joint agency limits the provision of communications service as provided in G.S. 160A-340.2(c). In the event a city subject to the exemption set forth in this section provides communications service to a customer outside the limits set forth in ~~G.S. 160A-340(c),~~ G.S. 160A-340.2(c), the city shall have 30 days from the date of notice or discovery to cease providing service to the customer without loss of the exemption."

SECTION 17. Section 60(c) of S.L. 2013-413 reads as rewritten:

"**SECTION 60.(c)** This ~~act~~ Part becomes effective July 1, 2015."

PART II. ADDITIONAL TECHNICAL CORRECTIONS AND OTHER AMENDMENTS

SECTION 18. G.S. 1-72.2 reads as rewritten:

"**§ 1-72.2. Standing of legislative officers.**

The Speaker of the House of Representatives and the President Pro Tempore of the Senate, as agents of the State, shall jointly have standing to intervene on behalf of the General Assembly as a party in any judicial proceeding challenging a North Carolina statute or provision of the North Carolina Constitution. The procedure for interventions at the trial level in State court shall be that set forth in ~~Rule 29~~ Rule 24 of the Rules of Civil Procedure. The procedure for interventions at the appellate level in State court shall be by motion in the appropriate appellate court or by any other relevant procedure set forth in the Rules of Appellate Procedure."

SECTION 18.5. G.S. 1A-1, Rule 8(a), reads as rewritten:

"(a) Claims for relief. – A pleading which sets forth a claim for relief, whether an original claim, counterclaim, crossclaim, or third-party claim shall contain

(1) A short and plain statement of the claim sufficiently particular to give the court and the parties notice of the transactions, occurrences, or series of transactions or occurrences, intended to be proved showing that the pleader is entitled to relief, and

(2) A demand for judgment for the relief to which he deems himself entitled. Relief in the alternative or of several different types may be demanded. In all negligence actions, and in all claims for punitive damages in any civil action, wherein the matter in controversy exceeds the sum or value of ~~ten thousand dollars ($10,000),~~twenty-five thousand dollars ($25,000), the pleading shall not state the demand for monetary relief, but shall state that the relief demanded is for damages incurred or to be incurred in excess of ~~ten thousand dollars ($10,000),~~twenty-five thousand dollars ($25,000). However, at any time after service of the claim for relief, any party may request of the claimant a written statement of the monetary relief sought, and the claimant shall, within 30 days after such service, provide such statement, which shall not be filed with the clerk until the action has been called for trial or entry of default entered. Such statement may be amended in the manner and at times as provided by Rule 15."

SECTION 19.(a) G.S. 7A-228 reads as rewritten:

"**§ 7A-228. New trial before magistrate; appeal for trial de novo; how appeal perfected; oral notice; dismissal.**

...

(d) When a defendant in a summary ejectment action has given notice of appeal and perfected the appeal in accordance with G.S. 7A-228(b), the plaintiff may serve upon the defendant a motion to dismiss the appeal if the defendant:

(1) Failed to raise a defense orally or in writing in the small claims court;

(2) Failed to file a motion, answer, or counterclaim in the district court; and

(3) Failed to ~~make any payment due under any applicable bond to stay execution of the judgment for possession.~~comply with any obligation set forth in the Bond to Stay Execution on Appeal of Summary Ejectment Judgment entered by the court.

The motion to dismiss the appeal shall list all of the deficiencies committed by the defendant, as described in subdivisions (1), (2), and (3) of this subsection, and shall state that the court will decide the motion to dismiss without a hearing if the defendant fails to respond within 10 days of receipt of the motion. The defendant may defeat the motion to dismiss by responding within 10 days of receipt of the motion by doing any of the following acts: (i) filing a responsive motion, answer, or counterclaim and serving the plaintiff with a copy thereof or (ii) paying the amount due under the bond to stay ~~execution.~~execution, if any amount is owed by the defendant. If the defendant is not required by law to make any payment under the bond to stay execution, the court shall not use the failure to make a payment as a basis to dismiss the appeal. The court shall review the file, determine whether the motion satisfies the requirements of this

subsection, determine whether the defendant has made a sufficient response to defeat the motion, and shall enter an order resolving the matter without a hearing."

SECTION 19.(b) This section becomes effective October 1, 2014, and applies to all actions for summary ejectment filed on or after that date.

SECTION 20. G.S. 7A-273(2) reads as rewritten:

"(2) In misdemeanor or infraction cases involving alcohol offenses under Chapter 18B of the General Statutes, traffic offenses, hunting, fishing, State park and recreation area rule offenses under Chapter 113 of the General Statutes, boating offenses under Chapter 75A of the General Statutes, open burning offenses under Article 78 of Chapter 106 of the General Statutes, and littering offenses under G.S. 14-399(c) and G.S. 14-399(c1), to accept written appearances, waivers of trial or hearing and pleas of guilty or admissions of responsibility, in accordance with the schedule of offenses and fines or penalties promulgated by the Conference of Chief District Judges pursuant to G.S. 7A-148, and in such cases, to enter judgment and collect the fines or penalties and costs;".

SECTION 21. G.S. 7B-603(b) reads as rewritten:

"(b) An attorney or guardian ad litem appointed pursuant to G.S. 7B-602 or pursuant to any other provision of the Juvenile Code for which the Office of Indigent Defense Services is responsible for providing counsel shall be paid a reasonable fee in accordance with rules adopted by the Office of Indigent Defense Services."

SECTION 22. Reserved.

SECTION 23.(a) G.S. 14-258.1, as amended by S.L. 2014-3, reads as rewritten:

"**§ 14-258.1. Furnishing poison, controlled substances, deadly weapons, cartridges, ammunition or alcoholic beverages to inmates of charitable, mental or penal institutions or local confinement facilities; furnishing tobacco products including vapor products; or furnishing mobile phones to inmates.**

...

(c) Any person who knowingly gives or sells any tobacco products, including vapor products, as defined in G.S. 148-23.1, to an inmate in the custody of the Division of Adult Correction of the Department of Public Safety and on the premises of a correctional facility or to an inmate in the custody of a local confinement facility, or any person who knowingly gives or sells any tobacco products, including vapor products, to a person who is not an inmate for delivery to an inmate in the custody of the Division of Adult Correction of the Department of Public Safety and on the premises of a correctional facility or to an inmate in the custody of a local confinement facility, other than for authorized religious purposes, is guilty of a Class 1 misdemeanor.

...

(e) Any inmate of a local confinement facility who possesses any tobacco products, ~~including vapor products,~~ as defined in G.S. 148-23.1, other than for authorized religious purposes, or who possesses a mobile telephone or other wireless communications device or a component of one of those devices, is guilty of a Class 1 misdemeanor.

(f) Notwithstanding subsection (c) of this section, local confinement facilities may give or sell vapor products or FDA-approved tobacco cessation products, such as over-the-counter nicotine replacement therapies, including nicotine gum, patches, and lozenges, to inmates while in the custody of the local confinement facility."

SECTION 23.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date. If Senate Bill 594, 2013 Regular Session, becomes law, and if it amends G.S. 14-258.1 to add a new subsection (f), the subsection (f) enacted in subsection (a) of this section is redesignated as subsection (g).

SECTION 23.5.(a) G.S. 14-404(c1), as enacted by Section 17.2(a) of S.L. 2013-369, reads as rewritten:

"(c1) Excluding Saturdays, Sundays, and holidays, ~~not later than 48 hours~~ after receiving notice of any of the judicial findings, court orders, or other factual matters, relevant to any of the disqualifying conditions specified in subsection (c) of this section, the clerk of superior court shall determine which information can practicably be transmitted to the National Instant Criminal Background Check System (NICS)~~the clerk of superior court shall cause a record of the determination or finding to be transmitted to the National Instant Criminal Background Check System (NICS).~~ and shall transmit that information to NICS within 48 hours of that

determination. The ~~record~~ information shall include a reference to the relevant statutory provision of G.S. 14-404 that precludes the issuance of a permit. ~~The 48 hour period for transmitting a record of a judicial determination or finding to the NICS under this subsection begins upon receipt by the clerk of a copy of the judicial determination or finding.~~"

SECTION 23.5.(b) By October 1, 2014, the Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety its findings and recommendations regarding the information required under G.S. 14-404(c1) that can practicably be transmitted to the National Instant Criminal Background Check System (NICS).

SECTION 23.5.(c) Section 17.2(c) of S.L. 2013-369 reads as rewritten:

"**SECTION 17.2.(c)** G.S. 14-404(c1), as enacted by subsection (a) of this section, becomes effective ~~July 1, 2014.~~ January 1, 2015. The remainder of G.S. 14-404, as enacted by subsection (a) of this section, becomes effective October 1, 2013. The remainder of this section is effective when it becomes law."

SECTION 23.5.(d) Section 17.2(b) of S.L. 2013-369 is repealed.

SECTION 23.5.(e) Subsection (c) of this section becomes effective July 1, 2014. Subsection (a) of this section becomes effective January 1, 2015. The remainder of this section is effective when it becomes law.

SECTION 24.(a) G.S. 14-415.14(a) reads as rewritten:

"(a) The sheriff shall make permit applications readily available at the office of the sheriff or at other public offices in the sheriff's jurisdiction. The permit application shall be in triplicate, in a form to be prescribed by the ~~Administrative Office of the Courts,~~State Bureau of Investigation, and shall include the following information with regard to the applicant: name, address, physical description, signature, date of birth, social security number, military status, law enforcement status, and the drivers license number or State identification card number of the applicant if used for identification in applying for the permit."

SECTION 24.(b) G.S. 14-415.17 reads as rewritten:

"**§ 14-415.17. Permit; sheriff to retain a list of permittees; confidentiality of list and permit application information; availability to law enforcement agencies.**

(a) The permit shall be in a certificate form, as prescribed by the ~~Administrative Office of the Courts,~~ State Bureau of Investigation, that is approximately the size of a North Carolina drivers license. It shall bear the signature, name, address, date of birth, and the drivers license identification number used in applying for the permit.

(b) The sheriff shall maintain a listing, including the identifying information, of those persons who are issued a permit. Within five days of the date a permit is issued, the sheriff shall send a copy of the permit to the State Bureau of Investigation.

(c) Except as provided otherwise by this subsection, the list of permit holders and the information collected by the sheriff to process an application for a permit are confidential and are not a public record under G.S. 132-1. The sheriff shall make the list of permit holders and the permit information available upon request to all State and local law enforcement agencies. The State Bureau of Investigation shall make the list of permit holders and the information collected by the sheriff to process an application for a permit available to law enforcement officers and clerks of court on a statewide system."

SECTION 24.5. G.S. 15-11.1(b1)(4) reads as rewritten:

"(4) By ordering the firearm turned over to a law enforcement agency in the county of trial for (i) the official use of the agency or (ii) sale, trade, or exchange by the agency to a federally licensed firearm dealer in accordance with all applicable State and federal firearm laws. The court may order a disposition of the firearm pursuant to this subdivision ~~only upon the written request of the head or chief of the law enforcement agency and~~ only if the firearm has a legible, unique identification number. If the law enforcement agency sells the firearm, then the proceeds of the sale shall be remitted to the appropriate county finance officer as provided by G.S. 115C-452 to be used to maintain free public schools. The receiving law enforcement agency shall maintain a record and inventory of all firearms received pursuant to this subdivision."

SECTION 25. Reserved.

SECTION 26. Reserved.

SECTION 27.(a) G.S. 15A-150 reads as rewritten:

"**§ 15A-150. Notification requirements.**

(a) Notification to AOC. – The clerk of superior court in each county in North Carolina shall, as soon as practicable after each term of court, file with the Administrative Office of the Courts the names of the following:

(1) Persons granted an expunction under this Article.
(2) Persons granted a conditional discharge under G.S. 14-50.29.
(3) Persons granted a conditional discharge under G.S. 90-96 or G.S. 90-113.14.
(4) Repealed by Session Laws 2010-174, s. 7, effective October 1, 2010.
(5) Persons granted a conditional discharge under G.S. 14-204.

(b) Notification to Other State and Local Agencies. – The clerk of superior court in each county in North Carolina shall send a certified copy of an order granting an expunction to a person named in subsection (a) of this section to all of the agencies listed in this subsection. An agency receiving an order under this subsection shall expunge from its records all entries made as a result of the charge or conviction ordered expunged, except as provided in G.S. 15A-151. The list of agencies is as follows:

(1) The sheriff, chief of police, or other arresting agency.
(2) When applicable, the Division of Motor Vehicles and the Division of Adult Correction of the Department of Public Safety.
(3) Any State or local agency identified by the petition as bearing record of the offense that has been expunged.
(4) The State Bureau of Investigation (SBI).

(c) Notification to ~~SBI and~~ FBI. – ~~An arresting agency that receives a certified copy of an order under this section shall forward a copy of the order with the form supplied by the State Bureau of Investigation to the State Bureau of Investigation.~~ The State Bureau of Investigation shall forward the order received under this section to the Federal Bureau of Investigation.

(d) Notification to Private Entities. – A State agency that receives a certified copy of an order under this section shall notify any private entity with which it has a licensing agreement for bulk extracts of data from the agency criminal record database to delete the record in question. The private entity shall notify any other entity to which it subsequently provides in a bulk extract data from the agency criminal database to delete the record in question from its database."

SECTION 27.(b) This section becomes effective December 1, 2014, and applies to petitions filed on or after that date.

SECTION 28.(a) G.S. 15A-1368.4(d) reads as rewritten:

"(d) Reintegrative Conditions. – Appropriate reintegrative conditions, for which a supervisee may receive earned time credits against the length of the supervision period, and repeated violation that may result in revocation of post-release supervision, are:

....

(5) In the case of a supervisee who attended a basic skills program during incarceration, continue attending a basic skills program in pursuit of ~~a General Education Development Degree~~an adult high school equivalency diploma or adult high school diploma."

SECTION 28.(b) G.S. 15A-1374(b) reads as rewritten:

"(b) Appropriate Conditions. – As conditions of parole, the Commission may require that the parolee comply with one or more of the following conditions:

...

(11c) In the case of a parolee who was attending a basic skills program during incarceration, continue attending a basic skills program in pursuit of ~~a General Education Development Degree~~ an adult high school equivalency diploma or adult high school diploma.

...."

SECTION 28.(c) G.S. 90-113.40(d1) reads as rewritten:

"(d1) The Board shall issue a certificate certifying an applicant as a "Certified Criminal Justice Addictions Professional", with the acronym "CCJP", if in addition to meeting the requirements of subdivisions (a)(1) through (5a) of this section, the applicant:

...

(3) Has provided documentation of supervised work experience providing direct service to clients or offenders involved in one of the three branches of the criminal justice system, which include law enforcement, the judiciary, and corrections. The applicant must meet one of the following criteria:

a. Criteria A. – In addition to having a high school ~~degree~~ diploma or ~~GED,~~ an adult high school equivalency diploma, the applicant has a minimum of 6,000 hours of documented work experience in direct services in criminal justice or addictions services or any combination of these services that have been obtained during the past 10 years.

b. Criteria B. – In addition to having an associate degree, the applicant has a minimum of 5,000 hours of documented work experience in direct services in criminal justice or addictions services or any combination of these services obtained during the past 10 years.

c. Criteria C. – In addition to having at least a bachelors degree, the applicant has a minimum of 4,000 hours of documented work experience in direct services in criminal justice or addictions services, or any combination of these services, and this experience has been obtained during the past 10 years.

d. Criteria D. – In addition to having at least a masters degree in a human services field, the applicant has a minimum of 2,000 hours of documented work experience in direct services in criminal justice or addictions services or any combination of these services that has been obtained during the past 10 years.

e. Criteria E. – In addition to having at least a masters degree in a human services field with a specialty from a regionally accredited college or university that includes 180 hours of substance abuse specific education or training, the applicant has a minimum of 2,000 hours of postgraduate supervised substance abuse counseling experience.

f. Criteria F. – In addition to having obtained the credential of a certified clinical addictions specialist or other advanced credential in a human services field from an organization that has obtained deemed status with the Board, the applicant has a minimum of 1,000 hours of documented work experience in direct services in criminal justice or addictions services that has been obtained during the past 10 years.

...."

SECTION 28.(d) G.S. 108A-29(n) reads as rewritten:

"(n) If after evaluation of an individual the Division of Employment Security believes it necessary, the Division or the county department of social services also may refer an individual to a Job Preparedness provider. The local community college should include ~~General Education Development,~~ adult high school equivalency diploma, Adult Basic Education, or Human Resources Development programs that are already in existence as a part of the Job Preparedness component. Additionally, the Division or the county department of social services may refer an individual to a literacy council. Through a Memorandum of Understanding between the Division of Employment Security, the local department of social services, and other contracted entities, a system shall be established to monitor an individual's progress through close communications with the agencies assisting the individual. The Division of Employment Security or Job Preparedness provider shall adopt rules to accomplish this subsection."

SECTION 28.(e) G.S. 115D-5(s) reads as rewritten:

"(s) The State Board of Community Colleges may establish, retain and budget fees charged to students taking ~~the General Education Development (GED)~~ an adult high school equivalency diploma test, including fees for retesting. Fees collected for this purpose shall be used only to (i) offset the costs of the ~~GED~~ test, including the cost of scoring the test, (ii) offset the costs of printing ~~GED certificates,~~ adult high school equivalency diplomas, and (iii) meet federal and State reporting requirements related to the test."

SECTION 28.(f) G.S. 115D-31.3(e) reads as rewritten:

"(e) Mandatory Performance Measures. – The State Board of Community Colleges shall evaluate each college on the following eight performance measures:

....

(2) Attainment of ~~General Educational Development (GED)~~ adult high school equivalency diplomas by students.

...."

SECTION 28.(g) G.S. 116-143.4 reads as rewritten:

"**§ 116-143.4. Admissions status of persons charged in-State tuition.**

A person eligible for the in-State tuition rate pursuant to this Article shall be considered an in-State applicant for the purpose of admission; provided that, a person eligible for in-State tuition pursuant to G.S. 116-143.3(c) shall be considered an in-State applicant for the purpose of admission only if at the time of seeking admission he is enrolled in a high school located in North Carolina or enrolled in ~~a general education development (GED)~~ an adult high school equivalency diploma program in an institution located in this State."

SECTION 28.(h) G.S. 162-59.1 reads as rewritten:

"**§ 162-59.1. Person having custody to approve prisoners for participation in education and other programs.**

The person having custody of a prisoner convicted of a misdemeanor offense may approve that prisoner's participation in ~~a general education development diploma program (GED program)~~ an adult high school equivalency diploma program or in any other education, rehabilitation, or training program. The person having custody of the prisoner may revoke this approval at any time. For purposes of this section, the person having custody of the prisoner is the sheriff, except that when the prisoner is confined in a district confinement facility the person having custody of the prisoner is the jail administrator."

SECTION 28.(i) G.S. 162-60 reads as rewritten:

"**§ 162-60. Reduction in sentence allowed for work, education, and other programs.**

(a) A prisoner who has faithfully performed the duties assigned to the prisoner under G.S. 162-58 is entitled to a reduction in the prisoner's sentence of four days for each 30 days of work performed.

(b) A prisoner who is convicted of a misdemeanor offense and housed in a local confinement facility and who faithfully participates in ~~a general education development diploma program (GED program)~~ an adult high school equivalency diploma program or in any other education, rehabilitation, or training program is entitled to a reduction in the prisoner's sentence of four days for each 30 days of classes attended, up to the maximum credit allowed under G.S. 15A-1340.20(d).

(c) The person having custody of the prisoner, as defined in G.S. 162-59, is the sole judge as to whether the prisoner has faithfully performed the assigned duties under G.S. 162-58 or has faithfully participated in ~~a GED~~ an adult high school equivalency diploma program or other education, rehabilitation, or training program under subsection (b) of this section. A prisoner who escapes or attempts to escape while performing work pursuant to G.S. 162-58 or while participating in ~~a GED~~ an adult high school equivalency diploma program or other education, rehabilitation, or training program shall forfeit any reduction in sentence that the prisoner would have been entitled to under this section."

SECTION 28.2.(a) G.S. 18B-1001 reads as rewritten:

"**§ 18B-1001. Kinds of ABC permits; places eligible.**

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

(1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable container as defined in 4 NCAC 2T.0308(a) that is filled or refilled and sealed for consumption off the premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d)-(e), and the container identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Eating establishments;
d. Food businesses;
e. Retail businesses;
f. Private clubs;

g. Convention centers;
h. Community theatres;
i. Breweries as authorized by ~~G.S. 18B-1104(7).~~G.S. 18B-1104(7) and (8).

...."

SECTION 28.2.(b) G.S. 18B-1114.5 reads as rewritten:

"**§ 18B-1114.5. Authorization of malt beverage special event permit.**

(a) Authorization. – The holder of a brewery, malt beverage importer, or nonresident malt beverage vendor permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages and to sell its malt beverages by the glass or in closed containers at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery operating under the provisions of ~~G.S. 18B-1104(7),~~G.S. 18B-1104(8), all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler.

(b) Limitation. – A malt beverage special event permit is valid only in a jurisdiction that has approved the establishment of ABC stores or has approved the sale of malt beverages. A malt beverage special event shall not be used as subterfuge for malt beverages suppliers to ship directly to retail permittees unless otherwise authorized by law."

SECTION 28.2.(c) G.S. 18B-1116 reads as rewritten:

"**§ 18B-1116. Exclusive outlets prohibited.**

(a) Prohibitions. – It shall be unlawful for any manufacturer, bottler, or wholesaler of any alcoholic beverages, or for any officer, director, or affiliate thereof, either directly or indirectly to:

(1) Require that an alcoholic beverage retailer purchase any alcoholic beverages from that person to the full or partial exclusion of any other alcoholic beverages offered for sale by other persons in this State; or

(2) Have any direct or indirect financial interest in the business of any alcoholic beverage retailer in this State or in the premises where the business of any alcoholic beverage retailer in this State is conducted; or

(3) Lend or give to any alcoholic beverage retailer in this State or his employee or to the owner of the premises where the business of any alcoholic beverage retailer in this State is conducted, any money, service, equipment, furniture, fixtures or any other thing of value.

A brewery qualifying under ~~G.S. 18B-1104(7)~~G.S. 18B-1104(8) to act as a wholesaler or retailer of its own malt beverages is not subject to the provisions of this subsection concerning financial interests in, and lending or giving things of value to, a wholesaler or retailer with respect to the brewery's transactions with the retail business on its premises. The brewery is subject to the provisions of this subsection, however, with respect to its transactions with all other wholesalers and retailers.

(b) Exemptions. – The Commission may grant exemptions from the provisions of this section. In determining whether to grant an exemption, the Commission shall consider the public welfare, the quantity and value of articles involved, established trade customs not contrary to the public interest, and the purposes of this section.

(c) As used in this section, the phrase "giving things of value" shall not include the dividing or removing of individual containers of alcohol from larger packages of alcohol or the delivery of such to the retail permittee."

SECTION 28.3. G.S. 20-4.01 reads as rewritten:

"**§ 20-4.01. Definitions.**

Unless the context requires otherwise, the following definitions apply throughout this Chapter to the defined words and phrases and their cognates:

...

(41a) Serious Traffic Violation. – A conviction of one of the following offenses when operating a commercial or other motor vehicle:

a. Excessive speeding, involving a single charge of any speed 15 miles per hour or more above the posted speed limit.

b. Careless and reckless driving.

c. A violation of any State or local law relating to motor vehicle traffic control, other than a parking violation, arising in connection with a fatal accident.
d. Improper or erratic lane changes.
e. Following the vehicle ahead too closely.
f. Driving a commercial motor vehicle without obtaining a commercial drivers license.
g. Driving a commercial motor vehicle without a commercial drivers license in the driver's possession.
h. Driving a commercial motor vehicle without the proper class of commercial drivers license or endorsements for the specific vehicle group being operated or for the passenger or type of cargo being transported.
i. Unlawful use of a mobile telephone under G.S. 20-137.4A or Part 390 or Part 392 of Title 49 of the Code of Federal Regulations while operating a commercial motor vehicle.

...."

SECTION 28.5.(a) G.S. 20-37.13(a) reads as rewritten:

"(a) No person shall be issued a commercial drivers license unless the ~~person:~~person meets all of the following requirements:

(1) Is a resident of this ~~State;~~State.
(2) Is 21 years of ~~age;~~age.
(3) Has passed a knowledge test and a skills test for driving a commercial motor vehicle that comply with minimum federal standards established by federal regulation enumerated in 49 C.F.R., Part 383, ~~Subparts F, G and H; and~~ Subparts F, G, and H.
(4) Has satisfied all other requirements of the Commercial Motor Vehicle Safety Act in addition to other requirements of this Chapter or federal regulation.
(5) Has held a commercial learner's permit for a minimum of 14 days.

For the purpose of skills testing and determining commercial drivers license classification, only the manufacturer's GVWR shall be used.

The tests shall be prescribed and conducted by the Division. Provided, a person who is at least 18 years of age may be issued a commercial drivers license if the person is exempt from, or not subject to, the age requirements of the federal Motor Carrier Safety Regulations contained in 49 C.F.R., Part 391, as adopted by the Division."

SECTION 28.5.(b) G.S. 20-37.13 is amended by adding two new subsections to read:

"(g) The issuance of a commercial driver learner's permit is a precondition to the initial issuance of a commercial drivers license. The issuance of a commercial driver learner's permit is also a precondition to the upgrade of a commercial drivers license if the upgrade requires a skills test.

(h) The Division shall promptly notify any driver who fails to meet the medical certification requirements in accordance with 49 C.F.R. § 383.71. The Division shall give the driver 60 days to provide the required documentation. If the driver fails to provide the required commercial drivers license medical certification documentation within the period allowed, the Division shall automatically downgrade a commercial drivers license to a class C regular drivers license."

SECTION 29.(a) G.S. 20-58.4A(a) reads as rewritten:

"(a) Implementation. – No later than ~~July 1, 2014,~~ January 1, 2015, the Division shall implement a statewide electronic lien system to process the notification, release, and maintenance of security interests and certificate of title data where a lien is notated, through electronic means instead of paper documents otherwise required by this Chapter. The Division may contract with a qualified vendor or vendors to develop and implement this statewide electronic lien system, or the Division may develop and make available to qualified service providers a well-defined set of information services that will enable secure access to the data and internal application components necessary to facilitate the creation of an electronic lien system."

SECTION 29.(b) G.S. 20-58.4A(i) reads as rewritten:

"(i) Mandatory Participation. – Beginning ~~July 1, 2015,~~ January 1, 2016, all individuals and lienholders who are normally engaged in the business or practice of financing motor vehicles, and who conduct at least five transactions annually, shall utilize the electronic lien system implemented in subsection (a) of this section to record information concerning the perfection and release of a security interest in a vehicle."

SECTION 30. Reserved.

SECTION 31. G.S. 24-1.1A(e) reads as rewritten:

"(e) The term "home loan" shall mean a loan, other than an open-end credit plan, where the principal amount is less than three hundred thousand dollars ($300,000) secured by a first mortgage or first deed of trust on real estate upon which there is located or there is to be located one or more single-family dwellings or dwelling ~~units~~units or secured by an equivalent first security interest in a manufactured home."

SECTION 32. Reserved.

SECTION 32.5. G.S. 28A-21-2.2(a)(2) reads as rewritten:

"(2) The date by which an action for recovery of a rejected claim must be commenced under ~~G.S. 28A-19-6.~~G.S. 28A-19-16."

SECTION 33.(a) Article 2 of Chapter 39 of the General Statutes is amended by adding a new section to read:

"**§ 39-13.7. Tenancy by the entireties trusts in real property.**

Any real property held by a husband and wife as a tenancy by the entireties and conveyed to their joint revocable or irrevocable trust, or to their separate revocable or irrevocable trusts, shall have the same immunity from the claims of the spouses' separate creditors as would exist if the spouses had continued to hold the property as a tenancy by the entireties, so long as (i) the spouses remain husband and wife, (ii) the real property continues to be held in the trust or trusts, and (iii) the spouses remain the beneficial owners of the real property."

SECTION 33.(b) This section becomes effective January 1, 2015, and applies to real property transferred to a trust on or after that date.

SECTION 34. Reserved.

SECTION 35.(a) G.S. 44A-11.1(a) reads as rewritten:

"**§ 44A-11.1. Lien agent; designation and duties.**

(a) With regard to any improvements to real property to which this Article is applicable for which the costs of the undertaking are thirty thousand dollars ($30,000) or more, either at the time that the original building permit is issued or, in cases in which no building permit is required, at the time the contract for the improvements is entered into with the owner, the owner shall designate a lien agent no later than the time the owner first contracts with any person to improve the real property. Provided, however, that the owner is not required to designate a lien agent for improvements to an existing single-family residential dwelling unit as defined in G.S. 87-15.5(7) that is occupied by the owner as a residence, or for the addition of an accessory building or accessory structure as defined in the North Carolina Uniform Residential Building Code, the use of which is incidental to that residence. The owner shall deliver written notice of designation to its designated lien agent by any method authorized in G.S. 44A-11.2(f), and shall include in its notice the street address, tax map lot and block number, reference to recorded instrument, or any other description that reasonably identifies the real property for the improvements to which the lien agent has been designated, and the owner's contact information. Designation of a lien agent pursuant to this section does not make the lien agent an agent of the owner for purposes of receiving a Claim of Lien on Real Property, a Notice of Claim of Lien upon ~~Funds~~Funds, a Notice of Subcontract, or for any purpose other than the receipt of notices to the lien agent required under G.S. 44A-11.2.

...."

SECTION 35.(b) G.S. 44A-11.2 reads as rewritten:

"**§ 44A-11.2. Identification of lien agent; notice to lien agent; effect of notice.**

...

(i) The form of the notice to be given under this section shall be legible, shall include the following information unless designated as "if available," and shall be substantially as follows:

NOTICE TO LIEN AGENT

(1) Potential lien claimant's name, mailing address, telephone number, fax number (if available), and electronic mailing address (if available):

(2) Name of the party with whom the potential lien claimant has contracted to improve the real property described below:

(3) A description of the real property sufficient to identify the real property, such as the name of the project, if applicable, the physical address as shown on the building permit or notice received from the owner:

(4) I give notice of my right subsequently to pursue a claim of lien for improvements to the real property described in this notice.

Dated: _____

_____

Potential Lien Claimant

(j) The service of the Notice to Lien Agent does not satisfy the service or filing requirements applicable to a Notice of Subcontract under Part 2 of Article 2 of this Chapter, a Notice of Claim of Lien upon Funds under Part 2 of Article 2 of this ~~Chapter~~ Chapter, or a Claim of Lien on Real Property under Part 1 or Part 2 of Article 2 of this Chapter. A Notice to Lien Agent shall not be combined with or make reference to a Notice of Subcontract or Notice of Claim of Lien upon Funds as described in this subsection.

...."

SECTION 36. G.S. 45A-4(a) reads as rewritten:

"(a) The settlement agent shall cause recordation of the deed, if any, the deed of trust or mortgage, or other loan documents required to be recorded at settlement. The settlement agent shall not disburse any of the closing funds prior to ~~the recordation of any deeds or loan documents required to be filed by the lender, if applicable, and~~ verification that the closing funds used to fund disbursement are deposited in the settlement agent's trust or escrow account in one or more forms prescribed by this Chapter. A settlement agent may disburse funds from the settlement agent's trust or escrow account (to either the applicable register of deeds or directly to a private company authorized to electronically record documents with the office of the register of deeds) as necessary to record any deeds, deeds of trust, and any other documents required to be filed in connection with the closing, including excise tax (revenue stamps) and recording fees, but the settlement agent may not disburse any other funds from its trust or escrow account until the deeds, deeds of trust, and other required loan documents have been recorded in the office of the register of deeds. Unless otherwise provided in this Chapter, a settlement agent shall not cause a disbursement of settlement proceeds unless those settlement proceeds are collected funds. Notwithstanding that a deposit made by a settlement agent to its trust or escrow account does not constitute collected funds, the settlement agent may cause a disbursement of settlement proceeds from its trust or escrow account in reliance on that deposit if the deposit is in one or more of the following forms:

(1) A certified check;

(2) A check issued by the State, the United States, a political subdivision of the State, or an agency or instrumentality of the United States, including an agricultural credit association;

(3) A cashier's check, teller's check, or official bank check drawn on or issued by a financial institution insured by the Federal Deposit Insurance Corporation or a comparable agency of the federal or state government;

(4) A check drawn on the trust account of an attorney licensed to practice in the State of North Carolina;

(5) A check or checks drawn on the trust or escrow account of a real estate broker licensed under Chapter 93A of the General Statutes;

(6) A personal or commercial check or checks in an aggregate amount not exceeding five thousand dollars ($5,000) per closing if the settlement agent making the deposit has reasonable and prudent grounds to believe that the deposit will be irrevocably credited to the settlement agent's trust or escrow account;

(7) A check drawn on the account of or issued by a mortgage banker licensed under Article 19A of Chapter 53 of the General Statutes that has posted with the Commissioner of Banks a surety bond in the amount of at least three hundred thousand dollars ($300,000). The surety bond shall be in a form satisfactory to the Commissioner and shall run to the State for the benefit of any settlement agent with a claim against the licensee for a dishonored check."

SECTION 37. G.S. 50-13.4(c1) reads as rewritten:

"(c1) Effective July 1, 1990, the Conference of Chief District Judges shall prescribe uniform statewide presumptive guidelines for the computation of child support obligations of each parent as provided in Chapter 50 or elsewhere in the General Statutes and shall develop criteria for determining when, in a particular case, application of the guidelines would be unjust or inappropriate. ~~Prior to May 1, 1990 these guidelines and criteria shall be reported to the General Assembly by the Administrative Office of the Courts by delivering copies to the President Pro Tempore of the Senate and the Speaker of the House of Representatives.~~ The purpose of the guidelines and criteria shall be to ensure that payments ordered for the support of a minor child are in such amount as to meet the reasonable needs of the child for health, education, and maintenance, having due regard to the estates, earnings, conditions, accustomed standard of living of the child and the parties, the child care and homemaker contributions of each party, and other facts of the particular case. The guidelines shall include a procedure for setting child support, if any, in a joint or shared custody arrangement which shall reflect the other statutory requirements herein.

Periodically, but at least once every four years, the Conference of Chief District Judges shall review the guidelines to determine whether their application results in appropriate child support award amounts. The Conference may modify the guidelines accordingly. The Conference shall give the Department of Health and Human Services, the Administrative Office of the Courts, and the general public an opportunity to provide the Conference with information relevant to the development and review of the guidelines. Any modifications of the guidelines or criteria shall be reported to the General Assembly by the Administrative Office of the Courts before they become effective by delivering copies to the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The guidelines, when adopted or modified, shall be provided to the Department of Health and Human Services and the Administrative Office of the Courts, which shall disseminate them to the public through local IV-D offices, clerks of court, and the media.

~~Until July 1, 1990, the advisory guidelines adopted by the Conference of Chief District Judges pursuant to this subsection as formerly written shall operate as presumptive guidelines and the factors adopted by the Conference of Chief District Judges pursuant to this subsection as formerly written shall constitute criteria for varying from the amount of support determined by the guidelines.~~"

SECTION 38.(a) G.S. 50A-370(a) reads as rewritten:

"(a) After a deploying parent receives notice of deployment and during the deployment, a court may issue a temporary order granting custodial responsibility unless prohibited by the Servicemembers Civil Relief Act, 50 U.S.C. app. §§ 521-522. A court may not issue a permanent order granting custodial responsibility in the absence of the deploying parent without the consent of the deploying parent."

SECTION 38.(b) G.S. 50A-379(a) reads as rewritten:

"(a) Except for an order in accordance with G.S. 50A-373 or as otherwise provided in subsection (b) of this section, and consistent with the Servicemembers Civil Relief Act, 50 U.S.C. app. §§ 521-522, on motion of a deploying or other parent or any nonparent to whom caretaking authority, decision-making authority, or limited contact has been granted, the court may modify or terminate a grant of caretaking authority, decision-making authority, or limited contact made pursuant to this Article if the modification or termination is consistent with this Part and the court finds it is in the best interest of the child. Any modification shall be temporary and terminates following the conclusion of deployment of the deployed parent according to the procedures under Part 4 of this Article, unless the grant has been terminated before that time by court order."

SECTION 38.(c) G.S. 50A-385(c) reads as rewritten:

"(c) In the absence of an agreement to terminate, the temporary agreement granting custodial responsibility terminates 60 days from the date ~~of one of the following:~~

~~(1) The date the deploying parent gives notice to the other parent that the deploying parent has returned from deployment.~~

~~(2) The date stated in an order terminating the temporary grant of custodial responsibility.~~

~~(3) The death of the deploying parent.~~the deploying parent gives notice to the other parent that the deploying parent has returned from deployment, unless earlier terminated

upon the date stated in an order terminating the temporary grant of custodial responsibility or the death of the deploying parent."

SECTION 38.(d) G.S. 50A-388(a) reads as rewritten:

"(a) A temporary order for custodial responsibility issued under Part 3 of this Article shall terminate, if no agreement between the parties to terminate a temporary order for custodial responsibility has been filed, 60 days from ~~(i)~~ the date the deploying parent gives notice of having returned from deployment to the other parent ~~or~~ and any nonparent granted custodial ~~responsibility~~ responsibility, when applicable, or ~~(ii)~~ upon the death of the deploying ~~parent.~~parent, whichever occurs first."

SECTION 39. G.S. 53-244.050(b)(1a) reads as rewritten:

"(1a) Each individual applicant for licensure as a transitional mortgage loan originator shall:

a. Be at least 18 years of age;

b. Have an active license to originate mortgage loans pursuant to the laws of any state or territory of the United States other than North ~~Carolina;~~Carolina or be a registered loan originator;

c. Have a valid unique identifier, registration, and fingerprints on file with the Nationwide Mortgage Licensing System and Registry;

d. Have been employed for a period of no less than two years as a mortgage loan originator; and

e. Have provided certification of employment with a mortgage lender or mortgage broker licensed under this Article, including an attestation by the employer that the applicant is in his or her employ."

SECTION 39.2. G.S. 58-2-46(4) is repealed.

SECTION 39.3.(a) G.S. 65-47 is amended by adding a new subsection to read:

"(e) A columbarium built in compliance with the requirements of former subsection (d) of this section is not subject to the provisions of Article 9 of this Chapter on or after January 23, 2015, as long as the columbarium (i) continues to exist on the grounds of a private, self-contained retirement community and (ii) continues to be reserved exclusively for the residents of that community."

SECTION 39.3.(b) This section becomes effective January 23, 2015.

SECTION 39.4. G.S. 66-58(b) reads as rewritten:

"(b) The provisions of subsection (a) of this section shall not apply to:

...

(8b) North Carolina Center for the Advancement of Teaching (NCCAT) with regard to:

a. Agreements for the use of NCCAT's facilities, equipment, services, and staff, for meetings and educational programs provided by State agencies, the constituent institutions of The University of North Carolina and the North Carolina Community College System, public schools, units of local government, and nonprofit corporations.

b. The provision of housing and meals to participants in these meetings and programs.

...."

SECTION 39.7. G.S. 86A-15(b) reads as rewritten:

"**§ 86A-15. Sanitary rules and regulations; inspections.**

"(b) All barbershops, barber schools and colleges, and any other place where barber service is rendered, shall be open for inspection at all times during business hours to any members of the Board of Barber Examiners or its agents or assistants. Initial inspections conducted by the Board pursuant to this Chapter shall not be delayed if the sole reason for delay is the lack of a certificate of occupancy by a unit of local government. A copy of the sanitary rules and regulations set out in this section shall be furnished by the Board to the owner or manager of each barbershop or barber school, or any other place where barber service is rendered in the State, and that copy shall be posted in a conspicuous place in each barbershop or barber school. The Board shall have the right to make additional rules and regulations governing barbers and barbershops and barber schools for the proper administration and enforcement of this section, but no such additional rules or regulations shall be in effect until those rules and regulations have been furnished to each barbershop within the State."

SECTION 40. G.S. 90-85.15B reads as rewritten:

"**§ 90-85.15B. Immunizing pharmacists.**

(a) Except as provided in subsection (b) and (c) of this section, an immunizing pharmacist may administer vaccinations or immunizations only if the vaccinations or immunizations are recommended or required by the Centers for Disease Control and Prevention and administered to persons at least 18 years of age pursuant to a specific prescription order.

(b) An immunizing pharmacist may administer the vaccinations or immunizations listed in subdivisions (1) through (5) of this subsection to persons at least 18 years of age if the vaccinations or immunizations are administered under written protocols as defined in 21 NCAC 46 .2507(b)(12) and 21 NCAC 32U .0101(b)(12) and in accordance with the supervising physician's responsibilities as defined in 21 NCAC 46 .2507(e) and 21 NCAC 32U .0101(e), and the physician is licensed in and has a practice physically located in North Carolina:

(1) Pneumococcal polysaccharide or pneumococcal conjugate vaccines.
(2) Herpes zoster vaccine.
(3) Hepatitis B vaccine.
(4) Meningococcal polysaccharide or meningococcal conjugate vaccines.
(5) Tetanus-diphtheria, tetanus and diphtheria toxoids and pertussis, tetanus and diphtheria toxoids and acellular pertussis, or tetanus toxoid vaccines. However, a pharmacist shall not administer any of these vaccines if the patient discloses that the patient has an open wound, puncture, or tissue tear.

(c) An immunizing pharmacist may administer the influenza vaccine to persons at least 14 years of age pursuant to 21 NCAC 46 .2507 and 21 NCAC 32U .0101.

(d) An immunizing pharmacist who administers a vaccine or immunization to any patient pursuant to this section shall do all of the following:

(1) Maintain a record of any vaccine or immunization administered to the patient in a patient profile.
(2) Within 72 hours after administration of the vaccine or immunization, notify any primary care provider identified by the patient. If the patient does not identify a primary care provider, the immunizing pharmacist shall direct the patient to information describing the benefits to a patient of having a primary care physician, prepared by any of the following: North Carolina Medical Board, North Carolina Academy of Family Physicians, North Carolina Medical Society, or Community Care of North Carolina.
(3) Except for influenza vaccines administered under ~~G.S. 90-85.15B(b)(6),~~ G.S. 90-85.15B(c), access the North Carolina Immunization Registry prior to administering the vaccine or immunization and record any vaccine or immunization administered to the patient in the registry within 72 hours after the administration. In the event the registry is not operable, an immunizing pharmacist shall report as soon as reasonably possible."

SECTION 41.(a) G.S. 90-95(d1) reads as rewritten:

"(d1) (1) Except as authorized by this Article, it is unlawful for any person to:

a. Possess an immediate precursor chemical with intent to manufacture a controlled substance; or
b. Possess or distribute an immediate precursor chemical knowing, or having reasonable cause to believe, that the immediate precursor chemical will be used to manufacture a controlled substance; ~~[or]~~ or
c. Possess a pseudoephedrine product if the person has a prior conviction for the possession or manufacture of methamphetamine.

~~Any~~ Except where the conduct is covered under subdivision (2) of this subsection, any person who violates this ~~subsection~~ subdivision shall be punished as a Class H ~~felon, unless the immediate precursor is one that can be used to manufacture methamphetamine.~~felon.

(2) Except as authorized by this Article, it is unlawful for any person to:

a. Possess an immediate precursor chemical with intent to manufacture methamphetamine; or
b. Possess or distribute an immediate precursor chemical knowing, or having reasonable cause to believe, that the immediate precursor chemical will be used to manufacture methamphetamine.

Any person who violates this subdivision shall be punished as a Class F felon."

SECTION 41.(b) This section becomes effective October 1, 2014, and applies to offenses committed on or after that date.

SECTION 41.5. G.S. 90-113.73 is amended by adding the following new subsection to read:

"**§ 90-113.73. Requirements for controlled substances reporting system.**

...

(d) A dispenser shall not be required to report instances in which a Schedule V non-narcotic, non-anorectic Schedule V controlled substance is provided directly to the ultimate user for the purpose of assessing a therapeutic response when prescribed according to indications approved by the United States Food and Drug Administration."

SECTION 42.(a) G.S. 90D-5(b)(6) reads as rewritten:

"(b) Composition and Terms. – The Board shall consist of nine members who shall serve staggered terms. The initial Board members shall be selected on or before July 1, 2003, as follows:

...

(6) A member of ~~Self Help for Hard of Hearing (SHHH)~~ the Hearing Loss Association of America-North Carolina State Association (HLAA-NC) with knowledge of the interpreting process and deafness. This member shall be appointed by the General Assembly, upon recommendation of the President Pro Tempore of the Senate, and serve for a term of three years."

SECTION 42.(b) G.S. 90D-7 reads as rewritten:

"**§ 90D-7. Requirements for licensure.**

(a) Upon application to the Board and the payment of the required fees, an applicant may be licensed as an interpreter or transliterator if the applicant meets all of the following qualifications:

(1) Is 18 years of age or older.

(2) Is of good moral character as determined by the Board.

(3) Meets one of the following criteria:

a. Holds a valid National Association of the Deaf (NAD), level 4 or 5 certification.

b. Is nationally certified by the Registry of Interpreters for the Deaf, Inc., (RID).

c. ~~Has a national certification recognized by the National Cued Speech Association (NCSA).~~Holds a valid Testing, Evaluation and Certification Unit, Inc., (TECUnit) national certification in cued language transliteration.

d. Holds a quality assurance North Carolina Interpreter Classification System (NCICS) level A or B classification in effect on January 1, 2000.

e. Holds a current Cued Language Transliterator State Level Assessment (CLTSLA) level 3 or above classification.

~~(b) Effective July 1, 2008, any person who applies for initial licensure as an interpreter or transliterator shall hold at least a two-year degree from a regionally accredited institution.~~

(c) The Department of Justice may provide a criminal record check to the Board for a person who has applied for a new, provisional, or renewal license through the Board. The Board shall provide to the Department of Justice, along with the request, the fingerprints of the applicant, any additional information required by the Department of Justice, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The Board shall keep all information pursuant to this subdivision privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The Department of Justice may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection."

SECTION 42.(c) G.S. 90D-8 reads as rewritten:

"**§ 90D-8. Provisional license.**

(a) Upon application to the Board and the payment of the required fees, an applicant may be issued a one-time provisional license as an interpreter or transliterator if the applicant meets all of the following qualifications:

(1) Is at least 18 years of age.

(2) Is of good moral character as determined by the Board.

(3) Completes two continuing education units approved by the Board. These units must be completed for each renewable year.

(4) Satisfies one of the following:

a. Holds a quality assurance North Carolina Interpreter Classification System (NCICS) level C classification.

b. Holds a valid National Association of the Deaf (NAD) level 2 or 3 certification.

c. Holds a current Educational Interpreter Performance Assessment (EIPA) level 3 or above classification.

d. Repealed by Session Laws 2005-299, s. 2, effective August 22, 2005.

e. Holds at least a two-year interpreting degree from a regionally accredited institution.

(a1) Upon application to the Board, payment of the required fees, and meeting the requirements for a provisional license under subdivisions (1) and (2) of subsection (a) of this section, the Board may also issue a provisional license to any of the following categories of persons seeking a provisional license:

(1) ~~A certified deaf interpreter (CDI) who completes 30 hours of training, including "Role and Function", "Code of Ethics", and interpreting professional studies coursework.~~A deaf interpreter who completes 16 hours of training in interpreting coursework or workshops, including role and function or ethics, and 20 hours in the 12 months immediately preceding the date of application in the provision of interpreting services.

(2) An oral interpreter who completes a total of 40 hours of training in interpreting coursework or workshops related to oral interpreting.

(3) ~~A person providing cued speech interpreting or transliterating services who completes a total of 40 hours of training in interpreting coursework or workshops related to cued speech.~~A cued language transliterator who holds a current Cued Language Transliterator State Level Assessment (CLTSLA) level 2 classification.

(4) A person providing interpreting or transliterating services who has a recognized credential from another state in the field of interpreting or transliterating.

(5) An interpreter or transliterator who has accumulated 200 hours per year in the provision of interpreting or transliterating services, in this State or another state, totaling 400 hours for the two years immediately preceding the date of application.

(b) A provisional license issued under this section shall be valid for one year. Upon expiration, a provisional license may be renewed for an additional one-year period in the discretion of the Board. However, a provisional license shall not be renewed more than three times. The Board may, in its discretion, grant an extension after the third time the provisional license has been renewed under circumstances to be established in rules adopted by the Board.

~~(c) Effective July 1, 2008, any person who applies for initial licensure on a provisional basis as an interpreter or transliterator shall hold at least a two-year degree from a regionally accredited institution.~~"

SECTION 42.3.(a) G.S. 93D-1.1 reads as rewritten:

"**§ 93D-1.1. Hearing aid specialist; scope of practice.**

The scope of practice of a hearing aid specialist regulated pursuant to this Chapter shall include the following activities:

...

(12) ~~Taking~~ Making ear impressions, and preparing, designing, and modifying ear molds.

...

(14) Providing supervision and in-service training for ~~those entering the hearing aid dispensing profession.~~ apprentices in fitting and selling hearing aids.

~~(15) Providing hearing health education.~~
~~(16) Providing community services for individuals with hearing loss and the deaf.~~"

SECTION 42.3.(b) G.S. 93D-3(d) reads as rewritten:

"(d) Members of the Board shall be entitled to travel, per diem, and other expenses authorized by G.S. 93B-5. The expenses shall be paid from the fees and assessments received by the Board under the provisions of this Chapter. No part of these expenses or any other expenses of the Board, in any manner whatsoever, shall be paid out of the State treasury. All moneys received in excess of expense allowance and mileage, as above provided, shall be held by the secretary-treasurer as a special fund for meeting other expenses of the Board and carrying out the provisions of this Chapter.

(e) The Board shall make an annual report of its proceedings in accordance with G.S. 93B-2."

SECTION 42.3.(c) G.S. 93D-15 reads as rewritten:

"**§ 93D-15. Violation of Chapter.**

Any person who violates any of the provisions of this Chapter and any person who holds himself out to the public as a hearing aid specialist without having first obtained a license or apprenticeship registration as provided for herein ~~shall be deemed~~ is guilty of a Class 2 misdemeanor."

SECTION 42.7.(a) G.S. 106-568.43 reads as rewritten:

"**§ 106-568.43. Referendum.**

(a) The Association may conduct among tobacco growers a referendum upon the question of whether an assessment shall be levied on tobacco ~~sold~~ produced in this State.

(b) The Association shall determine the amount of the proposed assessment and the date by which the referendum ballot must be returned by mail as provided in this section.

(c) The amount of the proposed assessment shall be stated on the referendum ballot. The amount may not exceed fifteen cents (15¢) for each hundred pounds of tobacco ~~marketed~~ produced in this State. If the assessment is approved in the referendum, the Association may set the assessment at an amount equal to or less than the amount stated on the ballot. If the Association sets a lower amount than the amount approved by referendum, it may increase the amount annually without a referendum by no more than one cent (1¢) for each hundred pounds of tobacco ~~marketed.~~produced in this State. The increased rate may not exceed the amount approved by referendum and may not exceed the maximum allowable rate of fifteen cents (15¢) for each hundred pounds.

(d) The Association shall mail a referendum ballot to all known tobacco growers in the State for whom the Association has a current and valid mailing address at least three months prior to the date the ballot must be returned. Additionally, the Association must, for the greater of three months or 90 days before the date the ballot must be returned, (i) provide a printable referendum ballot on the Association's official Web site and (ii) make hard copies of the referendum ballot available at all county North Carolina Cooperative Extension Service offices. The ballots shall be returned to the Commissioner of Agriculture by the date set by the Association. The Department shall be responsible for counting the votes and reporting the results of the referendum to the Association.

(e) All tobacco growers may vote in the referendum. Any dispute over eligibility to vote or any other matter relating to the referendum shall be determined by the Association. The Association shall make reasonable efforts to provide tobacco growers with notice of the referendum and an opportunity to vote."

SECTION 42.7.(b) G.S. 106-568.44 reads as rewritten:

"**§ 106-568.44. Payment and collection of assessment.**

(a) The assessment shall not be collected unless more than two-thirds of the votes cast in the referendum are in favor of the assessment. If more than two-thirds of the votes cast in the referendum are in favor of the assessment, then the Association shall notify the Department of the amount of the assessment and the effective date of the assessment. The Department shall notify all tobacco buyers of the assessment.

(b) Each tobacco ~~producer~~ grower shall pay the assessment on all tobacco produced in this State and sold to a buyer.

(c) A buyer shall collect the assessment when buying tobacco produced in this State by deducting the assessment from the price paid to the ~~producer.~~grower. The buyer shall remit collected assessments to the Department no later than the 10th day of the following month. The

Department shall provide forms to buyers for reporting the assessment. If the total assessments collected by a buyer in a month are less than twenty-five dollars ($25.00), the buyer may keep the assessments until the total amount due is at least twenty-five dollars ($25.00) or the end of the calendar quarter, whichever comes first. All buyers shall file at least one report in each calendar quarter in which they purchase tobacco from a ~~producer,~~grower, regardless of the amount due.

(d) A buyer shall keep records of the amount of tobacco purchased and the date purchased. All information or records regarding purchases of tobacco by individual buyers shall be kept confidential by employees or agents of the Department and the Association and shall not be disclosed except by court order.

(e) The Association may bring an action to recover any unpaid assessments, plus the reasonable costs, including attorneys' fees, incurred in the action."

SECTION 43. Article 68 of Chapter 106 of the General Statutes is repealed.

SECTION 44.(a) G.S. 108A-116 reads as rewritten:

"**§ 108A-116. Production of customers' financial records in cases of suspected financial exploitation; immunity; records may not be used against account owner.**

(a) An investigating entity may, under the conditions specified in this section, ~~obtain~~ petition the district court to issue a subpoena directing a financial institution to provide to the investigating entity the financial records of a disabled adult or older adult customer. The petition shall be filed in the county of residence of the disabled adult or older adult customer whose financial records are being subpoenaed. The court shall hear the case within two business days after the filing of the petition. The court shall issue the subpoena ~~may be issued by any judge of the superior court, judge of the district court, or magistrate in the county of residence of the disabled adult or older adult customer whose financial records are being subpoenaed,~~ upon finding that all of the following conditions are met:

(1) The investigating entity is investigating, pursuant to the investigating entity's statutory authority, a credible report that the disabled adult or older adult is being or has been financially exploited.

(2) The disabled adult's or older adult's financial records are needed in order to substantiate or evaluate the report.

(3) Time is of the essence in order to prevent further exploitation of that disabled adult or older adult.

(b) Delivery of the subpoena may be effected by hand, via certified mail, return receipt requested, or through a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) and may be addressed to the financial institution's local branch or office vice president, its local branch or office manager or assistant branch or office manager, or the agent for service of process listed by the financial institution with the North Carolina Secretary of State or, if there is none, with the agent for service of process listed by the financial institution in any state in which it is domiciled.

(b1) A financial institution may challenge the subpoena by filing a motion to quash or modify the subpoena within ten days after receipt of delivery of the subpoena pursuant to subsection (b) of this section. The subpoena may be challenged only for the following reasons:

(1) There is a procedural defect with the subpoena.

(2) The subpoena contains insufficient information to identify the records subject to the subpoena.

(3) The financial institution is otherwise prevented from promptly complying with the subpoena.

(4) The petition was filed or subpoena requested for an improper purpose or based upon insufficient grounds.

(5) The subpoena subjects the financial institution to an undue burden or is otherwise unreasonable or oppressive.

Within two business days after the motion is filed, the court shall hear the motion and issue an order upholding, modifying, or quashing the subpoena.

(c) ~~A~~Upon receipt of a subpoena delivered pursuant to subsection (b) of this section identifying the disabled adult or older adult customer or, if the subpoena is challenged pursuant to subsection (b1) of this section, entry of a court order upholding or modifying a subpoena, a financial institution shall promptly provide to the head of an investigating entity, or his or her designated agent, the financial records of a disabled adult or older adult ~~customer upon receipt~~

~~of a subpoena delivered pursuant to subsection (b) of this section identifying the disabled adult or older adult~~ customer.

(d) All produced copies of the disabled adult's or older adult's financial records, as well as any information obtained pursuant to the duty to report found in G.S. 108A-115, shall be kept confidential by the investigating entity unless required by court ~~rules~~order to be disclosed to a party to a court proceeding or introduced and admitted into evidence in an open court proceeding.

(e) No financial institution or investigating entity, or officer or employee thereof, who acts in good faith in providing, seeking, or obtaining financial records or any other information in accordance with this section, or in providing testimony in any judicial proceeding based upon the contents thereof, may be held liable in any action for doing so.

(f) No customer may be subject to indictment, criminal prosecution, criminal punishment, or criminal penalty by reason of or on account of anything disclosed by a financial institution pursuant to this section, nor may any information obtained through such disclosure be used as evidence against the customer in any criminal or civil proceeding. Notwithstanding the foregoing, information obtained may be used against a person who is a joint account owner accused of financial exploitation of a disabled adult or older adult joint account holder, but solely for criminal or civil proceedings directly related to the alleged financial exploitation of the disabled adult or older adult joint account holder.

(g) The petition and the court's entire record of the proceedings under this section is not a matter of public record. Records qualifying under this subsection shall be maintained separately from other records, shall be withheld from public inspection, and may be examined only by order of the court."

SECTION 44.(b) G.S. 108A-117 reads as rewritten:

"**§ 108A-117. Notice to customer; delayed notice.**

(a) Upon the issuance of a subpoena pursuant to G.S. 108A-116, the investigating entity shall immediately provide the customer with written notice of its action by first-class mail to the customer's last known address, unless an order for delayed notice is obtained pursuant to subsection (b) of this section. The notice shall be sufficient to inform the customer of the name of the investigating entity that has obtained the subpoena, the financial records subject to production pursuant to the subpoena, and the purpose of the investigation.

(b) An investigating entity may include in its application for a subpoena pursuant to G.S. 108A-116 a request for an order delaying the customer notice required pursuant to subsection (a) of this section. The ~~judge or magistrate~~ court issuing the subpoena may order a delayed notice in accordance with subsection (c) of this section if it finds, based on affidavit or oral testimony under oath or affirmation before the issuing ~~judge or magistrate~~ court, that all of the following conditions are met:

(1) The investigating entity is investigating a credible report that the adult is being or has been financially exploited.

(2) There is reason to believe that the notice will result in at least one of the following:

a. Endangering the life or physical safety of any person.
b. Flight from prosecution.
c. Destruction of or tampering with evidence.
d. Intimidation of potential witnesses.
e. Serious jeopardy to an investigation or official proceeding.
f. Undue delay of a trial or official proceeding.

(c) Upon making the findings required in subsection (b) of this section, the ~~judge or magistrate~~ court shall enter an ex parte order granting the requested delay for a period not to exceed 30 days. If the court finds there is reason to believe that the notice may endanger the life or physical safety of any person, the court may order that the delay be for a period not to exceed 180 days. An order delaying notice shall direct that:

(1) The financial institution not disclose to any person the existence of the investigation, of the subpoena, or of the fact that the customer's financial records have been provided to the investigating entity for the duration of the period of delay authorized in the order;

(2) The investigating entity deliver a copy of the order to the financial institution along with the subpoena that is delivered pursuant to G.S. 108-116(b); and

(3) The order be sealed until otherwise ordered by the ~~judge or magistrate.~~ court.

(d) Upon application by the investigating entity, further extensions of the delay of notice may be granted by order of a ~~judge or magistrate~~ court in the county of residence of the disabled adult or older adult customer whose financial records are being subpoenaed, upon a finding of the continued existence of the conditions set forth in subdivisions (1) and (2) of subsection (b) of this section, and subject to the requirements of subsection (c) of this section. If the initial delay was granted for a period not to exceed 30 days, the delay may be extended by additional periods of up to 30 days each and the total delay in notice granted under this section shall not exceed 90 days. If the initial delay was granted for a period not to exceed 180 days, the delay may be extended by additional periods of up to 180 days each and may continue to be extended until the court finds the notice would no longer endanger the life or physical safety of any person.

(e) Upon the expiration of the period of delay of notice granted under this section, including any extensions thereof, the customer shall be served with a copy of the notice required by subsection (a) of this section."

SECTION 44.(c) G.S. 7A-246 reads as rewritten:

"**§ 7A-246. Special proceedings; exceptions; guardianship and trust administration.**

The superior court division is the proper division, without regard to the amount in controversy, for the hearing and trial of all special proceedings except proceedings under the Protection of the Abused, Neglected or Exploited Disabled Adult Act ~~(Chapter 108A, Article 6, of the General Statutes),~~(Article 6 of Chapter 108A of the General Statutes), proceedings for the protection of disabled and older adults from financial exploitation (Article 6A of Chapter 108A of the General Statutes), proceedings for involuntary commitment to treatment facilities ~~(Chapter 122C, Article 5,~~(Article 5 of Chapter 122C of the General Statutes), adoption proceedings (Chapter 48 of the General ~~Statutes)~~ Statutes), and of all proceedings involving the appointment of guardians and the administration by legal guardians and trustees of express trusts of the estates of their wards and beneficiaries, according to the practice and procedure provided by law for the particular proceeding."

SECTION 44.(d) The Administrative Office of the Courts shall develop the appropriate forms and procedures to implement the processes provided under G.S. 108A-116 and G.S. 108A-117.

SECTION 44.(e) This section is effective when it becomes law and applies to petitions for a subpoena filed on or after that date.

SECTION 44.5. G.S. 110-136.3(a) reads as rewritten:

"(a) Required Contents of Support Orders. All child support orders, civil or criminal, entered or modified in the State in IV-D cases shall include a provision ordering income withholding to take effect immediately. All child support orders, civil or criminal, initially entered in the State in non-IV-D cases on or after January 1, 1994, shall include a provision ordering income withholding to take effect immediately as provided in G.S. 110-136.5(c1), unless one of the exceptions specified in G.S. 110-136.5(c1) applies. A non-IV-D child support order that contains an income withholding requirement and a IV-D child support order ~~shall:~~shall comply with each of the following:

(1) Require the obligor to keep the clerk of court or IV-D agency informed of the obligor's current residence and mailing ~~address;~~address.

(2),(2a) Repealed by Session Laws 1993, c. 517, s. 1.

(3) Require the obligor to cooperate fully with the initiating party in the verification of the amount of the obligor's disposable ~~income;~~income.

(4) Require the custodial party to keep the obligor informed of ~~(i)~~ the custodial party's disposable income and the amount and effective date of any substantial change in this disposable ~~income and (ii)~~ income.

(4a) Include the current residence and mailing address of the ~~child, unless~~ custodial parent, or the address of the child if the address of the custodial parent and the address of the child are different. However, there is no requirement that the child support order contain the address of the custodial parent or the child if (i) there is an existing order prohibiting disclosure of the custodial parent's or child's address to the obligor or (ii) the court has determined that notice to the obligor is inappropriate because the obligor has made verbal or physical threats that constitute domestic violence under Chapter 50B of the General ~~Statutes; and~~Statutes.

(5) Require the obligor to keep the initiating party informed of the name and address of any payor of the obligor's disposable income and of the amount and effective date of any substantial change in this disposable income."

SECTION 45.(a) G.S. 114-15.1 reads as rewritten:

"**§ 114-15.1. Department heads to report possible violations of criminal statutes involving misuse of State property to State Bureau of Investigation.**

Any person employed by the State of North Carolina, its agencies or institutions, who receives any information or evidence of an attempted arson, or arson, damage of, theft from, or theft of, or embezzlement from, or embezzlement of, or misuse of, any state-owned personal property, buildings or other real property, shall as soon as possible, but not later than three days from receipt of the information or evidence, report such information or evidence to his immediate supervisor, who shall in turn report such information or evidence to the head of the respective department, agency, or institution. The head of any department, agency, or institution receiving such information or evidence shall, within a reasonable time but no later than 10 days from receipt thereof, report such ~~information~~ information, excluding damage or loss resulting from motor vehicle accidents or unintentional loss of property, in writing to the Director of the State Bureau of Investigation.

Upon receipt of notification and information as provided for in this section, the State Bureau of Investigation shall, if appropriate, conduct an investigation.

The employees of all State departments, agencies and institutions are hereby required to cooperate with the State Bureau of Investigation, its officers and agents, as far as may be possible, in aid of such investigation.

If such investigation reveals a possible violation of the criminal laws, the results thereof shall be reported by the State Bureau of Investigation to the district attorney of any district if the same concerns persons or offenses in his district."

SECTION 45.(b) This section becomes effective June 30, 2014.

SECTION 46. G.S. 114-61 reads as rewritten:

"**§ 114-61. Forensic Science Advisory Board.**

(a) Creation and Membership. – The North Carolina Forensic Science Advisory Board (Board) is hereby established as an advisory board within the Department of Justice. The Board shall consist of ~~16~~15 members, consisting of the State Crime Laboratory Director, and ~~15~~14 members appointed by the Attorney General as follows:

(1) A forensic scientist or any other person with an advanced degree who has received substantial education, training, or experience in the subject of laboratory standards or quality assurance regulation and monitoring.
(2) The Chief Medical Examiner of the State.
(3) A forensic scientist with an advanced degree who has ~~received substantial~~ education, training, or experience in the discipline of molecular biology.
(4) A forensic scientist with an advanced degree who has experience in the discipline of population genetics.
(5) A scientist with an advanced degree who has experience in the discipline of forensic chemistry.
(6) A scientist with an advanced degree who has experience in the discipline of forensic biology.
(7) A forensic scientist or any other person with an advanced degree who has ~~received substantial~~ education, training, or experience in the discipline of trace evidence.
(8) A scientist with ~~a doctoral~~ an advanced degree who has experience in the discipline of forensic ~~toxicology and is certified by the American Board of Forensic Toxicologists.~~ toxicology.
(9) A member of the International Association for Identification.
(10) A member of the Association of Firearms and ~~Toolmark~~ Tool Mark Examiners.
(11) A member of the International Association for Chemical Testing.
~~(12) A director of a private or federal forensic laboratory located in the State.~~
(13) A member of the American Society of Crime Laboratory Directors.
(14) A member of the Academy of Forensic Sciences.
(15) A member of the American Statistical Association.

A chairman shall be elected from among the members appointed, and staff shall be provided by the Department of Justice.

(b) Meetings. – The Board shall meet ~~quarterly~~ biannually and at such other times and places as it determines. Members of the Board cannot designate a proxy to vote in their absence.

(c) Terms. – Members of the Board initially appointed shall serve the following terms: five members shall serve a term of two years; five members shall serve a term of three years; and five members shall serve a term of four years. Thereafter, all appointments shall be for a term of four years. A vacancy other than by expiration of term shall be filled by the Attorney General for the unexpired term. Members of the Board cannot designate a proxy to vote in their absence.

(d) Terms. – Expenses. – Members of the Board shall be paid reasonable and necessary expenses incurred in the performance of their duties. Members of the Board who are State officers or employees shall receive no compensation for serving on the Board but may be reimbursed for their expenses in accordance with G.S. 138-6. Members of the Board who are full-time salaried public officers or employees other than State officers or employees shall receive no compensation for serving on the Board but may be reimbursed for their expenses in accordance with G.S. 138-5(b). All other members of the Board may receive compensation and reimbursement for expenses in accordance with G.S. 138-5.

(e) Functions. – The Board may review State Crime Laboratory operations and make recommendations concerning the services furnished to user agencies. The Board shall review and make recommendations as necessary to the Laboratory Director concerning any of the following:

(1) New scientific programs, protocols, and methods of testing.

(2) Plans for the implementation of new programs; sustaining existing programs and improving upon them where possible; and the elimination of programs which are no longer needed.

(3) Protocols for testing and examination methods and guidelines for the presentation of results in court.

(4) Qualification standards for the various forensic scientists of the Laboratory.

(f) Review Process. – Upon request of the Laboratory Director, the Board shall review analytical work, reports, and conclusions of scientists employed by the Laboratory. Records reviewed by this Board retain their confidential status and continue to be considered records of a criminal investigation as defined in G.S. 132-1.4. These records shall be reviewed only in a closed session meeting pursuant to G.S. 143-318.11 of the Board, and each member of the Board shall, prior to receiving any documents to review, sign a confidentiality agreement agreeing to maintain the confidentiality of and not to disclose the documents nor the contents of the documents reviewed. The Board shall recommend to the Laboratory a review process to use when there is a request that the Laboratory retest or reexamine evidence that has been previously examined by the Laboratory."

SECTION 47. G.S. 114-70(b) reads as rewritten:

"(b) Membership. – The Commission shall consist of 12 members as follows:

(1) The President Pro Tempore of the Senate shall appoint one representative from each of the following:
   a. The public at large.
   b. A county sheriff's office.
   c. A city or town police department.
   d. Legal Aid of North Carolina.

(2) The Speaker of the House of Representatives shall appoint one representative from each of the following:
   a. The public at large.
   b. North Carolina Coalition Against Human Trafficking.
   c. A faith-based shelter or benefits organization providing services to victims of human trafficking.
   d. A district ~~attorney.~~attorney or an assistant district attorney.

~~office~~

(3) The Governor shall appoint one representative from each of the following:
   a. The Department of Labor.
   b. The Department of Justice.

c. The Department of Public Safety.
d. A health care representative."

SECTION 48. G.S. 115C-64.16(e) reads as rewritten:

"(e) Grants. – Any grants awarded by the Commission may be spent over a five-year period from the initial award. Grants may be awarded for new or existing projects."

SECTION 49. Reserved.

SECTION 49.2. G.S. 115C-174.13 reads as rewritten:

"**§ 115C-174.13. Public records exemption.**

(a) Until the State Board of Education designates that a test is released, any test developed, adopted, or provided by the State Board of Education, as provided in this Article, is not a public record within the meaning of G.S. 132-1. The State Board of Education may develop rules to allow inspection of a test prior to release, but shall require that individuals inspecting the test meet the same standards for confidentiality required for employees of local boards of education in test administration. As used in this section, the term "test" includes both the test and related test materials.

(b) Any written material containing the identifiable scores of individual students on any test taken pursuant to the provisions of this Article is not a public record within the meaning of G.S. 132-1 and shall not be made public by any person, except as permitted under the provisions of the Family Educational and Privacy Rights Act of 1974, 20 U.S.C. 1232g."

SECTION 49.5. G.S. 115C-174.26, as recodified by Section 12 of S.L. 2014-5, reads as rewritten:

"...

(h) Beginning ~~October 1, 2014,~~November 15, 2014, the State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on advanced courses in North Carolina. The report shall include, at a minimum, the following information:

(1) The North Carolina Advanced Placement Partnership's report to the Department of Public Instruction as required by subsection (g) of this section and the State Board's assessment of that report.
(2) Number of students enrolled in advanced courses and participating in advanced course examinations, including demographic information by gender, race, and free and reduced-price lunch status.
(3) Student performance on advanced course examinations, including information by course, local school administrative unit, and school.
(4) Number of students participating in 10th grade PSAT/NMSQT testing.
(5) Number of teachers attending summer institutes offered by the North Carolina Advanced Placement Partnership.
(6) Distribution of funding appropriated for advanced course testing fees and professional development by local school administrative unit and school.
(7) Status and efforts of the North Carolina Advanced Placement Partnership.
(8) Other trends in advanced courses and examinations."

SECTION 49.7. G.S. 115C-296(b1) reads as rewritten:

"(b1) The State Board of Education shall require teacher education programs, master's degree programs in education, and master's degree programs in school administration to submit annual performance reports. The performance reports shall provide the State Board of Education with a focused review of the programs and the current process of accrediting these programs in order to ensure that the programs produce graduates that are well prepared to ~~teach [, as follows]:~~teach, as follows:

...

(4) Annual State Board of Education report. – The educator preparation program report cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by ~~October 1.~~November 15.

...."

SECTION 50. Reserved.

SECTION 51.(a) G.S. 115D-12(a) reads as rewritten:

"**§ 115D-12. Each institution to have board of trustees; selection of trustees.**

(a) Each community college established or operated pursuant to this Chapter shall be governed by a board of trustees consisting of 13 members, or of additional members if selected according to the special procedure prescribed by the third paragraph of this subsection, who

shall be selected by the following agencies. No member of the General Assembly may be appointed to a local board of trustees for a community college.

Group One – four trustees, elected by the board of education of the public school administrative unit located in the administrative area of the institution. If there are two or more public school administrative units, whether city or county units, or both, located within the administrative area, the trustees shall be elected jointly by all of the boards of education of those units, each board having one vote in the election of each trustee, except as provided in G.S. 115D-59. No board of education shall elect a member of the board of education or any person employed by the board of education to serve as a trustee, however, any such person currently serving on a board of trustees shall be permitted to fulfill the unexpired portion of the trustee's current term.

Group Two – four trustees, elected by the board of commissioners of the county in which the institution is located. Provided, however, if the administrative area of the institution is composed of two or more counties, the trustees shall be elected jointly by the boards of commissioners of all those counties, each board having one vote in the election of each trustee. Provided, also, the county commissioners of the county in which the community college has established a satellite campus may elect an additional two members if the board of trustees of the community college agrees. No more than one trustee from Group Two may be a member of a each appointing board of county commissioners. Should the boards of education or the boards of commissioners involved be unable to agree on one or more trustees the senior resident superior court judge in the superior court district or set of districts as defined in G.S. 7A-41.1 where the institution is located shall fill the position or positions by appointment.

Group Three – four trustees, appointed by the Governor.

Group Four – the president of the student government or the chairman of the executive board of the student body of each community college established pursuant to this Chapter shall be an ex officio nonvoting member of the board of trustees of each said institution."

SECTION 51.(b) This section applies only to the Boards of Trustees of Central Carolina Community College.

SECTION 51.(c) This section is effective when it becomes law and applies to appointments made on or after that date.

SECTION 51.5. G.S. 115D-15(a) reads as rewritten:

"(a) The board of trustees of any institution organized under this Chapter may, with the prior approval of the North Carolina Community Colleges System Office, convey a right-of-way or easement for highway construction or for utility installations or modifications. When in the opinion of the board of trustees the use of any other real property owned or held by the board of trustees is unnecessary or undesirable for the purposes of the institution, the board of trustees, subject to prior approval of the State Board of Community Colleges, may ~~sell, exchange, or lease the property.~~ sell or dispose of the property. For purposes of this section, "dispose" means "lease, exchange, or demolish." The board of trustees may dispose of any personal property owned or held by the board of trustees without approval of the State Board of Community Colleges. Personal property titled to the State Board of Community Colleges consistent with G.S. 115D-14 and G.S. 115D-58.5 may be transferred to another community college at no cost and without the approval of the Department of Administration, Division of Surplus Property.

Article 12 of Chapter 160A of the General Statutes shall apply to the disposal or sale of any real or personal property under this subsection. Personal property also may be disposed of under procedures adopted by the North Carolina Department of Administration. The proceeds of any sale or lease shall be used for capital outlay purposes, except as provided in subsection (b) of this section."

SECTION 52. Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-43.17. Confidentiality of research data, records, and information of a proprietary nature.**

Research data, records, or information of a proprietary nature, produced or collected by or for state institutions of higher learning in the conduct of commercial, scientific, or technical research where the data, records, or information has not been patented, published, or copyrighted are not public records as defined by G.S. 132-1."

SECTION 53.(a) G.S. 120-31 is amended by adding a new subsection to read:

"(c1) Six members of the Commission constitute a quorum."

SECTION 53.(b) G.S. 120-31(f) reads as rewritten:

"(f) In any case where any provision of law or any rule of the Legislative Services Commission ~~required~~ requires approval of any action by the Legislative Services Commission, approval of that action by the President Pro Tempore of the Senate and by the Speaker of the House of Representatives constitutes approval of the Commission."

SECTION 54. Reserved.

SECTION 55.(a) G.S. 122A-5.10, 122A-5.11, and 122A-5.12 are repealed.

SECTION 55.(b) This section becomes effective January 1, 2015.

SECTION 55.2. G.S. 124-18 reads as rewritten:

"**§ 124-18. Dividends required of State-owned railroad company.**

Any State-owned railroad company that has trackage in more than two counties shall issue an annual cash dividend to the State. The amount of the annual dividend is twenty-five percent (25%) of the company's income from the prior year's trackage rights agreements. The dividend is due by ~~January~~ February 15 of each year, and interest shall accrue at the annual rate of prime plus one percent (1%) if the payment is not paid by the due date. The Directors of any State-owned railroad company who vote for or assent to the dividend required under this section shall not be held liable under G.S. 55-8-33."

SECTION 55.3.(a) G.S. 126-5(e) reads as rewritten:

"(e) An exempt employee may be transferred, demoted, or separated from his or her position by the department head authorized to designate the exempt position ~~except:~~except as follows:

(1) When an employee who has the minimum service requirements described in G.S. 126-1.1 but less than 10 years of cumulative service in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to rules and regulations regulating and defining priority as promulgated by the State Human Resources ~~Commission; or~~Commission.

(2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary within another agency, and within a 35 mile radius of the exempt position, at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as his or her most recent subject position.

(3) When a career State employee as defined by G.S. 126-1.1 who has more than two but less than 10 years or more of cumulative service in a subject position moves from one exempt position covered by this subsection to another position covered by this subsection without a break in service and that employee is later removed from the last exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to the rules regulating and defining priority as adopted by the State Human Resources Commission.

(4) When a career State employee as defined by G.S. 126-1.1 who has 10 years or more of cumulative service moves from one exempt position covered by this subsection to another position covered by this subsection without a break in service and that employee is later removed from the last exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary, within another department or agency. The employee shall be paid at the same grade and salary as the employee's most recent subject position, including all across-the-board legislative increases awarded since the employee's placement in the position that was designated as exempt."

SECTION 55.3.(b) G.S. 126-14.2(c) reads as rewritten:

"(c) It is a violation of this section ~~giving rise to the remedies set forth in G.S. 126-14.4~~ if:

...."

SECTION 55.3.(c) G.S. 126-25(b) reads as rewritten:

"(b) An employee, former employee, or applicant for employment who objects to material in the employee's file because he or she considers it inaccurate or misleading may seek the removal of such material from the file in accordance with a grievance procedure ~~established by that department.~~ approved by the State Human Resources Commission. If the agency determines that material in the employee's file is inaccurate or misleading, the agency shall remove or amend the inaccurate material to ensure that the file is accurate. Nothing in this subsection shall be construed to permit an employee to appeal the contents of a performance appraisal or written disciplinary action."

SECTION 55.3.(d) G.S. 126-34.02(b)(5) reads as rewritten:

"(5) Failure to post or give priority consideration. – An applicant for State employment or a State employee may allege that he or she was denied hiring or promotion because a position was not posted in accordance with this ~~Chapter~~ Chapter; or a career State employee may allege that ~~because~~ he or she was denied ~~hiring or~~ a promotion as a result of a failure to give priority consideration for promotion ~~or reemployment~~ as required by ~~G.S. 126-7.1.~~ G.S. 126-7.1; or a career State employee may allege that he or she was denied hiring as a result of the failure to give him or her a reduction-in-force priority."

SECTION 55.3.(e) G.S. 126-82(d) reads as rewritten:

"(d) Any eligible veteran who has reason to believe that he or she did not receive a veteran's preference in accordance with the provisions of this Article or rules adopted under it may appeal ~~directly to the State Human Resources Commission.~~that denial as provided by G.S. 126-34.01 and G.S. 126-34.02."

SECTION 55.3.(f) G.S. 135-4(ff)(1) reads as rewritten:

"(ff) Retroactive Membership Service. – A member who is reinstated to service as an employee as defined in G.S. 135-1(10) or as a teacher as defined in G.S. 135-1(25) retroactively to the date of prior involuntary termination with back pay, as defined by the State Human Resources Commission, and associated benefits may be allowed membership service, after submitting clear and convincing evidence of the reinstatement, payment of back pay, and restoration of associated benefits, as follows:

(1) When the reinstatement to service is by court order, final decision of an Administrative Law Judge, or ~~decision of the State Human Resources Commission,~~with the approval of the Office of State Human Resources Director, and is:

a. Within 90 days of the involuntary termination, by the payment of employee and employer contributions that would have been paid; or

b. After 90 days of the involuntary termination, by the payment of the employee and employer contributions that would have been paid plus interest compounded annually at a rate equal to the greater of the average yield on the pension accumulation fund for the preceding calendar year or the actuarial investment rate-of-return assumption, as adopted by the Board of Trustees."

SECTION 55.3.(g) Section 8.3 of S.L. 2013-382 reads as rewritten:

"**SECTION 8.3.** This Part is effective when it becomes law and expires ~~June 30, 2014.~~ June 30, 2015. The Office of State Personnel and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on January 31, 2014, April 30, 2014, ~~and September 1, 2014.~~September 1, 2014, January 31, 2015, April 30, 2015, and September 1, 2015."

SECTION 55.3.(h) The Codifier of Rules shall make all necessary changes in nomenclature in Title 25 of the North Carolina Administrative Rules as follows:

(1) To change the name of the Office of State Personnel to the Office of State Human Resources.

(2) To change the name of the State Personnel Commission to the State Human Resources Commission.

(3) To change the name of the Director of the Office of State Personnel to the Director of the Office of State Human Resources.

(4) To change the name of the Office of State Personnel Director to the Office of State Human Resources Director.

(5) Any other change consistent with this section.

SECTION 55.4.(a) The Revisor of Statutes is authorized to change in the General Statutes the title of Chapter 126 of the General Statutes to read "North Carolina Human Resources Act," consistent with the title change in Section 9.1 of S.L. 2013-382.

SECTION 55.4.(b) G.S. 115C-21(a)(1) reads as rewritten:

"(1) To organize and establish a Department of Public Instruction which shall include such divisions and departments as the State Board considers necessary for supervision and administration of the public school system. All appointments of administrative and supervisory personnel to the staff of the Department of Public Instruction are subject to the approval of the State Board of Education, which may terminate these appointments for cause in conformity with Chapter 126 of the General Statutes, the ~~State Personnel System.~~North Carolina Human Resources Act."

SECTION 55.4.(c) Except as otherwise provided in this section, the General Statutes are amended by deleting the phrase "State Personnel System" wherever it appears and substituting "State Human Resources system". The Revisor of Statutes is authorized to make the substitutions enacted in this subsection and to capitalize the word "system" in "State Human Resources system" if the phrase appears in a title.

SECTION 55.5. G.S. 130A-320, as amended by S.L. 2014-41, reads as rewritten:

"**§ 130A-320. Sanitation of watersheds; rules; inspections; local source protection planning.**

(a) The Commission shall adopt rules governing the sanitation of watersheds from which public drinking water supplies are obtained. In adopting these rules the Commission is authorized to consider the different classes of watersheds, taking into account general topography, nature of watershed development, density of population and need for frequency of sampling of raw water. The rules shall govern the keeping of livestock, operation of recreational areas, maintenance of residences and places of business, disposal of sewage, establishment of cemeteries or burying grounds, and any other factors which would endanger the public water supply.

(b) Any supplier of water operating a public water system and furnishing water from unfiltered surface supplies shall inspect the watershed area at least quarterly, and more often when the Department determines that more frequent inspections are necessary.

(c) Every supplier of water operating a public water system treating and furnishing water from ~~unfiltered~~ surface supplies shall create and implement a source water protection plan (SWPP). The Commission shall adopt rules that provide all of the following:

(1) A standardized format for use by suppliers of water in creating their SWPP. The Commission may create different formats and required plan elements for public water systems based on the system type, source type, watershed classification, population served, source susceptibility to contamination, proximity of potential contamination sources to the intake, lack of water supply alternatives, or other characteristics the Commission finds to be relevant.

(2) Schedules for creating a SWPP, implementing mandatory provisions of the SWPP, and for review and update of the SWPP by suppliers of water.

(3) Reporting requirements sufficient for the Department to monitor the creation, implementation, and revision by suppliers of water. The Commission may provide different reporting requirements based on the public water system characteristics set forth in subdivision (1) of this subsection."

SECTION 56.(a) G.S. 131E-6(3) reads as rewritten:

"(3) "Corporation, foreign or domestic, authorized to do business in North Carolina" ~~means a~~means any of the following:

a. A corporation for profit or having a capital stock which is created and organized under Chapter 55 of the General Statutes or any other general or special act of this ~~State, or a~~State.

b. A foreign corporation which has procured a certificate of authority to transact business in this State pursuant to Article 10 of Chapter 55 of the General Statutes.

c. A limited liability company formed under Chapter 57D of the General Statutes.

d. A foreign limited liability company that has procured a certificate of authority to transact business in this State pursuant to Article 7 of Chapter 57D of the General Statutes."

SECTION 56.(b) This section becomes effective October 1, 2014.

SECTION 56.1. G.S. 132-6(d), as enacted by S.L. 2014-18, reads as rewritten:

"(d) Notwithstanding the provisions of subsections (a) and (b) of this section, public records relating to the proposed expansion or location of specific business or industrial projects may be withheld so long as their inspection, examination or copying would frustrate the purpose for which such public records were created; provided, however, that nothing herein shall be construed to permit the withholding of public records relating to general economic development policies or activities. Once the State, a local government, or the specific business has announced a commitment by the business to expand or locate a specific project in this State or the business has made a final decision not to do so, of which the State or local government agency involved with the project knows or should know,~~and that the business will receive a discretionary incentive for the project pursuant to Chapter 143B of the General Statutes,~~ the provisions of this subsection allowing public records to be withheld by the agency no longer apply. ~~If the specific business has requested discretionary incentives for the project pursuant to Chapter 143B of the General Statutes, but decides to not expand or locate the project in this State or does not receive such discretionary incentives, then the only records that are subject to disclosure pursuant to this Chapter are the records submitted to the Department of Commerce by the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431A. If a business decides to expand or locate a specific project in this State, but the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431A does not submit any documentation to the Department regarding a request for any discretionary incentives by the State pursuant to Chapter 143B of the General Statutes, and the business does not receive any such discretionary incentives, then any records regarding such project are not subject to disclosure pursuant to this Chapter.~~ Once the provisions of this subsection no longer apply, the agency shall disclose as soon as practicable, and within 25 business days, public records requested for the announced project that are not otherwise made confidential by law. An announcement that a business or industrial project has committed to expand or locate in the State shall not require disclosure of local government records relating to the project if the business has not selected a specific location within the State for the project. Once a specific location for the project has been determined, local government records must be disclosed, upon request, in accordance with the provisions of this section. For purposes of this section, "local government records" include records maintained by the State that relate to a local government's efforts to attract the project.

Records relating to the proposed expansion or location of specific business or industrial projects that are in the custody of the Department of Commerce or an entity with which the Department contracts pursuant to G.S. 143B-431A shall be treated as follows:

(1) Unless controlled by another subdivision of this subsection, the records may be withheld if their inspection, examination, or copying would frustrate the purpose for which the records were created.

(2) If no discretionary incentives pursuant to Chapter 143B of the General Statutes are requested for a project and if the specific business decides to expand or locate the project in the State, then the records relating to the project shall not be disclosed.

(3) If the specific business has requested discretionary incentives for a project pursuant to Chapter 143B of the General Statutes and if either the business decides not to expand or locate the project in the State or the project does not receive the discretionary incentives, then the only records relating to the project that may be disclosed are the requests for discretionary incentives pursuant to Chapter 143B of the General Statutes and any information submitted to the Department by the contracted entity.

(4) If the specific business receives a discretionary incentive for a project pursuant to Chapter 143B of the General Statutes and the State or the specific business announces a commitment to expand or locate the project in this State, all records requested for the announced project, not otherwise made confidential by law, shall be disclosed as soon as practicable and within 25 days from the date of announcement."

SECTION 56.2. G.S. 136-18(37) reads as rewritten:

"**§ 136-18. Powers of Department of Transportation.**

...

(37) To permit ~~private~~ use of and encroachment upon the right-of-way of a State highway or road for the purpose of construction and maintenance of a ~~privately owned bridge for pedestrians or motor vehicles;~~bridge owned by a private or public entity, if the bridge shall not unreasonably interfere with or obstruct the public use of the right-of-way. Any agreement for an encroachment authorized by this subdivision shall be approved by the Board of Transportation, upon a finding that the encroachment is necessary and appropriate, in the sole discretion of the Board. Locations, plans, and specifications for any pedestrian or vehicular bridge authorized by the Board for construction pursuant to this subdivision shall be approved by the Department of Transportation. For any bridge subject to this subdivision, the Department shall retain the right to reject any plans, specifications, or materials used or proposed to be used, inspect and approve all materials to be used, inspect the construction, maintenance, or repair, and require the replacement, reconstruction, repair, or demolition of any partially or wholly completed bridge that, in the sole discretion of the Department, is unsafe or substandard in design or construction. An encroachment agreement authorized by this subdivision may include a requirement to purchase and maintain liability insurance in an amount determined by the Department of Transportation. The Department shall ensure that any bridge constructed pursuant to this subdivision is regularly inspected for safety. The owner shall have the bridge inspected every two years by a qualified private engineering firm based on National Bridge Inspection Standards and shall provide the Department copies of the Bridge Inspection Reports where they shall be kept on file. Any bridge authorized and constructed pursuant to this subdivision shall be subject to all other rules and conditions of the Department of Transportation for encroachments."

SECTION 56.5. G.S. 136-82(d) reads as rewritten:

"(d) Use of Toll Proceeds. – The Department of Transportation shall credit the proceeds from tolls collected on North Carolina Ferry System routes and receipts generated under subsection ~~(e)~~(f) of this section to reserve accounts within the Highway Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be credited proportionately to each reserve account based on the distribution of trips originating and terminating in each Highway Division. The proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program."

SECTION 56.6. G.S. 136-189.11(e)(1) reads as rewritten:

"(1) Limitation on variance. – The Department, in obligating funds in accordance with this section, shall ensure that the percentage amount obligated to Statewide Strategic Mobility Projects, Regional Impact Projects, and Division Need Projects does not vary by more than ~~five percent (5%)~~ ten percent (10%) over any five-year period from the percentage required to be allocated to each of those categories by this section. Funds obligated among distribution regions or divisions pursuant to this section may vary up to ten percent (10%) over any five-year period."

SECTION 56.6A.(a) G.S. 136-200.2(j), as amended by Section 12(a) of S.L. 2014-58, reads as rewritten:

"(j) Violations. – A violation of subdivision (1) of subsection (g) of this section shall be a Class 1 misdemeanor. An MPO member who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a required filing under subdivisions (3) or (4) of subsection (g) of this section shall be guilty of a Class 1 misdemeanor. An MPO member who provides false information on a required filing under subdivisions (3) or (4) of subsection (g) of this section knowing that the information is false is guilty of a Class H felony. If the State Ethics Commission receives written allegations of violations of this section, the Commission shall report such violations to the ~~Attorney General~~Director of the State Bureau of Investigation for investigation and referral to the District Attorney for possible prosecution. All written allegations or related documents are confidential and are not matters of public record."

SECTION 56.6A.(b) G.S. 136-211(j), as amended by Section 12(b) of S.L. 2014-58, reads as rewritten:

"(j) Violations. – A violation of subdivision (1) of subsection (f) of this section shall be a Class 1 misdemeanor. A rural transportation planning organization member who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a required filing under subdivisions (3) or (4) of subsection (f) of this section shall be guilty of a Class 1 misdemeanor. A rural transportation planning organization member who provides false information on a required filing under subdivisions (3) or (4) of subsection (f) of this section knowing that the information is false is guilty of a Class H felony. If the State Ethics Commission receives written allegations of violations of this section, the Commission shall report such violations to the ~~Attorney General~~Director of the State Bureau of Investigation for investigation and referral to the District Attorney for possible prosecution. All written allegations or related documents are confidential and are not matters of public record."

SECTION 56.6A.(c) G.S. 138A-25, as amended by Section 12(c) of S.L. 2014-58, reads as rewritten:

"**§ 138A-25. Failure to file.**

...

(d) Within 30 days after the date due under G.S. 138A-22, the Commission shall notify persons who are required to file a Statement of Economic Interest under G.S. 136-200.2(g)(3) or G.S. 136-211(f)(3) of a failure to file the Statement of Economic Interest or the filing of an incomplete Statement of Economic Interest. The Commission shall notify the filing person that if the Statement of Economic Interest is not filed or completed within 30 days of receipt of the notice of failure to file or complete, the filing person shall be fined and referred for prosecution after an additional 30 days, as provided for in this section.

(1) Any filing person who fails to file a Statement of Economic Interest under G.S. 136-200.2(g)(3) or G.S. 136-211(f)(3) within 30 days of the receipt of the notice required under this section shall be fined two hundred fifty dollars ($250.00) by the Commission for not filing or filing an incomplete Statement of Economic Interest, except in extenuating circumstances as determined by the Commission.

(2) Failure by any filing person to file or complete the Statement of Economic Interest within 60 days of the receipt of the notice required under this subsection shall be a Class 1 misdemeanor. The Commission shall report such failure to the ~~Attorney General~~Director of the State Bureau of Investigation for investigation and referral to the District Attorney for possible prosecution, unless the Commission determines extenuating circumstances exist.

(e) Within 30 days after the date due under G.S. 138A-22, the Commission shall notify persons who are required to file an additional disclosure under G.S. 136-200.2(g)(4) or G.S. 136-211(f)(4) of a failure to file the additional disclosure or the filing of an incomplete additional disclosure. The Commission shall notify the filing person that if the additional disclosure is not filed or completed within 30 days of receipt of the notice of failure to file or complete, the filing person shall be fined and referred for prosecution after an additional 30 days, as provided for in this section.

(1) Any filing person who fails to file or who files an incomplete additional disclosure within 30 days of the receipt of the notice required under this section shall be fined two hundred fifty dollars ($250.00) for not filing or

filing an incomplete additional disclosure, except in extenuating circumstances as determined by the Commission.

(2) Failure by any filing person to file or complete the additional disclosure within 60 days of the receipt of the notice required under this subsection shall be a Class 1 misdemeanor. The Commission shall report such failure to the ~~Attorney General~~Director of the State Bureau of Investigation for investigation and referral to the District Attorney for possible prosecution, unless the Commission determines extenuating circumstances exist."

SECTION 56.6A.(d) This section becomes effective October 1, 2014.

SECTION 56.7. G.S. 143-64.17B reads as rewritten:

"**§ 143-64.17B. Guaranteed energy savings contracts.**

(a) A governmental unit may enter into a guaranteed energy savings contract with a qualified provider if all of the following apply:

(1) The term of the contract does not exceed 20 years from the date of the installation and acceptance by the governmental unit of the energy conservation measures provided for under the contract.

(2) The governmental unit finds that the energy savings resulting from the performance of the contract will equal or exceed the total cost of the contract.

(3) The energy conservation measures to be installed under the contract are for an existing building or utility ~~system.~~system, or utility consuming device or equipment when the utility cost is paid by the governmental unit.

(b) Before entering into a guaranteed energy savings contract, the governmental unit shall provide published notice of the time and place or of the meeting at which it proposes to award the contract, the names of the parties to the proposed contract, and the contract's purpose. The notice must be published at least 15 days before the date of the proposed award or meeting.

(c) A qualified provider entering into a guaranteed energy savings contract under this Part shall provide security to the governmental unit in the form acceptable to the Office of the State Treasurer and in an amount equal to one hundred percent (100%) of the guaranteed savings for the term of the guaranteed energy savings contract to assure the provider's faithful performance. Any bonds required by this subsection shall be subject to the provisions of Article 3 of Chapter 44A of the General Statutes. If the savings resulting from a guaranteed energy savings contract are not as great as projected under the contract and all required shortfall payments to the governmental unit have not been made, the governmental unit may terminate the contract without incurring any additional obligation to the qualified provider.

(d) As used in this section, "total cost" shall include, but not be limited to, costs of construction, costs of financing, and costs of maintenance and training during the term of the ~~contract.~~contract less the application of the utility company, State, or federal incentives, grants, or rebates. "Total cost" does not include any obligations on termination of the contract before its expiration, provided that those obligations are disclosed when the contract is executed.

(e) A guaranteed energy savings contract may not require the governmental unit to purchase a maintenance contract or other maintenance agreement from the qualified provider who installs energy conservation measures under the contract if the unit of government takes appropriate action to budget for its own forces or another provider to maintain new systems installed and existing systems affected by the guaranteed energy savings contract.

(f) In the case of a State governmental unit, a qualified provider shall, when feasible, after the acceptance of the proposal of the qualified provider by the State governmental unit, conduct an investment grade audit. During this investment grade audit, the qualified provider shall perform in accordance with Part 1 of this Article a life cycle cost analysis of each energy conservation measure in the final proposal. If the results of the audit are not within ten percent (10%) of both the guaranteed savings contained in the proposal and the total proposal amount, either the State governmental unit or the qualified provider may terminate the project without incurring any additional obligation to the other party. However, if the State governmental unit terminates the project after the audit is conducted and the results of the audit are within ten percent (10%) of both the guaranteed savings contained in the proposal and the total proposal amount, the State governmental unit shall reimburse the qualified provider the reasonable cost incurred in conducting the audit, and the results of the audit shall become the property of the State governmental unit.

(g) A qualified provider shall provide an annual reconciliation statement based upon the results of the measurement and verification review. The statement shall disclose any shortfalls or surplus between guaranteed energy and operational savings specified in the guaranteed energy savings contract and actual, not stipulated, energy and operational savings incurred during a given guarantee year. Any guaranteed energy and operational savings shall be determined by using one of the measurement and verification methodologies listed in the United States Department of Energy's Measurement and Verification Guidelines for Energy Savings Performance Contracting, the International Performance Measurement and Verification Protocol (IPMVP) maintained by the Efficiency Valuation Organization, or Guideline 14-2002 of the American Society of Heating, Refrigerating, and Air-Conditioning Engineers. If due to existing data limitations or the nonconformance of specific project characteristics, none of the three methodologies listed in this subsection is sufficient for measuring guaranteed savings, the qualified provider shall develop an alternate method that is compatible with one of the three methodologies and mutually agreeable to the governmental unit. The guarantee year shall consist of a 12-month term commencing from the time that the energy conservation measures become fully operational. A qualified provider shall pay the governmental unit or its assignee any shortfall in the guaranteed energy and operational savings after the total year savings have been determined. In the case of a governmental unit, a surplus in any one year shall not be carried forward or applied to a shortfall in any other year."

SECTION 56.7A. G.S. 143B-373 reads as rewritten:

"**§ 143B-373. North Carolina Capital Planning Commission – creation; powers and duties.**

(a) There is hereby recreated the North Carolina Capital Planning Commission of the Department of Administration.

(1) The Commission shall have all of the following powers and duties:

a. Compile ~~To obtain~~ and maintain up-to-date building requirements for State governmental agencies in Wake ~~County;~~County.

b. ~~To formulate a~~ Formulate and maintain an up-to-date long-range capital improvement program as required for State central governmental agencies in Wake ~~County and maintain this program up-to-date;~~County.

c. ~~To recommend~~Recommend the acquisition of land as ~~required;~~required.

d. ~~To recommend~~Recommend to the Governor the locations for State government buildings, monuments, memorials and improvements in Wake County, except for buildings occupied by the General ~~Assembly; and~~Assembly.

e. ~~To recommend~~Recommend to the Governor the name for any new State government building or any building hereafter acquired by the State of North Carolina in Wake County, with the exception of buildings comprising a part of the North Carolina State University, the Dorothea Dix Hospital, the General Assembly or the Governor Morehead ~~School;~~School.

~~(2) The Commission is authorized and empowered to adopt such rules and regulations, not inconsistent with the laws of this State, as may be required by the federal government for grants-in-aid for capital improvement purposes which may be made available to the State by the federal government. This section is to be liberally construed in order that the State and its citizens may benefit from such grants-in-aid.~~

~~(3) The Commission shall adopt rules and regulations consistent with the provisions of this Chapter. All rules and regulations not inconsistent with the provisions of this Chapter heretofore adopted by the existing North Carolina Capital Planning Commission shall remain in full force and effect unless and until repealed or superseded by action of the recreated Commission. All rules and regulations adopted by the Commission shall be enforced by the Department of Administration.~~

(b) Any:

(1) City exercising any jurisdiction in Wake County under Article 19 of Chapter 160A of the General Statutes (or under any local act of similar nature); and

(2) County exercising any jurisdiction in Wake County under Article 18 of Chapter 153A of the General Statutes (or under any local act of similar nature)

shall provide to the North Carolina Capital Planning Commission no later than August 1, 1989, a copy of any ordinance adopted under that Article and in effect on July 1, 1989, and shall provide a copy of any additional ordinance adopted or amended under such Article or similar local act after July 1, 1989, within 30 days of adoption; provided that no ordinance adopted under G.S. 160A-441 shall be so provided unless it applies to a structure owned by the State.

(c) Any:

(1) City exercising any jurisdiction in Wake County under Article 19 of Chapter 160A of the General Statutes (or under any local act of similar nature); and

(2) County exercising any jurisdiction in Wake County under Article 18 of Chapter 153A of the General Statutes (or under any local act of similar nature)

shall provide to the North Carolina Capital Planning Commission within seven days of first consideration by the governing body any proposal under either of those Articles or local acts which, if adopted would affect property within Wake County owned by the State.

~~(d) The North Carolina Capital Planning Commission may, by resolution, further define what types of proposals are required to be submitted under subsection (c) of this section, and may define the meaning of "first consideration" differently as to different types of actions, and may require similar notice of proposals before planning boards, boards of adjustment, and planning commissions. The North Carolina Capital Planning Commission may, in lieu of the specific requirements of subsection (c) and this subsection, adopt a different schedule for submission of proposals and ordinances, and the schedule may be different for different jurisdictions, so as to carry out the intent of this section.~~"

SECTION 56.8.(a) G.S. 143B-426.38A reads as rewritten:

"**§ 143B-426.38A. Government Data Analytics Center; State data-sharing requirements.**

(a) State Government Data Analytics. – The State shall initiate across State agencies, departments, and institutions a data integration and data-sharing initiative that is not intended to replace transactional systems but is instead intended to leverage the data from those systems for enterprise-level State business ~~intelligence.~~intelligence as follows:

(1) Creation of initiative. – In carrying out the purposes of this section, the Office of the State ~~Controller~~Chief Information Officer (CIO) shall conduct an ongoing, comprehensive evaluation of State data analytics projects and plans in order to identify data integration and business intelligence opportunities that will generate greater efficiencies in, and improved service delivery by, State agencies, departments, and institutions. The ~~State Controller and~~ State CIO shall continue to utilize public-private partnerships and existing data integration and analytics contracts and licenses as appropriate to continue the implementation of the initiative.

(2) Application to State government. – The initiative shall include all State agencies, departments, and institutions, including The University of North Carolina.

(3) Governance. – The State ~~Controller~~CIO shall lead the initiative established pursuant to this section. The Chief Justice of the North Carolina Supreme Court and the Legislative Services Commission each shall designate an officer or agency to advise and assist the State ~~Controller~~CIO with respect to implementation of the initiative in their respective branches of government. The judicial and legislative branches shall fully cooperate in the initiative mandated by this section in the same manner as is required of State agencies.

(b) Government Data Analytics Center. –

(1) GDAC established. – There is established in the Office of the State ~~Controller~~ CIO the Government Data Analytics Center (GDAC). GDAC shall ~~assume~~ continue the work, purpose, and resources of the ~~current~~previous data integration effort in the Office of the State Controller and shall otherwise advise and assist the State ~~Controller~~CIO in the management of the initiative. The State ~~Controller~~CIO shall make any organizational changes necessary to maximize the effectiveness and efficiency of GDAC.

(2) Powers and duties of the GDAC. – The State ~~Controller~~CIO shall, through the GDAC, do all of the following:

a. Continue and coordinate ongoing enterprise data integration efforts, including:

1. The deployment, support, technology improvements, and expansion for the Criminal Justice Law Enforcement Automated Data System (CJLEADS).
2. The pilot and subsequent phase initiative for the North Carolina Financial Accountability and Compliance Technology System (NCFACTS).
3. Individual-level student data and workforce data from all levels of education and the State workforce.
4. Other capabilities developed as part of the initiative.

b. Identify technologies currently used in North Carolina that have the capability to support the initiative.

c. Identify other technologies, especially those with unique capabilities, that could support the State's business intelligence effort.

d. Compare capabilities and costs across State agencies.

e. Ensure implementation is properly supported across State agencies.

f. Ensure that data integration and sharing is performed in a manner that preserves data privacy and security in transferring, storing, and accessing data, as appropriate.

g. Immediately seek any waivers and enter into any written agreements that may be required by State or federal law to effectuate data sharing and to carry out the purposes of this section.

h. Coordinate data requirements and usage for State business intelligence applications in a manner that (i) limits impacts on participating State agencies as those agencies provide data and business knowledge expertise and (ii) assists in defining business rules so the data can be properly used.

i. Recommend the most cost-effective and reliable long-term hosting solution for enterprise-level State business intelligence as well as data integration, notwithstanding Section 6A.2(f) of S.L. 2011-145.

(c) Implementation of the Enterprise-Level Business Intelligence Initiative. –

(1) Phases of the initiative. – The initiative shall cycle through these phases on an ongoing ~~basis:~~basis as follows:

a. Phase I requirements. – In the first phase, the State ~~Controller~~CIO through GDAC shall:

1. Inventory existing State agency business intelligence projects, both completed and under development.
2. Develop a plan of action that does all of the following:
   I. Defines the program requirements, objectives, and end state of the initiative.
   II. Prioritizes projects and stages of implementation in a detailed plan and benchmarked time line.
   III. Includes the effective coordination of all of the State's current data integration initiatives.
   IV. Utilizes a common approach that establishes standards for business intelligence initiatives for all State agencies and prevents the development of projects that do not meet the established standards.
   V. Determines costs associated with the development efforts and identifies potential sources of funding.
   VI. Includes a privacy framework for business intelligence consisting of adequate access controls and end user security requirements.
   VII. Estimates expected savings.

3. Inventory existing external data sources that are purchased by State agencies to determine whether consolidation of licenses is appropriate for the enterprise.
4. Determine whether current, ongoing projects support the enterprise-level objectives.
5. Determine whether current applications are scalable or are applicable for multiple State agencies or both.

b. Phase II requirements. – In the second phase, the State ~~Controller~~ CIO through the GDAC shall:
1. Identify redundancies and recommend to the ~~State CIO~~ General Assembly any projects that should be discontinued.
2. Determine where gaps exist in current or potential capabilities.

c. Phase III requirements. – In the third phase:
1. The State ~~Controller~~CIO through GDAC shall incorporate or consolidate existing projects, as appropriate.
2. The State ~~Controller~~CIO shall, notwithstanding G.S. 147-33.76 or any rules adopted pursuant thereto, eliminate redundant business intelligence projects, applications, software, and licensing.
3. The State ~~Controller~~CIO through GDAC shall complete all necessary steps to ensure data integration in a manner that adequately protects privacy.

(2) Project management. – The State CIO shall ensure that all current and new business intelligence/data analytics projects are in compliance with all State laws, policies, and rules pertaining to information technology procurement, project management, and project funding and that they include quantifiable and verifiable savings to the State. The State CIO shall report to the Joint Legislative Oversight Committee on Information Technology on projects that are not achieving projected savings. The report shall include a proposed corrective action plan for the project.

The Office of the State CIO, with the assistance of the Office of State Budget and Management, shall identify potential funding sources for expansion of existing projects or development of new projects. No GDAC project shall be initiated, extended, or expanded:

a. Without the specific approval of the General Assembly unless the project can be implemented within funds appropriated for GDAC projects.
b. Without prior consultation to the Joint Legislative Commission on Governmental Operations and a report to the Joint Legislative Oversight Committee on Information Technology if the project can be implemented within funds appropriated for GDAC projects.

(d) Funding. – The Office of the State ~~Controller,~~CIO, with the support of the Office of State Budget and Management, shall identify and make all efforts to secure any matching funds or other resources to assist in funding this initiative. Savings resulting from the cancellation of projects, software, and licensing, as well as any other savings from the initiative, shall be returned to the General Fund and shall remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year. It is the intent of the General Assembly that expansion of the initiative in subsequent fiscal years be funded with these savings and that the General Assembly appropriate funds for projects in accordance with the priorities identified by the Office of the State ~~Controller~~CIO in Phase I of the initiative.

(d1) Appropriations. – Of the funds appropriated to the Information Technology Fund, the sum of three million dollars ($3,000,000) for the 2013-2014 fiscal year and the sum of four million four hundred seventeen thousand five hundred fifteen dollars ($4,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACTS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars ($1,417,515) shall be used in each fiscal year of the 2013-2015 biennium for OSC internal costs. For fiscal year 2014-2015, of the funds generated by GDAC and NCFACTS projects and returned to the General Fund, the sum of up to five million dollars ($5,000,000) is appropriated to fund GDAC

and NCFACTS, to include vendor payments. Prioritization for the expenditure of these funds shall be for State costs associated with GDAC first, then vendor costs second. Funds in the 2013-2015 fiscal year budgets for GDAC and NCFACTS shall be used solely to support the continuation for these priority project areas.

(e) Reporting. – The Office of the State ~~Controller~~ CIO shall:

(1) Submit and present quarterly reports on the implementation of Phase I of the initiative and the plan developed as part of that phase to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the General Assembly. The State ~~Controller~~ CIO shall submit a report prior to implementing any improvements, expending funding for expansion of existing business intelligence efforts, or establishing other projects as a result of its evaluations, and quarterly thereafter, a written report detailing progress on, and identifying any issues associated with, State business intelligence efforts.

(2) Report the following information as needed:

a. Any failure of a State agency to provide information requested pursuant to this section. The failure shall be reported to the Joint Legislative Oversight Committee on Information Technology and to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees.

b. Any additional information to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology that is requested by those entities.

(f) Data Sharing. –

(1) General duties of all State agencies. – Except as limited or prohibited by federal law, the head of each State agency, department, and institution shall do all of the following:

a. Grant the Office of the State ~~Controller~~ CIO access to all information required to develop and support State business intelligence applications pursuant to this section. The State ~~Controller~~ CIO and the GDAC shall take all necessary actions and precautions, including training, certifications, background checks, and governance policy and procedure, to ensure the security, integrity, and privacy of the data in accordance with State and federal law and as may be required by contract.

b. Provide complete information on the State agency's information technology, operational, and security requirements.

c. Provide information on all of the State agency's information technology activities relevant to the State business intelligence effort.

d. Forecast the State agency's projected future business intelligence information technology needs and capabilities.

e. Ensure that the State agency's future information technology initiatives coordinate efforts with the GDAC to include planning and development of data interfaces to incorporate data into the initiative and to ensure the ability to leverage analytics capabilities.

f. Provide technical and business resources to participate in the initiative by providing, upon request and in a timely and responsive manner, complete and accurate data, business rules and policies, and support.

g. Identify potential resources for deploying business intelligence in their respective State agencies and as part of the enterprise-level effort.

h. Immediately seek any waivers and enter into any written agreements that may be required by State or federal law to effectuate data sharing and to carry out the purposes of this section, as appropriate.

(2) Specific requirements. – The State ~~Controller~~CIO and the GDAC shall enhance the State's business intelligence through the collection and analysis of data relating to workers' compensation claims for the purpose of preventing and detecting fraud, as follows:

a. The North Carolina Industrial Commission shall release to GDAC, or otherwise provide electronic access to, all data requested by GDAC relating to workers' compensation insurance coverage, claims, appeals, compliance, and enforcement under Chapter 97 of the General Statutes.

b. The North Carolina Rate Bureau (Bureau) shall release to GDAC, or otherwise provide electronic access to, all data requested by GDAC relating to workers' compensation insurance coverage, claims, business ratings, and premiums under Chapter 58 of the General Statutes. The Bureau shall be immune from civil liability for releasing information pursuant to this subsection, even if the information is erroneous, provided the Bureau acted in good faith and without malicious or willful intent to harm in releasing the information.

c. The Department of Commerce, Division of Employment Security (DES), shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to unemployment insurance coverage, claims, and business reporting under Chapter 96 of the General Statutes.

d. The Department of Labor shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to safety inspections, wage and hour complaints, and enforcement activities under Chapter 95 of the General Statutes.

e. The Department of Revenue shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to the registration and address information of active businesses, business tax reporting, and aggregate federal tax Form 1099 data for comparison with information from DES, the Rate Bureau, and the Department of the Secretary of State for the evaluation of business reporting. Additionally, the Department of Revenue shall furnish to the GDAC, upon request, other tax information, provided that the information furnished does not impair or violate any information-sharing agreements between the Department and the United States Internal Revenue Service. Notwithstanding any other provision of law, a determination of whether furnishing the information requested by GDAC would impair or violate any information-sharing agreements between the Department of Revenue and the United States Internal Revenue Service shall be within the sole discretion of the State Chief Information Officer. The Department of Revenue and the Office of the State ~~Controller~~ CIO shall work jointly to assure that the evaluation of tax information pursuant to this subdivision is performed in accordance with applicable federal law.

(3) All information shared with GDAC and the State ~~Controller~~ CIO under this subdivision is protected from release and disclosure in the same manner as any other information is protected under this section.

(g) Provisions on Privacy and Confidentiality of Information.

(1) Status with respect to certain information. – The State ~~Controller~~ CIO and the GDAC shall be deemed to be all of the following for the purposes of this section:

a. With respect to criminal information, and to the extent allowed by federal law, a criminal justice agency (CJA), as defined under Criminal Justice Information Services (CJIS) Security Policy. The State CJIS Systems Agency (CSA) shall ensure that CJLEADS receives access to federal criminal information deemed to be

essential in managing CJLEADS to support criminal justice professionals.

b. With respect to health information covered under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and to the extent allowed by federal law:
   1. A business associate with access to protected health information acting on behalf of the State's covered entities in support of data integration, analysis, and business intelligence.
   2. Authorized to access and view individually identifiable health information, provided that the access is essential to the enterprise fraud, waste, and improper payment detection program or required for future initiatives having specific definable need for the data.

c. Authorized to access all State and federal data, including revenue and labor information, deemed to be essential to the enterprise fraud, waste, and improper payment detection program or future initiatives having specific definable need for the data.

d. Authorized to develop agreements with the federal government to access data deemed to be essential to the enterprise fraud, waste, and improper payment detection program or future initiatives having specific definable need for such data.

(2) Release of information. – The following limitations apply to (i) the release of information compiled as part of the initiative, (ii) data from State agencies that is incorporated into the initiative, and (iii) data released as part of the implementation of the initiative:

a. Information compiled as part of the initiative. – Notwithstanding the provisions of Chapter 132 of the General Statutes, information compiled by the State ~~Controller~~ CIO and the GDAC related to the initiative may be released as a public record only if the State ~~Controller,~~ CIO, in that officer's sole discretion, finds that the release of information is in the best interest of the general public and is not in violation of law or contract.

b. Data from State agencies. – Any data that is not classified as a public record under G.S. 132-1 shall not be deemed a public record when incorporated into the data resources comprising the initiative. To maintain confidentiality requirements attached to the information provided to the State ~~Controller~~ CIO and GDAC, each source agency providing data shall be the sole custodian of the data for the purpose of any request for inspection or copies of the data under Chapter 132 of the General Statutes.

c. Data released as part of implementation. – Information released to persons engaged in implementing the State's business intelligence strategy under this section that is used for purposes other than official State business is not a public record pursuant to Chapter 132 of the General Statutes.

d. Data from North Carolina Rate Bureau. – Notwithstanding any other provision of this section, any data released by or obtained from the North Carolina Rate Bureau under this initiative relating to workers' compensation insurance claims, business ratings, or premiums are not public records and public disclosure of such data, in whole or in part, by the GDAC or State ~~Controller,~~CIO, or by any State agency, is prohibited."

SECTION 56.8.(b) G.S. 143B-426.39 reads as rewritten:

"**§ 143B-426.39. Powers and duties of the State Controller.**

The State Controller shall:

...

~~(17) Coordinate data integration and data sharing pursuant to G.S. 143B-426.38A across State agencies, departments, and institutions to support the State's enterprise-level business intelligence initiative.~~"

SECTION 56.8.(c) G.S. 20-7(b2) reads as rewritten:

"(b2) Disclosure of Social Security Number. – The social security number of an applicant is not a public record. The Division may not disclose an applicant's social security number except as allowed under federal law. A violation of the disclosure restrictions is punishable as provided in 42 U.S.C. § 408, and amendments to that law.

In accordance with 42 U.S.C. 405 and 42 U.S.C. 666, and amendments thereto, the Division may disclose a social security number obtained under subsection (b1) of this section only as follows:

(1) For the purpose of administering the drivers license laws.
(2) To the Department of Health and Human Services, Child Support Enforcement Program for the purpose of establishing paternity or child support or enforcing a child support order.
(3) To the Department of Revenue for the purpose of verifying taxpayer identity.
(4) To the Office of Indigent Defense Services of the Judicial Department for the purpose of verifying the identity of a represented client and enforcing a court order to pay for the legal services rendered.
(5) To each county jury commission for the purpose of verifying the identity of deceased persons whose names should be removed from jury lists.
(6) To the Office of the State ~~Controller~~Chief Information Officer for the purposes of G.S. 143B-426.38A."

SECTION 56.8.(d) G.S. 20-43 reads as rewritten:

"**§ 20-43. Records of Division.**

(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the Office of the State ~~Controller~~Chief Information Officer for the purposes of G.S. 143B-426.38A.

(b) The Commissioner, upon receipt of notification from another state or foreign country that a certificate of title issued by the Division has been surrendered by the owner in conformity with the laws of such other state or foreign country, may cancel and destroy such record of certificate of title."

SECTION 56.8.(e) G.S. 105-259(b) reads as rewritten:

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

...

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

...

(45) To furnish tax information to the Office of the State ~~Controller~~ Chief Information Officer under G.S. 143B-426.38A. The use and reporting of individual data may be restricted to only those activities specifically allowed by law when potential fraud or other illegal activity is indicated."

SECTION 57. G.S. 143B-431A, as enacted by S.L. 2014-18, reads as rewritten:

"**§ 143B-431A. Department of Commerce – contracting of functions.**

...

(b) Contract. – The Department of Commerce is authorized to contract with a North Carolina nonprofit corporation to perform one or more of the Department's functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The contract entered into pursuant to this section between the Department and the Economic

Development Partnership of North Carolina is exempt from Articles 3 and 3C of Chapter 143 of the General Statutes. If the Department contracts with a North Carolina nonprofit corporation to promote and grow the travel and tourism industries, then all funds appropriated to the Department for tourism marketing purposes shall be used for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing. The Department may not contract with a North Carolina nonprofit corporation regarding any of the following:

(1) The obligation or commitment of funds under this Article, such as the One North Carolina Fund, the Job Development Investment Grant Program, the Industrial Development Fund, or the Job Maintenance and Capital Development Fund.

...

(c) Oversight. – There is established the Economic Development Accountability & Standards Committee, which ~~is a Board as that term is defined in G.S. 138A-3 of the State Government Ethics Act.~~shall be treated as a board for purposes of Chapter 138A of the General Statutes. The Committee shall consist of seven members as follows: the Secretary of Commerce as Chair of the Committee, the Secretary of Transportation, the Secretary of Environment and Natural Resources, the Secretary of Revenue, one member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, one member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate, and one member ~~jointly~~ appointed by the General Assembly upon the joint recommendation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Members appointed by the General Assembly shall be appointed for four-year terms beginning July 1 and

~~The members of the Committee who are appointed by the Speaker of the House of Representatives or by the President Pro Tempore of the Senate~~ may not be members of the General Assembly.

The Committee shall be administratively housed in the Department of Commerce. The Department of Commerce shall provide for the administrative costs of the Committee and shall provide staff to the Committee. The Committee shall meet at least quarterly upon the call of the Chair. The duties of the Committee shall include all of the following:

(1) Monitoring and oversight of the performance of a contract entered into pursuant to this section by the Department with a North Carolina nonprofit corporation.

(2) Receiving, reviewing, and referring complaints regarding the contract or the performance of the North Carolina nonprofit corporation, as appropriate.

(3) Requesting enforcement of the contract by the Attorney General or the Department.

(4) Auditing, at least biennially, by the Office of State Budget and Management, State Auditor, or internal auditors of the Department, the records of the North Carolina nonprofit corporation with which the Department has contracted pursuant to this section during and after the term of the contract to review financial documents of the corporation, performance of the corporation, and compliance of the corporation with applicable laws.

(5) Coordination of economic development grant programs of the State between the Department of Commerce, the Department of Transportation, and the Department of Environment and Natural Resources.

(6) Any other duties deemed necessary by the Committee.

...

(h) Applicable Laws. – A North Carolina nonprofit corporation with which the Department contracts pursuant to this section is subject to the requirements of (i) Chapter 132 of the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. Officers, employees, and members of the governing board of the corporation are public servants, as defined in G.S. 138A-3, and are subject to the requirements of Chapter 138A of the General Statutes. ~~Officers, members of the governing board, and employees~~Employees of the corporation whose annual compensation is ~~equal to or greater~~less than sixty thousand dollars ($60,000) are not subject to G.S. 138A-22.

...."

SECTION 57.7.(a) G.S. 143B-1157 reads as rewritten:

"**§ 143B-1157. State Community Corrections Advisory Board.**

(a) The State Board shall act as an advisory body to the Secretary with regard to this Subpart. The State Board shall consist of 23 members as follows, to be appointed as provided in subsection (b) of this section:

(1) A member of the Senate.
(2) A member of the House of Representatives.
(3) A judge of the superior court.
(4) A judge of the district court.
(5) A district attorney.
(6) A criminal defense attorney.
(7) A county sheriff.
(8) A chief of a city police department.
(9) Two county commissioners, one from a predominantly urban county and one from a predominantly rural county.
(10) A representative of an existing community-based corrections program.
(11) A member of the public who has been the victim of a crime.
(12) Two rehabilitated ex-offenders.
(13) A member of the business community.
(14) Three members of the general public, one of whom is a person recovering from chemical dependency or who is a previous consumer of substance abuse treatment services.
(15) A victim service provider.
(16) A member selected from each of the following service areas: mental health, substance abuse, and employment and training.
(17) A clerk of superior court.

(b) The membership of the State Board shall be selected as follows:

(1) The Governor shall appoint the following members: the county sheriff, the chief of a city police department, the member of the public who has been the victim of a crime, a rehabilitated ex-offender, and the members selected from each of the service areas.
(2) The Lieutenant Governor shall appoint the following members: the member of the business community, one member of the general public who is a person recovering from chemical dependency or who is a previous consumer of substance abuse treatment services, and the victim service provider.
(3) The Chief Justice of the North Carolina Supreme Court shall appoint the following members: the superior court judge, the district court judge, the district attorney, the clerk of superior court, the criminal defense attorney, and the representative of an existing community-based corrections program.
(4) The President Pro Tempore of the Senate shall appoint the following members: the member of the Senate, the county commissioner from a predominantly urban county, and one member of the general public.
(5) The Speaker of the House of Representatives shall appoint the following members: the member of the House of Representatives, the county commissioner from a predominantly rural county, and one member of the general public.

In appointing the members of the State Board, the appointing authorities shall make every effort to ensure fair geographic representation of the State Board membership and to ensure that minority persons and women are fairly represented.

(c) The initial members shall serve staggered terms; one-third shall be appointed for a term of one year, one-third shall be appointed for a term of two years, and one-third shall be appointed for a term of three years. The members identified in subdivisions (1) through (7) of subsection (a) of this section shall be appointed initially for a term of one year. The members identified in subdivisions (8) through (13) in subsection (a) of this section shall be appointed initially for a term of two years. The members identified in subdivisions (14) through (16) of subsection (a) of this section shall each be appointed for a term of three years. The additional member identified in subdivision (17) in subsection (a) of this section shall be appointed initially for a term of three years. The terms of office of the initial members appointed under this section commence effective July 1, 2011.

At the end of their respective terms of office their successors shall be appointed for terms of three ~~years.~~years effective July 1. A vacancy occurring before the expiration of the term of office shall be filled in the same manner as original appointments for the remainder of the term. Members may be reappointed without limitation.

...."

SECTION 57.7.(b) This section becomes effective July 1, 2011.

SECTION 58. G.S. 147-86.11(e) reads as rewritten:

"(e) Elements of Plan. – For moneys received or to be received, the statewide cash management plan shall provide at a minimum that:

....

(4) Unpaid billings due to a State agency other than amounts owed by patients to the University of North Carolina Health Care ~~System or~~ System, East Carolina University's Division of Health ~~Sciences~~ Sciences, or by customers of the North Carolina Turnpike Authority shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing, except that a State agency need not turn over to the Attorney General unpaid billings of less than five hundred dollars ($500.00), or (for institutions where applicable) amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program, and instead may handle these unpaid bills pursuant to agency debt collection procedures.

(4a) The University of North Carolina Health Care System and East Carolina University's Division of Health Sciences may turn over to the Attorney General for collection accounts owed by patients.

(4b) The North Carolina Turnpike Authority may turn over to the Attorney General for collection amounts owed to the North Carolina Turnpike Authority.

...."

SECTION 59. G.S. 153A-205 reads as rewritten:

"**§ 153A-205. Improvements to subdivision and residential streets.**

(a) A county may finance the local share of the cost of improvements made under the supervision of the Department of Transportation to subdivision and residential streets that are a part of the State maintained system located in the county and outside of a city and shall levy and collect pursuant to the procedures of Article 9 of Chapter 153A of the General Statutes special assessments against benefited property to recoup that portion of the costs financed by the county. The local share is that share required by policies of the ~~Secondary Roads Council,~~ Department of Transportation and may be paid by the county from funds not otherwise limited as to use by law. Land owned, leased, or controlled by a railroad company is exempt from such assessments to the same extent that it would be exempt from street assessments of a city under G.S. 160A-222. No project may be commenced under this section unless it has been approved by the Department of Transportation.

(b) A county may finance the local share of the cost of improvements made under the supervision of the Department of Transportation to subdivision and residential streets located in the county and outside of a city in order to bring those streets up to the standards of the ~~Secondary Roads Council~~ Department of Transportation so that they may become a part of the State-maintained system and shall levy and collect pursuant to the procedures of Article 9 of Chapter 153A of the General Statutes special assessments against benefited property to recoup that portion of the costs financed by the county. The local share is that share required by policies of the ~~Secondary Roads Council,~~ Department of Transportation and may be paid by the county from funds not otherwise limited as to use by law. Land owned, leased, or controlled by a railroad company is exempt from such assessments to the same extent that it would be exempt from street assessments of a city under G.S. 160A-222. No project may be commenced under this section unless it has been approved by the Department of Transportation.

(c) Before a county may finance all or a portion of the cost of improvements to a subdivision or residential street, it must receive a petition for the improvements signed by at least seventy-five percent (75%) of the owners of property to be assessed, who must represent at least seventy-five percent (75%) of all the lineal feet of frontage of the lands abutting on the street or portion thereof to be improved. The petition shall state that portion of the cost of the improvement to be assessed, which shall be the local share required by policies of the

~~Secondary Roads Council.~~ Department of Transportation. A county may treat as a unit and consider as one street two or more connecting State-maintained subdivision or residential streets in a petition filed under this subsection calling for the improvement of subdivision or residential streets subject to property owner sharing in the cost of improvement under policies of the Department of Transportation.

Property owned by the United States shall not be included in determining the lineal feet of frontage on the improvement, nor shall the United States be included in determining the number of owners of property abutting the improvement. Property owned by the State of North Carolina shall be included in determining frontage and the number of owners only if the State has consented to assessment as provided in G.S. 153A-189. Property owned, leased, or controlled by railroad companies shall be included in determining frontage and the number of owners to the extent the property is subject to assessment under G.S. 160A-222. Property owned, leased, or controlled by railroad companies that is not subject to assessment shall not be included in determining frontage or the number of owners.

No right of action or defense asserting the invalidity of street assessments on grounds that the county did not comply with this subsection in securing a valid petition may be asserted except in an action or proceeding begun within 90 days after the day of publication of the notice of adoption of the preliminary assessment resolution.

(d) This section is intended to provide a means of assisting in financing improvements to subdivision and residential streets that are on the State highway system or that will, as a result of the improvements, become a part of the system. By financing improvements under this section, a county does not thereby acquire or assume any responsibility for the street or streets involved, and a county has no liability arising from the construction of such an improvement or the maintenance of such a street. Nothing in this section shall be construed to alter the conditions and procedures under which State system streets or other public streets are transferred to municipal street systems pursuant to G.S. 136-66.1 and 136-66.2 upon annexation by, or incorporation of, a municipality."

SECTION 60. G.S. 153A-292 is amended by adding a new subsection (b1) to read:

"(b1) The collection, disposal, and availability fees authorized by this section may be used to cover the cost of waste management programs in the jurisdiction, including the collection of waste and the collection of litter along public roadways."

SECTION 61. Section 2 1/2 of Chapter 954 of the 1965 Session Laws is repealed.

SECTION 61.5. Section 7 of S.L. 2009-369 reads as rewritten:

"**SECTION 7.** This act becomes effective December 1, 2009, and applies to applications for reinstatement that occur on or after that date. This act expires ~~December 1, 2014.~~December 1, 2016."

SECTION 61.7. Section 13 of S.L. 2009-521, as amended by Section 24 of S.L. 2011-326, and by Section 71.6 of S.L. 2012-194, reads as rewritten:

"**SECTION 13.** Any natural hair care specialist who submits proof to the Board that the natural hair care specialist is actively engaged in the practice of a natural hair care specialist on the effective date of this ~~act, passes an examination conducted by the Board~~ act and pays the required fee under G.S. 88B-20 shall be licensed without having to satisfy the requirements of G.S. 88B-10.1, enacted by Section 2 of this act. A cosmetic art shop that practices natural hair care only and that submits proof to the Board that the shop is actively engaged in the practice of natural hair care on the effective date of this act shall have five years from the date of this act to comply with the requirements of G.S. 88B-14. All persons who do not make application to the Board within five years of the effective date of this act shall be required to complete all training and examination requirements prescribed by the Board and to otherwise comply with the provisions of Chapter 88B of the General Statutes."

SECTION 62.(a) S.L. 2012-1 is repealed.

SECTION 62.(b) G.S. 143B-426.40A(g), as amended by subsection (a) of this section, reads as rewritten:

"(g) Payroll Deduction for Payments to Certain Employees' Associations Allowed. – An employee of the State or any of its political subdivisions, institutions, departments, bureaus, agencies or commissions, or any of its local boards of education or community colleges, who is a member of a domiciled employees' association that has at least 2,000 members, 500 of whom are employees of the State, a political subdivision of the State, or public school employees, may authorize, in writing, the periodic deduction each payroll period from the employee's salary or wages a designated lump sum to be paid to the employees' association. A political subdivision

may also allow periodic deductions for a domiciled employees' association that does not otherwise meet the minimum membership requirements set forth in this paragraph. The total membership count and the State, political subdivision of the State, or public school employee membership count of a domiciled employees' association that has at least 2,000 members, 500 of whom are employees of the State, a political subdivision of the State, or public school employees, shall be verified and certified annually by the State Auditor.

An employee of any local board of education who is a member of a domiciled employees' association that has at least 40,000 members, the majority of whom are public school teachers, may authorize in writing the periodic deduction each payroll period from the employee's salary or wages a designated lump sum or sums to be paid for dues and voluntary contributions for the employees' association. The total membership count and the public school teacher membership count of a domiciled employees' association that has at least 40,000 members, the majority of whom are public school teachers, shall be verified and certified annually by the State Auditor.

An authorization under this subsection shall remain in effect until revoked by the employee. A plan of payroll deductions pursuant to this subsection for employees of the State and other association members shall become void if the employees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit. This subsection does not apply to county or municipal governments or any local governmental unit, except for local boards of education."

SECTION 63. Reserved

SECTION 64. Section 8.49 of S.L. 2013-360 reads as rewritten:

"**PILOT PROGRAM TO RAISE THE HIGH SCHOOL DROPOUT AGE FROM SIXTEEN TO EIGHTEEN**

"**SECTION 8.49.(a)** Notwithstanding any provisions in Part 1 of Article 26 of Chapter 115C of the General Statutes, G.S. 7B-1501(27), ~~115C-378,~~ 115C-238.66(3), 116-235(b)(2), and ~~143B-805(20),~~ 143B-805(20) to the contrary, the State Board of Education shall authorize the Hickory Public Schools and the Newton-Conover City Schools to establish and implement a pilot program pursuant to this section to increase the high school dropout age from 16 years of age to the completion of the school year coinciding with the calendar year in which a student reaches 18 years of age, unless the student has previously graduated from high school.

"**SECTION 8.49.(a1)** For the purposes of implementing the pilot program authorized by this section, a local school administrative unit that is participating in the pilot program shall have the authority to provide that, if the principal or the principal's designee determines that a student's parent, guardian, or custodian, or a student who is 18 years of age, has not made a good-faith effort to comply with the compulsory attendance requirements of the pilot program, the principal shall notify the district attorney and, if the student is less than 18 years of age, the director of social services of the county where the student resides. If the principal or the principal's designee determines that a parent, guardian, or custodian of a student less than 18 years of age has made a good-faith effort to comply with the law, the principal may file a complaint with the juvenile court counselor pursuant to Chapter 7B of the General Statutes that the student is habitually absent from school without a valid excuse. Upon receiving notification by the principal or the principal's designee, the director of social services shall determine whether to undertake an investigation under G.S. 7B-302.

"**SECTION 8.49.(a2)** The local boards of education of the participating local school administrative units shall prescribe specific rules to address under what circumstances a student who is 18 years of age who is required to attend school as part of the pilot program shall be excused from attendance, including if the student has attained a high school equivalency certificate or a student has enlisted as a member of the Armed Forces.

"**SECTION 8.49.(a3)** For the purposes of implementing the pilot program authorized by this section, any (i) parent, guardian, or other person having charge or control of a student enrolled in a school located within a participating local school administrative unit and (ii) student who is 18 years of age enrolled in a school located within a participating local school administrative unit who violates the compulsory attendance provisions of the pilot program without a lawful exception recognized under Part 1 of Article 26 of Chapter 115C of the General Statutes or the provisions of this section shall be guilty of a Class 1 misdemeanor.

"**SECTION 8.49.(a4)** If an affidavit is made by the student, parent of the student, or by any other person that any student who is required to attend school under the requirements of the pilot program is not able to attend school by reason of necessity to work or labor for the support of himself or herself or the support of the family, then the school social worker of the

applicable school located within the participating school administrative unit shall diligently inquire into the matter and bring it to the attention of an appropriate court, depending on the age of the student. The court shall proceed to find whether as a matter of fact the student is unable to attend the school or such parents, or persons standing in loco parentis, are unable to send the student to school for the term of compulsory attendance for the reasons given. If the court finds, after careful investigation, that the student or the parents have made or are making a bona fide effort to comply with the compulsory attendance law, and by reason of illness, lack of earning capacity, or any other cause which the court may deem valid and sufficient, the student is unable to attend school, then the court shall find and state what help is needed for the student or family to enable compliance with the attendance requirements under the pilot program.

"**SECTION 8.49.(b)** Each local school administrative unit may use any funds available to it to implement the pilot program in accordance with this section to (i) employ up to three additional teachers and (ii) fund additional student-related costs, such as transportation and technology costs, including additional computers, to serve a greater number of students as a result of the pilot program. Each local school administrative unit may also use any funds available to it to operate a night school program for students at risk of dropping out of high school. To the extent possible, the local school administrative units shall partner with Catawba Valley Community College in administering the pilot program.

"**SECTION 8.49.(c)** The local school administrative units, in collaboration with the State Board of Education, shall report to the Joint Legislative Education Oversight Committee, the House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on Education/Higher Education on or before ~~January 1, 2016.~~January 15, 2016. The report shall include at least all of the following information:

(1) An analysis of the graduation rate in each local school administrative unit and the impact of the pilot program on the graduation rate.

(2) The teen crime statistics for Catawba County.

(3) The number of reported cases of violations of compulsory attendance laws in Catawba County and the disposition of those cases.

(3a) Implementation of enforcement mechanisms for violations of the compulsory attendance requirements of the pilot program, including the imposition of criminal penalties.

(4) The number of at-risk students served in any night programs established as part of the pilot program and student graduation and performance outcomes for those students.

(5) All relevant data to assist in determining the effectiveness of the program and specific legislative recommendations, including the continuation, modification, or expansion of the program statewide.

"**SECTION 8.49.(d)** The State Board of Education shall not authorize a pilot program under subsection (a) of this section except upon receipt of a copy of a joint resolution adopted by the boards of education for the Hickory Public Schools and the Newton-Conover City Schools setting forth a date to begin establishment and implementation of the pilot program."

SECTION 65. Section 9.6(k) of S.L. 2013-360 reads as rewritten:

"**SECTION 9.6.(k)** Subsections (c) and (d) of this section become effective July 1, 2014, and apply to all employees employed as of that date and employees hired or reemployed on or after that date."

SECTION 66.(a) Section 5 of S.L. 2013-417 reads as rewritten:

"**SECTION 5.** The Social Services Commission shall adopt rules implementing this act. The Social Services Commission ~~may~~shall issue temporary rules, in addition to its permanent rule-making authority, to enforce this act. Rules for the implementation of Section 4 of this act shall be adopted no later than ~~February 1, 2014.~~October 31, 2014. The Department of Health and Human Services shall continue the substance abuse screening processes in place as of January 1, 2014, for applicants and recipients of Work First Program benefits until Section 4 of this act is fully implemented. The Department shall notify each county department of social services and the General Assembly of the date of full implementation of Section 4 of this act."

SECTION 66.(b) Section 6 of S.L. 2013-417 reads as rewritten:

"**SECTION 6.** The Department of Health and Human Services shall report to the General Assembly no later than ~~April 1, 2014,~~ the first of each calendar quarter beginning April 1, 2014, and ending December 1, 2015, on the implementation of Section 4 of this act. The reports

shall include a detailed timeline for implementation. Additionally, any changes to the timeline shall be included in the report with specific reasons for the timeline adjustment."

SECTION 66.(c) Section 8 of S.L. 2013-417 reads as rewritten:

"**SECTION 8.** Section 4 of this act becomes effective ~~August 1, 2014.~~ March 1, 2015. The remainder of this act becomes effective October 1, 2013."

SECTION 67. Section 8(c) of S.L. 2014-4 reads as rewritten:

"**SECTION 8.(c)** This section is effective when it becomes law, except that ~~113-391A(d).~~G.S. 113-391.1(d), as enacted by Section 8(a) of this act, shall become effective December 1, 2014."

SECTION 68. The lead-in language for Section 7 of S.L. 2014-49 is amended by deleting the citation "Article 9 of Chapter 115 of the General Statutes" and replacing it with the citation "Article 9 of Chapter 115C of the General Statutes".

PART III. UNIFORM STATE BOARD OF EDUCATION REPORT DATES

SECTION 80. G.S. 115C-83.4(b) reads as rewritten:

"(b) The State Board of Education shall report biennially to the Joint Legislative Education Oversight Committee by ~~October 1~~October 15 of each even-numbered year on the implementation, evaluation, and revisions to the comprehensive plan for reading achievement and shall include recommendations for legislative changes to enable implementation of current empirical research in reading development."

SECTION 81. G.S. 115C-83.10(c) reads as rewritten:

"(c) The State Board of Education shall establish a uniform format for local boards of education to report the required information listed in subsections (a) and (b) of this section and shall provide the format to local boards of education no later than 90 days prior to the annual due date. The State Board of Education shall compile annually this information and submit a State-level summary to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee by ~~October 1~~October 15 of each year, beginning with the 2014-2015 school year."

SECTION 82. G.S. 115C-102.6B(b) reads as rewritten:

"(b) The Board shall submit the plan to the State Chief Information Officer for approval of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4). At least one-fourth of the members of any technical committee that reviews the plan for the State Chief Information Officer shall be people actively involved in primary or secondary education.

The Board shall report annually by ~~February 1~~ February 15 of each year to the Joint Legislative Education Oversight Committee on the status of the State School Technology Plan."

SECTION 83. G.S. 115C-156.2(b) reads as rewritten:

"(b) Beginning in 2014, the State Board of Education shall report to the Joint Legislative Education Oversight Committee by ~~September 1~~ September 15 of each year on the number of students in career and technical education courses who earned (i) community college credit and (ii) related industry certifications and credentials."

SECTION 84. G.S. 115C-83.4A(h) reads as rewritten:

"(h) Beginning ~~October 1,~~October 15, 2014, the State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on advanced courses in North Carolina. The report shall include, at a minimum, the following information:

...."

SECTION 85. G.S. 115C-238.29I(c) reads as rewritten:

"(c) The State Board of Education shall review and evaluate the educational effectiveness of the charter schools authorized under this Part and the effect of charter schools on the public schools in the local school administrative unit in which the charter schools are located. The Board shall report annually no later than ~~January 1~~ January 15 to the Joint Legislative Education Oversight Committee on the following:

(1) The current and projected impact of charter schools on the delivery of services by the public schools.
(2) Student academic progress in the charter schools as measured, where available, against the academic year immediately preceding the first academic year of the charter schools' operation.
(3) Best practices resulting from charter school operations.
(4) Other information the State Board considers appropriate."

SECTION 86. Section 7.15(b) of S.L. 2003-284 reads as rewritten:

"**SECTION 7.15.(b)** The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by ~~December 1~~ December 15 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency."

SECTION 87. Section 7.9(b) of S.L. 2007-323 reads as rewritten:

"**SECTION 7.9.(b)** The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by ~~December 1~~ December 15 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency."

SECTION 88. Section 7.22.(h) of S.L. 2011-145 reads as rewritten:

"**SECTION 7.22.(h)** Beginning in 2011, the Director of NCVPS shall submit an annual report on NCVPS to the State Board of Education no later than ~~December 1~~ December 15 of each year. The report shall use data from the previous fiscal year and shall include statistics on actual versus projected costs to local school administrative units and charter schools, student enrollment, virtual teacher salaries, and measures of academic achievement.

The Director of NCVPS shall continue to ensure the following:

(1) Course quality standards are established and met.

(2) All e-learning opportunities other than virtual charter schools offered by State-funded entities to public school students are consolidated under the NCVPS program, eliminating course duplication.

(3) All courses offered through NCVPS are aligned to the North Carolina Standard Course of Study."

SECTION 89. Section 1(b) of S.L. 2013-1, as amended by Section 16.1 of S.L. 2013-410, reads as rewritten:

"**SECTION 1.(b)** The State Board of Education shall make high school diploma endorsements, as provided under this section, available to students graduating from high school beginning with the 2014-2015 school year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the progress toward establishing specific college and career endorsements for high school diplomas and for awarding these endorsements by February 1, 2014. The State Board of Education shall submit the report on the impact of awarding the high school endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates by ~~September 1,~~September 15, 2016, and annually thereafter."

SECTION 90. Section 3(b) of S.L. 2013-1 reads as rewritten:

"**SECTION 3.(b)** The State Board of Education and the State Board of Community Colleges shall jointly report to the Joint Legislative Education Oversight Committee by ~~October 1,~~October 15, 2014, on progress made on developing strategies to increase student engagement in career and technical education, especially in engineering and industrial technologies, and in other occupations with high numbers of employment opportunities."

SECTION 91. Section 7.6(c) of S.L. 2013-360 reads as rewritten:

"**SECTION 7.6.(c)** By ~~October 1,~~ October 15, 2013, and quarterly thereafter, the Office of the State CIO and DPI shall report on the establishment of public school cooperative purchasing agreements, savings resulting from the establishment of the agreements, and any issues impacting the establishment of the agreements. The reports shall be made to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division."

SECTION 92. Section 8.3(j) of S.L. 2013-360 reads as rewritten:

"**SECTION 8.3.(j)** Reports. – For the 2013-2015 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to ~~May 1~~ May 15 of each year if it determines that counties have supplanted funds."

SECTION 93. Section 8.4(i) of S.L. 2013-360 reads as rewritten:

"**SECTION 8.4.(i)** Reports. – For the 2013-2015 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to ~~May 1~~ May 15 of each fiscal year if it determines that counties have supplanted funds."

PART IV. EFFECTIVE DATE.

SECTION 94. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 2nd day of August, 2014.

s/ Chad Barefoot
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 5:00 p.m. this 11th day of August, 2014

SESSION LAW 2014-97
HOUSE BILL 1193

AN ACT TO MAKE TECHNICAL CHANGES TO THE STATUTES AFFECTING THE STATE RETIREMENT SYSTEMS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-86-2(9) reads as rewritten:

"(9) "Inactive member" means a member of the fund who is not on a leave of absence under G.S. 58-86-95 and who ~~is not making~~ has not made timely ~~monthly~~ payments under G.S. 58-86-35 or ~~G.S. 58-86-40.~~G.S. 58-86-40 for two consecutive years."

SECTION 2. G.S. 135-5(r) reads as rewritten:

"(r) Notwithstanding anything herein to the contrary, for persons who commenced receiving benefits from the System prior to January 1, 1970, effective July 1, 1973, any member who retired after attaining the age of 60 with 15 or more years of creditable service shall receive a monthly benefit of no less than seventy-five dollars ($75.00) prior to the application of any optional benefit."

SECTION 3.(a) G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System:

~~(1) A plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan.~~

~~(2) A plan described in section 403(b) of the Internal Revenue Code.~~

~~(3) A plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.~~

~~(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be includible in gross income.~~

~~(5) A tax-qualified plan described in section 401(a) or 403(a) of the Internal Revenue Code.~~

(i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; (iv) an individual retirement account or annuity described in section 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and

would otherwise be includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section 403(a) of the Internal Revenue Code.

Notwithstanding anything to the contrary, a member may not transfer such amounts as will cause the member's retirement allowance under the System to exceed the amount allowable under G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be transferred if a transfer is elected. The member may elect a special retirement allowance with no postretirement increases or a special retirement allowance with annual postretirement increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any other allowance will not apply to the special retirement allowance. The Board of Trustees shall provide educational materials to the members who apply for the transfer authorized by this section. Those materials shall describe the special retirement allowance and shall explain ~~(i)~~ the relationship between the transferred balance and the monthly ~~benefit;~~ benefit and ~~(ii)~~ how the member's heirs may be impacted by the election to make this transfer and any costs and fees involved.

For the purpose of determining the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality and such other tables as may be necessary based upon actual experience. A single set of mortality and such other tables will be used for all members, with factors differing only based on the age of the member and the election of postretirement increases. The Board of Trustees shall modify the mortality and such other tables every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 135-6(n). Provided, however, a member who transfers the member's eligible accumulated contributions from an eligible retirement plan pursuant to this subsection to this Retirement System shall be taxed for North Carolina State Income Tax purposes on the special retirement allowance the same as if that special retirement allowance had been paid directly by the eligible plan or the plan through which the transfer was made, whichever is most favorable to the member. The Teachers' and State Employees' Retirement System shall be responsible to determine the taxable amount, if any, and report accordingly.

The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a one-time flat administrative fee not to exceed the actual cost of the administrative expenses relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer of accumulated contributions authorized under this subsection. This provision shall not prohibit other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall fully disclose to any member participating in a transfer under this subsection any surrender charges or other fees, and such disclosure shall be made contemporaneous with the initiation of the transfer by the member.

The special retirement allowance shall continue for the life of the member and the beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as provided in G.S. 135-5(g), if any. The Board of Trustees, however, shall establish two payment options that guarantee payments as follows:

(1) A member may elect to receive the special retirement allowance for life but with payments guaranteed for a number of months to be specified by the Board of Trustees. Under this plan, if the member dies before the expiration of the specified number of months, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary will receive the benefit only for the remainder of the specified number of months. If the member's designated beneficiary dies before receiving payments for the specified number of months, any remaining payments will be paid to the member's estate.

(2) A member may elect to receive the special retirement allowance for life but is guaranteed that the sum of the special allowance payments will equal the total of the transferred amount. Under this payment option, if the member dies before receiving the total transferred amount, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary or the member's estate shall be paid any remaining balance of the transferred amount.

The Board of Trustees shall report annually to the Joint Legislative Commission on Governmental Operations on the number of persons who made an election in the previous calendar year, with any recommendations it might make on amendment or repeal based on any identified problems.

The General Assembly reserves the right to repeal or amend this subsection, but such repeal or amendment shall not affect any person who has already made the one-time election provided in this subsection."

SECTION 3.(b) G.S. 128-27(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; (iv) an individual retirement account or annuity described in section 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section 403(a) of the Internal Revenue Code.

Notwithstanding anything to the contrary, a member may not transfer such amounts as will cause the member's retirement allowance under the System to exceed the amount allowable under G.S. 128-38.2(b). The Board of Trustees may establish a minimum amount that must be transferred if a transfer is elected. The member may elect a special retirement allowance with no postretirement increases or a special retirement allowance with annual postretirement increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any other allowance will not apply to the special retirement allowance. The Board of Trustees shall provide educational materials to the members who apply for the transfer authorized by this section. Those materials shall describe the special retirement allowance and shall explain ~~(i)~~ the relationship between the transferred balance and the monthly ~~benefit;~~ benefit and ~~(ii)~~ how the member's heirs may be impacted by the election to make this transfer and any costs and fees involved.

For the purpose of determining the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality and such other tables as may be necessary based upon actual experience. A single set of mortality and such other tables will be used for all members, with factors differing only based on the age of the member and the election of postretirement increases. The Board of Trustees shall modify the mortality and such other tables every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 128-28(o). Provided, however, a member who transfers the member's eligible accumulated contributions from ~~the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan~~ an eligible retirement plan pursuant to this subsection to this Retirement System shall be taxed for North Carolina State Income Tax purposes on the special retirement allowance the same as if that special retirement allowance had been paid directly by the ~~Supplemental Retirement Income Plan of North Carolina.~~ eligible plan or the plan through which the transfer was made, whichever is most favorable to the member. The Local Governmental Employees' Retirement System shall be responsible to determine the taxable amount, if any, and report accordingly.

The special retirement allowance shall continue for the life of the member and the beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as

provided in G.S. 128-27(g), if any. The Board of Trustees, however, shall establish two payment options that guarantee payments as follows:

(1) A member may elect to receive the special retirement allowance for life but with payments guaranteed for a number of months to be specified by the Board of Trustees. Under this plan, if the member dies before the expiration of the specified number of months, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary will receive the benefit only for the remainder of the specified number of months. If the member's designated beneficiary dies before receiving payments for the specified number of months, any remaining payments will be paid to the member's estate.

(2) A member may elect to receive the special retirement allowance for life but is guaranteed that the sum of the special allowance payments will equal the total of the transferred amount. Under this payment option, if the member dies before receiving the total transferred amount, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary or the member's estate shall be paid any remaining balance of the transferred amount.

The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a one-time flat administrative fee not to exceed the actual cost of the administrative expenses relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer of accumulated contributions authorized under this subsection. This provision shall not prohibit other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall fully disclose to any member participating in a transfer under this subsection any surrender charges or other fees, and that disclosure shall be made contemporaneous with the initiation of the transfer by the member.

The Board of Trustees shall report annually to the Joint Legislative Commission on Governmental Operations on the number of persons who made an election in the previous calendar year, with any recommendations it might make on amendment or repeal based on any identified problems.

The General Assembly reserves the right to repeal or amend this subsection, but such repeal or amendment shall not affect any person who has already made the one-time election provided in this subsection."

SECTION 4.(a) G.S. 135-1 is amended by adding a new subdivision to read:

"(8a) "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor Statistics of the U.S. Department of Labor."

SECTION 4.(b) G.S. 128-21 is amended by adding a new subdivision to read:

"(8a) "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor Statistics of the U.S. Department of Labor."

SECTION 4.(c) G.S. 135-53 is amended by adding a new subdivision to read:

"(5a) "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor Statistics of the U.S. Department of Labor."

SECTION 4.(d) G.S. 135-3(8)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part time, temporary, interim, or on a fee for service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12 month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation,

excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year, except when the reemployment earnings exceed the amount above in the month of December, in which case the retirement allowance shall not be suspended. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ~~ratio of the Consumer Price Index to the Index one year earlier,~~ percentage change between the December Consumer Price Index in the year prior to retirement and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of a percent ~~(1/10 of 1%).~~(1/10 of 1%), provided that this percentage change is positive."

SECTION 4.(e) G.S. 128-24(5)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance be reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part-time, temporary, interim, or on fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12-month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year, except when the reemployment earnings exceed the amount above in the month of December, in which case the retirement allowance shall not be suspended. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ~~ratio of the Consumer Price Index to the Index one year earlier,~~ percentage change between the December Consumer Price Index in the year prior to retirement and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of a percent ~~(1/10 of 1%).~~(1/10 of 1%), provided that this percentage change is positive."

SECTION 4.(f) G.S. 135-5(e)(1) reads as rewritten:

"(1) The Board of Trustees shall determine whether a disability beneficiary is engaged in or is able to engage in a gainful occupation paying more than the difference, as hereinafter indexed, between his disability retirement allowance and the gross compensation earned as an employee during the 12 consecutive months of service in the final 48 months prior to retirement producing the highest gross compensation excluding any compensation received on account of termination. If the disability beneficiary is earning or is able to earn more than the difference, the portion of his disability retirement allowance not provided by his contributions shall be reduced to an amount which, together with the portion of the disability retirement allowance provided by his contributions and the amount earnable by him shall equal the amount of his gross compensation prior to retirement. This difference shall be increased on January 1 each year by the ~~ratio of the Consumer Price Index to the Index one year earlier,~~ percentage change between the December Consumer Price Index in the year prior to retirement

and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of one percent ~~(1/10th of 1%).~~ (1/10 of 1%), provided that this percentage change is positive. Should the earning capacity of the disability beneficiary later change, the portion of his disability retirement allowance not provided by his contributions may be further modified. In lieu of the reductions on account of a disability beneficiary earning more than the aforesaid difference, he may elect to convert his disability retirement allowance to a service retirement allowance calculated on the basis of his average final compensation and creditable service at the time of disability and his age at the time of conversion to service retirement. This election is irrevocable. Provided, the provisions of this subdivision shall not apply to beneficiaries of the Law-Enforcement Officers' Retirement System transferred to this Retirement System who commenced retirement on and before July 1, 1981."

SECTION 4.(g) G.S. 128-27(e)(1) reads as rewritten:

"(1) The Board of Trustees shall determine whether a disability beneficiary is engaged in or is able to engage in a gainful occupation paying more than the difference, as hereinafter indexed, between his disability retirement allowance and the gross compensation earned as an employee during the 12 consecutive months in the final 48 months of service prior to retirement producing the highest gross compensation excluding any compensation received on account of termination. If the disability beneficiary is earning or is able to earn more than the difference, the portion of his disability retirement allowance not provided by his contributions shall be reduced to an amount which, together with the portion of the disability retirement allowance provided by his contributions and the amount earnable by him shall equal the amount of his gross compensation prior to retirement. This difference shall be increased on January 1 each year by the ~~ratio of the Consumer Price Index to the Index one year earlier,~~ percentage change between the December Consumer Price Index in the year prior to retirement and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of a percent ~~(1/10 of 1%).~~ (1/10 of 1%), provided that this percentage change is positive. Should the earning capacity of the disability beneficiary later change, the portion of his disability retirement allowance not provided by his contributions may be further modified. In lieu of the reductions on account of a disability beneficiary earning more than the aforesaid difference, he may elect to convert his disability retirement allowance to a service retirement allowance calculated on the basis of his average final compensation and creditable service at the time of disability retirement and his age at the time of conversion to service retirement. This election is irrevocable.

The provisions of this subdivision shall not apply to beneficiaries of the Law Enforcement Officers' Retirement System transferred to this Retirement System who commenced retirement on and before July 1, 1981."

SECTION 4.(h) G.S. 135-60(d) reads as rewritten:

"(d) The Board of Trustees shall determine whether a disability beneficiary is engaged in or is able to engage in a gainful occupation paying more than the difference, as hereinafter indexed, between his disability retirement allowance and the gross compensation earned as an employee during the 12 consecutive months in the final 48 months of service prior to retirement producing the highest gross compensation excluding any compensation received on account of termination. If the disability beneficiary is earning or is able to earn more than the difference, the portion of his disability retirement allowance not provided by his contributions shall be reduced to an amount which, together with the portion of the disability retirement allowance provided by his contributions and the amount earnable by him shall equal the amount of his gross compensation prior to retirement. This difference shall be increased on January 1 of each year by the ~~ratio of the Consumer Price Index to the Index one year earlier,~~ percentage change between the December Consumer Price Index in the year prior to retirement and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of one percent ~~(1/10th of 1%).~~ (1/10 of 1%), provided that this percentage change

is positive. Should the earning capacity of the disability beneficiary later change, the portion of his disability retirement allowance not provided by his contributions may be further modified. In lieu of the reductions on account of a disability beneficiary earning more than the aforesaid difference, he may elect to convert his disability retirement allowance to a service retirement allowance calculated on the basis of his final compensation and creditable service at the time of disability retirement and his age at the time of conversion to service retirement. This election is irrevocable."

SECTION 5.(a) G.S. 135-48.1(12) reads as rewritten:

"(12) Firefighter. – A member of the group ~~"eligible firemen" as defined in G.S. 58-86-25,~~"eligible firefighter" as defined in G.S. 58-86-2."

SECTION 5.(b) G.S. 128-27(c) reads as rewritten:

"(c) Disability Retirement Benefits. – Upon the application of a member or of his employer, any member who has had five or more years of creditable service may be retired by the Board of Trustees, on the first day of any calendar month, not less than one day nor more than 120 days next following the date of filing such application, on a disability retirement allowance: Provided, that the medical board, after a medical examination of such member, shall certify that such member is mentally or physically incapacitated for the further performance of duty, that such incapacity was incurred at the time of active employment and has been continuous thereafter, that such incapacity is likely to be permanent, and that such member should be retired; Provided further the medical board shall determine if the member is able to engage in gainful employment and, if so, the member may still be retired and the disability retirement allowance as a result thereof shall be reduced as in subsection (e) below. Provided further, that the Medical Board shall not certify any member as disabled who:

(1) Applies for disability retirement based upon a mental or physical incapacity which existed when the member first established membership in the system; or

(2) Is in receipt of any payments on account of the same disability which existed when the member first established membership in the system.

The Board of Trustees shall require each employee upon enrolling in the retirement system to provide information on the membership application concerning any mental or physical incapacities existing at the time the member enrolls.

Notwithstanding the requirement of five or more years of creditable service to the contrary, a member who is a law enforcement officer, an eligible ~~fireman~~ firefighter as defined in ~~G.S. 58-86-25,~~ G.S. 58-86-2, or an eligible rescue squad worker as defined in ~~G.S. 58-86-30~~ G.S. 58-86-2, and becomes incapacitated for duty as the natural and proximate result of injuries incurred while in the actual performance of his or her duties, and meets all other requirements for disability retirement benefits, may be retired by the Board of Trustees on a disability retirement allowance.

Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement with an early or service retirement benefit has the right, within three years of his retirement, to convert to an allowance with disability retirement benefits without modification of any election of optional allowance previously made; provided, the beneficiary would have met all applicable requirements for disability retirement benefits while still in service as a member. The allowance on account of disability retirement benefits to the beneficiary shall be retroactive to the effective date of early or service retirement.

Notwithstanding the foregoing, effective April 1, 1991, the surviving designated beneficiary of a deceased member who met all other requirements for disability retirement benefits, except whose death occurred before the first day of the calendar month in which the member's disability retirement allowance was to be due and payable, may elect to receive the reduced retirement allowance provided by a one hundred percent (100%) joint and survivor payment option in lieu of a return of accumulated contributions, provided the following conditions apply:

(1) At the time of the member's death, one and only one beneficiary is eligible to receive a return of accumulated contributions, and

(2) The member had not instructed the Board of Trustees in writing that he did not wish the provision of this subsection to apply."

SECTION 6. G.S. 135-53(16) reads as rewritten:

"(16) "Retirement" under this Chapter shall mean the commencement of monthly retirement benefits, along with the termination of employment and the

complete separation from active service with no intent or agreement, expressed or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must perform no ~~work, including part-time, temporary, substitute, or contractor work,~~ work in a position covered by this Article at any time during the same month immediately following the effective first day of retirement."

SECTION 7. G.S. 120-4.2(c) reads as rewritten:

"(c) Solely for purposes of administering the benefits authorized by G.S. 120-3 to 120-4.2, the authority and duties created by G.S. 120-4.1 as it existed prior to this repealing act shall continue in ~~effect.~~effect, except that the General Assembly may opt to make annual transfers instead of quarterly transfers of funds to the Department of State Treasurer."

SECTION 8. G.S. 135-103(b)(2) reads as rewritten:

"(b) The participation of any person in the Disability Income Plan shall cease upon:

...

(2) The participant's retirement under the provisions of the Teachers' and State Employees' Retirement System or the Optional Retirement Program, or

...."

SECTION 9. G.S. 143-166.60(e) reads as rewritten:

"(e) The insurance benefit of the Plan on account of the death of a participant shall be payable to the surviving spouse of the participant or otherwise to the participant's estate; provided, should a participant instruct the Board of Trustees in writing that ~~he~~ the participant does not wish these benefits to be paid to his or her spouse or estate, then the benefits shall be paid to the person or persons as the participant may name for this purpose. The life insurance benefits shall be payable only on account of participants in the Plan for six or more months or, if an actively employed officer, at any time after employment if death results from an accident. The accident and sickness disability insurance benefits shall be payable to a participant at any time after becoming a participant in the Plan."

SECTION 10. Section 4 of this act becomes effective January 1, 2015. The remainder of this act becomes effective July 1, 2014.

In the General Assembly read three times and ratified this the 29th day of July, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ William Brawley
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:57 a.m. this 1st day of August, 2014

SESSION LAW 2014-112
HOUSE BILL 1194

AN ACT TO MAKE CHANGES TO ADMINISTRATION OF THE STATE RETIREMENT SYSTEMS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-5(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the options set forth below. The election of Option 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or until his first retirement check has been cashed. Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first retirement check or after the 25th day of the month following the month in which the first check is mailed, whichever comes first.

Option 1.(a) In the Case of a Member Who Retires prior to July 1, 1963. – If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees.

(b) In the Case of a Member Who Retires on or after July 1, 1963, but prior to July 1, 1993. – If he dies within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120 thereof for each month for which he has received a retirement allowance payment, shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees; or

Option 2. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement, provided that if the person selected is other than his spouse the reduced retirement allowance payable to the member shall not be less than one half of the retirement allowance without optional modification which would otherwise be payable to him; or

Option 3. Upon his death, one half of his reduced retirement allowance shall be continued throughout the life of, and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or

Option 4. Adjustment of Retirement Allowance for Social Security Benefits. – Until the first payment on account of any benefit becomes normally due, any member may elect to convert his benefit otherwise payable on his account after retirement into a retirement allowance of equivalent actuarial value of such amount that with his benefit under Title II of the Federal Social Security Act, he will receive, so far as possible, approximately the same amount per year before and after the earliest age at which he becomes eligible, effective as of the first of the month following the month of initial entitlement, upon application therefor, to receive a social security benefit.

Option 5. For Members Retiring Prior to July 1, 1993. – The member may elect to receive a reduced retirement allowance under the conditions of Option 2 or Option 3, as provided for above, with the modification that if both he and the person nominated die within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120 thereof for each month for which a retirement allowance has been paid, shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees.

Option 6. A member may elect either Option 2 or Option 3 with the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall be payable as provided by the member's election of benefits under this subsection.

Upon the death of a member after the effective date of a retirement for which the member has been approved but prior to the receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's designated beneficiary for a return of accumulated contributions may elect to receive the benefit, if only one beneficiary is eligible to receive the return of accumulated contributions. If more than one beneficiary is eligible to receive the return of accumulated contributions, the administrator or executor of the member's estate will select an option and name the beneficiary or beneficiaries."

SECTION 1.(b) G.S. 128-27(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the Options set forth below. The election of Option 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or his first retirement check has been cashed. Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month in which it is

made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first retirement check or after the 25th day of the month following the month in which the first check is mailed, whichever comes first.

Option one.

(a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees or, if none, to his legal representative.

(b) In the Case of a Member Who Retires on or after July 1, 1965, but prior to July 1, 1993. – If he dies within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less one one-hundred-twentieth thereof for each month for which he has received a retirement allowance payment, shall be paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees or, if none, to his legal representative; or

Option two. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement, provided that if the person selected is other than his spouse the reduced retirement allowance payable to the member shall not be less than one half of the retirement allowance without optional modification which would otherwise be payable to him; or

Option three. Upon his death, one half of his reduced retirement allowance shall be continued throughout the life of, and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or

Option four. Adjustment of Retirement Allowance for Social Security Benefits. – Until the first payment on account of any benefit becomes normally due, any member may elect to convert his benefit otherwise payable on his account after retirement into a retirement allowance of equivalent actuarial value of such amount that with his benefit under Title II of the Federal Social Security Act, he will receive, so far as possible, approximately the same amount per year before and after the earliest age at which he becomes eligible, effective as of the first of the month following the month of initial entitlement, upon application therefor, to receive a social security benefit.

Option five. For Members Retiring prior to July 1, 1993. – The member may elect to receive a reduced retirement allowance under the conditions of Option two or Option three, as provided for above, with the modification that if both he and the person nominated die within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120th thereof for each month for which a retirement allowance has been paid, shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees.

Option six. A member may elect either Option two or Option three with the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall be payable as provided by the member's election of benefits under this subsection.

Upon the death of a member after the effective date of a retirement for which the member has been approved but prior to the receipt by the Board of Trustees of an election of benefits

(Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's designated beneficiary for a return of accumulated contributions may elect to receive the benefit, if only one beneficiary is eligible to receive the return of accumulated contributions. If more than one beneficiary is eligible to receive the return of accumulated contributions, the administrator or executor of the member's estate will select an option and name the beneficiary or beneficiaries."

SECTION 2.(a) G.S. 135-8(f) reads as rewritten:

"(f) Collection of Contributions. –

(1) The collection of members' contributions shall be as follows:

a. Each employer shall cause to be deducted on each and every payroll of a member for each and every payroll subsequent to the date of establishment of the Retirement System the contributions payable by such member as provided in this Chapter, and the employer shall draw his warrant for the amount so deducted, payable to the Teachers' and State Employees' Retirement System of North Carolina, and shall transmit the same, together with schedule of the contributions, on such forms as prescribed.

(2) The collection of employers' contributions shall be made as follows:

a. Upon the basis of each actuarial valuation provided herein there shall be prepared biennially and certified to the Department of Administration a statement of the total amount necessary for the ensuing biennium to the pension accumulation and expense funds, as provided under subsections (d) and (f) of this section, and these funds shall be handled and disbursed in accordance with the State Budget Act, Chapter 143C of the General Statutes.

b. Until the first valuation has been made and the rates computed as provided in subsection (d) of this section, the amount payable by employers on account of the normal and accrued liability contributions shall be five and fifty-one one-hundredths percent (5.51%) of the payroll of all teachers and three and sixteen one-hundredths percent (3.16%) for other State employees.

c. Repealed by Session Laws 1993, c. 257, s. 13.

d. Each board of education in each county and each board of education in each city in which teachers or other employees of the schools receive compensation for services in the public schools from sources other than the appropriation of the State of North Carolina shall pay the Board of Trustees of the State Retirement System such rate of their respective salaries as are paid those of other employees.

e. Each employer shall transmit monthly to the State Retirement System on account of each employee, who is a member of this System, an amount sufficient to cover the normal contribution and the accrued liability contribution of each member employed by such employer for the preceding month.

(3) In the event the employee or employer contributions required under this section are not received by the date set by the Board of Trustees, the Board shall assess the employer with a ~~penalty~~penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars ($25.00). The Board may waive one penalty per employer every five years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline. If within 90 days after request therefor by the Board any employer shall not have provided the System with the records and other information required hereunder or if the full accrued amount of the contributions provided for under this section due from members employed by an employer or from an employer other than the State shall not have been received by the System from the chief fiscal officer of such employer within 30 days after the last due date as herein provided, then, notwithstanding anything herein or in the provisions of any other law to the contrary, upon notification by the Board to the State Treasurer as to the default of such employer as herein provided, any distributions which might otherwise be

made to such employer from any funds of the State shall be withheld from such employer until notice from the Board to the State Treasurer that such employer is no longer in default."

SECTION 2.(b) G.S. 128-30(g) reads as rewritten:

"(g) Collection of Contributions. –

(1) The collection of members' contributions shall be as follows:

a. Each employer shall cause to be deducted on each and every payroll of a member for each and every payroll subsequent to the date of participation in the Retirement System the contributions payable by such member as provided in this Article. Each employer shall certify to the treasurer of said employer on each and every payroll a statement as vouchers for the amount so deducted.

b. The treasurer of each employer on the authority from the employer shall make deductions from salaries of members as provided in this Article and shall transmit monthly, or at such time as the Board of Trustees shall designate, the amount specified to be deducted, to the secretary-treasurer of the Board of Trustees. The secretary-treasurer of the Board of Trustees after making a record of all such receipts shall deposit them in a bank or banks selected by said Board of Trustees for use according to the provisions of this Article.

(2) The collections of employers' contributions shall be made as follows: Upon the basis of each actuarial valuation provided herein the Board of Trustees shall annually prepare and certify to each employer a statement of the total amount necessary for the ensuing fiscal year to the pension accumulation fund as provided under subsection (d) of this section. Such employer contributions shall be transmitted to the secretary-treasurer of the Board of Trustees together with the employee deductions as provided under sub-subdivision b. of subdivision (1) of this subsection.

(3) In the event the employee or employer contributions required under this section are not received by the date set by the Board of Trustees, the Board shall assess the employer with a ~~penalty~~penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars ($25.00). The Board may waive one penalty per employer every five years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline. If within 90 days after request therefor by the Board any employer shall not have provided the System with the records and other information required hereunder or if the full accrued amount of the contributions provided for under this section due from members employed by an employer or from an employer shall not have been received by the System from the chief fiscal officer of such employer within 30 days after the last due date as herein provided, then, notwithstanding anything herein or in the provisions of any other law to the contrary, upon notification by the Board to the State Treasurer as to the default of such employer as herein provided, any distributions which might otherwise be made to such employer, or the municipality or county of which such employer is an integral part, from any funds of the State or any funds collected by the State shall be withheld from such employer until notice from the Board to the State Treasurer that such employer is no longer in default."

SECTION 3.(a) G.S. 135-5(l) reads as rewritten:

"(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as he shall have nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to

the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

(1) The compensation on which contributions were made by the member during the calendar year preceding the year in which his death occurs, or

(2) The greatest compensation on which contributions were made by the member during a 12-month period of service within the 24-month period of service ending on the last day of the month preceding the month in which his last day of actual service occurs;

(3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

subject to a minimum of twenty-five thousand dollars ($25,000) and to a maximum of fifty thousand dollars ($50,000). Such death benefit shall be payable apart and separate from the payment of the member's accumulated contributions under the System on his death pursuant to the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be deemed to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service.

The death benefit provided in this subsection (l) shall not be payable, notwithstanding the member's compliance with all the conditions set forth in the preceding paragraph, if his death occurs

(1) After December 31, 1968 and after he has attained age 70; or
(2) After December 31, 1969 and after he has attained age 69; or
(3) After December 31, 1970 and after he has attained age 68; or
(4) After December 31, 1971 and after he has attained age 67; or
(5) After December 31, 1972 and after he has attained age 66; or
(6) After December 31, 1973 and after he has attained age 65; or
(7) After December 31, 1978, but before January 1, 1987, and after he has attained age 70.

Notwithstanding the above provisions, the death benefit shall be payable on account of the death of any member who died or dies on or after January 1, 1974, but before January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained age 66, was at the time of death completing the work year for those individuals under specific contract, or during the fiscal year for those individuals not under specific contract, in which he or she attained 65, and otherwise met all conditions for payment of the death benefit.

Notwithstanding the above provisions, the Board of Trustees may and is specifically authorized to provide the death benefit according to the terms and conditions otherwise appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in this State for the purpose of insuring the lives of members in service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of Trustees is authorized, empowered and directed to investigate the desirability of utilizing group life insurance by either of the foregoing methods for the purpose of providing the death benefit. If a separate trust fund is established, it shall be operated in accordance with rules and regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall be credited to such fund.

In administration of the death benefit the following shall apply:

(1) For the purpose of determining eligibility only, in this subsection "calendar year" shall mean any period of 12 consecutive months or, if less, the period covered by an annual contract of employment. For all other purposes in this subsection "calendar year" shall mean the 12 months beginning January 1 and ending December 31.

(2) Last day of actual service shall be:
   a. When employment has been terminated, the last day the member actually worked.
   b. When employment has not been terminated, the date on which an absent member's sick and annual leave expire, unless he is on approved leave of absence and is in service under the provisions of G.S. 135-4(h).
   c. When a participant's employment is interrupted by reason of service in the Uniformed Services, as that term is defined in section 4303(16)

of the Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, and the participant does not return immediately after that service to employment with a covered employer in this System, the date on which the participant was first eligible to be separated or released from his or her involuntary military service.

(3) For a period when a member is on leave of absence, his status with respect to the death benefit will be determined by the provisions of G.S. 135-4(h).

(4) A member on leave of absence from his position as a teacher or State employee for the purpose of serving as a member or officer of the General Assembly shall be deemed to be in service during sessions of the General Assembly and thereby covered by the provisions of the death benefit. The amount of the death benefit for such member shall be the equivalent of the salary to which the member would have been entitled as a teacher or State employee during the 12-month period immediately prior to the month in which death occurred, not to be less than twenty-five thousand dollars ($25,000) nor to exceed fifty thousand dollars ($50,000).

The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter, or a member who is in receipt of Workers' Compensation during the period for which he or she would have otherwise been eligible to receive short-term benefits or extended short-term benefits as provided in G.S. 135-105 and dies on or after 181 days from the last day of his or her actual service but prior to the date the benefits as provided in G.S. 135-105 would have ended, shall be eligible for group life insurance benefits as provided in this subsection, notwithstanding that the member is no longer an employee or teacher or that the member's death occurs after the eligibility period after active service. The basis of the death benefit payable hereunder shall be the higher of the death benefit computed as above or a death benefit based on compensation used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability increases, all subject to the maximum dollar limitation as provided above. A member in receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary Continuation Plan shall not be covered under the provisions of this paragraph.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars ($5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's

Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 2004, but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of nine thousand dollars ($9,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 2007, but before January 1, 2015, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if there is no surviving beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 3.(b) G.S. 135-64(i) reads as rewritten:

"(i) Upon the death of a retired member on or after July 1, 2004, but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in

advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of nine thousand dollars ($9,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

~~Upon the death of a retired member on or after July 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.~~"

SECTION 3.(c) G.S. 135-64 is amended by adding two new subsections to read:

"(j) Upon the death of a retired member on or after July 1, 2007, but before January 1, 2015, there shall be paid a death benefit to the surviving spouse of a deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

(k) Upon the death of a retired member on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if there is no surviving designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 3.(d) G.S. 120-4.27 reads as rewritten:

"**§ 120-4.27. Death benefit.**

The designated beneficiary of a member who dies while in service after completing one year of creditable service shall receive a lump-sum payment of an amount equal to the deceased member's highest annual salary, to a maximum of fifteen thousand dollars ($15,000). For purposes of this death benefit "in service" means currently serving as a member of the North Carolina General Assembly. "In service" also means service in the Uniformed Services, as that term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, if that service begins during the member's term of office. If the participant does not return immediately after that service to employment with a covered employer in this System, then the participant shall be deemed "in service" until the date on which the participant was first eligible to be separated or released from his or her involuntary military service.

The death benefit provided by this section shall be designated a group life insurance benefit payable under an employee welfare benefit plan that is separate and apart from the Retirement System but under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Board of Trustees is authorized to provide the death benefit in the form of group life insurance either by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in the State of North Carolina for the purpose of insuring the lives of qualified members in service, or by establishing or affiliating with a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars ($5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 2004, but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System

on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of nine thousand dollars ($9,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 2007, but before January 1, 2015, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 3.(e) G.S. 128-27(l4) reads as rewritten:

"(l4) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 2004, but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of nine thousand dollars ($9,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse

shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

~~Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 2007, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.~~"

SECTION 3.(f) G.S. 128-27 is amended by adding two new subsections to read:

"(15) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 2007, but before January 1, 2015, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

(16) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 4.(a) G.S.135-6(i) reads as rewritten:

"(i) Record of Proceedings; Annual Report. – The Board of Trustees shall keep a record of all of its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the Retirement System for the preceding year, the amount of the accumulated cash and securities of the System, and the last balance sheet showing the financial condition of the System by means of an actuarial valuation of the assets

and liabilities of the Retirement System. It shall also publish annually a report on supplemental insurance offerings that are made available to retirees and the extent to which retirees participate in those offerings."

SECTION 4.(b) G.S. 128-28(j) reads as rewritten:

"(j) Record of Proceedings; Annual Report. – The Board of Trustees shall keep a record of all of its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the Retirement System for the preceding year, the amount of the accumulated cash and securities of the System, and the last balance sheet showing the financial condition of the System by means of an actuarial valuation of the assets and liabilities of the Retirement System. It shall also publish annually a report on supplemental insurance offerings that are made available to retirees and the extent to which retirees participate in those offerings."

SECTION 5.(a) G.S. 135-9 reads as rewritten:

"**§ 135-9. Exemption from garnishment, attachment, etc.**

Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, or annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Chapter, and the moneys in the various funds created by this Chapter, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Chapter specifically otherwise provided. Application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's Web site. For orders entered on or after January 1, 2015, payment to a member's former spouse pursuant to any such domestic relations order shall be limited to the lifetime of that former spouse and, upon the death of that former spouse, the former spouse's share shall revert to the member. Notwithstanding any provisions to the contrary, any overpayment of benefits to a member in a State-administered retirement system or the former Disability Salary Continuation Plan or the Disability Income Plan of North ~~Carolina~~Carolina, including any benefits paid to, or State Health Plan premiums paid on behalf of, any member or beneficiary who is later determined to have been ineligible for those benefits, may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary."

SECTION 5.(b) G.S. 128-31 reads as rewritten:

"**§ 128-31. Exemptions from execution.**

Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Article, and the moneys in the various funds created by this Article, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Article specifically otherwise provided. Application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's Web site. For orders entered on or after January 1, 2015, payment to a member's former spouse pursuant to any such domestic relations order shall be limited to the lifetime of that former spouse and, upon the death of that former spouse, the former spouse's share shall revert to the member. Notwithstanding any provisions to the contrary, any overpayment of benefits to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North ~~Carolina~~Carolina, including any benefits paid to, or State Health Plan premiums paid on behalf of, any member who is later determined to have been ineligible for those benefits, may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary."

SECTION 6.(a) G.S. 135-6 is amended by adding a new subsection to read:

"(t) Immunity. – A person serving on the Teachers' and State Employees' Retirement System Board of Trustees shall be immune individually from civil liability for monetary

damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

(1) The person was not acting within the scope of that person's official duties.
(2) The person was not acting in good faith.
(3) The person committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
(4) The person derived an improper personal financial benefit, either directly or indirectly, from the transaction.
(5) The person incurred the liability from the operation of a motor vehicle."

SECTION 6.(b) G.S. 128-27 is amended by adding a new subsection to read:

"(u) Immunity. – A person serving on the Local Governmental Employees' Retirement System Board of Trustees shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

(1) The person was not acting within the scope of that person's official duties.
(2) The person was not acting in good faith.
(3) The person committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
(4) The person derived an improper personal financial benefit, either directly or indirectly, from the transaction.
(5) The person incurred the liability from the operation of a motor vehicle."

SECTION 7. G.S. 128-27(a)(1) reads as rewritten:

"(1) Any member may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of creditable service or shall have completed 30 years of creditable service, or if a ~~fireman,~~firefighter or rescue squad worker, he shall have attained the age of 55 years and have at least five years of creditable service."

SECTION 8. Sections 1 and 3 of this act become effective January 1, 2015. Sections 2, 4, 5, and 6 of this act become effective October 1, 2014. The remainder of this act becomes effective September 1, 2014.

In the General Assembly read three times and ratified this the 31st day of July, 2014.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Tim Moore
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 5:10 p.m. this 6th day of August, 2014

SESSION LAW 2014-88
HOUSE BILL 1195

AN ACT TO ENACT ANTI-PENSION-SPIKING LEGISLATION BY ESTABLISHING A CONTRIBUTION-BASED BENEFIT CAP, TO ALLOW MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM WHO LEAVE EMPLOYMENT WITHIN FIVE YEARS TO RECEIVE A RETURN OF THEIR CONTRIBUTIONS WITH ACCUMULATED INTEREST, AND TO RETURN TO A FIVE-YEAR VESTING PERIOD FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM WHO BECAME MEMBERS ON OR AFTER AUGUST 1, 2011, AND MAKE A CONFORMING CHANGE TO THE SPECIAL SEPARATION ALLOWANCE FOR LAW ENFORCEMENT OFFICERS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(a3) Anti-Pension-Spiking Contribution-Based Benefit Cap. – Notwithstanding any other provision of this section, every service retirement allowance provided under this section for members who retire on or after January 1, 2015, is subject to adjustment pursuant to a contribution-based benefit cap under this subsection. The Board of Trustees shall adopt a contribution-based benefit cap factor recommended by the actuary, based upon actual experience, such that no more than three-quarters of one percent (0.75%) of retirement allowances are expected to be capped. The Board of Trustees shall modify such factors every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 135-6(n). Prior to establishing a service retirement allowance under this section, the Board shall:

(1) Determine an amount equal to the member's accumulated contributions as required under G.S. 135-8(b)(1) for all years during which the member earned membership service used in the calculation of the retirement allowance that the member would receive under this section.

(2) Determine the amount of a single life annuity that is the actuarial equivalent of the amount determined under subdivision (1) of this subsection, adjusted for the age of the member at the time of retirement or, when appropriate, the age at the time of the member's death.

(3) Multiply the annuity amount determined under subdivision (2) of this subsection by the contribution-based benefit cap factor.

(4) Determine the amount of the retirement allowance that results from the member's membership service.

The product of the multiplication in subdivision (3) of this subsection is the member's contribution-based benefit cap. If the amount determined under subdivision (4) of this subsection exceeds the member's contribution-based benefit cap, the member's retirement allowance shall be reduced by an amount equal to the difference between the contribution-based benefit cap and the amount determined under subdivision (4) of this subsection.

Notwithstanding the foregoing, the retirement allowance of a member with an average final compensation of less than one hundred thousand dollars ($100,000), as hereinafter indexed, shall not be subject to the contribution-based benefit cap. The minimum average final compensation necessary for a retirement allowance to be subject to the contribution-based benefit cap shall be increased on January 1 each year by the percent change between the December Consumer Price Index in the year prior to retirement and the December Consumer

Price Index in the year most recently ended, calculated to the nearest tenth of a percent (0.1%), provided that this percent change is positive.

Notwithstanding the foregoing, the retirement allowance of a member who became a member before January 1, 2015, or who has not earned at least five years of membership service in the Retirement System after January 1, 2015, shall not be reduced; however, the member's last employer shall be required to make an additional contribution as specified in G.S. 135-8(f)(2)f., if applicable."

SECTION 1.(b) G.S. 128-27 is amended by adding a new section to read:

"(a3) Anti-Pension-Spiking Contribution-Based Benefit Cap. – Notwithstanding any other provision of this section, every service retirement allowance provided under this section for members who retire on or after January 1, 2015, is subject to adjustment pursuant to a contribution-based benefit cap under this subsection. The Board of Trustees shall adopt a contribution-based benefit cap factor recommended by the actuary, based upon actual experience, such that no more than three-quarters of one percent (0.75%) of retirement allowances are expected to be capped. The Board of Trustees shall modify such factors every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 128-28(o).

Prior to establishing a service retirement allowance under this section, the Board shall:

(1) Determine an amount equal to the member's accumulated contributions as required under G.S. 128-30(b)(1) for all years during which the member earned membership service used in the calculation of the retirement allowance that the member would receive under this section.

(2) Determine the amount of a single life annuity that is the actuarial equivalent of the amount determined under subdivision (1) of this subsection, adjusted for the age of the member at the time of retirement or, when appropriate, the age at the time of the member's death.

(3) Multiply the annuity amount determined under subdivision (2) of this subsection by the contribution-based benefit cap factor.

(4) Determine the amount of the retirement allowance that results from the member's membership service.

The product of the multiplication in subdivision (3) of this subsection is the member's contribution-based benefit cap. If the amount determined under subdivision (4) of this subsection exceeds the member's contribution-based benefit cap, the member's retirement allowance shall be reduced by an amount equal to the difference between the contribution-based benefit cap and the amount determined under subdivision (4) of this subsection.

Notwithstanding the foregoing, the retirement allowance of a member with an average final compensation of less than one hundred thousand dollars ($100,000), as hereinafter indexed, shall not be subject to the contribution-based benefit cap. The minimum average final compensation necessary for a retirement allowance to be subject to the contribution-based benefit cap shall be increased on January 1 each year by the percent change between the December Consumer Price Index in the year prior to retirement and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of a percent (0.1%), provided that this percent change is positive.

Notwithstanding the foregoing, the retirement allowance of a member who became a member before January 1, 2015, or who has not earned at least five years of membership service in the Retirement System after January 1, 2015, shall not be reduced; however, the member's last employer shall be required to make an additional contribution as specified in G.S. 128-30(g)(2)b., if applicable."

SECTION 1.(c) G.S. 135-4 is amended by adding a new subsection to read:

"(jj) Contribution-Based Benefit Cap Purchase Provision. – If a member's retirement allowance is subject to an adjustment pursuant to the contribution-based benefit cap established in G.S. 135-5(a3), the retirement system shall notify the member and the member's employer that the member's retirement allowance has been capped. The retirement system shall compute and notify the member and the member's employer of the total additional amount the member would need to contribute in order to make the member not subject to the contribution-based benefit cap. This total additional amount shall be the actuarial equivalent of a single life annuity adjusted for the age of the member at the time of retirement, or when appropriate, the age at the time of the member's death that would have had to have been purchased to increase the member's benefit to the pre-cap level. The member shall have until 90 days after notification

regarding this additional amount or until 90 days after the effective date of retirement, whichever is later, to submit a lump sum payment to the annuity savings fund in order for the retirement system to restore the retirement allowance to the uncapped amount. Nothing contained in this subsection shall prevent an employer from paying all or part of the cost of the amount necessary to restore the member's retirement allowance to the pre-cap amount."

SECTION 1.(d) G.S. 128-26 is amended by adding a new subsection to read:

"(y) Contribution-Based Benefit Cap Purchase Provision. – If a member's retirement allowance is subject to an adjustment pursuant to the contribution-based benefit cap established in G.S. 128-27(a3), the retirement system shall notify the member and the member's employer that the member's retirement allowance has been capped. The retirement system shall compute and notify the member and the member's employer of the total additional amount the member would need to contribute in order to make the member not subject to the contribution-based benefit cap. This total additional amount shall be the actuarial equivalent of a single life annuity adjusted for the age of the member at the time of retirement, or when appropriate, the age at the time of the member's death that would have had to have been purchased to increase the member's benefit to the pre-cap level. The member shall have until 90 days after notification regarding this additional amount or until 90 days after the effective date of retirement, whichever is later, to submit a lump sum payment to the annuity savings fund in order for the retirement system to restore the retirement allowance to the uncapped amount. Nothing contained in this subsection shall prevent an employer from paying all or part of the cost of the amount necessary to restore the member's retirement allowance to the pre-cap amount."

SECTION 1.(e) G.S. 135-8(f)(2) is amended by adding a new sub-subdivision to read:

"f. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 135-4(jj), that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015.

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable."

SECTION 1.(f) G.S.128-30(g)(2) reads as rewritten:

"(2) The collections of employers' contributions shall be made as follows:

a. Upon the basis of each actuarial valuation provided herein the Board of Trustees shall annually prepare and certify to each employer a statement of the total amount necessary for the ensuing fiscal year to the pension accumulation fund as provided under subsection (d) of this section. Such employer contributions shall be transmitted to the secretary-treasurer of the Board of Trustees together with the employee deductions as provided under sub-subdivision b. of subdivision (1) of this subsection.

b. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 128-26(y), that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015.

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable."

SECTION 2.(a) G.S. 135-5(f) reads as rewritten:

"(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or State employee except by death or retirement under the provisions of this Chapter, he shall upon submission of an application be paid, not earlier than 60 days from the date of termination of service, his contributions, and ~~if he has attained at least five years of membership service or if termination of his membership service is involuntary as certified by the employer,~~ the accumulated regular interest thereon, provided that he has not in the meantime returned to service. Upon payment of such sum his membership in the System shall cease and, if he thereafter again becomes a member, no credit shall be allowed for any service previously rendered except as provided in G.S. 135-4, and such payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member there shall be paid to such person or persons as he shall have nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of his accumulated contributions at the time of his death, unless the beneficiary elects to receive the alternate benefit under the provisions of (m) below. An extension service employee who made contributions to the Local Governmental Employees' Retirement System and the Teachers' and State Employees' Retirement System as a result of dual employment may not be paid his accumulated contributions unless he is eligible to be paid his accumulated contributions in both systems for the same period of service.

Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated contributions to the Consolidated Judicial Retirement System or to the Supplemental Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable hereunder.

A member who is a participant or beneficiary of the Disability Income Plan of North Carolina as is provided in Article 6 of this Chapter shall not be paid a return of accumulated contributions, notwithstanding the member's status as an employee or teacher. Notwithstanding any other provision of law to the contrary, a member who is a beneficiary of the Disability Income Plan of North Carolina as provided in Article 6 of this Chapter and who is receiving disability benefits under the transition provisions as provided in G.S. 135-112, shall not be prohibited from receiving a return of accumulated contributions as provided in this subsection."

SECTION 2.(b) G.S. 128-27(f) reads as rewritten:

"(f) Return of Accumulated Contributions. – Should a member cease to be an employee except by death or retirement under the provisions of this Chapter, he shall upon submission of an application be paid, not earlier than 60 days from the date of termination of service, his contributions ~~and, if he has attained at least five years of membership service or if termination of his membership service is involuntary as certified by the employer,~~ and the accumulated regular interest thereon, provided that he has not in the meantime returned to service. Upon payment of such sum his membership in the System shall cease and, if he thereafter again becomes a member, no credit shall be allowed for any service previously rendered except as provided in G.S. 128-26; and such payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member there shall be paid to such person or persons as he shall have nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of his accumulated contributions at the time of his death, unless the beneficiary elects to receive the alternate benefit under the provisions of (m) below. An extension service employee who made contributions to the Local Governmental Employees'

Retirement System and the Teachers' and State Employees' Retirement System as a result of dual employment may not be paid his accumulated contributions unless he is eligible to be paid his accumulated contributions in both systems for the same period of service.

Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated contributions to the Consolidated Judicial Retirement System or to the Supplemental Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable hereunder."

SECTION 2.(c) G.S. 120-4.25 reads as rewritten:

"**§ 120-4.25. Return of accumulated contributions.**

If a member ceases to be a member of the General Assembly except by death or retirement, he shall, upon submission of an application, be paid not earlier than 60 days following the date of termination of ~~service, the sum of his contributions if he has less than five years of creditable service, or~~ service the sum of his accumulated contributions ~~if he has five or more years of creditable service,~~ provided he has not in the meantime returned to service. Upon payment of this sum his membership in the System ceases. If he becomes a member afterwards, no credit shall be allowed for any service previously rendered except as provided in G.S. 120-4.14 and the payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable under this Article. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member, there shall be paid to the person or persons he nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if the person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of his accumulated contributions at the time of his death, unless the beneficiary elects to receive the alternate benefit under the provisions of G.S. 120-4.28."

SECTION 2.(d) G.S. 135-62(a) reads as rewritten:

"(a) Should a member cease membership service otherwise than by death or retirement under the provisions of this Article, he shall, upon submission of an application, be paid, not earlier than 60 days from the date of termination of service, his contributions ~~and, if he has attained at least five years of membership service or if termination of his membership service is involuntary as certified by the employer,~~ and the accumulated regular interest thereon, provided that he has not in the meantime returned to service as a judge. Upon payment of such accumulated contributions his membership in the Retirement System shall cease and, if he thereafter again becomes a member, no credit shall be allowed for any service previously rendered, except as otherwise provided in G.S. 135-56(b). Any such payment of a member's accumulated contributions shall be in full and complete discharge of any rights in or to any benefits otherwise payable under this Article."

SECTION 3.(a) G.S. 135-3(8) reads as rewritten:

"(8) The provisions of this subsection (8) shall apply to any member whose membership is terminated on or after July 1, 1963 and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member ~~who became a member prior to August 1, 2011, and~~ who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 135-5(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon electronic submission or written application to the Board of Trustees setting forth at what time, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, or whose account is active on July 1, 1967, or has not withdrawn his contributions, the aforestated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a

member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforestated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or an eligible former law enforcement officer. Notwithstanding the foregoing, any member whose services as a teacher or employee are terminated for any reason other than retirement, who becomes employed by a nonprofit, nonsectarian private school in North Carolina below the college level within one year after such teacher or employee has ceased to be a teacher or employee, may elect to leave his total accumulated contributions in the Teachers' and State Employees' Retirement System during the period he is in the employment of such employer; provided that he files notice thereof in writing with the Board of Trustees of the Retirement System within five years after separation from service as a public school teacher or State employee; such member shall be deemed to have met the requirements of the above provisions of this subdivision upon attainment of age 60 while in such employment provided that he is otherwise vested.

b. In lieu of the benefits provided in paragraph a of this subdivision (8), any member ~~who became a member prior to August 1, 2011, and~~ who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 135-5(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System, may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon electronic submission or written application to the Board of Trustees setting forth at what time, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired. Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member ~~who became a member prior to August 1, 2011, and~~ who is a law-enforcement officer at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may

commence retirement only upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law-enforcement officers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member ~~who became a member prior to August 1, 2011, and~~ who is a law-enforcement officer at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred early retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law-enforcement officers.

b3. Vested deferred retirement allowance of members retiring on or after July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b. of this subdivision, any member ~~who became a member prior to August 1, 2011, and~~ who separates from service prior to attainment of age 60 years, after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System, may elect to retire on a deferred retirement allowance upon attaining the age of 50 years or any time thereafter; provided that such member may so retire only upon electronic submission or written application to the Board of Trustees setting forth at what time, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or an eligible former law enforcement officer.

~~b4. Any member who became a member on or after August 1, 2011, and who is not a law enforcement officer and (i) separates from service prior to the attainment of the age of 60 years, after completing 25 or more years of creditable service, and who leaves the member's total accumulated contributions in said System, may elect to retire on an unreduced service retirement allowance upon attaining the age of 60 years or at any time thereafter; or (ii) separates from service prior to the attainment of the age of 50 years, after completing 20 or more years of creditable service, and who leaves the member's total accumulated contributions in said System, may elect to retire on an early reduced retirement allowance upon attaining the age of 50 years or at any time thereafter; or (iii) separates from service prior to the attainment of the age of 60 years, after completing 10 or more years but less than 25 years of creditable service, and who leaves the member's total accumulated contributions in said System, may elect to retire on an early reduced retirement allowance upon attaining the age of 60 years or at any time thereafter; or (iv) separates from service prior to the attainment of the age of 65 years, after completing 10 or more years of creditable service, and who leaves~~

~~the member's total accumulated contributions in said System, may elect to retire on an unreduced retirement allowance upon attaining the age of 65 years or at any time thereafter; provided that such member may so retire only upon electronic submission or written application to the Board of Trustees setting forth at what time, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be retired.~~

~~b5. Any member who became a member on or after August 1, 2011, who is a law enforcement officer and (i) separates from service prior to attainment of age 50 years, after completing 15 or more years of creditable service in this capacity, and who leaves the member's total accumulated contributions in said System, may elect to retire on an early reduced retirement allowance upon attaining the age of 50 years or any time thereafter; or (ii) separates from service prior to attainment of age 55 years, after completing 10 or more years of creditable service in this capacity, and who leaves the member's total accumulated contributions in said System, may elect to retire on an unreduced retirement allowance upon attaining the age of 55 years or any time thereafter; provided that such member may so retire only upon electronic submission or written application to the Board of Trustees setting forth at what time, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be retired.~~

...."

SECTION 3.(b) G.S. 135-5(a) reads as rewritten:

"(a) Service Retirement Benefits.

(1) Any member ~~who became a member prior to August 1, 2011,~~ may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of membership service or shall have completed 30 years of creditable service.

~~(1a) Any member who became a member on or after August 1, 2011, may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution of and filing thereof, the member desires to be retired: Provided, that the said member at the time so specified for the member's retirement shall have attained the age of 60 years and have at least 10 years of membership service or shall have completed 30 years of creditable service.~~

(2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

(3) Any member who was in service October 8, 1981, who had attained 60 years of age, may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired.

(4) Any member who is a law-enforcement ~~officer, who became a member prior to August 1, 2011,~~ officer and who attains age 50 and completes 15 or more years of creditable service in this capacity or who attains age 55 and completes five or more years of creditable service in this capacity, may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired; Provided, also, any member who has met the conditions herein required but does not retire, and later becomes a teacher or an employee other than as a law-enforcement officer shall continue to have the right to commence retirement.

~~(4a) Any member who is a law enforcement officer, who became a member on or after August 1, 2011, and who attains age 50 and completes 15 or more years of creditable service in this capacity or who attains age 55 and completes 10 or more years of creditable service in this capacity, may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be retired; Provided, also, any member who has met the conditions herein required but does not retire, and later becomes a teacher or an employee other than as a law enforcement officer shall continue to have the right to commence retirement.~~

(5) Any member who is eligible for and is being paid a benefit under the Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106 shall be deemed a member in service and may not retire under the provisions of this section. Any member who has made electronic submission or written application for long-term or extended short-term benefits under the Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106, and who has been rejected by the Plan's Medical Board for a long-term or extended short-term benefit shall have 90 days from the date of notification of the rejection to convert his application to an early or service retirement application, provided that the member meets the eligibility requirements, effective the first day of the month following the month in which short-term disability benefits ended or the first day of the month following the month in which any salary continuation as may be provided in G.S. 135-104 ended, whichever is later."

SECTION 3.(c) G.S. 135-5(a2) is repealed.

SECTION 3.(d) G.S. 135-5(b19) reads as rewritten:

"(b19) Service Retirement Allowance of Members ~~Who Became a Member Prior to August 1, 2011,~~ Retiring on or After July 1, 2002. – Upon retirement from service in accordance with ~~subdivision (a)(1), (a)(4), or~~ subsection (a) or (a1) of this section, on or after July 1, 2002, a member shall receive the following service retirement allowance:

...."

SECTION 3.(e) G.S. 135-5(b20) is repealed.

SECTION 3.(f) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, ~~who became a member prior to August 1, 2011,~~ the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all four of the following conditions apply:

...."

SECTION 3.(g) G.S. 135-5(m3) is repealed.

SECTION 3.(h) G.S. 135-57 reads as rewritten:

"**§ 135-57. Service retirement.**

(a) Any member on or after January 1, 1974, ~~who became a member prior to August 1, 2011, and~~ who has attained his fiftieth birthday and five years of membership service may retire upon electronic submission or written application to the board of trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired.

~~(a1) Any member who became a member on or after August 1, 2011, and who has attained the member's fiftieth birthday and 10 years of membership service may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be retired.~~

(b) Any member who is a justice or judge of the General Court of Justice shall be automatically retired as of the first day of the calendar month coinciding with or next following the later of January 1, 1974, or his attainment of his seventy-second birthday; provided, however, that no judge who is a member on January 1, 1974, shall be forced to retire under the

provisions of this subsection at an earlier date than the last day that he is permitted to remain in office under the provisions of G.S. 7A-4.20.

(c) Any member who terminates service on or after January 1, 1974, having accumulated five or more years of creditable service ~~and having become a member prior to August 1, 2011,~~ may retire under the provisions of subsection (a) above, provided that he shall not have withdrawn his accumulated contributions prior to the effective date of his retirement, and the requirement of subsection (a) that the member be in service shall not apply.

~~(c1) Any member having accumulated 10 or more years of creditable service and having become a member on or after August 1, 2011, may retire under the provisions of subsection (a1) above, provided that the member shall not have withdrawn the member's accumulated contributions prior to the effective date of the member's retirement, and the requirement of subsection (a1) that the member be in service shall not apply.~~

(d) Any member who was in service October 8, 1981, who had attained 50 years of age, may retire upon electronic submission or written application to the board of trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, he desires to be retired."

SECTION 3.(i) G.S. 135-106(b) reads as rewritten:

"(b) After the commencement of benefits under this section, the benefits payable under the terms of this section during the first 36 months of the long-term disability period shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of three thousand nine hundred dollars ($3,900) per month reduced by any primary Social Security disability benefits to which the beneficiary may be entitled, effective as of the first of the month following the month of initial entitlement, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. When primary Social Security disability benefits are increased by cost-of-living adjustments, the increased reduction shall be applied in the first month following the month in which the member becomes entitled to the increased Social Security benefit. The monthly benefit shall be further reduced by the amount of any monthly payments from the federal Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided, in any event, the benefit payable shall be no less than ten dollars ($10.00) a month. However, a disabled participant may elect to receive any salary continuation as provided in G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the first 36 consecutive calendar months of the long-term disability period. An election to receive any salary continuation for any part of any given day shall be in lieu of any long-term benefit payable for that day, provided further, any lump-sum payout for vacation leave shall be treated as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term benefit otherwise payable. Provided that, in any event, a beneficiary's benefit shall be reduced during the first 36 months of the long-term disability period by an amount, as determined by the Board of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary might be entitled.

After 36 months of long-term disability, no further benefits are payable under the terms of this section unless the member has been approved and is in receipt of primary Social Security disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of three thousand nine hundred dollars ($3,900) per month reduced by the primary Social Security disability benefits to which the beneficiary may be entitled, effective as of the first of the month following the month of initial entitlement, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. When primary Social Security disability benefits are increased by cost-of-living adjustments, the increased reduction shall be applied in the first month following the month in which the member becomes entitled to the increased Social Security benefit. The monthly benefit shall be further reduced by the amount of any monthly payments from the federal Department of Veterans Affairs, for

payments from any other federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided, in any event, the benefit payable shall be no less than ten dollars ($10.00) a month.

Notwithstanding the foregoing, ~~but subject to an additional integration with the five-year and 10-year retirement vesting provisions as set forth in this paragraph,~~ the long-term disability benefit is payable so long as the beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the earliest date at which the beneficiary ~~who became a member prior to August 1, 2011,~~ is eligible for an unreduced service retirement allowance from the Retirement System, at which time the beneficiary would receive a retirement allowance calculated on the basis of the beneficiary's average final compensation at the time of disability as adjusted to reflect compensation increases subsequent to the time of disability and the creditable service accumulated by the beneficiary, including creditable service while in receipt of benefits under the Plan. ~~In the case of any long-term disability beneficiary who became a member on and after August 1, 2011, and ordinarily would not be eligible for a retirement benefit without 10 years of membership service, for purposes of this conversion from long-term disability to service retirement, and for that purpose only, noncontributory creditable service granted while in receipt of disability benefits under this Article shall be deemed to be membership service, through the completion of 10 years of combined membership and noncontributory service on short-term and long-term disability benefits in total.~~ In the event the beneficiary has not been approved and is not in receipt of a primary Social Security disability benefit, the long-term disability benefit shall cease after the first 36 months of the long-term disability period. When such a long-term disability recipient begins receiving this unreduced service retirement allowance from the System, that recipient shall not be subject to the six-month waiting period set forth in G.S. 135-1(20). However, a beneficiary shall be entitled to a restoration of the long-term disability benefit in the event the Social Security Administration grants a retroactive approval for primary Social Security disability benefits with a benefit effective date within the first 36 months of the long-term disability period. In such event, the long-term disability benefit shall be restored retroactively to the date of cessation."

SECTION 3.(j) G.S. 143-166.41 reads as rewritten:

"**§ 143-166.41. Special separation allowance.**

(a) Notwithstanding any other provision of law, every sworn law-enforcement officer as defined by G.S. 135-1(11c) or G.S. 143-166.30(a)(4) employed by a State department, agency, or institution ~~prior to August 1, 2011, and~~ who qualifies under this section shall receive, beginning in the month in which he retires on a basic service retirement under the provisions of G.S. 135-5(a), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to him for each year of creditable service. The allowance shall be paid in equal installments on the payroll frequency used by the employer. To qualify for the allowance the officer shall:

(1) Have (i) completed 30 or more years of creditable service or, (ii) have attained 55 years of age and completed five or more years of creditable service; and

(2) Not have attained 62 years of age; and

(3) Have completed at least five years of continuous service as a law enforcement officer as herein defined immediately preceding a service retirement. Any break in the continuous service required by this subsection because of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.

~~(a1) Notwithstanding any other provision of law, every sworn law-enforcement officer as defined by G.S. 135-1(11c) or G.S. 143-166.30(a)(4) employed by a State department, agency, or institution on or after August 1, 2011, and who qualifies under this section shall receive, beginning in the month in which the member retires on a basic service retirement under the provisions of G.S. 135-5(a), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to him for each year of creditable service. The allowance shall be paid in equal~~

~~installments on the payroll frequency used by the employer. To qualify for the allowance, the officer shall:~~

~~(1) Have (i) completed 30 or more years of creditable service or (ii) attained 55 years of age and completed 10 or more years of creditable service; and~~

~~(2) Not have attained 62 years of age; and~~

~~(3) Have completed at least 10 years of continuous service as a law enforcement officer as herein defined immediately preceding a service retirement. Any break in the continuous service required by this subsection because of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.~~

...."

SECTION 4. Sections 1 and 2 of this act become effective January 1, 2015. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 23rd day of July, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Paul Stam
Speaker Pro Tempore of the House of Representatives

s/ Pat McCrory
Governor

Approved 9:17 a.m. this 30th day of July, 2014

SESSION LAW 2014-53
HOUSE BILL 1220

AN ACT TO CREATE AN INTRACTABLE EPILEPSY ALTERNATIVE TREATMENT PILOT STUDY PROGRAM AND REGISTRY FOR THE SCIENTIFIC INVESTIGATION OF THE SAFETY AND EFFICACY OF HEMP EXTRACT TREATMENT FOR INTRACTABLE EPILEPSY.

The General Assembly of North Carolina enacts:

SECTION 1. The University of North Carolina at Chapel Hill and East Carolina University may, and Duke University and Wake Forest University are encouraged to, conduct research on hemp extract development, production, and use for the treatment of seizure disorders and to participate in any ongoing or future clinical studies or trials.

SECTION 2. Chapter 90 of the General Statutes is amended by adding a new Article to read:

"Article 5G.
"Epilepsy Alternative Treatment Act.

"**§ 90-113.100. Short title.**

(a) This act may be cited as the "North Carolina Epilepsy Alternative Treatment Act."

(b) The purpose of this act is to permit medical professionals to conduct limited-scope, evidence-based studies exploring the safety and efficacy of treating intractable epilepsy using hemp extract.

(c) The General Assembly finds the following:

(1) There are children in this State suffering from intractable epilepsy for which currently available treatment options have been ineffective. Hemp extract shows promise in treating children with intractable epilepsy.

(2) Additional study of the use of hemp extract for the treatment of intractable epilepsy should be undertaken, and the medical research universities of the State of North Carolina are well-suited for this type of clinical exploration.

"**§ 90-113.101. Definitions.**

(a) Caregiver. – An individual who is a parent, legal guardian, or custodian of a person diagnosed with intractable epilepsy.

(b) Caregiver Registration Card. – A registration card issued by the Department of Health and Human Services under this Article to a caregiver.

(c) Database. – The Intractable Epilepsy Alternative Treatment Pilot Study database, established by the Department of Health and Human Services pursuant to this Article, to register caregivers, patients, and recommending neurologists.

(d) Department. – The Department of Health and Human Services.

(e) Hemp Extract. – An extract from a cannabis plant, as defined in G.S. 90-94.1(a).

(f) Intractable Epilepsy. – A seizure disorder that, as determined by a neurologist, does not respond to three or more treatment options overseen by the neurologist.

(g) Neurologist. – An individual who is licensed under Article 1 of Chapter 90 of the General Statutes, who is board certified in neurology, and is affiliated with the neurology department at one or more of the following universities:

(1) The University of North Carolina at Chapel Hill.

(2) East Carolina University.

(3) Duke University.

(4) Wake Forest University.

(h) Patient. – A person who has been diagnosed by a neurologist with intractable epilepsy.

(i) Pilot Study. – An evidence-based investigation of the safety and efficacy of treating intractable epilepsy using hemp extract conducted by one or more neurologists registered pursuant to this Article.

"**§ 90-113.102. Intractable Epilepsy Alternative Treatment Pilot Study database; departmental duties.**

(a) The Department shall create a secure, electronic, and online Intractable Epilepsy Alternative Treatment Pilot Study database registry for the registration of pilot studies, neurologists, caregivers, and patients as provided by this Article. The registry must be accessible to law enforcement agencies in order to verify registration of caregivers. The registry must prevent an active registration of a patient by multiple neurologists. At a minimum, the database shall consist of the following:

(1) The name and address of each registered caregiver and the name of the pilot study the caregiver is associated with.

(2) The name and address of each registered patient and the name of the pilot study the patient is associated with.

(3) The name, address, and qualifying institutional affiliation of neurologists conducting pilot studies pursuant to this Article.

(4) The name, institutional affiliation, affiliated registered neurologists, and parameters of pilot studies.

(b) The Department shall contact the county department of health where the patient resides and provide the following information:

(1) The name and address of the registered caregiver.

(2) Identifying information contained on the caregiver registration card.

"**§ 90-113.103. Registration of pilot studies and neurologists.**

(a) A neurologist seeking to conduct a pilot study pursuant to this Article shall submit an application to the Department providing all of the following information:

(1) The name of the pilot study.

(2) The affiliated research institution.

(3) The scientific and clinical parameters of the study.

(4) The protocols established to ensure patient safety.

(5) The name and address of the one or more neurologists associated with the pilot study.

(6) Any other information deemed necessary by the Department to determine the safety and evidence-based nature of the pilot study.

(b) The Department shall examine applications received pursuant to subsection (a) of this section and register in the database the proposed pilot studies that the Department certifies follow minimal scientific methods and protect patient safety.

(c) The Department may monitor registered pilot studies to ensure continued adherence to patient safety protocols and the scientific parameters of the study.

"**§ 90-113.104. Caregiver registration card; application; fees.**

(a) The Department shall, in coordination with recommendations from the Department of Public Safety, establish the form and content of caregiver registration cards to be issued to individuals who satisfy the requirements set forth in this section.

(b) The Department shall issue a caregiver registration card, valid for a period of one year from issuance, to an individual who satisfies all of the following criteria:

(1) Is at least 18 years of age.

(2) Is a resident of North Carolina.

(3) Provides the Department with a statement signed by a neurologist conducting a pilot study that satisfies all of the following:

a. Demonstrates that a patient in the caregiver's care satisfies all of the following criteria:

1. Has been examined and is under the care of the neurologist.

2. Suffers from intractable epilepsy.

3. May benefit from treatment with hemp extract.

4. Is eligible for inclusion in the registered pilot study.

b. Contains a recommendation for the use of hemp extract for treatment of intractable epilepsy as part of a registered pilot study.

c. Is consistent with records received from the neurologist, concerning the patient, contained in the database described in G.S. 90-113.102.

(4) Pays the Department a fee, not to exceed fifty dollars ($50.00), established by the Department under G.S. 90-113.106.

(5) Submits an application to the Department that contains all of the following:

a. The caregiver's name and address.

b. The patient's name and address.

c. A copy of the caregiver's valid government-issued photo identification.

d. Any additional information the Department finds necessary to implement this Article.

(c) The Department shall renew a caregiver registration card upon certification from the caregiver and the neurologist that all information initially provided to the Department under subsection (b) of this section is current or has been updated to reflect any changes. The Department shall charge a fee for renewal of a caregiver registration card, not to exceed twenty-five dollars ($25.00), established under G.S. 90-113.106.

"**§ 90-113.105. Immunity for neurologists; medical records.**

(a) On a case-by-case basis, neurologists conducting a registered pilot study may approve of dispensation to a registered caregiver, as approved by this Article, hemp extract acquired from another jurisdiction.

(b) A neurologist shall not be subject to arrest or prosecution, penalized or disciplined in any manner, or denied any right or privilege for approving or recommending the use of hemp extract or providing a written statement or health records to the Department for the use of hemp extract pursuant to this Article.

(c) A neurologist conducting a registered pilot study who signs a statement as described in G.S. 90-113.104(b)(3) shall do the following:

(1) Keep a record of the evaluation and observation of a patient under the neurologist's care, including the patient's response to hemp extract treatment.

(2) Transmit the record described in subdivision (1) of this subsection to the Department upon request.

(d) All medical records received or maintained by the Department pursuant to this Article are confidential and may not be disclosed to the public. Nothing in this Article is intended to alter the provisions of G.S. 8-53 or G.S. 8-53.1.

"**§ 90-113.106. Rule making.**

The Department shall adopt rules in accordance with Article 2A of Chapter 150B of the General Statutes to implement the provisions of this Article."

SECTION 3. Article 5 of Chapter 90 of the General Statutes is amended by adding a new section to read:

"**§ 90-94.1. Exemption for use or possession of hemp extract.**

(a) As used in this section, "hemp extract" means an extract from a cannabis plant, or a mixture or preparation containing cannabis plant material, that has all of the following characteristics:

(1) Is composed of less than three-tenths of one percent (0.3%) tetrahydrocannabinol by weight.

(2) Is composed of at least ten percent (10%) cannabidiol by weight.

(3) Contains no other psychoactive substance.

(b) Notwithstanding any other provision of this Chapter, an individual may possess or use hemp extract, and is not subject to the penalties described in this Chapter, if the individual satisfies all of the following criteria:

(1) Possesses or uses the hemp extract only to treat intractable epilepsy, as defined in G.S. 90-113.101.

(2) Possesses, in close proximity to the hemp extract, a certificate of analysis that indicates the hemp extract's ingredients, including its percentages of tetrahydrocannabinol and cannabidiol by weight.

(3) Has a current hemp extract registration card issued by the Department of Health and Human Services under Article 5G of Chapter 90 of the General Statutes.

(c) Notwithstanding any other provision of this Chapter, an individual who possesses hemp extract lawfully under this section may administer hemp extract to another person under the individual's care and is not subject to the penalties described in this Chapter for administering the hemp extract to the person if both of the following conditions are satisfied:

(1) The individual is the person's caregiver, as defined in G.S. 90-113.101.
(2) The individual is registered with the Department of Health and Human Services to administer hemp extract under G.S. 90-113.103."

SECTION 4. No later than October 1, 2014, the Department of Health and Human Services shall establish and adopt temporary rules to implement the provisions of this act.

SECTION 5. Section 3 of this act becomes effective upon adoption of rules pursuant to Section 4 of this act. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of June, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Justin P. Burr
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 9:08 a.m. this 3rd day of July, 2014

Senate Bill Summaries

SESSION LAW 2014-117
SB 42 Confidentiality of Unemployment Compensation Information
***Amends*:** G.S. 96-4(x) and G.S. 132-1.1.
***Application/Effective Date*:** August 25, 2014.
***Local Action Required*:** Review the definition of "confidential information" involving unemployment compensation under the relevant statute, G.S. 96-4(x), and note the new exemption of said information under the State Public Records law.
***SBE/DPI Action Required*:** The same as above.
***Summary*:** Specifies the type of unemployment compensation information that is confidential and exempt from public records disclosures: "[A]ny unemployment compensation information in the records of the Division of Employment Security that pertains to the administration of the Employment Security Law that is required to be kept confidential under 20 C.F.R. Part 603," including:

1. Claim information; and
2. Any information that reveals the name or any identifying particular about any individual or any past or present employer or employing unit; or
3. That could foreseeably be combined with other publicly available information to reveal any such particulars.

SESSION LAW 2014-13
SB 370 Respect for Student Prayer/Religious Activity (Bingham, Daniel, Hise)
***Amends*:** Chapter 115C by adding a new Article 29D; repeals 115C-47(29b).
***Application/Effective Date*:** Effective when it became law, June 19, 2014.
***Local Action Required*:** Analyze and comply with these new statutes governing students' rights to engage in prayer and religious activity in school and the corresponding duties of school personnel. Establish a formal grievance process for students or parents to allege that a school has violated these statutes; or alternatively, accept the default process set forth in this law (115C-407.31(b)).
***SBE/DPI Action Required*:** None.
***Summary*:** Provides that a student shall be permitted to do any of the following (with certain exceptions noted below):

1. Pray (silently, audibly, alone, or in a group).
2. Express religious viewpoints.
3. Speak to and attempt to share religious viewpoints with other students.
4. Possess or distribute religious literature.
5. Organize prayer groups, religious clubs, or religious gatherings.
6. Express religious beliefs in homework, artwork, and other written or oral assignments.

A student may be prohibited from engaging in the above activities if the actions would do any of the following:

1. Infringe on the rights of the school to (i) maintain order and discipline, (ii) prevent disruption of the educational process, and (ii) determine educational curriculum and assignments.
2. Harass other persons or coerce other students to participate in the activity.
3. Otherwise infringe on the rights of other persons.

Outlines the process for an aggrieved student to file a cause of action in the local superior court, and the award of reasonable attorneys' fees and court costs to a prevailing party. LEAs may not prohibit school personnel from participating in certain student-initiated religious activity if this activity meets the following conditions:

1. Only occurs at reasonable times before or after the instructional day;
2. Such activity/ies are voluntary for all parties; and
3. Do not conflict with the responsibilities or assignments of said personnel.

School employees supervising extracurricular activities (including coaches):

1. May be present when a student or students exercise their voluntary right to pray.
2. Shall not be disrespectful.
3. May adopt a "respectful posture" during the student-led prayer.

Nothing in this legislation should be construed to direct an LEA to take any action in violation of the State or United States Constitutions. The law contains a severability clause providing that if any clause of this law is held invalid it shall not affect the remaining clauses.

SESSION LAW 2014-111
SB 403 Omnibus Election Clarifications
***Amends*:** G.S. 115C-47(59) and multiple other provisions of election law.
***Application/Effective Date*:** The amendment to G.S. 115C-47(59) is effective August 6, 2014. Various other sections have different effective dates.
***Local Action Required*:** LEAs will continue to encourage student voter registration; however, the former language on pre-registration for high school students on campus is stricken. *See also,* 2013 Voter Information Verification Act (SL 2013-381) which eliminated such pre-registration.
***SBE/DPI Action Required*:** None.
***Summary*:** The revised law, 115C-47(59), reads as follows (with former language struck through):

> "(59) To Encourage Student Voter Registration. – Local boards of education are encouraged to adopt policies to promote student voter registration. These policies may include collaboration with county boards of elections to conduct voter registration ~~and preregistration~~ in high schools. Completion and submission of voter registration forms shall not be a course requirement or graded assignment for students."

SESSION LAW 2014-28
SB 719 Student Organizations/Rights and Recognition (Soucek)
***Amends*:** Article 1 of Chapter 116 by adding new statute G.S. 116-40.12; Article 2 of Chapter 115D by adding new statute G.S. 115D-20.2.
***Application/Effective Date*:** Effective when it became law, June 25, 2014.
***Local Action Required*:** None.
***SBE/DPI Action Required*:** None.
***Summary*:** Prohibits constituent institutions of the UNC System and community colleges from denying recognition or equal access to funding, facilities, etc., to religious or political student organizations. To the extent allowable by law, permits such student organizations to (i) determine that only persons professing the faith or mission of the group, and comporting therewith, are qualified to serve as leaders of the organization; (ii) order its internal affairs according to written doctrines, and (iii) resolve disputes according to said doctrines.

SESSION LAW 2014-120

SB 734 Regulatory Reform Act of 2014

***Amends*:** Various State statutes and prior Session Law (40-page legislation).

***Application/Effective Date*:** When it became law on September 18, 2014, except as otherwise provided.

***Local Action Required*:** None.

***SBE/DPI Action Required*:** Note the elimination of a number of obsolete education committees and commissions. Comply with applicable revisions to the Administrative Procedure Act.

***Summary*:** Eliminates the Committee on Dropout Prevention, the State Education Committee and the State Education Commission. Repeals Article 6B ("Dropout Prevention Grants") of Chapter 115C. Revises the Administrative Procedure Act under G.S. 150B, including, but not limited to, the following new subsection under G.S. 150B-23 related to all state agencies: "(a4) If an agency fails to take any required action within the time period specified by law, any person whose rights are substantially prejudiced by the agency's failure to act may commence a contested case in accordance with this section seeking an order that the agency act as required by law. If the administrative law judge finds that the agency has failed to act as required by law, the administrative law judge may order that the agency take the required action within a specified time period." Section 59.(a) of SL 2014-120.

SESSION LAW 2014-67

SB 761 Credit for Military Training (Meredith, Rabin)

***Amends*:** G.S. 93B-15.1.

***Application/Effective Date*:** Except for the changes to the above-referenced statute (effective January 1, 2015), the remaining portion of this Session Law became effective July 10, 2014.

***Local Action Required*:** None.

***SBE/DPI Action Required*:** Submit a report by September 1, 2014, to the General Assembly on the results of the SBE's consultation with military training officials on military training and job requirements and the correlation of military training and experience to the criteria for teacher licensure. Troops to Teachers is a pre-existing program that meets the tenets of this law: http://www.ncpublicschools.org/troops/.

***Summary*:** Requires occupational licensing boards as defined in G.S. 93B-1, to improve the licensing of military service members and veterans. These boards must, within 30 days of receiving an application from a military member or veteran, notify the applicant when the military training or experience does not satisfy the requirements for licensure, certification, etc., and specify the unmet requirements. Also, each such board shall publish a document that lists the specific criteria for licensure, registration, etc., with a description of the criteria that are satisfied by military training or experience and the necessary documentation. The web sites of both the relevant licensing board and the NC Division of Veterans Affairs must publish these criteria.

SESSION LAW 2014-101

SB 793 Charter School Modifications (Tillman, Cook)

***Amends*:** Several charter school statutes under G.S. 115C-238.29B through -238.29H; adds new subsection (3a) under G.S. 20-84(b).

***Application/Effective Date*:** August 6, 2014, unless provided otherwise.

***Local Action Required*:** Analyze and comply with the new laws and requirements governing charter schools.

***SBE/DPI Action Required*:** Implement and oversee the new charter school procedures set forth in this law. Adopt rules and procedures for the competitive bid process for the assumption of any given charter school that has inadequate performance by January 15, 2015, and report the same to the General Assembly by February 1, 2015. Adopt rules and procedures for a fast-track replication process for high-quality charter schools by December 15, 2014, and report to the General Assembly by February 15, 2015.

Summary: This was the primary charter school legislation of the Session. In addition to the above-referenced changes, further revisions to existing law include the following:

1. A teacher employed by the charter school's board of directors to teach in the charter school may serve as a non-voting member of the board of directors for the charter school.
2. Deletes the prior January 15 deadline for the SBE to act on applications and appeals, and adds a new subsection "(a1)" under G.S. 115C-238.29D:

   "(a1) The State Board shall make final decisions on the approval or denial of applications by August 15 of a calendar year on all applications it receives prior to a date established by the Office of Charter Schools for receipt of applications in that application cycle. The State Board may make the final decision for approval contingent upon the successful completion of a planning period prior to enrollment of students."
3. The SBE may renew a charter for a 10-year period, but may renew for less than 10 years if any one of the following applies:
   a. The charter school has not provided financially sound audits for the prior three years.
   b. The charter school's student academic outcomes for the past three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located.
   c. The charter school is not in compliance with State law, federal law, its own bylaws, or the provisions set forth in its charter granted by the State Board of Education.
4. Absent exceptional circumstances, charter schools may expand by one grade (either higher or lower) without SBE approval if all of the following conditions are met with documented proof of the same:
   a. The charter school's student academic outcomes for the year prior to the expansion must have been at least comparable to the academic outcomes of students in the LEA where the charter school is located.
   b. The charter school has provided financially sound audits for the year prior to the expansion.
   c. The charter school is in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the SBE.
   d. The charter school has been in operation for less than three years.
5. A charter school whose mission is single-sex education is permitted to limit admission on the basis of gender.
6. A charter school may give enrollment priority to children of the school's board of directors within certain limitations. Previously, the law limited this priority for only the first year of the school's operation and only the children of the school's initial board members.
7. A new subsection "(m)" has been added to G.S. 115C-238.29F that expressly subjects charter schools and the boards of directors of the private nonprofit corporations that operate such schools to the State's Public Records Act and Open Meetings Law. Charter school personnel records for those employees directly employed by the board of directors of the charter school shall be subject to the same requirements as LEA employees under G.S. 115C-319 to -321.
8. Another new subsection "(4)" was added to G.S. 115C-238.29H(c) (list of information that an LEA must provide to the charter school when the LEA transfers the applicable per pupil share of its local current expense fund within the 30-day period) which requires the following new items to also be sent: "(4) Any additional records requested by a charter school from the local school administrative unit in order for the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense."
9. Decreases the three-year payback provision to one year under G.S. 115C-238.29H(d).

10. Allows the Division of Motor Vehicles to issue permanent license plates for vehicles owned by nonprofit corporations operating charter schools, as it does for other public schools and government entities; however, said "vehicle[s] shall only be used for student transportation and official charter school related activities." This section of the law went into effect on August 6, 2014; however, the Session Law repeals it on July 1, 2015. *See* SL 2014-101, Section 6.6(b).

SESSION LAW 2014-78
SB 812 Replace Common Core with North Carolina's Higher Academic Standards
***Amends*:** repeals G.S. 115C-174.119(c)(3), revises G.S. 115C-12(39).
***Application/Effective Date*:** Effective July 1, 2014.
***Local Action Required*:** "Local boards of education shall continue to provide for the teaching of the course content required by the Standard Course of Study as provided under G.S. 115C-47(12). The current Standard Course of Study remains in effect until official notice is provided to all public school teachers, administrators, and parents or guardians of students enrolled in the public schools of any changes made in the Standard Course of Study by the State Board of Education." *See* Section 6 of this Session Law.
***SBE/DPI Action Required*:** The SBE shall continue to exercise its authority under the North Carolina Constitution and G.S. 115C-12(9c) to adopt academic standards for public schools. Conduct a comprehensive review of all English Language Arts and Mathematics standards adopted under G.S. 115C-12(9c) and propose modifications. Report to JLEOC by July 15, 2015 on the acquisition and implementation of any new assessment instrument or instruments to assess student achievement on the standards; however, the SBE "shall not acquire or implement the assessment instrument or instruments without the enactment of legislation by the General Assembly authorizing the purchase." *See* Section 5 of this Session Law. Receive and review the Academic Standards Review Commission's final report of its findings and recommendations where said report is due by or before December 31, 2015.
***Summary*:** Establishes the Academic Standards Review Commission, composed of 11 members as follows:

1. 4 members appointed by the President Pro Tempore of the Senate.
2. 4 members appointed by the Speaker of the House of Representatives.
3. 2 members of the SBE.
4. One member appointed by the Governor.

Requires the Commission to conduct a comprehensive review of all English Language Arts and Mathematics standards to ensure that the standards meet all of the following criteria:

1. Increase students' level of academic achievement.
2. Meet and reflect North Carolina's priorities.
3. Are age-level and developmentally appropriate.
4. Are understandable to parents and teachers.
5. Are among the highest standards in the nation.

Further requires the Commission to: (i) recommend changes, modifications, and assessments to the SBE; and (ii) consider the impact on educators, including the need for professional development, when making any recommendations.

Requires the Commission to meet by September 1, 2014, and make a final report of its findings and recommendations to the SBE, the JLEOC, and the 2016 Session of the 2015 General Assembly no later than December 31, 2015. As referenced above, the current Standard Course of Study remains in effect until official notice is provided to all public school teachers, administrators, and parents or guardians of students enrolled in public schools.

SESSION LAW 2014-50

SB 815 Ensuring Privacy of Student Records (Barefoot, Brock, Soucek)

***Amends*:** Adds new sections G.S. 115C-402.5 and -402.15 to Article 29 of Chapter 115C of the General Statutes.

***Application/Effective Date*:** Effective when it became law, July 1, 2014. Annual notice requirements from LEAs to parents advising them of the privacy of student records and other rights under the Family Educational Rights and Privacy Act (FERPA) begin with the 2014-15 school year.

***Local Action Required*:** Provide the above-referenced annual parental notification, to include information on a parent's right under State and Federal law to:

1. Inspect and review education records.
2. Seek to amend inaccurate education records.
3. Provide written consent prior to disclosure of personally identifiable information from education records, except as provided by law. Opt out of disclosure of directory information.
4. File a complaint with the US Department of Education concerning alleged failure to comply with FERPA.
5. Receive notice and opportunity to opt out prior to student participation in a protected information survey under 20 U.S.C. §1232h.

***SBE/DPI Action Required*:** Create a publicly available data inventory and index of data elements with definitions of individual student data fields in the student data system. Develop rules to comply with all relevant State and Federal privacy laws and policies, including but not limited to FERPA. Prohibit the transfer of personally identifiable student data in the student data system, unless otherwise provided by law and authorized by rules. Develop a detailed data security plan for the student data system. Ensure compliance with FERPA, other privacy laws, and that contracts include express provisions safeguarding student data privacy. Notify the Governor and the General Assembly by October 1 each year of any new student data to be included in the student data system or changes to existing data collections.

***Summary*:** Expressly codifies in State statute the pre-existing safeguards to ensure the privacy and security of personally identifiable data in the State's student data system. In addition to the above requirements, this law also prohibits the collection of the following information as part of the State's student data system: (i) biometric information; (ii) political affiliation; (iii) religion; and (iv) voting history.

Senate Bills

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-117
SENATE BILL 42

AN ACT TO CLARIFY THE CONFIDENTIALITY OF UNEMPLOYMENT COMPENSATION RECORDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 96-4(x) reads as rewritten:

"(x) Confidentiality of Records, Reports, and Information Obtained from Claimants, Employers, and Units of Government. – ~~Disclosure~~ For purposes of this Chapter, the term "confidential information" means any unemployment compensation information in the records of the Division of Employment Security that pertains to the administration of the Employment Security Law that is required to be kept confidential under 20 C.F.R. Part 603, including claim information and any information that reveals the name or any identifying particular about any individual or any past or present employer or employing unit, or that could foreseeably be combined with other publicly available information to reveal any such particulars.

Confidential information is exempt from the public records disclosure requirements of Chapter 132 of the General Statutes. Confidential information may be disclosed only as permitted in this subsection. Any disclosure and redisclosure of confidential information ~~shall~~ must be consistent with 20 C.F.R. Part 603 and any written guidance promulgated and issued by the U.S. Department of Labor consistent with this regulation and any successor regulation. To the extent a disclosure or redisclosure of confidential information is permitted or required by this federal regulation, the Department's authority to disclose or redisclosure the information includes the following:

(1) Confidentiality of Information Contained in Records and Reports. – (i) Except as hereinafter otherwise provided, it shall be unlawful for any person to obtain, disclose, or use, or to authorize or permit the use of any information which is obtained from an employer, individual, or unit of government pursuant to the administration of this Chapter or G.S. 108A-29. (ii) Any claimant or employer or their legal representatives shall be supplied with information from the records of the Division to the extent necessary for the proper presentation of claims or defenses in any proceeding under this Chapter. Notwithstanding any other provision of law, any claimant may be supplied, subject to restrictions as the Division may by regulation prescribe, with any information contained in his payment record or on his most recent monetary determination, and any individual, as well as any interested employer, may be supplied with information as to the individual's potential benefit rights from claim records. (iii) Subject to restrictions as the Secretary may by regulation provide, information from the records of the Division may be made available to any agency or public official for any purpose for which disclosure is required by statute or regulation. (iv) The Division may, in its sole discretion, permit the use of information in its possession by public officials in the performance of their public duties. (v) The Division shall release the payment and the amount of unemployment compensation benefits upon receipt of a subpoena in a proceeding involving child support. (vi) The Division shall furnish to the State Controller any information the State Controller needs to prepare and publish a comprehensive annual financial report of the State or to track debtors of the State. (vii) The Secretary may disclose or authorize redisclosure of any confidential information to an individual, agency, or entity, public or private, consistent

with the requirements enumerated in 20 C.F.R. Part 603 or any successor regulation and any written guidance promulgated and issued by the U.S. Department of Labor consistent with 20 C.F.R. Part 603. (viii) The Division may disclose final decisions and the records of the hearings that led to those decisions only after the expiration of the appeal rights as provided under G.S. 96-15.

...."

SECTION 2. G.S. 132-1.1 is amended by adding a new subsection to read:

"(h) Employment Security Information. – Confidential information obtained, compiled, or maintained by the Division of Employment Security may not be disclosed except as provided in G.S. 96-4. As used in this subsection, the term "confidential information" has the same meaning as in G.S. 96-4(x)."

SECTION 3. The Department of Commerce, Division of Employment Security, shall immediately take any action necessary to implement this act. On or before September 1, 2014, the Division of Employment Security shall report to the Joint Legislative Oversight Committee on Unemployment Insurance on the status of the implementation of this act.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 20th day of August, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 2:15 p.m. this 25th day of August, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-13
SENATE BILL 370

AN ACT TO CLARIFY STUDENT RIGHTS TO ENGAGE IN PRAYER AND RELIGIOUS ACTIVITY IN SCHOOL, TO CREATE AN ADMINISTRATIVE PROCESS FOR REMEDYING COMPLAINTS REGARDING EXERCISE OF THOSE STUDENT RIGHTS, AND TO CLARIFY RELIGIOUS ACTIVITY FOR SCHOOL PERSONNEL.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 29D.
"Student Prayer and Religious Activity.

"**§ 115C-407.30. Student rights to engage in prayer and religious activity.**

(a) A student shall be permitted to voluntarily do any of the following:

(1) Pray, either silently or audibly and alone or with other students, to the same extent and under the same circumstances as a student is permitted to vocally or silently reflect, meditate, or speak on nonreligious matters alone or with other students in public schools.

(2) Express religious viewpoints in a public school to the same extent and under the same circumstances as a student is permitted to express viewpoints on nonreligious topics or subjects in the school.

(3) Speak to and attempt to share religious viewpoints with other students in a public school to the same extent and under the same circumstances as a student is permitted to speak to and attempt to share nonreligious viewpoints with other students.

(4) Possess or distribute religious literature in a public school, subject to reasonable time, place, and manner restrictions, to the same extent and under the same circumstances as a student is permitted to possess or distribute literature on nonreligious topics or subjects in the school.

(5) Organize prayer groups, religious clubs, "see you at the pole" gatherings, or other religious gatherings before, during, and after school to the same extent that students are permitted to organize other noncurricular student activities and groups. Religious groups shall be given the same access to school facilities for assembling as is given to other noncurricular groups without discrimination based on the religious content of the students' expression. If student groups that meet for nonreligious activities are permitted to advertise or announce meetings of the groups, the school district shall not discriminate against groups that meet for prayer or other religious speech. A local board of education and local school administrative unit may disclaim school sponsorship of noncurricular groups and events in a manner that neither favors nor disfavors groups that meet to engage in prayer or religious speech.

(6) Express beliefs about religion in homework, artwork, and other written or oral assignments free from discrimination based on the religious content of the submission. Homework and classroom assignments shall be judged by ordinary academic standards of substance and relevance and against other legitimate pedagogical concerns identified by the local board of education. A student shall not be penalized or rewarded based on the religious content of the student's work.

(b) A student may be prohibited from engaging in the actions provided in subsection (a) of this section if the actions of the student would do any of the following:

(1) Infringe on the rights of the school to (i) maintain order and discipline, (ii) prevent disruption of the educational process, and (iii) determine educational curriculum and assignments.

(2) Harass other persons or coerce other students to participate in the activity.

(3) Otherwise infringe on the rights of other persons.

"**§ 115C-407.31. Administrative remedies and cause of action for complaints regarding exercise of religious activity.**

(a) The local board of education may establish or make available an existing formal grievance process to allow students or the parents or guardians of students to present allegations that a right established under this Article has been violated by a public school. The formal grievance process shall include the right of appeal to the local board of education.

(b) If a local board of education fails to provide a formal grievance process, the following process shall be provided:

(1) A student or a student's parent or guardian shall state the complaint to the school's principal, who shall meet with the student or the student's parent or guardian, if requested.

(2) If the student's concerns are not resolved by the meeting with the principal, the student or student's parent or guardian may make a complaint in writing to the superintendent of the local school administrative unit with the specific facts of the alleged violation. The superintendent shall investigate and take appropriate action to ensure the alleged violation of the rights of the student is resolved within 30 days of receiving the written complaint.

(3) If the superintendent fails to resolve the student's concerns within 30 days, the student or student's parent or guardian may appeal to the local board of education as provided in G.S. 115C-45.

(c) If a right of a student established under this Article is violated by a public school and the student has exhausted the administrative remedies provided in this section, the student may assert the violation as a cause of action or defense in a judicial proceeding and obtain appropriate relief against the local board of education. The action shall be brought in the superior court of the county in which the local school administrative unit is located.

(d) No action may be maintained pursuant to this Article unless the student has exhausted the administrative remedies provided in subsections (a) and (b) of this section.

(e) A student prevailing in a claim brought against a local school administrative unit for a violation under this Article or any action brought by a public school against a student for conduct covered by this Article shall be entitled to reasonable attorneys' fees and court costs.

(f) The Attorney General shall intervene and shall provide legal defense of this Article in any action which includes claims challenging the constitutionality of this Article.

"**§ 115C-407.32. Religious activity for school personnel.**

(a) Nothing in this Article shall be construed to support, encourage, or permit a teacher, administrator, or other employee of the local board of education to lead, direct, or encourage any religious or antireligious activity in violation of that portion of the First Amendment of the Constitution of the United States prohibiting laws respecting an establishment of religion.

(b) Local boards of education may not prohibit school personnel from participating in religious activities on school grounds that are initiated by students at reasonable times before or after the instructional day so long as such activities are voluntary for all parties and do not conflict with the responsibilities or assignments of such personnel.

(c) School employees supervising extracurricular activities, including coaches, may be present while a student or group of students exercises their voluntary right to pray as provided in G.S. 115C-407.30 and, if present, shall not be disrespectful of the student exercise of such rights and may adopt a respectful posture.

(d) Nothing in this section shall prohibit local boards of education from allowing school personnel to participate in other constitutionally permissible religious activities on school grounds.

"**§ 115C-407.33. Limitations of Article.**

This Article shall not be construed to direct any local board of education to take any action in violation of the Constitution of North Carolina or the United States. The specification of

rights in this Article shall not be construed to exclude or limit religious liberty or free speech rights otherwise protected by federal, State, or local law."

SECTION 2. G.S. 115C-47(29b) is repealed.

SECTION 3. If any provision, sentence, or clause 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, sentences, or clauses, or application, and to this end the provisions of this act are severable.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 2:42 p.m. this 19th day of June, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-111
SENATE BILL 403

AN ACT TO AMEND AND CLARIFY VARIOUS PROVISIONS OF THE ELECTION LAWS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 163-106(b) reads as rewritten:

"(b) Eligibility to File. – No person shall be permitted to file as a candidate in a party primary ~~if, at the time he offers to file notice of candidacy, he is registered on the appropriate registration book or record as an affiliate of a political party other than that in whose primary he is attempting to file. No person who has changed his political party affiliation or who has changed from unaffiliated status to party affiliation as permitted in G.S. 163-82.17, shall be permitted to file as a candidate in the primary of the party to which he changed unless he has been affiliated with the political party in which he seeks to be a candidate for at least 90 days prior to the filing date for the office for which he desires to file his notice of candidacy.~~unless that person has been affiliated with that party for at least 90 days as of the date of that person filing such notice of candidacy. A person registered as "unaffiliated" shall be ineligible to file as a candidate in a party primary election."

SECTION 1.(b) This section is effective January 1, 2015, and applies to elections conducted on or after that date.

SECTION 2. G.S. 163-165.6(c) reads as rewritten:

"(c) Order of Candidates on Primary and Nonpartisan Official Ballots. – The order in which candidates shall appear on a county's official ballots in any (i) primary ballot ~~item~~ item, whether the primary is partisan or nonpartisan, and (ii) in any nonpartisan general election ballot item under Article 25 of this Chapter shall be determined by the county board of elections using a process designed by the State Board of Elections for random selection. The same random selection process shall be used for all primaries and elections in a calendar year."

SECTION 3. G.S. 163-227.2(g2) reads as rewritten:

"(g2) Notwithstanding the requirements of subsection (g) and (g1) of this section, for any county board of elections that provided for one or more sites ~~as provided in subsection (g) of this section~~ during the 2010 or 2012 general election, that county shall provide, at a minimum, the following:

(1) The county board of elections shall calculate the cumulative total number of scheduled voting hours at all sites during the 2012 primary and general elections, respectively, that the county provided for absentee ballots to be applied for and voted under this section. For elections which include a presidential candidate on the ballot, the county shall ensure that at least the same number of hours offered in 2012 is offered for absentee ballots to be applied for and voted under this section through a combination of hours and numbers of one-stop sites during the primary or general election, correspondingly.

(2) The county board of elections shall calculate the cumulative total number of scheduled voting hours at all sites during the 2010 primary and general elections, respectively, that the county provided for absentee ballots to be applied for and voted under this section. For elections which do not include a presidential candidate on the ballot, the county shall ensure that at least the same number of hours offered in 2010 is offered for absentee ballots to be applied for and voted under this section through a combination of hours and

numbers of one-stop sites during the primary or general election, correspondingly.

As used in this subsection, the phrase "cumulative total number of scheduled voting hours" includes those at the office of the county board of elections or the reasonably proximate alternate site approved under subsection (g) of this section.

The State Board of Elections, to ensure compliance with this subsection, may approve a one-stop site in a building that the county board of elections is not entitled under G.S. 163-129 to demand and use as an election-day voting place, but may deny approval if a member of that board presents evidence that other equally suitable sites were available and the use of the sites chosen would unfairly advantage or disadvantage geographic, demographic, or partisan interests of that county."

SECTION 4. G.S. 115C-47 reads as rewritten:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(59) To Encourage Student Voter Registration. – Local boards of education are encouraged to adopt policies to promote student voter registration. These policies may include collaboration with county boards of elections to conduct voter registration ~~and preregistration~~ in high schools. Completion and submission of voter registration forms shall not be a course requirement or graded assignment for students.

...."

SECTION 5. Section 5.3 of S.L. 2013-381 reads as rewritten:

"**SECTION 5.3.** Education and Publicity Requirements. – The public shall be educated about the photo identification to vote requirements of this act as follows:

...

(4) Notices of elections published by county boards of elections under ~~G.S. 163-22(8)~~ G.S. 163-33(8) for the 2014 primary and 2014 general election shall include a brief statement that photo identification will be required to vote in person beginning in 2016.

...."

SECTION 6. G.S. 163-166.14(e) reads as rewritten:

"(e) At any time a voter presents photo identification to a local election official other than on election day, the county board of elections shall have available to the local election official judges of election for the review required under subsection (b) of this section, appointed with the same qualifications as is in Article 5 of this Chapter, except that the individuals may (i) ~~may~~ reside anywhere in the county or (ii) be an employee of the county or the State. Neither the local election official nor the judges of election may be a county board member. The county board is not required to have the same judges of election available throughout the time period a voter may present photo identification other than on election day but shall have at least two judges, who are not of the same political party affiliation, available at all times during that period."

SECTION 7. G.S. 163-166.13(e) reads as rewritten:

"(e) As used in this section, "photo identification" means any one of the following that contains a photograph of the registered voter. In addition, the photo identification shall have a printed expiration date and shall be unexpired, provided that any voter having attained the age of 70 years at the time of presentation at the voting place shall be permitted to present an expired form of any of the following that was unexpired on the voter's 70th birthday. ~~Notwithstanding the previous sentence, in the case of identification under subdivisions (4) through (6) of this subsection, if it does not contain a printed expiration date, it shall be acceptable if it has a printed issuance date that is not more than eight years before it is presented for voting:~~

(1) A North Carolina drivers license issued under Article 2 of Chapter 20 of the General Statutes, including a learner's permit or a provisional license.
(2) A special identification card for nonoperators issued under G.S. 20-37.7.
(3) A United States passport.
(4) A United States military identification card, except there is no requirement that it have a printed expiration or issuance date.

(5) A Veterans Identification Card issued by the United States Department of Veterans Affairs for use at Veterans Administration medical facilities facilities, except there is no requirement that it have a printed expiration or issuance date.

(6) A tribal enrollment card issued by a federally recognized ~~tribe.~~tribe, provided that if the tribal enrollment card does not contain a printed expiration date, it shall be acceptable if it has a printed issuance date that is not more than eight years before it is presented for voting.

(7) A tribal enrollment card issued by a tribe recognized by this State under Chapter 71A of the General Statutes, provided that card meets all of the following criteria:

a. Is issued in accordance with a process approved by the State Board of Elections that requires an application and proof of identity equivalent to the requirements for issuance of a special identification card by the Division of Motor Vehicles under G.S. 20-7 and G.S. 20-37.7.

b. Is signed by an elected official of the tribe.

(8) A drivers license or nonoperators identification card issued by another state, the District of Columbia, or a territory or commonwealth of the United States, but only if the voter's voter registration was within 90 days of the election."

SECTION 8. Section 38.1(b) of S.L. 2013-381 reads as rewritten:

"**SECTION 38.1.(b)** Article 22J of Chapter 163 of the General Statutes is ~~repealed.~~ repealed, except that the repeal of G.S. 163-278.99E(d) is governed by subsection (l) of this section, which provides that the repeal becomes effective upon exhaustion of the funds for publication of the Judicial Voter Guide in G.S. 163-278.69."

SECTION 9. G.S. 163-278.40H reads as rewritten:

"**§ 163-278.40H. Notice of reports due.**

The director of the board shall advise, or cause to be advised, no less than five days nor more than 15 days before each report is due each candidate or treasurer whose organizational report has been filed under G.S. 163-278.40A of the specific date each report is due. ~~He~~ The director shall immediately notify any individual, candidate, treasurer, or political committee, to file a statement under this Part if:

(1) It appears that the individual, candidate, treasurer, or political committee has failed to file a statement as required by law or that a statement filed does not conform to this Part; or

(2) A written complaint is filed under oath with the ~~board~~ State Board of Elections by any registered voter of this State alleging that a statement filed with the board does not conform to this Part or to the truth or that an individual, candidate, treasurer, or political committee has failed to file a statement required by this Part."

SECTION 10. G.S. 163-302(a) reads as rewritten:

"(a) In any municipal election, including a primary or general election or referendum, ~~conducted by the county board of elections,~~ absentee voting may, upon resolution of the municipal governing body, be permitted. Such resolution must be adopted no later than 60 days prior to an election in order to be effective for that election. Any such resolution shall remain effective for all future elections unless repealed no later than 60 days before an election. A copy of all resolutions adopted under this section shall be filed with the State Board of Elections and the county board of elections conducting the election within 10 days of passage in order to be effective. ~~Absentee voting shall not be permitted in any municipal election unless such election is conducted by the county board of elections.~~ In addition, absentee voting shall be allowed in any referendum on incorporation of a municipality."

SECTION 11. G.S. 163-231(a) reads as rewritten:

"(a) Procedure for Voting Absentee Ballots. – In the presence of two persons who are at least 18 years of age, and who are not disqualified by G.S. 163-226.3(a)(4) or G.S. 163-237(b1), the voter shall do all of the following:

...

(5) Require those two persons in whose presence the voter marked that voter's ballots to sign the application and certificate as witnesses and to indicate

those persons' addresses. Failure to list a ZIP code does not invalidate the application and certificate.

...."

SECTION 12.(a) G.S. 163-82.15(e) reads as rewritten:

"(e) Unreported Move to Another Precinct Within the County. – If a registrant has moved from an address in one precinct to an address in another precinct within the same county more than 30 days before an election and has failed to notify the county board of the change of address before the close of registration for that election, the county board shall permit that person to vote in that election. The county board shall permit the registrant described in this subsection to vote at the registrant's new precinct, upon the registrant's written affirmation of the new address, or, if the registrant prefers, at a central location in the county to be chosen by the county board. If the registrant appears at the old precinct, the precinct officials there shall (i) send the registrant to the new precinct or, (ii) if the registrant prefers, to the central location, according to rules which shall be prescribed by the State Board of ~~Elections.~~ Elections, or (iii) permit the voter to vote a provisional ballot and shall count the individual's provisional official ballot for all ballot items on which it determines that the individual was eligible under State or federal law to vote. At the new precinct, the registrant shall be processed by a precinct transfer assistant, according to rules which shall be prescribed by the State Board of Elections. ~~Any voter subject to this subsection may instead vote a provisional ballot according to the provisions of G.S. 163-166.11.~~"

SECTION 12.(b) G.S. 163-166.11(5) is repealed.

SECTION 12.(c) G.S. 163-182.2(a)(4) reads as rewritten:

"(4) If the county board of elections finds that an individual voting a provisional official ballot (i) was registered in the county as provided in G.S. 163-82.1, (ii) voted in the proper precinct under G.S. 163-55 and G.S. 163-57, and (iii) was otherwise eligible to vote, the ~~Provisional~~provisional official ballots shall be counted by the county board of elections before the canvass. ~~If the county board finds that an individual voting a provisional official ballot is not eligible to vote in one or more ballot items on the official ballot, the board shall not count the official ballot in those ballot items, but shall count the official ballot in any ballot items for which the individual is eligible to vote. Eligibility shall be determined by whether the voter is registered in the county as provided in G.S. 163-82.1 and whether the voter is qualified by residency to vote in the precinct as provided in G.S. 163-55 and G.S. 163-57.~~ Except as provided in G.S. 163-82.15(e), if the county board finds that an individual voting a provisional official ballot (i) did not vote in the proper precinct under G.S. 163-55 and G.S. 163-57, (ii) is not registered in the county as provided in G.S. 163-82.1, or (iii) is otherwise not eligible to vote, the ballot shall not be counted. If a voter was properly registered to vote in the election by the county board, no mistake of an election official in giving the voter a ballot or in failing to comply with G.S. 163-82.15 or G.S. 163-166.11 shall serve to prevent the counting of the vote on any ballot item the voter was eligible by registration and qualified by residency to vote."

SECTION 13.(a) G.S. 138A-22 reads as rewritten:

"**§ 138A-22. Statement of economic interest; filing required.**

(a) Every covered person subject to this Chapter who is elected, appointed, or employed, including one appointed to fill a vacancy in elective office, except for public servants (i) included under G.S. 138A-3(30)b., e., f., or g. whose annual compensation from the State is less than sixty thousand dollars ($60,000), or (ii) who are ex officio student members under Chapters 115D and 116 of the General Statutes, shall file a statement of economic interest with the Commission prior to the covered person's initial appointment, election, or employment and no later than April 15 of every year thereafter, except as otherwise filed under subsections (c1) and (d) of this section. A prospective covered person required to file a statement under this Chapter shall not be appointed, employed, or receive a certificate of election, prior to submission by the Commission of the Commission's evaluation of the statement in accordance with this Article. The requirement for an annual filing under this subsection also shall apply to covered persons whose terms have expired but who continue to serve until the covered person's replacement is appointed. Once a statement of economic

interest is properly completed and filed under this Article, the statement of economic interest does not need to be supplemented or refiled prior to the next due date set forth in this subsection.

(b) Notwithstanding subsection (a) of this section, individuals hired by, and appointees of, constitutional officers of the State may file a statement of economic interest within 30 days after their appointments or employment when the appointment or employment is made during the first 60 days of the constitutional officer's initial term in that constitutional office.

(c) Notwithstanding subsection (a) of this section, public servants, under G.S. 138A-3(30)j. and k., who have submitted a statement of economic interest under subsection (a) of this section, may be hired, appointed, or elected provisionally prior to submission by the Commission of the Commission's evaluation of the statement in accordance with this Article, subject to dismissal or removal based on the Commission's evaluation.

(c1) A public servant reappointed to a board between January 1 and April 15 shall file a current statement of economic interest prior to the reappointment.

(c2) A public servant appointed to a board determined and designated as nonadvisory under G.S. 138A-10(a)(3) shall file the initial statement of economic interest within 60 days of notification of the designation by the Commission and as provided in this section thereafter.

(d) A candidate for an office subject to this Article shall file the statement of economic interest ~~at the same place and in the same manner as the notice of candidacy for that office is required to be filed under G.S. 163-106 or G.S. 163-323~~ with the Commission within 10 days of the filing deadline for the office the candidate seeks. ~~An individual who is nominated under G.S. 163-114 after the primary and before the general election, and an individual who qualifies under G.S. 163-122 as an unaffiliated candidate in a general election, shall file a statement of economic interest with the county board of elections of each county in the senatorial or representative district.~~ An individual nominated under G.S. 163-114 shall file the statement within three days following the individual's nomination, or not later than the day preceding the general election, whichever occurs first. An individual seeking to qualify as an unaffiliated candidate under G.S. 163-122 shall file the statement of economic interest ~~with~~ within three days of filing the petition ~~filed~~ required under that section. An individual seeking to have write-in votes counted for that individual in a general election shall file a statement of economic interest ~~at the same~~within three days of the time the candidate files a declaration of intent under G.S. 163-123. A candidate of a new party chosen by convention shall file a statement of economic interest ~~at the same~~ within three days of the time that the president of the convention certifies the names of its candidates to the State Board of Elections under G.S. 163-98.

(d1) In addition to subsections (a) and (d) of this section, a covered person holding elected office or a former covered person who held elected office subject to this Article shall file a statement of economic interest in all of the following instances, as specified:

(1) Filed on or before April 15 of the year following the year a covered person or former covered person does not file a notice of candidacy or petition for election, or does not receive a certificate of election, to the position making that individual a covered person, with all information provided in the statement of economic interest current as of the last day of December of the preceding year.

(2) Filed on or before April 15 of the year following the year the covered person or former covered person resigns from the position making that individual a covered person, with all information provided in the statement of economic interest current as of the last day in the position.

(e) The State Board of Elections shall provide for notification of the statement of economic interest requirements of this Article to be given to any candidate filing for nomination or election to those offices subject to this Article ~~at the time of the filing of candidacy.~~ and to any nominee under G.S. 163-114.

(f) Within 10 days of the filing deadline for office of a covered person, the executive director of the State Board of Elections shall send to the State Ethics Commission a list of the names and addresses of each candidate who ~~have~~ has filed as a candidate for office as a covered person. Within five days of an individual otherwise qualifying to be on the ballot, the State Board of Elections shall send notice of that qualification to the State Ethics Commission. ~~A county board of election shall forward any statements of economic interest filed with the board under this section to the State Board of Elections. The executive director of the State Board of~~

~~Elections shall forward a certified copy of the statements of economic interest to the Commission for evaluation upon its filing with the State Board of Elections under this section.~~

(g) The Commission shall issue forms to be used for the statement of economic interest and shall revise the forms from time to time as necessary to carry out the purposes of this Chapter. Except as otherwise set forth in this section and in G.S. 138A-15(h), upon notification by the employing entity, the Commission shall furnish to all other covered persons the appropriate forms needed to comply with this Article."

SECTION 13.(b) This section becomes effective January 1, 2015, and applies to statements of economic interest filed on or after that date.

SECTION 14. G.S. 20-9.2 is amended by adding a new subsection to read:

"(c) This section does not apply to special identification cards issued pursuant to G.S. 20-37.7(d)(5) or (6)."

SECTION 15.(a) G.S. 163-226.3(a)(7) reads as rewritten:

"(7) Except as provided in subsections (1), (2), (3) and (4) of this section, G.S. 163-231(a), ~~G.S. 163-250(a),~~ and G.S. 163-227.2(e), for any voter to permit another person to assist the voter in marking that voter's absentee ballot, to be in the voter's presence when a voter votes an absentee ballot, or to observe the voter mark that voter's absentee ballot."

SECTION 15.(b) G.S. 163-237(b1) reads as rewritten:

"(b1) Candidate Witnessing Absentee Ballots of Nonrelative Made Class 2 Misdemeanor. - A person is guilty of a Class 2 misdemeanor if that person acts as a witness under G.S. 163-231(a) ~~or G.S. 163-250(a)~~ in any primary or election in which the person is a candidate for nomination or election, unless the voter is the candidate's near relative as defined in G.S. 163-230.1(f)."

SECTION 15.(c) G.S. 163-275(16) reads as rewritten:

"(16) For any person falsely to make the certificate provided by ~~G.S. 163-229(b)(2) or G.S. 163-250(a).~~G.S. 163-229(b)(2)."

SECTION 15.(d) G.S. 163-89(a) reads as rewritten:

"**§ 163-89. Procedures for challenging absentee ballots.**

(a) Time for Challenge. – The absentee ballot of any voter may be challenged on the day of any statewide primary or general election or county bond election beginning no earlier than noon and ending no later than 5:00 P.M., or by the chief judge at the time of closing of the polls as provided in G.S. 163-232 and ~~G.S. 163-251(b).~~ G.S. 163-258.26(b). The absentee ballot of any voter received by the county board of elections pursuant to G.S. 163-231(b)(ii) or (iii) may be challenged no earlier than noon on the day following the election and no later than 5:00 p.m. on the next business day following the deadline for receipt of such absentee ballots."

SECTION 16. G.S. 163-82.14 is amended by adding a new subsection to read:

"(e) Cooperation on List Maintenance Efforts. – The State Board has the authority to perform list maintenance under this section with the same authority as a county board."

SECTION 17.5.(a) G.S. 163-287 reads as rewritten:

"**§ 163-287. Special elections; procedure for calling.**

(a) Any county, municipality, or any special district shall have authority to call special elections as permitted by law. Prior to calling a special election, the governing body of the county, municipality, or special district shall adopt a resolution specifying the details of the election, and forthwith deliver the resolution to the local board of elections. The resolution shall call on the local board of elections to conduct the election described in the resolution and shall state the date on which the special election is to be conducted. In setting the date, counties, municipalities, and special districts are encouraged to set a date that will result in the highest possible voter turnout. However, ~~The~~ the special election may be held only as follows:

(1) ~~at~~At the same time as any other ~~State,~~State or county ~~or municipal~~ general ~~election~~ election.

(2) ~~or at~~At the same time as the primary election in any even-numbered ~~year.~~year.

(3) At the same time as any other election requiring all the precincts in the county to be open.

(4) At the same time as a municipal general election, if the special election is within the jurisdiction of the municipality only.

(b) Legal notice of the special election shall be published no less than 45 days prior to the special election. The local board of elections shall be responsible for publishing the legal

notice. The notice shall state the date and time of the special election, the issue to be submitted to the voters, and the precincts in which the election will be held. This subsection shall not apply to bond elections.

(c) The last sentence of subsection (a) of this section shall not apply to any special election related to the public health or safety, including a vacancy in the office of sheriff or a bond referendum for financing of health and sanitation systems, if the governing body adopts a resolution stating the need for the special election at a time different from any other State, county, or municipal general election or the primary in any even-numbered year.

(d) The last sentence of subsection (a) of this section shall not apply to municipal incorporation or recall elections pursuant to local act of the General Assembly.

(e) The last sentence of subsection (a) of this section shall not apply to municipal elections to fill vacancies in office pursuant to local act of the General Assembly where more than six months remain in the term of office, and if less than six months remain in the office, the governing board may fill the vacancy for the remainder of the unexpired term notwithstanding any provision of a local act of the General Assembly.

(f) This section shall not impact the authority of the courts or the State Board to order a new election at a time set by the courts or State Board under this Chapter."

SECTION 17.5.(b) This section becomes effective January 1, 2015, and applies to all special elections held on or after that date.

SECTION 18. G.S. 160A-102 reads as rewritten:

"**§ 160A-102. Amendment by ordinance.**

By following the procedure set out in this section, the council may amend the city charter by ordinance to implement any of the optional forms set out in G.S. 160A-101. The council shall first adopt a resolution of intent to consider an ordinance amending the charter. The resolution of intent shall describe the proposed charter amendments briefly but completely and with reference to the pertinent provisions of G.S. 160A-101, but it need not contain the precise text of the charter amendments necessary to implement the proposed changes. At the same time that a resolution of intent is adopted, the council shall also call a public hearing on the proposed charter amendments, the date of the hearing to be not more than 45 days after adoption of the resolution. A notice of the hearing shall be published at least once not less than 10 days prior to the date fixed for the public hearing, and shall contain a summary of the proposed amendments. Following the public hearing, but not earlier than the next regular meeting of the council and not later than 60 days from the date of the hearing, the council may adopt an ordinance amending the charter to implement the amendments proposed in the resolution of intent.

The council may, but shall not be required to unless a referendum petition is received pursuant to G.S. 160A-103, make any ordinance adopted pursuant to this section effective only if approved by a vote of the people, and may by resolution adopted at the same time call a special election for the purpose of submitting the ordinance to a vote. The date fixed for the special election shall be ~~not more than 90 days~~the next date permitted under G.S. 163-287(a) that is more than 70 days after adoption of the ordinance.

Within 10 days after an ordinance is adopted under this section, the council shall publish a notice stating that an ordinance amending the charter has been adopted and summarizing its contents and effect. If the ordinance is made effective subject to a vote of the people, the council shall publish a notice of the election in accordance with G.S. 163-287, and need not publish a separate notice of adoption of the ordinance.

The council may not commence proceedings under this section between the time of the filing of a valid initiative petition pursuant to G.S. 160A-104 and the date of any election called pursuant to such petition."

SECTION 18.5.(a) G.S. 163-278.9(j) reads as rewritten:

"(j) Treasurers for each of the following entities shall electronically file each report required by this section that shows a cumulative total for the election cycle in excess of ~~five thousand dollars ($5,000)~~the stated amount in contributions, in expenditures, or in loans, according to rules adopted by the State Board of Elections:

(1) A candidate for statewide ~~office;~~office, if more than five thousand dollars ($5,000).

(2) A State, district, county, or precinct executive committee of a political party, if the committee makes contributions or independent expenditures in excess of five thousand dollars ($5,000) that affect contests for statewide ~~office;~~office.

(3) A political committee that makes contributions in excess of five thousand dollars ($5,000) to candidates for statewide office or makes independent expenditures in excess of five thousand dollars ($5,000) that affect contests for statewide office.

(4) All other political committees, if more than ten thousand dollars ($10,000).

The State Board of Elections shall provide the software necessary to file an electronic report to a treasurer required to file an electronic report at no cost to the treasurer."

SECTION 18.5.(b) This section becomes effective January 1, 2017, and applies to elections held on or after that date.

SECTION 19. Except as provided herein, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of August, 2014.

s/ Neal Hunt
Presiding Officer of the Senate

s/ Thom Tillis
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 5:10 p.m. this 6th day of August, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-28
SENATE BILL 719

AN ACT TO PROVIDE THAT STUDENT ORGANIZATIONS AT CONSTITUENT INSTITUTIONS AND COMMUNITY COLLEGES MAY DETERMINE THE ORGANIZATION'S CORE FUNCTIONS AND RESOLVE ANY DISPUTES OF THE ORGANIZATION AND TO PROHIBIT CONSTITUENT INSTITUTIONS AND COMMUNITY COLLEGES FROM DENYING RECOGNITION TO ORGANIZATIONS FOR EXERCISING THESE RIGHTS.

The General Assembly of North Carolina enacts:

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

"**§ 116-40.12. Student organizations; rights and recognition.**

(a) No constituent institution that grants recognition to any student organization shall deny recognition to a student organization or deny to a student organization access to programs, funding, facilities, or other privileges associated with official recognition otherwise available to another student organization, on the basis of the organization's exercise of its rights pursuant to subsection (b) of this section.

(b) To the extent allowed by State and federal law, a religious or political student organization may, in conformity with the organization's established written doctrines expressing the organization's faith or mission, (i) determine that only persons professing the faith or mission of the group, and comporting themselves in conformity with, are qualified to serve as leaders of that organization, (ii) order its internal affairs according to the established written doctrines, and (iii) resolve the organization's disputes according to the established written doctrines."

SECTION 2. Article 2 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"**§ 115D-20.2. Student organizations; rights and recognition.**

(a) No community college that grants recognition to any student organization shall deny recognition to a student organization or deny to a student organization access to programs, funding, facilities, or other privileges associated with official recognition otherwise available to another student organization, on the basis of the organization's exercise of its rights pursuant to subsection (b) of this section.

(b) To the extent allowed by State and federal law, a religious or political student organization may, in conformity with the organization's established written doctrines expressing the organization's faith or mission, (i) determine that only persons professing the faith or mission of the group, and comporting themselves in conformity with, are qualified to serve as leaders of that organization, (ii) order its internal affairs according to the established written doctrines, and (iii) resolve the organization's disputes according to the established written doctrines."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 19th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 12:12 p.m. this 25th day of June, 2014

SESSION LAW 2014-120
SENATE BILL 734

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA BY PROVIDING FOR VARIOUS ADMINISTRATIVE REFORMS, BY ELIMINATING CERTAIN UNNECESSARY OR OUTDATED STATUTES AND REGULATIONS AND MODERNIZING OR SIMPLIFYING CUMBERSOME OR OUTDATED REGULATIONS, AND BY MAKING VARIOUS OTHER STATUTORY CHANGES.

The General Assembly of North Carolina enacts:

ELIMINATE, AS OBSOLETE, THE SMALL BUSINESS CONTRACTOR AUTHORITY, THE COMMITTEE ON DROPOUT PREVENTION, THE STATE EDUCATION COMMITTEE, THE STATE EDUCATION COMMISSION, THE NATIONAL HERITAGE AREA DESIGNATION COMMISSION, THE GOVERNOR'S MANAGEMENT COUNCIL, THE BOARD OF DIRECTORS OF THE NORTH CAROLINA CENTER FOR NURSING, AND THE BOARD OF CORRECTIONS

SECTION 1.(a) Part 20 of Article 10 of Chapter 143B of the General Statutes is repealed.

SECTION 1.(b) Article 6B of Chapter 115C of the General Statutes is repealed.

SECTION 1.(c) G.S. 116C-1 reads as rewritten:

"**§ 116C-1. Education Cabinet created.**

(a) The Education Cabinet is created. The Education Cabinet shall be located administratively within, and shall exercise its powers within existing resources of, the Office of the Governor. However, the Education Cabinet shall exercise its statutory powers independently of the Office of the Governor.

(b) The Education Cabinet shall consist of the Governor, who shall serve as chair, the President of The University of North Carolina, the State Superintendent of Public Instruction, the Chairman of the State Board of Education, the President of the North Carolina Community Colleges System, the Secretary of Health and Human Services, and the President of the North Carolina Independent Colleges and Universities. The Education Cabinet may invite other representatives of education to participate in its deliberations as adjunct members.

(c) The Education Cabinet shall be a nonvoting body that:

(1) Works to resolve issues between existing providers of education.

~~(2) Sets the agenda for the State Education Commission.~~

(3) Develops a strategic design for a continuum of education programs, in accordance with G.S. 116C-3.

(4) Studies other issues referred to it by the Governor or the General Assembly.

(d) The Office of the Governor, in coordination with the staffs of The University of North Carolina, the North Carolina Community College System, and the Department of Public Instruction, shall provide staff to the Education Cabinet."

SECTION 1.(d) G.S. 116C-2 is repealed.

SECTION 1.(e) Article 26 of Chapter 143 of the General Statutes is repealed.

SECTION 1.(f) Section 18.10 of S.L. 2001-491 reads as rewritten:

"**SECTION 18.10.** Notwithstanding G.S. 158-8.1, the Western North Carolina Regional Economic Development Commission shall develop a regional heritage tourism plan and shall present the plan to the 2002 Regular Session of the 2001 General Assembly no later than May 1, 2002. The National Heritage Area Designation Commission created pursuant to Section 18.4 of this act shall terminate August 1, 2014."

SECTION 1.(g) Part 24 of Article 9 of Chapter 143B of the General Statutes is repealed.

SECTION 1.(h) G.S. 90-171.71 is repealed.

SECTION 1.(i) G.S. 143B-711 reads as rewritten:

"**§ 143B-711. Division of Adult Correction of the Department of Public Safety – organization.**

The Division of Adult Correction of the Department of Public Safety shall be organized initially to include the Post-Release Supervision and Parole Commission, ~~the Board of Correction,~~the Section of Prisons of the Division of Adult Correction, the Section of Community Corrections, the Section of Alcoholism and Chemical Dependency Treatment Programs, and such other divisions as may be established under the provisions of the Executive Organization Act of 1973."

SECTION 1.(j) G.S. 143B-715 is repealed.

CLARIFY PROCESS FOR READOPTION OF EXISTING RULES

SECTION 2. G.S. 150B-21.3A(d) reads as rewritten:

"(d) Timetable. – The Commission shall establish a schedule for the review and readoption of existing rules in accordance with this section on a decennial basis as follows:

(1) With regard to the review process, the Commission shall assign ~~by assigning~~ each Title of the Administrative Code a date by which the review required by this section must be completed. In establishing the schedule, the Commission shall consider the scope and complexity of rules subject to this section and the resources required to conduct the review required by this section. The Commission shall have broad authority to modify the schedule and extend the time for review in appropriate circumstances. Except as provided in ~~subsection~~ subsections (e) and (f) of this section, if the agency fails to conduct the review by the date set by the Commission, the rules contained in that Title which have not been reviewed will expire. The Commission shall report to the Committee any agency that fails to conduct the review. The Commission may exempt rules that have been adopted or amended within the previous 10 years from the review required by this section. However, any rule exempted on this basis must be reviewed in accordance with this section no more than 10 years following the last time the rule was amended.

(2) With regard to the readoption of rules as required by sub-subdivision (c)(2)g. of this section, once the final determination report becomes effective, the Commission shall establish a date by which the agency must readopt the rules. The Commission shall consult with the agency and shall consider the agency's rule-making priorities in establishing the readoption date. The agency may amend a rule as part of the readoption process. If a rule is readopted without substantive change, the agency is not required to prepare a fiscal note as provided by G.S. 150B-21.4."

AUTHORIZE LICENSING BOARDS TO ADOPT RULES FOR PROFESSIONAL CORPORATIONS

SECTION 3. G.S. 55B-12 reads as rewritten:

"**§ 55B-12. Application of regulations of licensing boards.**

(a) A professional corporation shall be subject to the applicable rules and regulations adopted by, and all the disciplinary powers of, the licensing board as herein defined. Nothing in this Chapter shall impair the disciplinary powers of any licensing board applicable to a licensee as herein defined. No professional corporation may do any act which its shareholders as licensees are prohibited from doing.

(b) Subject to the requirements of Article 2A of Chapter 150B of the General Statutes, any licensing board subject to this Chapter may adopt rules to implement the provisions of this Chapter, including any rules needed to establish fees within the limits set by this Chapter."

OCCUPATIONAL LICENSING BOARD REPORTING AMENDMENTS

SECTION 4. G.S. 93B-2 reads as rewritten:

"**§ 93B-2. Annual reports required; contents; open to inspection; sanction for failure to report.**

(a) No later than October 31 of each year, each occupational licensing board shall file electronically with the Secretary of State, the Attorney General, and the Joint ~~Regulatory Reform~~Legislative Administrative Procedure Oversight Committee an annual report containing all of the following information:

(1) The address of the board, and the names of its members and officers.

(1a) The total number of licensees supervised by the board.

(2) The number of persons who applied to the board for examination.

(3) The number who were refused examination.

(4) The number who took the examination.

(5) The number to whom initial licenses were issued.

(5a) The number who failed the examination.

(6) The number who applied for license by reciprocity or comity.

(7) The number who were granted licenses by reciprocity or comity.

(7a) The number of official complaints received involving licensed and unlicensed activities.

(7b) The number of disciplinary actions taken against licensees, or other actions taken against nonlicensees, including injunctive relief.

(8) The number of licenses suspended or revoked.

(9) The number of licenses terminated for any reason other than failure to pay the required renewal fee.

(10) The substance of any anticipated request by the occupational licensing board to the General Assembly to amend statutes related to the occupational licensing board.

(11) The substance of any anticipated change in rules adopted by the occupational licensing board or the substance of any anticipated adoption of new rules by the occupational licensing board.

(b) No later than October 31 of each year, each occupational licensing board shall file electronically with the Secretary of State, the Attorney General, the Office of State Budget and Management, and the Joint ~~Regulatory Reform~~Legislative Administrative Procedure Oversight Committee a financial report that includes the source and amount of all funds credited to the occupational licensing board and the purpose and amount of all funds disbursed by the occupational licensing board during the previous fiscal year.

(c) The reports required by this section shall be open to public inspection.

(d) The Joint Legislative Administrative Procedure Oversight Committee shall notify any board that fails to file the reports required by this section. Failure of a board to comply with the reporting requirements of this section by October 31 of each year shall result in a suspension of the board's authority to expend any funds until such time as the board files the required reports. Suspension of a board's authority to expend funds under this subsection shall not affect the board's duty to issue and renew licenses or the validity of any application or license for which fees have been tendered in accordance with law. Each board shall adopt rules establishing a procedure for implementing this subsection and shall maintain an escrow account into which any fees tendered during a board's period of suspension under this subsection shall be deposited."

OAH ELECTRONIC FILING

SECTION 5.(a) Article 3 of Chapter 150B of the General Statutes is amended by adding a new section to read:

"**§ 150B-23.3. Electronic filing.**

In addition to any other method specified in G.S. 150B-23, documents filed and served in a contested case may be filed and served electronically by means of an Electronic Filing Service Provider. For purposes of this section, the following definitions apply:

(1) Electronic filing means the electronic transmission of the petition, notice of hearing, pleadings, or any other documents filed in a contested case with the Office of Administrative Hearings, as further defined by rules adopted by the Office of Administrative Hearings.

(2) Electronic Filing Service Provider (EFSP) means the service provided by the Office of Administrative Hearings for e-filing and e-service of documents via the Internet.

(3) Electronic service means the electronic transmission of the petition, notice of hearing, pleadings, or any other documents in a contested case, as further defined by rules adopted by the Office of Administrative Hearings."

SECTION 5.(b) This section is effective when it becomes law and applies to contested cases filed on or after that date.

STREAMLINE RULE-MAKING PROCESS

SECTION 6.(a) G.S. 150B-19.1(h) is repealed.

SECTION 6.(b) G.S. 150B-21.4 reads as rewritten:

"**§ 150B-21.4. Fiscal ~~notes~~ and regulatory impact analysis on rules.**

(a) State Funds. – Before an agency ~~adopts~~ publishes in the North Carolina Register the proposed text of a permanent rule change that would require the expenditure or distribution of funds subject to the State Budget Act, Chapter 143C of the General Statutes it must submit the text of the proposed rule change, an analysis of the proposed rule change, and a fiscal note on the proposed rule change to the Office of State Budget and Management and obtain certification from the Office of State Budget and Management that the funds that would be required by the proposed rule change are available. ~~The agency shall submit the text of the proposed rule change, an analysis of the proposed rule change, and a fiscal note on the proposed rule change to the Office at the same time as the agency submits the notice of text for publication pursuant to G.S. 150B-21.2.~~ The fiscal note must state the amount of funds that would be expended or distributed as a result of the proposed rule change and explain how the amount was computed. The Office of State Budget and Management must certify a proposed rule change if funds are available to cover the expenditure or distribution required by the proposed rule change.

(a1) DOT Analyses. – In addition to the requirements of subsection (a) of this section, any agency that adopts a rule affecting environmental permitting of Department of Transportation projects shall conduct an analysis to determine if the rule will result in an increased cost to the Department of Transportation. The analysis shall be conducted and submitted to the Board of Transportation when the agency submits the notice of text for publication. The agency shall consider any recommendations offered by the Board of Transportation prior to adopting the rule. Once a rule subject to this subsection is adopted, the Board of Transportation may submit any objection to the rule it may have to the Rules Review Commission. If the Rules Review Commission receives an objection to a rule from the Board of Transportation no later than 5:00 P.M. of the day following the day the Commission approves the rule, then the rule shall only become effective as provided in G.S. 150B-21.3(b1).

(b) Local Funds. – Before an agency ~~adopts~~ publishes in the North Carolina Register the proposed text of a permanent rule change that would affect the expenditures or revenues of a unit of local government, it must submit the text of the proposed rule change and a fiscal note on the proposed rule change to the Office of State Budget and Management as provided by G.S. 150B-21.26, the Fiscal Research Division of the General Assembly, the North Carolina Association of County Commissioners, and the North Carolina League of Municipalities. The fiscal note must state the amount by which the proposed rule change would increase or decrease expenditures or revenues of a unit of local government and must explain how the amount was computed.

(b1) Substantial Economic Impact. – Before an agency ~~adopts~~ publishes in the North Carolina Register the proposed text of a permanent rule change that would have a substantial economic impact and that is not identical to a federal regulation that the agency is required to adopt, the agency shall prepare a fiscal note for the proposed rule change and have the note approved by the Office of State Budget and Management. The agency must also obtain from the Office a certification that the agency adhered to the regulatory principles set forth in G.S. 150B-19.1(a)(2), (5), and (6). The agency may request the Office of State Budget and Management to prepare the fiscal note only after, working with the Office, it has exhausted all resources, internal and external, to otherwise prepare the required fiscal note. If an agency requests the Office of State Budget and Management to prepare a fiscal note for a proposed rule change, that Office must prepare the note within 90 days after receiving a written request for the note. If the Office of State Budget and Management fails to prepare a fiscal note within this

time period, the agency proposing the rule change shall prepare a fiscal note. A fiscal note prepared in this circumstance does not require approval of the Office of State Budget and Management.

If an agency prepares the required fiscal note, the agency must submit the note to the Office of State Budget and Management for review. The Office of State Budget and Management shall review the fiscal note within 14 days after it is submitted and either approve the note or inform the agency in writing of the reasons why it does not approve the fiscal note. After addressing these reasons, the agency may submit the revised fiscal note to that Office for its review. If an agency is not sure whether a proposed rule change would have a substantial economic impact, the agency shall ask the Office of State Budget and Management to determine whether the proposed rule change has a substantial economic impact. Failure to prepare or obtain approval of the fiscal note as required by this subsection shall be a basis for objection to the rule under G.S. 150B-21.9(a)(4).

As used in this subsection, the term "substantial economic impact" means an aggregate financial impact on all persons affected of at least one million dollars ($1,000,000) in a 12-month period. In analyzing substantial economic impact, an agency shall do the following:

(1) Determine and identify the appropriate time frame of the analysis.
(2) Assess the baseline conditions against which the proposed rule is to be measured.
(3) Describe the persons who would be subject to the proposed rule and the type of expenditures these persons would be required to make.
(4) Estimate any additional costs that would be created by implementation of the proposed rule by measuring the incremental difference between the baseline and the future condition expected after implementation of the rule. The analysis should include direct costs as well as opportunity costs. Cost estimates must be monetized to the greatest extent possible. Where costs are not monetized, they must be listed and described.
(5) For costs that occur in the future, the agency shall determine the net present value of the costs by using a discount factor of seven percent (7%).

(b2) Content. – A fiscal note required by subsection (b1) of this section must contain the following:

(1) A description of the persons who would be affected by the proposed rule change.
(2) A description of the types of expenditures that persons affected by the proposed rule change would have to make to comply with the rule and an estimate of these expenditures.
(3) A description of the purpose and benefits of the proposed rule change.
(4) An explanation of how the estimate of expenditures was computed.
(5) A description of at least two alternatives to the proposed rule that were considered by the agency and the reason the alternatives were rejected. The alternatives may have been identified by the agency or by members of the public.

(c) Errors. – An erroneous fiscal note prepared in good faith does not affect the validity of a rule.

(d) If an agency proposes the repeal of an existing rule, the agency is not required to prepare a fiscal note on the proposed rule change as provided by this section."

SECTION 6.(c) This section is effective when it becomes law and applies to proposed rules published on or after that date.

REPRESENTATION OF SMALL BUSINESS ENTITIES IN ADMINISTRATIVE APPEALS

SECTION 7.(a) G.S. 150B-23(a) reads as rewritten:

"(a) A contested case shall be commenced by paying a fee in an amount established in G.S. 150B-23.2 and by filing a petition with the Office of Administrative Hearings and, except as provided in Article 3A of this Chapter, shall be conducted by that Office. The party who files the petition shall serve a copy of the petition on all other parties and, if the dispute concerns a license, the person who holds the license. A party who files a petition shall file a certificate of service together with the petition. A petition shall be signed by a party, an attorney representing a party, or other representative of the party as may specifically be

authorized by law, and, if filed by a party other than an agency, shall state facts tending to establish that the agency named as the respondent has deprived the petitioner of property, has ordered the petitioner to pay a fine or civil penalty, or has otherwise substantially prejudiced the petitioner's rights and that the agency:

(1) Exceeded its authority or jurisdiction;
(2) Acted erroneously;
(3) Failed to use proper procedure;
(4) Acted arbitrarily or capriciously; or
(5) Failed to act as required by law or rule.

The parties in a contested case shall be given an opportunity for a hearing without undue delay. Any person aggrieved may commence a contested case hereunder.

A local government employee, applicant for employment, or former employee to whom Chapter 126 of the General Statutes applies may commence a contested case under this Article in the same manner as any other petitioner. The case shall be conducted in the same manner as other contested cases under this Article.

A business entity may represent itself using a nonattorney representative who is one or more of the following of the business entity: (i) officer, (ii) manager or member-manager, if the business entity is a limited liability company, (iii) employee whose income is reported on IRS Form W-2, if the business entity authorizes the representation in writing, or (iv) owner of the business entity, if the business entity authorizes the representation in writing and if the owner's interest in the business entity is at least twenty-five percent (25%). Authority for and prior notice of nonattorney representation shall be made in writing, under penalty of perjury, to the Office on a form provided by the Office."

SECTION 7.(b) G.S. 105-290 is amended by adding a new subsection to read:

"(d2) Business Entity Representation. – If a property owner is a business entity, the business entity may represent itself using a nonattorney representative who is one or more of the following of the business entity: (i) officer, (ii) manager or member-manager, if the business entity is a limited liability company, (iii) employee whose income is reported on IRS Form W-2, if the business entity authorizes the representation in writing, or (iv) owner of the business entity, if the business entity authorizes the representation in writing and if the owner's interest in the business entity is at least twenty-five percent (25%). Authority for and prior notice of nonattorney representation shall be made in writing, under penalty of perjury, to the Commission on a form provided by the Commission."

SECTION 7.(c) This section is effective when it becomes law and applies to contested cases and appeals commenced on or after that date.

MERCHANT EXEMPTION FROM LOCKSMITH LICENSING

SECTION 9. G.S. 74F-16 reads as rewritten:

"**§ 74F-16. Exemptions.**

The provisions of this Chapter do not apply to:

...

(6) A merchant, or retail or hardware ~~store, when the merchant or store does not purport to be a locksmith and lawfully (i) rekeys a lock at the time of sale of the lock, (ii) duplicates a key, except for duplicating a transponder type key that requires programming, or (iii) installs as a service a lock on a door if both the door and lock were purchased from the same merchant.~~store, so long as all of the following apply:

a. It is lawfully duplicating keys or installing, servicing, repairing, rebuilding, reprograming, rekeying, or maintaining locks in the normal course of its business.
b. It maintains a physical location in this State.
c. It maintains a sales and use tax permit in accordance with G.S. 105-164.16.
d. It does not represent itself as a locksmith.

...."

REPEAL OUTDATED PUBLIC UTILITIES STATUTES OR REPORTS

SECTION 10.(a) G.S. 62-36A and G.S. 62-36.1 are repealed.

SECTION 10.(b) G.S. 62-158(d) reads as rewritten:

"(d) The Commission, after hearing, may adopt rules to implement this section, including rules for the establishment of expansion funds, for the use of such funds, for the remittance to the expansion fund or to customers of supplier and transporter refunds and expansion surcharges or other funds that were sources of the expansion fund, and for appropriate accounting, reporting and ratemaking treatment. ~~The Commission and Public Staff shall report to the Joint Legislative Commission on Governmental Operations on the operation of any expansion funds in conjunction with the reports required under G.S. 62-36A.~~"

SECTION 10.(c) G.S. 62-159(d) reads as rewritten:

"(d) The Commission, after hearing, shall adopt rules to implement this section as soon as practicable. ~~The Commission and Public Staff shall report to the Joint Legislative Commission on Governmental Operations on the use of funding provided under this section in conjunction with the reports required under G.S. 62-36A.~~"

SECTION 10.(d) G.S. 62-133.2(g) is repealed.

SECTION 10.(e) Section 14 of S.L. 2002-4 is repealed.

SECTION 10.(f) Section 14 of S.L. 2007-397 is repealed.

SECTION 10.(g) Section 6.1 of S.L. 1995-27 is repealed.

CLARIFY PROFESSIONAL ENGINEER EXEMPTION

SECTION 11.(a) G.S. 89C-25 reads as rewritten:

"**§ 89C-25. Limitations on application of Chapter.**

This Chapter shall not ~~be construed to prevent or affect:~~prevent the following activities:

(1) The practice of ~~architecture,~~ architecture as defined in Chapter 83A of the General Statutes, ~~landscape architecture,~~ landscape architecture as defined in Chapter 89A of the General Statutes, or ~~contracting or any other legally recognized profession or trade.~~contracting as defined in Articles 1, 2, 4, and 5 of Chapter 87 of the General Statutes.

(2) Repealed by Session Laws 2011-304, s. 7, effective June 26, 2011.

(3) Repealed by Session Laws 2011-304, s. 7, effective June 26, 2011.

(4) Engaging in engineering or land surveying as an employee or assistant under the responsible charge of a professional engineer or professional land ~~surveyor or as an employee or assistant of a nonresident professional engineer or a nonresident professional land surveyor provided for in subdivisions (2) and (3) of this section, provided that the work as an employee may not include responsible charge of design or supervision.~~surveyor.

(5) The practice of professional engineering or land surveying by any person not a resident of, and having no established place of business in this State, as a consulting associate of a professional engineer or professional land surveyor licensed under the provisions of this Chapter; provided, the nonresident is qualified for performing the professional service in the person's own state or country.

(6) Practice by members of the Armed Forces of the United States; employees of the government of the United States while engaged in the practice of engineering or land surveying solely for the government on government-owned works and projects; or practice by those employees of the Natural Resources Conservation Service, county employees, or employees of the Soil and Water Conservation Districts who have federal engineering job approval authority that involves the planning, designing, or implementation of best management practices on agricultural lands.

~~(7) The internal engineering or surveying activities of a person, firm or corporation engaged in manufacturing, processing, or producing a product, including the activities of public service corporations, public utility companies, authorities, State agencies, railroads, or membership cooperatives, or the installation and servicing of their product in the field; or research and development in connection with the manufacture of that product or their service; or of their research affiliates; or their employees in the course of their employment in connection with the manufacture, installation, or servicing of their product or service in the field, or on the premises maintenance of machinery, equipment, or apparatus~~

~~incidental to the manufacture or installation of the product or service of a firm by the employees of the firm upon property owned, leased or used by the firm; inspection, maintenance and service work done by employees of the State of North Carolina, any political subdivision of the State, or any municipality including construction, installation, servicing, maintenance by regular full-time employees of streets, street lighting, traffic control signals, police and fire alarm systems, waterworks, steam, electric and sewage treatment and disposal plants; the services of superintendents, inspectors or foremen regularly employed by the State of North Carolina or any political subdivision of the State or a municipal corporation; provided, however, that the internal engineering or surveying activity is not a holding out to or an offer to the public of engineering or any service thereof as prohibited by this Chapter. Engineering work, not related to the foregoing exemptions, where the safety of the public is directly involved shall be under the responsible charge of a licensed professional engineer, or in accordance with standards prepared or approved by a licensed professional engineer.~~

(7a) The engineering or surveying activities of a person as defined by G.S. 89C-3(5) who is engaged in manufacturing, processing, producing, or transmitting and delivering a product, and which activities are reasonably necessary and connected with the primary services performed by individuals regularly employed in the ordinary course of business by the person, provided that the engineering or surveying activity is not a holding out or an offer to the public of engineering or surveying services, as prohibited by this Chapter. The engineering and surveying services may not be offered, performed, or rendered independently from the primary services rendered by the person. For purposes of this subdivision, "activities reasonably necessary and connected with the primary service" include the following:

a. Installation or servicing of the person's product by employees of the person conducted outside the premises of the person's business.

b. Design, acquisition, installation, or maintenance of machinery, equipment, or apparatus incidental to the manufacture or installation of the product performed by employees of the person upon property owned, leased, or used by the person.

c. Research and development performed in connection with the manufacturing, processing, or production of the person's product by employees of the person.

Engineering or surveying activities performed pursuant to this subdivision, where the safety of the public is directly involved, shall be under the responsible charge of a licensed professional engineer or licensed professional surveyor.

(8) The (i) preparation of fire sprinkler planning and design drawings by a fire sprinkler contractor licensed under Article 2 of Chapter 87 of the General Statutes, or (ii) the performance of internal engineering or survey work by a manufacturing or communications common carrier company, or by a research and development company, or by employees of those corporations provided that the work is in connection with, or incidental to products of, or nonengineering services rendered by those corporations or their affiliates.

(9) The routine maintenance or servicing of machinery, equipment, facilities or structures, the work of mechanics in the performance of their established functions, or the inspection or supervision of construction by a foreman, superintendent, or agent of the architect or professional engineer, or services of an operational nature performed by an employee of a laboratory, a manufacturing plant, a public service corporation, or governmental operation.

(10) The design of land application irrigation systems for an animal waste management plan, required by G.S. 143-215.10C, by a designer who exhibits, by at least three years of relevant experience, proficiency in soil science and basic hydraulics, and who is thereby listed as an Irrigation

Design Technical Specialist by the North Carolina Soil and Water Conservation Commission."

SECTION 11.(b) G.S. 89C-19 reads as rewritten:

"**§ 89C-19. Public works; requirements where public safety involved.**

This State and its political subdivisions such as counties, cities, towns, or other political entities or legally constituted boards, commissions, public utility companies, or authorities, or officials, or employees of these entities shall not engage in the practice of engineering or land surveying involving either public or private property where the safety of the public is directly involved without the project being under the direct supervision of a professional engineer for ~~the preparations of plans and specifications for~~ engineering projects, or a professional land surveyor for land surveying projects, as provided for the practice of the respective professions by this Chapter.

An official or employee of the State or any political subdivision specified in this section, holding the positions set out in this section as of June 19, 1975, shall be exempt from the provisions of this section so long as such official or employee is engaged in substantially the same type of work as is involved in the present position.

Nothing in this section shall be construed to prohibit inspection, maintenance and service work done by employees of the State of North Carolina, any political subdivision of the State, or any municipality including construction, installation, servicing, and maintenance by regular full-time employees of, secondary roads and drawings incidental to work on secondary roads, streets, street lighting, traffic-control signals, police and fire alarm systems, waterworks, steam, electric and sewage treatment and disposal plants, the services of superintendents, inspectors or foremen regularly employed by the State of North Carolina or any political subdivision of the State, or municipal corporation.

The provisions in this section shall not be construed to alter or modify the requirements of Article 1 of Chapter 133 of the General Statutes."

BAIL BOND SHIELD AMENDMENT

SECTION 12.(a) G.S. 58-71-40(d1) reads as rewritten:

"(d1) While engaged in official duties, a licensee is authorized to carry, possess, and display a shield as described in this subsection. The shield shall fulfill all of the following requirements:

(1) Be an exact duplicate in size, shape, color, and design of the shield approved under G.S. 74C-5(12) and pictured in 12 NCAC 07D. 0405 on ~~May 1, 2013.~~May 1, 2013, except that the design may be altered by stamping, inlaying, embossing, enameling, or engraving to accommodate the license number. With respect to size of the shield, the shield shall be 1.88 inches wide and 2.36 inches high.

(2) Include the licensee's last name and corresponding license number in the same locations as the shield referenced in subdivision (1) of this subsection.

(3) With reference to the shield described in subdivision (1) of this subsection, in lieu of the word "Private," the shield shall have the words "North Carolina," and in lieu of the word "Investigator," the shield shall have the words "Bail Agent."

Any shield that deviates from the design requirements as specified in this section shall be an unauthorized shield and its possession by a licensee shall constitute a violation of the statute by the licensee."

SECTION 12.(b) G.S. 15A-540 is amended by adding a new subsection to read:

"(d) A surety may utilize the services and assistance of any surety bondsman, professional bondsman, or runner licensed under G.S. 58-71-40 to effect the arrest or surrender of a defendant under subsection (a) or (b) of this section."

ADA REQUIREMENTS FOR PRIVATE POOLS

SECTION 13.(a) Notwithstanding Section 1109.14 of the 2012 NC State Building Code (Building Code), swimming pools shall be required to be accessible only to the extent required by the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and federal rules and regulations adopted pursuant to that Act.

SECTION 13.(b) The Building Code Council shall adopt a rule to amend Section 1109.14 of the 2012 NC State Building Code (Building Code) consistent with Section 13(a) of this act.

SECTION 13.(c) Section 13(a) of this act expires on the date that the rule adopted pursuant to Section 13(b) of this act becomes effective.

ABC PERMITS/SCHOOLS AND COLLEGES

SECTION 14. G.S. 18B-1006(a) reads as rewritten:

"(a) School and College Campuses. – No permit for the sale of ~~malt beverages, unfortified wine, or fortified wine~~ alcoholic beverages shall be issued to a business on the campus or property of a public school, college, or university. ~~school or college, other than at a regional facility as defined by G.S. 160A-480.2 operated by a facility authority under Part 4 of Article 20 of Chapter 160A of the General Statutes except for a public school or college function, unless that business is a hotel or a nonprofit alumni organization with a mixed beverages permit or a special occasion permit. This subsection shall not apply on property owned by a local board of education which was leased for 99 years or more to a nonprofit auditorium authority created prior to 1991 whose governing board is appointed by a city board of aldermen, a county board of commissioners, or a local school board. This subsection shall also not apply to the constituent institutions of The University of North Carolina with respect to the sale of beer and wine at (i) performing arts centers located on property owned or leased by the institutions if the seating capacity does not exceed 2,000 seats; (ii) any golf courses owned or leased by the institutions and open to the public for use; or (iii) any stadiums that support a NASCAR sanctioned one-fourth mile asphalt flat oval short track, that are owned or leased by the institutions, and that only sell malt beverages, unfortified wine, or fortified wine at events that are not sponsored or funded by the institutions. Notwithstanding this subsection, special one-time permits as described in G.S. 18B-1002(a)(5) may be issued to the University of North Carolina at Chapel Hill for the Loudermilk Center for Excellence facility.~~ This subsection shall not apply to the following:

(1) A regional facility as defined by G.S. 160A-480.2 operated by a facility authority under Part 4 of Article 20 of Chapter 160A of the General Statutes, unless the permit is for a public school or public college or university function.

(2) Property owned by a local board of education and leased for 99 years or more to a nonprofit auditorium authority created prior to 1991 whose governing board is appointed by a city governing board, a county board of commissioners, or a local school board.

(3) A hotel.

(4) A nonprofit alumni organization.

(5) Restaurants, eating establishments, food businesses, or retail businesses on the property defined by G.S. 116-198.33(4).

(6) Any golf courses owned or leased by the public college or university and open to the public for use.

(7) The sale of malt beverages, unfortified wine, or fortified wine at the following:

a. Performing arts centers located on property owned or leased by the public college or university.

b. Any stadiums that support a NASCAR-sanctioned one-fourth mile asphalt flat oval short track, that are owned or leased by the public college or university, and that only sell malt beverages, unfortified wine, or fortified wine at events that are not sponsored or funded by the public college or university.

(8) Special one-time permits as described in G.S. 18B-1002(a)(5) for the Loudermilk Center for Excellence facility at the University of North Carolina at Chapel Hill."

ENFORCE MUNICIPAL FLOODPLAIN ORDINANCE IN ETJ

SECTION 15. G.S. 160A-360(k) reads as rewritten:

"(k) As used in this subsection, "bona fide farm purposes" is as described in G.S. 153A-340. As used in this subsection, "property" means a single tract of property or an

identifiable portion of a single tract. Property that is located in the geographic area of a municipality's extraterritorial jurisdiction and that is used for bona fide farm purposes is exempt from exercise of the municipality's extraterritorial jurisdiction under this Article. Property that is located in the geographic area of a municipality's extraterritorial jurisdiction and that ceases to be used for bona fide farm purposes shall become subject to exercise of the municipality's extraterritorial jurisdiction under this Article. For purposes of complying with 44 C.F.R. Part 60, Subpart A, property that is exempt from the exercise of extraterritorial jurisdiction pursuant to this subsection shall be subject to the county's floodplain ordinance or all floodplain regulation provisions of the county's unified development ordinance."

PERMIT CHOICE

SECTION 16.(a) Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 80.
"Permit Choice.

"**§ 143-750. Permit choice.**

(a) If a permit applicant submits a permit for any type of development and a rule or ordinance changes between the time the permit application was submitted and a permit decision is made, the permit applicant may choose which version of the rule or ordinance will apply to the permit.

(b) This section applies to all development permits issued by the State and by local governments.

(c) This section shall not apply to any zoning permit."

SECTION 16.(b) Part 1 of Article 18 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"**§ 153A-320.1. Permit choice.**

If a rule or ordinance changes between the time a permit application is submitted and a permit decision is made, then G.S. 143-750 shall apply."

SECTION 16.(c) Part 1 of Article 19 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"**§ 160A-360.1. Permit choice.**

If a rule or ordinance changes between the time a permit application is submitted and a permit decision is made, then G.S. 143-750 shall apply."

SECTION 16.(d) This section is effective when it becomes law and applies to permits for which a permit decision has not been made by that date.

COMMUNITY COLLEGE BREWING COURSE WAIVER

SECTION 17.(a) Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"**§ 18B-1114.6. Brewing, Distillation, and Fermentation course authorization.**

(a) Authorization. – The holder of a brewing, distillation, and fermentation course authorization may:

(1) Manufacture malt beverages on the school's campus or the school's contracted or leased property for the purpose of providing instruction and education on the making of malt beverages.

(2) Possess malt beverages manufactured during the brewing, distillation, and fermentation program for the purpose of conducting malt beverage tasting seminars and classes for students who are 21 years of age or older.

(3) Sell malt beverages produced during the course to wholesalers or to retailers upon obtaining a malt beverages wholesaler permit under G.S. 18B-1109, except that the permittee may not receive shipments of malt beverages from other producers.

(4) Sell malt beverages produced during the course, upon obtaining a permit under G.S. 18B-1001(2).

(b) Limitation. – Authorization for a brewing, distillation, and fermentation course shall be granted by the Commission only for a community college or college that offers a brewing, distillation, and fermentation program as a part of its curriculum offerings for students of the school. For purposes of this section, the term "brewing, distillation, and fermentation program"

includes a fermentation sciences program offered by a community college or college as part of its curriculum offerings for students of the school.

(c) Malt Beverage Special Event Permit. – The holder of a brewing, distillation, and fermentation course authorization who obtains a malt beverages wholesaler permit under G.S. 18B-1109 subject to the limitation in subsection (a) of this section may obtain a malt beverage special event permit under G.S. 18B-1114.5 and where the permit is valid may participate in approved events and sell at retail at those events any malt beverages produced incident to the operation of the brewing, distillation, and fermentation program. The holder of a brewing, distillation, and fermentation course authorization may participate in not more than six malt beverage special events within a 12-month period and may sell up to 64 cases of malt beverages, or the equivalent volume of 64 cases of malt beverages, at each event. For purposes of this subsection, a "case of malt beverages" is a package containing not more than 24 12-ounce bottles of malt beverage. Net proceeds from the program's retail sale of malt beverages pursuant to this subsection shall be retained by the school and used for support of the brewing, distillation, and fermentation program.

(d) Limited Application. – The holder of a brewing, distillation, and fermentation course authorization shall not be considered a brewery for the purposes of this Chapter or Chapter 105 of the General Statutes."

SECTION 17.(b) G.S. 18B-1114.5(a) reads as rewritten:

"(a) Authorization. – The holder of a ~~brewery.~~brewery permit, a malt ~~beverage importer.~~beverages importer permit, a brewing, distillation, and fermentation course authorization, or a nonresident malt beverage vendor permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages and to sell its malt beverages by the glass or in closed containers at trade shows, conventions, shopping malls, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery operating under the provisions of G.S. 18B-1104(7), all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler."

SECTION 17.(c) G.S. 18B-1001(2) reads as rewritten:

"**§ 18B-1001. Kinds of ABC permits; places eligible.**

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

...

(2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a cleaned, sanitized, resealable container as defined in 4 NCAC 2T.0308(a) that is filled or refilled and sealed for consumption off the premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d)-(e), and the container identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

a. ~~Restaurants:~~Restaurants.
b. ~~Hotels:~~Hotels.
c. Eating ~~establishments;~~establishments.
d. Food ~~businesses:~~businesses.
e. Retail businesses.
f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.

...."

SECTION 17.(d) G.S. 66-58(c)(1a) reads as rewritten:

"**§ 66-58. Sale of merchandise or services by governmental units.**

...

(c) The provisions of subsection (a) shall not prohibit:

...

(1a) The sale of products raised or produced incident to the operation of a community college or college viticulture/enology program as authorized by ~~G.S. 18B-1114.4.~~G.S. 18B-1114.4 or the operation of a community college or college brewing, distillation, or fermentation program as authorized by G.S. 18B-1114.6.

...."

GOOD SAMARITAN LAW

SECTION 18. G.S. 90-21.14 reads as rewritten:

"**§ 90-21.14. First aid or emergency treatment; liability limitation.**

(a) Any person, including a volunteer medical or health care provider at a facility of a local health department as defined in G.S. 130A-2 or at a nonprofit community health center or a volunteer member of a rescue squad, who ~~receives no compensation for his services as an emergency medical care provider, who~~ voluntarily and without expectation of compensation renders first aid or emergency health care treatment to a person who is unconscious, ill or injured,

(1) When the reasonably apparent circumstances require prompt decisions and actions in medical or other health care, and

(2) When the necessity of immediate health care treatment is so reasonably apparent that any delay in the rendering of the treatment would seriously worsen the physical condition or endanger the life of the person,

shall not be liable for damages for injuries alleged to have been sustained by the person or for damages for the death of the person alleged to have occurred by reason of an act or omission in the rendering of the treatment unless it is established that the injuries were or the death was caused by gross negligence, wanton conduct or intentional wrongdoing on the part of the person rendering the treatment. The immunity conferred in this section also applies to any person who uses an automated external defibrillator (AED) and otherwise meets the requirements of this section.

...."

PHARMACY BENEFITS MANAGEMENT

SECTION 20.(a) Chapter 58 of the General Statutes is amended by adding a new Article to read:

"Article 56A.

"Pharmacy Benefits Management.

"**§ 58-56A-1. Definitions.**

The following definitions apply in this Article:

(1) Health benefit plan. – As defined in G.S. 58-50-110(11). This definition specifically excludes the State Health Plan for Teachers and State Employees.

(2) Insurer. – Any entity that provides or offers a health benefit plan.

(3) Maximum allowable cost price. – The maximum per unit reimbursement for multiple source prescription drugs, medical products, or devices.

(4) Pharmacy. – A pharmacy registered with the North Carolina Board of Pharmacy.

(5) Pharmacy benefits manager. – An entity who contracts with a pharmacy on behalf of an insurer or third-party administrator to administer or manage prescription drug benefits.

(6) Third-party administrator. – As defined in G.S. 58-56-2.

"**§ 58-56A-3. Maximum allowable cost price.**

(a) In order to place a prescription drug on the maximum allowable cost price list, the drug must be available for purchase by pharmacies in North Carolina from national or regional wholesalers, must not be obsolete, and must meet one of the following conditions:

(1) The drug is listed as "A" or "B" rated in the most recent version of the United States Food and Drug Administration's Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book.

(2) The drug has a "NR" or "NA" rating, or a similar rating, by a nationally recognized reference.

(b) A pharmacy benefits manager shall adjust or remove the maximum allowable cost price for a prescription drug to remain consistent with changes in the national marketplace for prescription drugs. A review of the maximum allowable cost prices for removal or modification shall be completed by the pharmacy benefits manager at least once every seven business days, and any removal or modification shall occur within seven business days of the review. A pharmacy benefits manager shall provide a means by which the contracted pharmacies may promptly review current prices in an electronic, print, or telephonic format within one business day of the removal or modification."

SECTION 20.(b) The Department of Insurance, in collaboration with the Department of Commerce and the North Carolina Board of Pharmacy, shall study the issue of pharmacy benefits management company regulation. Specifically, the study shall include: (i) frequency of disclosure of and methodology for calculating maximum allowable cost prices by the pharmacy benefits management companies; (ii) appeals procedures for pharmacies relating to maximum allowable cost pricing; (iii) consumer protections and the disclosure of consumer health information by pharmacy benefits managers; (iv) regulation of the various forms of incentives offered to a consumer by pharmacy benefits managers and its effects on choice of pharmacy; and (v) any further industry regulation deemed necessary to study. The Department of Insurance shall report the collective findings and recommendations, including any proposed legislation, to the 2015 General Assembly on or before January 20, 2015.

SECTION 20.(c) Section 20(a) of this section becomes effective January 1, 2015, and applies to contracts entered into, renewed, or amended on or after that date.

LIMITED FOOD SERVICES AT LODGING FACILITIES

SECTION 21.(a) G.S. 130A-247(7) reads as rewritten:

"(7) "Limited food services establishment" means an establishment as described in G.S. 130A-248(a4), with food handling operations that are restricted by rules adopted by the Commission pursuant to G.S. 130A-248(a4) and that prepares or serves food only in conjunction with amateur athletic events. Limited food service establishment also includes lodging facilities that serve only reheated food that has already been pre-cooked."

SECTION 21.(b) G.S. 130A-148(a4) reads as rewritten:

"(a4) For the protection of the public health, the Commission shall adopt rules governing the sanitation of limited food service establishments. In adopting the rules, the Commission shall not limit the number of days that limited food service establishments may operate. Limited food service establishment permits shall be issued only to the following:

(1) ~~political~~ Political subdivisions of the ~~State,~~ State.

(2) ~~establishments~~ Establishments operated by volunteers that prepare or serve food in conjunction with amateur athletic ~~events,~~ events.

(3) Lodging facilities that serve only reheated food that has already been pre-cooked.

(4) ~~or for establishments~~ Establishments operated by organizations that are exempt from federal income tax under section 501(c)(3) or section 501(c)(4) of the Internal Revenue Code."

SECTION 21.(c) The Commission for Public Health shall adopt rules to conform to the provisions of this section.

AMEND HOTEL CARBON MONOXIDE ALARM REQUIREMENT

SECTION 22.(a) Section 19(c) of S.L. 2013-413 is repealed.

SECTION 22.(b) Section 19(e) of S.L. 2013-413 reads as rewritten:

"**SECTION 19.(e)** This section is effective when it becomes law, except that ~~(i)~~ subsection (b) of this section becomes effective October 1, ~~2013, and expires October 1, 2014; and (ii) subsection (c) of this section becomes effective October 1, 2014.~~2013."

SECTION 22.(c) G.S. 143-138(b2) reads as rewritten:

"(b2) Carbon Monoxide ~~Detectors.~~Alarms. – The Code (i) may contain provisions requiring the installation of either battery-operated or electrical carbon monoxide ~~detectors~~alarms in every dwelling unit having a ~~fossil-fuel burning~~combustion heater, appliance, or fireplace, and in any dwelling unit having an attached garage and (ii) shall contain

provisions requiring the installation of electrical carbon monoxide ~~detectors~~alarms at a lodging establishment. Violations of this subsection and rules adopted pursuant to this subsection shall be punishable in accordance with subsection (h) of this section and G.S. 143-139. In particular, the rules shall provide:

(1) For dwelling units, carbon monoxide ~~detectors~~alarms shall be those listed by a nationally recognized testing laboratory that is ~~OSHA-approved~~approved to test and certify to American National Standards Institute/Underwriters Laboratories Standards ANSI/UL2034 or ANSI/UL2075 and shall be installed in accordance with either the standard of the National Fire Protection Association or the minimum protection designated in the manufacturer's instructions, which the property owner shall retain or provide as proof of compliance. A carbon monoxide ~~detector~~alarm may be combined with smoke detectors if the combined ~~detector~~alarm does both of the following: (i) complies with ANSI/UL2034 or ANSI/UL2075 for carbon monoxide alarms and ANSI/UL217 for smoke detectors; and (ii) emits an alarm in a manner that clearly differentiates between detecting the presence of carbon monoxide and the presence of smoke.

(2) For lodging establishments, including tourist homes that provide accommodations for seven or more continuous days (extended-stay establishments), and bed and breakfast inns and bed and breakfast homes as defined in G.S. 130A-247, carbon monoxide ~~detectors~~alarms shall be installed in every ~~enclosed space~~dwelling unit or sleeping unit having a ~~fossil-fuel burning~~combustion heater, appliance, or fireplace and in ~~any enclosed space, including a sleeping room,~~every dwelling unit or sleeping unit that shares a common wall, floor, or ceiling ~~with an enclosed space~~with a room having a ~~fossil-fuel burning~~combustion heater, appliance, or fireplace. Carbon monoxide ~~detectors~~alarms shall be (i) listed by a nationally recognized testing laboratory that is ~~OSHA-approved~~approved to test and certify to American National Standards Institute/Underwriters Laboratories (ANSI/UL) Standards ANSI/UL2034 or ANSI/UL2075, (ii) installed in accordance with either the standard of the National Fire Protection Association (NFPA) or the minimum protection designated in the manufacturer's instructions, which the lodging establishment shall retain or provide as proof of compliance, (iii) receive primary power from the building's wiring, where such wiring is served from a commercial source, and (iv) receive power from a battery when primary power is interrupted. A carbon monoxide ~~detector~~alarm may be combined with smoke detectors if the combined ~~detector~~alarm complies with the requirements of this subdivision for carbon monoxide alarms and ANSI/UL217 for smoke ~~detectors.~~alarms. In lieu of the carbon monoxide alarms required by this subsection, a carbon monoxide detection system, which includes carbon monoxide detectors and audible notification appliances installed and maintained in accordance with NFPA 720, shall be permitted. The carbon monoxide detectors shall be listed as complying with ANSI/UL2075. For purposes of this subsection, "lodging establishment" means any hotel, motel, tourist home, or other establishment permitted under authority of G.S. 130A-248 to provide lodging accommodations for pay to the ~~public.~~public, and "combustion heater, appliance, or fireplace" means any heater, appliance, or fireplace that burns combustion fuels, including, but not limited to, natural or liquefied petroleum gas, fuel oil, kerosene, wood, or coal for heating, cooking, drying, or decorative purposes, including, but not limited to, space heaters, wall and ceiling heaters, ranges, ovens, stoves, furnaces, fireplaces, water heaters, and clothes dryers. For purposes of this subsection, candles and canned fuels are not considered to be combustion appliances.

(3) The Building Code Council shall modify the NC State Building Code (Fire Prevention) to regulate the provisions of this subsection in new and existing lodging establishments, including hotels, motels, tourist homes that provide accommodations for seven or more continuous days (extended-stay

establishments), and bed and breakfast inns and bed and breakfast homes as defined in G.S. 130A-247; provided nothing in this subsection shall prevent the Building Code Council from establishing more stringent rules regulating carbon monoxide alarms or detectors for new lodging establishments, including hotels, motels, tourist homes that provide accommodations for seven or more continuous days (extended-stay establishments), and bed and breakfast inns and bed and breakfast homes as defined in G.S. 130A-247. The Building Code Council shall modify the NC State Building Code (Fire Prevention) minimum inspection schedule to include annual inspections of new and existing lodging establishments, including hotels, motels, and tourist homes that provide accommodations for seven or more continuous days (extended-stay establishments), and bed and breakfast inns and bed and breakfast homes as defined in G.S. 130A-247 for the purpose of compliance with this subsection.

(4) Upon discovery of a violation of this subsection that poses an imminent hazard and that is not corrected during an inspection of a lodging establishment subject to the provisions of G.S. 130A-248, the code official responsible for enforcing the NC State Building Code (Fire Prevention) shall immediately notify the local health director for the county in which the violation was discovered, or the local health director's designee, by verbal contact and shall also submit a written report documenting the violation of this subsection to the local health director for the county in which the violation was discovered, or the local health director's designee, on the next working day following the discovery of the violation. Within one working day of receipt of the written report documenting a violation of this subsection, the local health director for the county in which the violation was discovered, or the local health director's designee, shall investigate and take appropriate action regarding the permit for the lodging establishment, as provided in G.S. 130A-248. Lodging establishments having five or more rooms that are exempted from the requirements of G.S. 130A-248 by G.S. 130A-250 shall be subject to the penalties set forth in the NC State Building Code (Fire Prevention).

(5) Upon discovery of a violation of this subsection that does not pose an imminent hazard and that is not corrected during an inspection of a lodging establishment subject to the provisions of G.S. 130A-248, the owner or operator of the lodging establishment shall have a correction period of three working days following the discovery of the violation to notify the code official responsible for enforcing the NC State Building Code (Fire Prevention) verbally or in writing that the violation has been corrected. If the code official receives such notification, the code official may reinspect the portions of the lodging establishment that contained violations, but any fees for reinspection shall not exceed the fee charged for the initial inspection. If the code official receives no such notification, or if a reinspection discovers that previous violations were not corrected, the code official shall submit a written report documenting the violation of this subsection to the local health director for the county in which the violation was discovered , or the local health director's designee, within three working days following the termination of the correction period or the reinspection, whichever is later. The local health director shall investigate and may take appropriate action regarding the permit for the lodging establishment, as provided in G.S. 130A-248. Lodging establishments having five or more rooms that are exempted from the requirements of G.S. 130A-248 by G.S. 130A-250 shall be subject to the penalties set forth in the NC State Building Code (Fire Prevention).

(6) The requirements of subdivisions (2) through (5) of this subsection shall not apply to properties subject to the provisions of either G.S. 42-42 or G.S. 42A-31."

SECTION 22.(d) G.S. 130A-248 reads as rewritten:

"**§ 130A-248. Regulation of food and lodging establishments.**

...

(b) No establishment shall commence or continue operation without a permit or transitional permit issued by the Department. The permit or transitional permit shall be issued to the owner or operator of the establishment and shall not be transferable. If the establishment is leased, the permit or transitional permit shall be issued to the lessee and shall not be transferable. If the location of an establishment changes, a new permit shall be obtained for the establishment. A permit shall be issued only when the establishment satisfies all of the requirements of the ~~rules and the requirements of subsection (g) of this section.~~rules. The Commission shall adopt rules establishing the requirements that must be met before a transitional permit may be issued, and the period for which a transitional permit may be issued. The Department may also impose conditions on the issuance of a permit or transitional permit in accordance with rules adopted by the Commission. A permit or transitional permit shall be immediately revoked in accordance with G.S. 130A-23(d) for failure of the establishment to maintain a minimum grade of C. A permit or transitional permit may otherwise be suspended or revoked in accordance with G.S. 130A-23.

...

(g) All hotels, motels, tourist homes, and other establishments that provide lodging for pay shall ~~install either a battery operated or electrical carbon monoxide detector in every enclosed space having a fossil fuel burning heater, appliance, or fireplace and in any enclosed space, including a sleeping room, that shares a common wall, floor, or ceiling with an enclosed space having a fossil fuel burning heater, appliance, or fireplace. Carbon monoxide detectors shall be listed by a nationally recognized testing laboratory that is OSHA-approved to test and certify to American National Standards Institute/Underwriters Laboratories Standards ANSI/UL2034 or ANSI/UL2075, and installed in accordance with either the standard of the National Fire Protection Association or the minimum protection designated in the manufacturer's instructions, which the establishment shall retain or provide as proof of compliance. A carbon monoxide detector may be combined with smoke detectors if the combined detector complies with the requirements of this subdivision for carbon monoxide alarms and ANSI/UL217 for smoke detectors.~~comply with the requirements of G.S. 143-138(b2)(2). Upon notification of a violation of G.S. 143-138(b2)(2) by the code official responsible for enforcing the NC State Building Code (Fire Prevention) in accordance with G.S. 143-138(b2)(4), the local health department is authorized to suspend a permit issued pursuant to this section in accordance with G.S. 130A-23."

SECTION 22.(e) No later than March 31, 2015, the Building Code Council shall adopt a rule to amend the NC State Building Code (Fire Prevention) as it applies to structures required to comply with the provisions of G.S. 143-138(b2)(2), as enacted by this section, to adopt the standards for carbon monoxide alarms contained in the 2015 International Fire Code promulgated by the International Code Council. The effective date of the rule required by this section shall be no later than June 1, 2015.

CONTESTED CASES FOR CAMA PERMITS

SECTION 23. G.S. 113A-121.1 reads as rewritten:

"**§ 113A-121.1. Administrative review of permit decisions.**

(a) An applicant for a minor or major development permit who is dissatisfied with the decision on his application may file a petition for a contested case hearing under G.S. 150B-23 within 20 days after the decision is made. When a local official makes a decision to grant or deny a minor development permit and the Secretary is dissatisfied with the decision, the Secretary may file a petition for a contested case within 20 days after the decision is made.

(b) A person other than a permit applicant or the Secretary who is dissatisfied with a decision to deny or grant a minor or major development permit may file a petition for a contested case hearing only if the Commission determines that a hearing is appropriate. A request for a determination of the appropriateness of a contested case hearing shall be made in writing and received by the Commission within 20 days after the disputed permit decision is made. A determination of the appropriateness of a contested case shall be made within 15 days after a request for a determination is received and shall be based on whether the person seeking to commence a contested case:

(1) Has alleged that the decision is contrary to a statute or rule;

(2) Is directly affected by the decision; and

(3) Has alleged facts or made legal arguments that demonstrate that the request for the hearing is not frivolous.

If the Commission determines a contested case is appropriate, the petition for a contested case shall be filed within 20 days after the Commission makes its determination. A determination that a person may not commence a contested case is a final agency decision and is subject to judicial review under Article 4 of Chapter 150B of the General Statutes. If, on judicial review, the court determines that the Commission erred in determining that a contested case would not be appropriate, the court shall remand the matter for a contested case hearing under G.S. 150B-23 and final decision on the permit pursuant to G.S. 113A-122. Decisions in such cases shall be rendered pursuant to those rules, regulations, and other applicable laws in effect at the time of the commencement of the contested case.

(c) ~~A~~ When the applicant seeks administrative review of a decision concerning a permit under subsection (a) of this section, the permit is suspended from the time a person seeks administrative review of the decision concerning the permit until the Commission ~~determines that the person seeking the review cannot commence a contested case or the Commission~~ makes a final decision in ~~a~~ the contested ~~case, as appropriate,~~ case, and no action may be taken during that time that would be unlawful in the absence of a permit.

(d) A permit challenged under subsection (b) of this section remains in effect unless a stay is issued by the administrative law judge as set forth in G.S. 150B-33 or by a reviewing court as set forth in G.S. 150B-48."

OPEN BURNING

SECTION 24.(a) The definitions set out in G.S. 143-212, G.S. 143-213, and 15A NCAC 02D .1902 (Definitions) apply to this section.

SECTION 24.(b) 15A NCAC 02D .1903 (Open Burning Without an Air Quality Permit). – Until the effective date of the revised permanent rule that the Commission is required to adopt pursuant to Section 3.11(d) of this section, the Commission and the Department shall implement 15A NCAC 02D .1903 (Open Burning Without an Air Quality Permit) as provided in Section 3.11(c) of this section.

SECTION 24.(c) Implementation. – Notwithstanding Paragraph (b) of 15A NCAC 02D .1903 (Open Burning Without an Air Quality Permit), no air quality permit is required for the open burning of leaves, logs, stumps, tree branches, or yard trimmings if the following conditions are met:

(1) The material burned originates on the premises of private residences and is burned on those premises.
(2) There are no public pickup services available.
(3) Nonvegetative materials, such as household garbage, lumber, or any other synthetic materials, are not burned.
(4) The burning is initiated no earlier than 8:00 A.M. and no additional combustible material is added to the fire between 6:00 P.M. on one day and 8:00 A.M. on the following day.
(5) The burning does not create a nuisance.
(6) Material is not burned when the North Carolina Forest Service has banned burning for that area.

The burning of logs or stumps of any size shall not be considered to create a nuisance for purposes of the application of the open burning air quality permitting exception described in this subsection.

SECTION 24.(d) Additional Rule-Making Authority. – The Commission shall adopt a rule to amend 15A NCAC 02D .1903 (Open Burning Without an Air Quality Permit) consistent with Section 3.11(c) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of Section 24(c) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 24.(e) Sunset. – Section 24(c) of this section expires on the date that rules adopted pursuant to Section 24(d) of this section become effective.

SECTION 24.(f) Local Government Air Pollution Control Program Limitation. – G.S. 143-215.112(c) is amended by adding a new subdivision to read:

"**§ 143-215.112. Local air pollution control programs.**

...

(c) (1) The governing body of any county, municipality, or group of counties and municipalities within a designated area of the State, as defined in this Article and Article 21, subject to the approval of the Commission, is hereby authorized to establish, administer, and enforce a local air pollution control program for the county, municipality, or designated area of the State which includes but is not limited to:

a. Development of a comprehensive plan for the control and abatement of new and existing sources of air pollution;

b. Air quality monitoring to determine existing air quality and to define problem areas, as well as to provide background data to show the effectiveness of a pollution abatement program;

c. An emissions inventory to identify specific sources of air contamination and the contaminants emitted, together with the quantity of material discharged into the outdoor atmosphere;

d. Adoption, after notice and public hearing, of air quality and emission control standards, or adoption by reference, without public hearing, of any applicable rules and standards duly adopted by the Commission; and administration of such rules and standards in accordance with provisions of this section.

e. Provisions for the establishment or approval of time schedules for the control or abatement of existing sources of air pollution and for the review of plans and specifications and issuance of approval documents covering the construction and operation of pollution abatement facilities at existing or new sources;

f. Provision for adequate administrative staff, including an air pollution control officer and technical personnel, and provision for laboratory and other necessary facilities.

...

(6) No local air pollution control program may limit or otherwise regulate any combustion heater, appliance, or fireplace in private dwellings. For purposes of this subdivision, "combustion heater, appliance, or fireplace" means any heater, appliance, or fireplace that burns combustion fuels, including, but not limited to, natural or liquefied petroleum gas, fuel oil, kerosene, wood, or coal, for heating, cooking, drying, or decorative purposes."

SECTION 24.(g) G.S. 143-215.108 is amended by adding a new subsection to read:

"**§ 143-215.108. Control of sources of air pollution; permits required.**

...

(j) No Power to Regulate Residential Combustion. – Nothing in this section shall be interpreted to give the Commission or the Department the power to regulate the emissions from any combustion heater, appliance, or fireplace in private dwellings, except to the extent required by federal law. For purposes of this subsection, "combustion heater, appliance, or fireplace" means any heater, appliance, or fireplace that burns combustion fuels, including, but not limited to, natural or liquefied petroleum gas, fuel oil, kerosene, wood, or coal, for heating, cooking, drying, or decorative purposes."

SECTION 24.(h) G.S. 160A-193 is amended by adding a new subsection to read:

"**§ 160A-193. Abatement of public health nuisances.**

(a) A city shall have authority to summarily remove, abate, or remedy everything in the city limits, or within one mile thereof, that is dangerous or prejudicial to the public health or public safety. Pursuant to this section, the governing board of a city may order the removal of a swimming pool and its appurtenances upon a finding that the swimming pool or its appurtenances is dangerous or prejudicial to public health or safety. The expense of the action shall be paid by the person in default. If the expense is not paid, it is a lien on the land or premises where the nuisance occurred. A lien established pursuant to this subsection shall have the same priority and be collected as unpaid ad valorem taxes.

...

(c) The authority granted by this section does not authorize the application of a city ordinance banning or otherwise limiting outdoor burning to persons living within one mile of the city, unless the city provides those persons with either (i) trash and yard waste collection services or (ii) access to solid waste dropoff sites on the same basis as city residents."

COASTAL STORMWATER GRANDFATHER

SECTION 25.(a) The definitions set out in G.S. 143-212, G.S. 143-213, and 15A NCAC 2H .1002 apply to this section.

SECTION 25.(b) 15A NCAC 02H .1005 (Stormwater Requirements: Coastal Counties). – Until the effective date of the revised permanent rule that the Commission is required to adopt pursuant to Section 26(d) of this section, the Commission and the Department shall implement 15A NCAC 02H .1005 (Stormwater Requirements: Coastal Counties) as provided in Section 25(c) of this section.

SECTION 25.(c) Implementation. – Notwithstanding Paragraph (h) of 15A NCAC 02H .1005 (Stormwater Requirements: Coastal Counties), the provisions and requirements applicable to any grandfathered development activity subject to Subparagraph (a)(2) of 15A NCAC 02H .1005 shall also be applicable to an expansion of the development activity. For purposes of this subsection, "grandfathered development activity" means development activity that is regulated by provisions and requirements of 15A NCAC 02H .1005 (Stormwater Requirements: Coastal Counties) that was effective at the time of the original issuance of any of the authorizations listed in Subparagraph (h)(2) of 15A NCAC 02H .1005, because the authorization meets the criteria set forth in that Subparagraph; and "expansion of the development activity" means development activity conducted on a contiguous property or properties under a subdivision plat approved by the local government prior to July 3, 2012.

SECTION 25.(d) Additional Rule-Making Authority. – The Commission shall adopt a rule to amend 15A NCAC 02H .1005 (Stormwater Requirements: Coastal Counties) consistent with Section 25(c) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of Section 25(c) of this act. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 25.(e) Sunset. – Section 25(c) of this section expires on the date that rules adopted pursuant to Section 25(d) of this section become effective.

AMEND TRANSPLANTING OF OYSTERS AND CLAMS STATUTE

SECTION 26. G.S. 113-203 reads as rewritten:

"**§ 113-203. Transplanting of oysters and clams.**

~~(a) It is unlawful to transplant oysters taken from public grounds to private beds except:~~

~~(1) When lawfully taken during open season and transported directly to a private bed in accordance with rules of the Marine Fisheries Commission.~~

(2) Repealed by Session Laws 2009-433, s. 6, effective August 7, 2009.

~~(3) When the transplanting is done in accordance with the provisions of this section and implementing rules.~~

~~(a1) It is lawful to transplant seed clams less than 12 millimeters in their largest dimension and seed oysters less than 25 millimeters in their largest dimension and when the seed clams and seed oysters originate from an aquaculture operation permitted by the Secretary.~~

(a2) It is unlawful to do any of the following:

(1) Transplant oysters or clams taken from public grounds to private beds except when lawfully taken during open season and transported directly to a private bed in accordance with rules of the Marine Fisheries Commission.

(2) Transplant oysters or clams taken from permitted aquaculture operations to private beds except from waters in the approved classification.

(3) Transplant oysters or clams from public grounds or permitted aquaculture operations utilizing waters in the restricted or conditionally approved classification to private beds except when the transplanting is done in accordance with the provisions of this section and implementing rules.

(a3) It is lawful to transplant seed oysters or seed clams taken from permitted aquaculture operations that use waters in the restricted or conditionally approved classification

to private beds pursuant to an Aquaculture Seed Transplant Permit issued by the Secretary that sets times during which transplant is permissible and other reasonable restrictions imposed by the Secretary under either of the following circumstances:

(1) When transplanting seed clams less than 12 millimeters in their largest dimension.

(2) When transplanting seed oysters less than 25 millimeters in their largest dimension.

(a4) It is unlawful to conduct a seed transplanting operation pursuant to subsection (a3) of this section if the seed transplanting operation is not conducted in compliance with its Aquaculture Seed Transplant Permit.

(b) It is lawful to transplant from public bottoms to private beds oysters or clams taken from ~~polluted~~ waters in the restricted or conditionally approved classifications with a permit from the Secretary setting out the waters from which the oysters or clams may be taken, the quantities which may be taken, the times during which the taking is permissible, and other reasonable restrictions imposed by the Secretary for the regulation of transplanting operations. Any transplanting operation which does not substantially comply with the restrictions of the permit issued is unlawful.

(c) Repealed by Session Laws 2009-433, s. 6, effective August 7, 2009.

(d) It is lawful to transplant to private beds in North Carolina oysters taken from natural or managed public beds designated by the Marine Fisheries Commission as seed oyster management areas. The Secretary shall issue permits to all qualified individuals who are residents of North Carolina without regard to county of residence to transplant seed oysters from said designated seed oyster management areas, setting out the quantity which may be taken, the times which the taking is permissible and other reasonable restrictions imposed to aid the Secretary in the Secretary's duty of regulating such transplanting operations. Persons taking such seed oysters may, in the discretion of the Marine Fisheries Commission, be required to pay to the Department for oysters taken an amount to reimburse the Department in full or in part for the costs of seed oyster management operations. Any transplanting operation which does not substantially comply with the restrictions of the permit issued is unlawful.

(e) The Marine Fisheries Commission may implement the provisions of this section by rules governing sale, possession, transportation, storage, handling, planting, and harvesting of oysters and clams and setting out any system of marking oysters and clams or of permits or receipts relating to them generally, from both public and private beds, as necessary to regulate the lawful transplanting of seed oysters and oysters or clams taken from or placed on public or private beds.

(f) The Commission may establish a fee for each permit established pursuant to this subsection in an amount that compensates the Division for the administrative costs associated with the permit but that does not exceed one hundred dollars ($100.00) per permit.

(g) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

EXEMPT CONSTRUCTION AND DEMOLITION LANDFILLS FROM THE MINIMUM FINANCIAL RESPONSIBILITY REQUIREMENTS APPLICABLE TO OTHER SOLID WASTE MANAGEMENT FACILITIES

SECTION 27. G.S. 130A-295.2 reads as rewritten:

"**§ 130A-295.2. Financial responsibility requirements for applicants and permit holders for solid waste management facilities.**

...

(h) To meet the financial assurance requirements of this section, the owner or operator of a sanitary ~~landfill~~landfill, other than a sanitary landfill for the disposal of construction and demolition debris waste, shall establish financial assurance sufficient to cover a minimum of two million dollars ($2,000,000) in costs for potential assessment and corrective action at the facility. The Department may require financial assurance in a higher amount and may increase the amount of financial assurance required of a permit holder at any time based upon the types of waste disposed in the landfill, the projected amount of waste to be disposed in the landfill,

the location of the landfill, potential receptors of releases from the landfill, and inflation. The financial assurance requirements of this subsection are in addition to the other financial responsibility requirements set out in this section.

(h1) To meet the financial assurance requirements of this section, the owner or operator of a sanitary landfill for the disposal of construction and demolition debris waste shall establish financial assurance sufficient to cover a minimum of one million dollars ($1,000,000) in costs for potential assessment and corrective action at the facility. The financial assurance requirements of this subsection are in addition to the other financial responsibility requirements set out in this section.

...

(j) In addition to the other methods by which financial assurance may be established as set forth in subsection (f) of this section, the Department may allow the owner or operator of a sanitary landfill permitted on or before August 1, 2009, to meet the financial assurance requirement set forth in subsection (h) of this section by establishing a trust fund which conforms to the following minimum requirements:

...

(4) Payments into the fund shall be made in equal annual installments in amounts calculated by dividing the current cost estimate for potential assessment and corrective action at the facility, ~~which~~ which, for a sanitary landfill, other than a sanitary landfill for the disposal of construction and demolition debris waste, shall not be less than two million dollars ($2,000,000) in accordance with subsection (h) of this section, by the number of years in the pay-in period.

(5) The trust fund may be terminated by the owner or operator only if the owner or operator establishes financial assurance by another method or combination of methods allowed under subsection (f) of this section.

(6) The trust agreement shall be accompanied by a formal certification of acknowledgement."

ON-SITE WASTEWATER APPROVAL CLARIFICATION

SECTION 28.(a) G.S. 130A-343 is amended by adding a new subsection to read:

"**§ 130A-343. Approval of on-site subsurface wastewater systems.**

...

(j1) Clarification With Respect to Certain Dispersal Media. – In considering the application by a manufacturer of a wastewater system utilizing expanded polystyrene synthetic aggregate particles as a septic effluent dispersal medium for approval of the system under this section, neither the Commission nor the Department may condition, delay, or deny the approval based on the particle or bulk density of the expanded polystyrene material. With respect to approvals already issued by the Department or Commission that include conditions or requirements related to the particle or bulk density of expanded polystyrene material, the Commission or Department, as applicable, shall promptly reissue all such approvals with the conditions and requirements relating to the density of expanded polystyrene material permanently deleted while leaving all other terms and conditions of the approval intact.

...."

SECTION 28.(b) Until the reissuance of approvals by the Department of Environment and Natural Resources or the Commission for Public Health as required by Section 28(a) of this act, conditions or requirements in existing approvals relating to the particle or bulk density of expanded polystyrene shall have no further force or effect.

REFORM AGENCY REVIEW OF ENGINEERING WORK

SECTION 29.(a) Definitions. – The following definitions apply to Section 6 of this act:

(1) Practice of Engineering. – As defined in G.S. 89C-3.

(2) Professional Engineer. – As defined in G.S. 89C-3.

(3) Regulatory Authority. – The Department of Environment and Natural Resources, the Department of Health and Human Services, and any unit of local government operating a program (i) that grants permits, licenses, or approvals to the public and (ii) that is either approved by or delegated from

the Department of Environment and Natural Resources or the Department of Health and Human Services.

(4) Regulatory Submittal. – An application or other submittal to a Regulatory Authority for a permit, license, or approval. In the case of a unit of local government, Regulatory Submittal shall mean an application or submittal submitted to a program approved by or delegated from the Department of Environment and Natural Resources or the Department of Health and Human Services.

(5) Submitting Party. – The person submitting the Regulatory Submittal to the Regulatory Authority.

(6) Working Job Title. – The job title a Regulatory Authority uses to publicly identify an employee with job duties that include the review of Regulatory Submittals. Working Job Title does not mean job titles that are used by the human resources department of a Regulatory Authority to classify jobs containing technical aspects related to the Practice of Engineering.

SECTION 29.(b) Standardize Certain Regulatory Review Procedures. – No later than December 1, 2014, each Regulatory Authority shall review and, where necessary, revise its procedures for review of Regulatory Submittals to accomplish the following:

(1) Standardize the provision of review and comments on Regulatory Submittals so that revisions or requests for additional information that are required by the Regulatory Authority in order to proceed with the permit, license, or approval are clearly delineated from revisions or requests for additional information that constitute suggestions or recommendations by the Regulatory Authority. For purposes of this subdivision, "suggestions or recommendations by the Regulatory Authority" means comments made by the reviewer of the Regulatory Submittal to the Submitting Party that make a suggestion or recommendation for consideration by the Submitting Party but that are not required by the Regulatory Authority in order to proceed with the permit, license, or approval.

(2) With respect to revisions or requests for additional information that are required by the Regulatory Authority in order to proceed with the permit, license, or approval, the Regulatory Authority shall identify the statutory or regulatory authority for the requirement.

SECTION 29.(c) Informal Review. – No later than December 1, 2014, each Regulatory Authority shall create a process for each regulatory program administered by the Regulatory Authority for an informal internal review at the request of the Submitting Party in each of the following circumstances:

(1) The inclusion in a Regulatory Submittal of a design or practice sealed by a Professional Engineer but not included in the Regulatory Authority's existing guidance, manuals, or standard operating procedures. This review should first be conducted by the reviewing employee's supervisor or, in the case of a Regulatory Authority that is a unit of local government, either the reviewing employee's supervisor or the delegating or approving State agency. If this initial review was not conducted by a Professional Engineer, then the Submitting Party may request review by (i) a Professional Engineer on the staff of the Regulatory Authority or (ii) the delegating or approving State agency in the case of a Regulatory Authority that is a unit of local government. If the Regulatory Authority or delegating or approving State agency does not employ a Professional Engineer qualified and competent to perform the review, it may provide for review by a consulting Professional Engineer selected from a list developed and maintained by the Regulatory Authority. The Regulatory Authority may charge the Submitting Party for the costs of the review by the consulting Professional Engineer. Nothing in this subdivision is intended to limit the authority of the Regulatory Authority to make a final decision with regard to a Regulatory Submittal following the reviews described in this subdivision.

(2) A disagreement between the reviewer of the Regulatory Submittal and the Submitting Party regarding whether the statutory or regulatory authority identified by the Regulatory Authority for revisions or requests for

additional information designated as "required" under the procedures set forth in Section 29(b) of this act justifies a required change.

SECTION 29.(d) Scope. – Nothing in Section 29(c) of this act shall limit or abrogate any rights available under Chapter 150B of the General Statutes to any Submitting Party.

SECTION 29.(e) Procedure to Develop List of Consulting Professional Engineers. – Regulatory Authorities shall develop formal written procedures to prepare and maintain a list of consulting Professional Engineers required pursuant to subdivision (1) of Section 29(c) of this act.

SECTION 29.(f) Pilot Study. – No later than March 1, 2015, the Department of Environment and Natural Resources shall complete a pilot study on the Pretreatment, Emergency Response and Collection System (PERCS) wastewater collection system permitting program and the stormwater permitting program and perform the following activities with the assistance and cooperation of the North Carolina Board of Examiners for Engineers and Surveyors and the Professional Engineers of North Carolina:

(1) Produce an inventory of work activities associated with the operation of each regulatory program.

(2) Determine the work activities identified under subdivision (1) of this subsection that constitute the Practice of Engineering.

(3) Develop recommendations for ensuring that work activities constituting the Practice of Engineering are conducted with the appropriate level of oversight.

SECTION 29.(g) Report. – The Department shall report the results of the pilot study to the Environmental Review Commission no later than April 15, 2015.

SECTION 29.(h) Review of Working Job Titles. – No later than December 1, 2014, each Regulatory Authority and the Department of Transportation shall do the following:

(1) Review the Working Job Titles of every employee with job duties that include the review of Regulatory Submittals.

(2) Propose revisions to the Working Job Titles identified under subdivision (1) of this subsection or other administrative measures that will eliminate the public identification as "engineers" of persons reviewing Regulatory Submittals who are not Professional Engineers.

SECTION 29.(i) Initial Report. – Each Regulatory Authority shall report to the Environmental Review Commission prior to the convening of the 2015 Regular Session of the 2015 General Assembly on implementation of the following, if applicable:

(1) The standardized procedures required by Section 29(b) of this act.

(2) The informal review process required by Section 29(c) of this act.

(3) The review of Working Job Titles required by Section 29(h) of this act.

SECTION 29.(j) Annual Report. – Beginning in 2016, each Regulatory Authority shall annually report to the Environmental Review Commission no later than January 15 on the informal review process required by Section 29(c) of this act. The report shall include the number of times the informal review process was utilized and the outcome of the review.

SECTION 29.(k) Annual Reporting Sunset. – Section 29(j) of this act expires on January 1, 2019.

SPEED LIMIT WAIVER IN STATE PARKS AND FORESTS

SECTION 31.(a) G.S. 143-116.8 is amended by adding two new subsections to read:

"**§ 143-116.8. Motor vehicle laws applicable to State parks and forests road system.**

(a) Except as otherwise provided in this section, all the provisions of Chapter 20 of the General Statutes relating to the use of highways and public vehicular areas of the State and the operation of vehicles thereon are made applicable to the State parks and forests road system. For the purposes of this section, the term "State parks and forests road system" shall mean the streets, alleys, roads, public vehicular areas and driveways of the State parks, State forests, State recreation areas, State lakes, and all other lands administered by the Department of Environment and Natural Resources or the Department of Agriculture and Consumer Services. This term shall not be construed, however, to include streets that are a part of the State highway system. Any person violating any of the provisions of Chapter 20 of the General Statutes hereby made applicable in the State parks and forests road system shall, upon conviction, be

punished in accordance with Chapter 20 of the General Statutes. Nothing herein contained shall be construed as in any way interfering with the ownership and control of the State parks road system by the Department of Environment and Natural Resources and the forests road system by the Department of Agriculture and Consumer Services.

(b) (1) It shall be unlawful for a person to operate a vehicle in the State parks road system at a speed in excess of twenty-five miles per hour (25 mph). When the Secretary of Environment and Natural Resources determines that this speed is greater than reasonable and safe under the conditions found to exist in the State parks road system, the Secretary may establish a lower reasonable and safe speed limit. No speed limit established by the Secretary pursuant to this provision shall be effective until posted in the part of the system where the limit is intended to apply.

(1a) It shall be unlawful for a person to operate a vehicle in the State forests road system at a speed in excess of 25 miles per hour. When the Commissioner of Agriculture determines that this speed is greater than reasonable and safe under the conditions found to exist in the State forests road system, the Commissioner may establish a lower reasonable and safe speed limit. No speed limit established by the Commissioner pursuant to this provision shall be effective until posted in the part of the system where the limit is intended to apply.

...

(f) Notwithstanding any other provision of this section, a person may petition the Department of Environment and Natural Resources for a waiver authorizing the person to operate a vehicle in the State parks road system at a speed in excess of 25 miles per hour in connection with a special event. The Secretary may impose any conditions on a waiver that the Secretary determines to be necessary to protect public health, safety, welfare, and the natural resources of the State park. These conditions shall include a requirement that the person receiving the waiver execute an indemnification agreement with the Department and obtain general liability insurance in an amount not to exceed three million dollars ($3,000,000) covering personal injury and property damage that may result from driving in excess of 25 miles per hour in the State parks road system subject to the conditions determined by the Secretary.

(g) Notwithstanding any other provision of this section, a person may petition the Department of Agriculture and Consumer Services for a waiver authorizing the person to operate a vehicle in the State forests road system at a speed in excess of 25 miles per hour in connection with a special event. The Commissioner may impose any conditions on a waiver that the Commissioner determines to be necessary to protect public health, safety, welfare, and the natural resources of the State forest. These conditions shall include a requirement that the person receiving the waiver execute an indemnification agreement with the Department and obtain general liability insurance in an amount not to exceed three million dollars ($3,000,000) covering personal injury and property damage that may result from driving in excess of 25 miles per hour in the State forests road system subject to the conditions determined by the Commissioner."

SECTION 31.(b) The Department of Environment and Natural Resources and the Department of Agriculture and Consumer Services shall amend their rules to be consistent with Section 31(a) of this act.

SCOPE OF LOCAL AUTHORITY FOR ORDINANCES

SECTION 32.(a) Section 10.2 of S.L. 2013-413 is repealed.

SECTION 32.(b) No later than November 1, 2014, and November 1, 2015, the Department of Agriculture and Consumer Services shall report to the Environmental Review Commission on any local government ordinances that impinge on or interfere with any area subject to regulation by the Department.

SECTION 32.(c) No later than November 1, 2014, and November 1, 2015, the Department of Environment and Natural Resources shall report to the Environmental Review Commission on any local government ordinances that impinge on or interfere with any area subject to regulation by the Department.

SECTION 32.(d) In developing the reports pursuant to Sections 32(b) and 32(c) of this act, the Department of Environment and Natural Resources and the Department of

Agriculture and Consumer Services shall solicit and receive input from the public regarding any local government ordinances that impinge on or interfere with any area subject to regulation by the respective Department.

FEE ROLLBACK FOR OYSTER PERMITS UNDER PRIVATE DOCKS

SECTION 33.(a) Subsection (m) of G.S. 113-210 are repealed.

SECTION 33.(b) This section becomes effective July 1, 2014.

LOCAL GOVERNMENT LEASES FOR RENEWABLE ENERGY FACILITIES

SECTION 34. G.S. 160A-272 reads as rewritten:

"**§ 160A-272. Lease or rental of property.**

...

(c) The council may approve a lease for the siting and operation of a renewable energy facility, as that term is defined in G.S. 62-133.8(a)(7), for a term up to ~~20~~ 25 years without treating the lease as a sale of property and without giving notice by publication of the intended lease. ~~This subsection applies to Catawba, Mecklenburg, and Wake Counties, the Cities of Asheville, Raleigh, and Winston-Salem, and the Towns of Apex, Carrboro, Cary, Chapel Hill, Fuquay-Varina, Garner, Holly Springs, Knightdale, Morrisville, Rolesville, Wake Forest, Wendell, and Zebulon only.~~"

INLET HAZARD AREAS

SECTION 35.(a) The definitions set out in G.S. 113A-103 apply to this section.

SECTION 35.(b) 15A NCAC 07H .0304 (AECs Within Ocean Hazard Areas). – Until the effective date of the revised permanent rule that the Commission is required to adopt pursuant to Section 35(d) of this act, the Commission and the Department shall implement 15A NCAC 07H .0304 (AECs Within Ocean Hazard Areas) as provided in Section 35(c) of this act.

SECTION 35.(c) Implementation. – Notwithstanding Subparagraph (3) of 15A NCAC 07H .0304 (AECs Within Ocean Hazard Areas), the Commission shall not establish any new and shall repeal any existing inlet hazard area in any location with the following characteristics:

(1) The location is the former location of an inlet, but the inlet has been closed for at least 15 years.

(2) Due to shoreline migration, the location no longer includes the current location of the inlet.

(3) The location includes an inlet providing access to a State Port via a channel maintained by the United States Army Corps of Engineers.

SECTION 35.(d) Additional Rule-Making Authority. – The Commission shall adopt a rule to amend 15A NCAC 07H .0304 (AECs Within Ocean Hazard Areas) consistent with Section 35(c) of this act. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of Section 35(c) of this act. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 35.(e) Sunset. – Section 35(c) of this act expires on the date that rules adopted pursuant to Section 35(d) of this act become effective.

SECTION 35.(f) Nothing in this section is intended to prevent the Commission from (i) studying any current inlet hazard area or any other area considered by the Commission for designation as an inlet hazard area, (ii) designating new inlet hazard areas, or (iii) modifying existing inlet hazard areas consistent with Section 35(c) of this act.

HUNTING TRIALS

SECTION 36.(a) The Wildlife Resources Commission shall adopt rules to clarify the requirements in 15A NCAC 10B .0114 addressing which participants in retriever field trials are required to possess a hunting license, including out-of-state participants, judges, and spectators.

SECTION 36.(b) In developing the rules pursuant to Section 36(a) of this act, the Wildlife Resources Commission shall hold public hearings and consult with field trial groups active in the State.

EXPEDITED IBT PROCESS FOR CERTAIN RESERVOIRS

SECTION 37. G.S. 143-215.22L(w) reads as rewritten:

"(w) Requirements for Coastal ~~Counties.~~Counties and Reservoirs Constructed by the United States Army Corps of Engineers. – A petition for a certificate (i) to transfer surface water to supplement ground water supplies in the 15 counties designated as the Central Capacity Use Area under 15A NCAC 2E.0501, ~~or~~ (ii) to transfer surface water withdrawn from the mainstem of a river to provide service to one of the coastal area counties designated pursuant to G.S. 113A-103, or (iii) to withdraw or transfer water stored in any multipurpose reservoir constructed by the United States Army Corps of Engineers and partially located in a state adjacent to North Carolina, provided the United States Army Corps of Engineers approved the withdrawal or transfer on or before July 1, 2014, shall be considered and a determination made according to the following procedures:

(1) The applicant shall file a notice of intent that includes a nontechnical description of the applicant's request and identification of the proposed water source.

(2) The applicant shall prepare an environmental document pursuant to subsection (d) of this section, except that an environmental impact statement shall not be required unless it would otherwise be required by Article 1 of Chapter 113A of the General Statutes.

(3) Upon determining that the documentation submitted by the applicant is adequate to satisfy the requirements of this subsection, the Department shall publish a notice of the petition in the North Carolina Register and shall hold a public hearing at a location convenient to both the source and receiving river basins. The Department shall provide written notice of the petition and the public hearing in the Environmental Bulletin, a newspaper of general circulation in the source river basin, a newspaper of general circulation in the receiving river basin, and as provided in subdivision (3) of subsection (c) of this section. The applicant who petitions the Commission for a certificate under this subdivision shall pay the costs associated with the notice and public hearing.

(4) The Department shall accept comments on the petition for a minimum of 30 days following the public hearing.

(5) The Commission or the Department may require the applicant to provide any additional information or documentation it deems reasonably necessary in order to make a final determination.

(6) The Commission shall make a final determination whether to grant the certificate based on the factors set out in subsection (k) of this section, information provided by the applicant, and any other information the Commission deems relevant. The Commission shall state in writing its findings of fact and conclusions of law with regard to each factor.

(7) The Commission shall grant the certificate if it finds that the applicant has established by a preponderance of the evidence that the petition satisfies the requirements of subsection (m) of this section. The Commission may grant the certificate in whole or in part, or deny the request, and may impose such limitations and conditions on the certificate as it deems necessary and relevant."

ELIMINATE OUTDATED AIR QUALITY REPORTING REQUIREMENTS

SECTION 38.(a) G.S. 143-215.3A reads as rewritten:

"**§ 143-215.3A. Water and Air Quality Account; use of application and permit fees; Title V Account; I & M Air Pollution Control Account; reports.**

...

(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on the cost of the State's environmental permitting programs contained within the Department on or before 1 November of each year. ~~In addition, the Department shall report to the Environmental Review Commission and the Fiscal Research Division on the cost of the Title V Program on or before 1 November of each year.~~ The ~~reports~~ report shall include, but ~~are~~ is not limited to, fees set and established under this Article, fees

collected under this Article, revenues received from other sources for environmental permitting and compliance programs, changes made in the fee schedule since the last report, anticipated revenues from all other sources, interest earned and any other information requested by the General Assembly."

SECTION 38.(b) The following sections of S.L. 2002-4 are repealed:

(1) Section 10.

(2) Section 11, as amended by Section 12 of S.L. 2006-79 and S.L. 2010-142.

(3) Section 12.

(4) Section 13.

SECTION 38.(c) G.S. 143-215.108(g) is repealed.

CLARIFYING CHANGES TO STATUTES PERTAINING TO THE MANAGEMENT OF VENOMOUS SNAKES AND OTHER REPTILES

SECTION 39. G.S. 114-419(b) reads as rewritten:

"**§ 14-419. Investigation of suspected violations; seizure and examination of reptiles; disposition of reptiles.**

...

(b) If the Museum or the Zoological Park or their designated representatives find that a seized reptile is a venomous reptile, large constricting snake, or crocodilian regulated under this Article, the Museum or the Zoological Park or their designated representative shall determine final disposition of the reptile in a manner consistent with the safety of the public, which in the case of a venomous reptile for which antivenin approved by the United States Food and Drug Administration is not readily available, ~~may include euthanasia.~~shall be euthanized unless the species is protected under the federal Endangered Species Act of 1973."

REFORM ON-SITE WASTEWATER REGULATION

SECTION 40.(a) G.S. 130A-334 reads as rewritten:

"**§ 130A-334. Definitions.**

The following definitions shall apply throughout this Article:

...

(1b) "Ground absorption system" means a system of tanks, treatment units, nitrification fields, and appurtenances for wastewater collection, treatment, and subsurface disposal.

...

(7a) "Plat" means a property survey prepared by a registered land surveyor, drawn to a scale of one inch equals no more than 60 feet, that includes: the specific location of the proposed facility and appurtenances, the site for the proposed wastewater system, and the location of water supplies and surface waters. "Plat" also means, for subdivision lots approved by the local planning authority ~~and recorded with the county register of deeds,~~if a local planning authority exists at the time of application for a permit under this Article, a copy of the ~~recorded~~ subdivision plat that has been recorded with the county register of deeds and is accompanied by a site plan that is drawn to scale.

...

(15) "Wastewater system" means a system of wastewater collection, treatment, and disposal in single or multiple components, including a ground absorption system, privy, septic tank system, public or community wastewater system, wastewater reuse or recycle system, mechanical or biological wastewater treatment system, any other similar system, and any chemical toilet used only for human waste. A wastewater system located on multiple adjoining lots or tracts of land under common ownership or control shall be considered a single system for purposes of permitting under this Article."

SECTION 40.(b) G.S. 130A-335(f1) reads as rewritten:

"(f1) A preconstruction conference with the owner or developer, or an agent of the owner or developer, and a representative of the local health department shall be required for any authorization for wastewater system construction issued with an improvement permit under G.S. 130-336 when the authorization is greater than five years old. Following the conference,

the local health department shall ~~issue a revised authorization~~ advise the owner or developer of any rule changes for wastewater system construction ~~that includes~~ incorporating current technology that can reasonably be expected to improve the performance of the system. The local health department shall issue a revised authorization for wastewater system construction incorporating the rule changes upon the written request of the owner or developer."

SECTION 40.(c) G.S. 130A-336 reads as rewritten:

"**§ 130A-336. Improvement permit and authorization for wastewater system construction required.**

...

(b) The local health department shall issue an authorization for wastewater system construction authorizing work to proceed and the installation or repair of a wastewater system when it has determined after a field investigation that the system can be installed and operated in compliance with this Article and rules adopted pursuant to this Article. This authorization for wastewater system construction shall be valid for a period equal to the period of validity of the improvement ~~permit, not to exceed five years,~~permit and may be issued at the same time the improvement permit is issued. No person shall commence or assist in the installation, construction, or repair of a wastewater system unless an improvement permit and an authorization for wastewater system construction have been obtained from the Department or the local health department. No improvement permit or authorization for wastewater system construction shall be required for maintenance of a wastewater system. The Department and the local health department may impose conditions on the issuance of an improvement permit and an authorization for wastewater system construction.

(c) Unless the Commission otherwise provides by rule, plans, and specifications for all wastewater systems designed for the collection, treatment, and disposal of industrial process wastewater shall be reviewed and approved by the Department prior to the issuance of an authorization for wastewater system construction by the local health department.

(d) If a local health department repeatedly fails to issue or deny improvement permits for conventional septic tank systems within 60 days of receiving completed applications for the permits, then the Department of Environment and Natural Resources may withhold public health funding from that local health department."

REPEAL WASTE MANAGEMENT BOARD RULES

SECTION 41.(a) The General Assembly finds that the statutory authority for the Governor's Waste Management Board was repealed by S.L. 1993-501 and, therefore, regulations previously promulgated by that Board are no longer enforceable or necessary.

SECTION 41.(b) The Secretary of Environment and Natural Resources shall repeal 15A NCAC Chapter 14 (Governor's Waste Management Board) on or before December 1, 2014. Until the effective date of the repeal of the rule required pursuant to this section, the Secretary, the Department of Environment and Natural Resources, the Environmental Management Commission, or any other political subdivision of the State shall not implement or enforce 15A NCAC Chapter 14 (Governor's Waste Management Board).

WELL CONTRACTOR LICENSING CHANGES

SECTION 42.(a) G.S. 87-43.1 is amended by adding the following new subdivision to read:

"**§ 87-43.1. Exceptions.**

The provisions of this Article shall not apply:

...

(10) To the installation, construction, maintenance, or repair of electrical wiring, devices, appliances, or equipment by a person certified as a well contractor under Article 7A of this Chapter when running electrical wires from the well pump to the pressure switch."

SECTION 42.(b) G.S. 87-98.6 reads as rewritten:

"**§ 87-98.6. Well contractor qualifications and examination.**

(a) The Commission, with the advice and assistance of the Secretary, shall establish minimum requirements of education, experience, and knowledge for each type of certification for well contractors and shall establish procedures for receiving applications for certification, conducting examinations, and making investigations of applicants as may be necessary and appropriate so that prompt and fair consideration will be given to each applicant.

(b) The Commission, with the advice and assistance of the Secretary, shall establish minimum requirements of education, experience, and knowledge for each type of certification for well contractors for the installation, construction, maintenance, and repair of electrical wiring devices, appliances, and equipment related to the construction, operation, and repair of wells. Requirements developed pursuant to this subsection shall apply only to the initial certification of an applicant and shall not be required as part of continuing education or as a condition of certification renewal."

SECTION 42.(c) This section is effective when it becomes law. The requirements of subsection (b) of G.S. 87-98.6, as enacted by Section 42(b) of this act, apply to applicants applying for certification on or after the date this section becomes effective.

STANDARDIZE LOCAL WELL PROGRAMS

SECTION 43.(a) G.S. 87-97 reads as rewritten:

"**§ 87-97. Permitting, inspection, and testing of private drinking water wells.**

(a) Mandatory Local Well Programs. – Each county, through the local health department that serves the county, shall implement a private drinking water well permitting, inspection, and testing program. Local health departments shall administer the program and enforce the minimum well construction, permitting, inspection, repair, and testing requirements set out in this Article and rules adopted pursuant to this Article. No person shall unduly delay or refuse to permit a well that can be constructed or repaired and operated in compliance with the requirements set out in this Article and rules adopted pursuant to this Article.

(a1) Use of Standard Forms. – Local well programs shall use the standard forms created by the Department for all required submittals and shall not create their own forms unless the local program submits a petition for rule-making to the Environmental Management Commission, and the Commission by rule finds that conditions or circumstances unique to the area served by the local well program constitute a threat to public health that will be mitigated by use of a local form different from the form used by the Department.

...

(k) Registry of Permits and Test Results. – Each local health department shall maintain a registry of all private drinking water wells for which a construction permit or repair permit is ~~issued.~~issued that is searchable by address or addresses served by the well. The registry shall specify the physical location of each private drinking water well and shall include the results of all tests of water from each well. The local health department shall retain a record of the results of all tests of water from a private drinking water well until the well is properly closed in accordance with the requirements of this Article and rules adopted pursuant to this Article.

...."

SECTION 43.(b) Notwithstanding 15A NCAC 02C .0107(j)(2), neither the Department of Environment and Natural Resources nor any local well program shall require that well contractor identification plates include the well construction permit numbers. Local well programs may install a plate with the well construction permit number or any other information deemed relevant on a well at the expense of the local program.

SECTION 43.(c) The Environmental Management Commission shall adopt a rule to amend 15A NCAC 02C .0107(j)(2) consistent with Section 43(b) of this act.

SECTION 43.(d) Section 43(b) of this act expires on the date that the rule adopted pursuant to Section 43(c) of this act becomes effective.

SECTION 43.(e) If the well location marked on the map submitted with an application to a local well program is also marked with a stake or similar marker on the property, then the local well program may not require the contractor to be on–site during the on-site predrill inspection, as long as the contractor is available by telephone to answer questions.

SENATOR JEAN PRESTON MARINE SHELLFISH SANCTUARY

SECTION 44.(a) It is the intent of the General Assembly to establish a marine shellfish sanctuary in the Pamlico Sound to be named in honor of former Senator Jean Preston, to be called the "Senator Jean Preston Marine Shellfish Sanctuary."

SECTION 44.(b) The Division of Marine Fisheries of the Department of Environment and Natural Resources shall designate an area of appropriate acreage within the Pamlico Sound as a recommendation to the Environmental Review Commission for

establishment of the "Senator Jean Preston Marine Shellfish Sanctuary" and create a plan for managing the sanctuary that includes the following components:

(1) Location and delineation of the sanctuary. – The plan should include a location for the sanctuary that minimizes the impact on commercial trawling. In addition, the sanctuary should be gridded into areas leased to private parties for restoration and harvest and areas operated and maintained by the State for restoration that are not open for harvest. The leased and unleased areas should be arranged in a pattern where leased squares are surrounded on four sides by unleased squares.

(2) Administration. – The plan should include the prices to be charged for the leased portions of the sanctuary, including an administration fee to be retained by the Division to support the leasing and monitoring program. The plan shall also provide that the balance of lease payments collected by the Division be transferred to the General Fund with a recommendation that some or all of the proceeds be used for the support of the State's special education programs in memory of Senator Jean Preston.

(3) Funding. – The plan should include a request for appropriations sufficient to provide funds for the construction of appropriate bottom habitat and shellfish seeding and for Division staff necessary to conduct oyster restoration and monitoring activities. The plan should provide that, whenever possible, construction and shellfish seeding be carried out by contract with private entities.

(4) Commercial fisherman relief. – To promote the diversification of commercial fishing opportunities, the plan should include a program to award free or discounted leases under this section to commercial fishermen who (i) have held one or more commercial fishing licenses continually for a period of 10 or more years and (ii) receive at least fifty percent (50%) of their income from commercial fishing with those licenses.

(5) Recommendations. – The plan should include recommendations for statutory or regulatory changes needed to expedite the expansion of shellfish restoration and harvesting in order to improve water quality, restore ecological habitats, and expand the coastal economy.

SECTION 44.(c) No later than December 1, 2014, and quarterly thereafter until submission of a final plan to the Environmental Review Commission, the Department of Environment and Natural Resources shall report to the Environmental Review Commission regarding its implementation of this section and its recommended plan.

CLARIFY GRAVEL UNDER STORMWATER LAWS

SECTION 45.(a) G.S. 143-214.7(b2) reads as rewritten:

"(b2) For purposes of implementing stormwater programs, "built-upon area" means impervious surface and partially impervious surface to the extent that the partially impervious surface does not allow water to infiltrate through the surface and into the subsoil. "Built-upon area" does not include a ~~wooden~~ slatted ~~deck,~~ deck or the water area of a swimming ~~pool, or gravel.~~pool."

SECTION 45.(b) The Environmental Management Commission shall amend its rules to be consistent with the definition of "built-upon area" set out in subsection (b2) of G.S. 143-214.7, as amended by Section 45(a) of this act.

SECTION 45.(c) Unless specifically authorized by the General Assembly, neither the Environmental Management Commission nor the Department of Environment and Natural Resources have the authority to define the term "gravel" for purposes of implementing stormwater programs. Any rule adopted by the Environmental Management Commission or the Department of Environment and Natural Resources that defines the term "gravel" for purposes of implementing stormwater programs is not effective and shall not become effective.

SECTION 45.(d) This section is effective when it becomes law. Subsection (b2) of G.S. 143-214.7, as amended by Section 45(a) of this act, applies to projects for which permit applications are received on or after that date.

UNITED STATES POSTAL SERVICE CLUSTER BOX UNITS/NO STORMWATER PERMIT MODIFICATION REQUIRED

SECTION 46.(a) Notwithstanding the requirements of Article 21 of Chapter 143 of the General Statutes and rules adopted pursuant to that Article, the addition of a cluster box unit to a single-family or duplex development permitted by a local government shall not require a modification to any stormwater permit for that development. This section shall only apply to single-family or duplex developments in which individual curbside mailboxes are replaced with cluster box units whereupon the associated built-upon area supporting the cluster box units shall be considered incidental and shall not be required in the calculation of built-upon area for the development for stormwater permitting purposes.

SECTION 46.(b) This section is effective when this act becomes law and expires on December 31, 2015, or when regulations on cluster box design and placement by the United States Postal Service become effective and those regulations are adopted by local governments, whichever is earlier.

MODIFICATION OF APPROVED WASTEWATER SYSTEMS

SECTION 47.(a) The definitions set out in G.S. 130A-343 shall apply to this section.

SECTION 47.(b) 15A NCAC 18A .1969(j) (Modification of Approved Systems). – Until the effective date of the revised permanent rule that the Commission is required to adopt pursuant to Section 47(d) of this act, the Commission and the Department shall implement 15A NCAC 18A .1969(j) (Modification of Approved Systems) as provided in Section 47(c) of this act.

SECTION 47.(c) Implementation. – Notwithstanding 15A NCAC 18A .1969(j) (Modification of Approved Systems), the rule shall be implemented so as to not require a survey or audit of installed modified accepted systems in order to confirm the satisfactory performance of such systems.

SECTION 47.(d) Additional Rule-Making Authority. – The Commission for Public Health shall adopt a rule to amend 15A NCAC 18A .1969(j) (Modification of Approved Systems) consistent with Section 47(c) of this act. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of Section 47(c) of this act. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 47.(e) Sunset. – Section 47(c) of this act expires on the date that the rule adopted pursuant to Section 47(d) of this act becomes effective.

CAPSTONE PERMITTING

SECTION 48. G.S. 150B-23 is amended by adding a new subsection to read:

"**§ 150B-23. Commencement; assignment of administrative law judge; hearing required; notice; intervention.**

...

(g) Where multiple licenses are required from an agency for a single activity, the Secretary or chief administrative officer of the agency may issue a written determination that the administrative decision reviewable under Article 3 of this Chapter occurs on the date the last license for the activity is issued, denied, or otherwise disposed of. The written determination of the administrative decision is not reviewable under this Article. Any licenses issued for the activity prior to the date of the last license identified in the written determination are not reviewable under this Article until the last license for the activity is issued, denied, or otherwise disposed of. A contested case challenging the last license decision for the activity may include challenges to agency decisions on any of the previous licenses required for the activity."

CHANGES TO THE RESIDENTIAL PROPERTY DISCLOSURE ACT

SECTION 49.(a) Chapter 47E of the General Statutes reads as rewritten:

"**Chapter 47E.**

"**Residential Property Disclosure Act.**

...

"**§ 47E-2. Exemptions.**

The following transfers are exempt from the provisions of this Chapter:

(1) Transfers pursuant to court order, including transfers ordered by a court in administration of an estate, transfers pursuant to a writ of execution, transfers by foreclosure sale, transfers by a trustee in bankruptcy, transfers by eminent domain, and transfers resulting from a decree for specific performance.

(2) Transfers to a beneficiary from the grantor or his successor in interest in a deed of trust, or to a mortgagee from the mortgagor or his successor in interest in a mortgage, if the indebtedness is in default; transfers by a trustee under a deed of trust or a mortgagee under a mortgage, if the indebtedness is in default; transfers by a trustee under a deed of trust or a mortgagee under a mortgage pursuant to a foreclosure sale, or transfers by a beneficiary under a deed of trust, who has acquired the real property at a sale conducted pursuant to a foreclosure sale under a deed of trust.

(3) Transfers by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust.

(4) Transfers from one or more co-owners solely to one or more other co-owners.

(5) Transfers made solely to a spouse or a person or persons in the lineal line of consanguinity of one or more transferors.

(6) Transfers between spouses resulting from a decree of divorce or a distribution pursuant to Chapter 50 of the General Statutes or comparable provision of another state.

(7) Transfers made by virtue of the record owner's failure to pay any federal, State, or local taxes.

(8) Transfers to or from the State or any political subdivision of the State.

(b) The following transfers are exempt from the provisions of G.S. 47E-4 but not from the requirements of G.S. 47E-4.1:

~~(9)~~(1) Transfers involving the first sale of a dwelling never inhabited.

~~(10)~~(2) Lease with option to purchase contracts where the lessee occupies or intends to occupy the dwelling.

~~(11)~~(3) Transfers between parties when both parties agree not to complete a residential property disclosure statement or an owners' association and mandatory covenants disclosure statement.

...

"§ 47E-4. Required disclosures.

...

~~(b2) With regard to transfers described in G.S. 47E-1, the owner of the real property shall include in any real estate contract, an oil and gas rights mandatory disclosure as provided in this subsection:~~

~~(1) Transfers of residential property set forth in G.S. 47E-2 are excluded from this requirement, except that the exemptions provided under subdivisions (9) and (11) of G.S. 47E-2 specifically are not excluded from this requirement.~~

~~(2) The disclosure shall be conspicuous, shall be in boldface type, and shall be as follows:~~

~~OIL AND GAS RIGHTS DISCLOSURE~~

~~Oil and gas rights can be severed from the title to real property by conveyance (deed) of the oil and gas rights from the owner or by reservation of the oil and gas rights by the owner. If oil and gas rights are or will be severed from the property, the owner of those rights may have the perpetual right to drill, mine, explore, and remove any of the subsurface oil or gas resources on or from the property either directly from the surface of the property or from a nearby location. With regard to the severance of oil and gas rights, Seller makes the following disclosures:~~

		~~Yes~~	~~No~~	~~No Representation~~
~~_____ Buyer Initials~~	~~1. Oil and gas rights were severed from the property by a previous owner.~~	~~—~~	~~—~~	~~—~~
		~~Yes~~	~~No~~	
~~_____ Buyer Initials~~	~~2. Seller has severed the oil and gas rights from the property.~~	~~—~~	~~—~~	

~~Yes No~~

~~_____ Buyer Initials~~ ~~3. Seller intends to sever the oil and gas rights from the property prior to transfer of title to Buyer.~~ ~~— —~~

(c) The rights of the parties to a real estate contract as to conditions of the property of which the owner had no actual knowledge are not affected by this Article unless the residential disclosure statement or the owners' association and mandatory covenants disclosure statement, as applicable, states that the owner makes no representations as to those conditions. If the statement states that an owner makes no representations as to the conditions of the property, then the owner has no duty to disclose those conditions, whether or not the owner should have known of them.

"**§ 47E-4.1. Required mineral and oil and gas rights disclosures.**

(a) With regard to transfers described in G.S. 47E-1 and G.S. 47E-2(b), the owner of the real property shall furnish to a purchaser a mineral and oil and gas rights mandatory disclosure statement. The disclosure shall be conspicuous, shall be in boldface type, and shall be as follows:

MINERAL AND OIL AND GAS RIGHTS DISCLOSURE

Mineral rights and/or oil and gas rights can be severed from the title to real property by conveyance (deed) of the mineral rights and/or oil and gas rights from the owner or by reservation of the mineral rights and/or oil and gas rights by the owner. If mineral rights and/or oil and gas rights are or will be severed from the property, the owner of those rights may have the perpetual right to drill, mine, explore, and remove any of the subsurface mineral and/or oil or gas resources on or from the property either directly from the surface of the property or from a nearby location. With regard to the severance of mineral rights and/or oil and gas rights, Seller makes the following disclosures:

		Yes	No	No Representation
_____ Buyer Initials	1. Mineral rights were severed from the property by a previous owner.	—	—	—
		Yes	No	
_____ Buyer Initials	2. Seller has severed the mineral rights from the property.	—	—	
		Yes	No	
_____ Buyer Initials	3. Seller intends to sever the mineral rights from the property prior to transfer of title to Buyer.	—	—	
		Yes	No	No Representation
_____ Buyer Initials	4. Oil and gas rights were severed from the property by a previous owner.	—	—	—
		Yes	No	
_____ Buyer Initials	5. Seller has severed the oil and gas rights from the property.	—	—	
		Yes	No	
_____ Buyer Initials	6. Seller intends to sever the oil and gas rights from the property prior to transfer of title to Buyer.	—	—	

(b) The North Carolina Real Estate Commission shall develop and require the use of a mineral and oil and gas rights mandatory disclosure statement to comply with the requirements of this section. The disclosure statement shall specify that the transfers identified in G.S. 47E-2(a) are exempt from this requirement but the transfers identified in G.S. 47E-2(b) are not. The disclosure statement shall provide the owner with the option to indicate whether the owner has actual knowledge of the specified characteristics or conditions. The owner may make no representations only as to a previous severance of mineral rights and previous severance of oil and gas rights.

(c) The rights of the parties to a real estate contract as to the severance of minerals or the severance of oil and gas rights by the previous owner of the property and of which the owner had no actual knowledge are not affected by this Article unless the mineral and oil and

gas rights mandatory disclosure statement states that the owner makes no representations as to the severance of mineral rights or the severance of oil and gas rights by the previous owner of the property. If the statement states that an owner makes no representations as to the severance of mineral rights or the severance of oil and gas rights by the previous owner of the property, then the owner has no duty to disclose the severance of mineral rights or the severance of oil and gas rights, as applicable, by a previous owner of the property, whether or not the owner should have known of any such severance.

"**§ 47E-5. Time for disclosure; cancellation of contract.**

(a) The owner of real property subject to this Chapter shall deliver to the purchaser the disclosure statements required by this Chapter no later than the time the purchaser makes an offer to purchase, exchange, or option the property, or exercises the option to purchase the property pursuant to a lease with an option to purchase. The residential property disclosure ~~statement~~ statement, the mineral and oil and gas rights mandatory disclosure statement, or the owners' association and mandatory covenants disclosure statement may be included in the real estate contract, in an addendum, or in a separate document.

...

"**§ 47E-6. Owner liability for disclosure of information provided by others.**

~~The~~ With the exception of the disclosures required by G.S. 47E-4.1, the owner may discharge the duty to disclose imposed by this Chapter by providing a written report attached to the residential property disclosure statement and the owners' association and mandatory covenants disclosure statement by a public agency or by an attorney, engineer, land surveyor, geologist, pest control operator, contractor, home inspector or other expert, dealing with matters within the scope of the public agency's functions or the expert's license or expertise. The owner shall not be liable for any error, inaccuracy, or omission of any information delivered pursuant to this section if the error, inaccuracy, or omission was made in reasonable reliance upon the information provided by the public agency or expert and the owner was not grossly negligent in obtaining the information or transmitting it.

"**§ 47E-7. Change in circumstances.**

If, subsequent to the owner's delivery of a residential property disclosure ~~statement and~~ statement, the mineral and oil and gas rights mandatory disclosure statement, or the owners' association and mandatory covenants disclosure statement to a purchaser, the owner discovers a material inaccuracy in a disclosure statement, or a disclosure statement is rendered inaccurate in a material way by the occurrence of some event or circumstance, the owner shall promptly correct the inaccuracy by delivering a corrected disclosure statement or statements to the purchaser. Failure to deliver a corrected disclosure statement or to make the repairs made necessary by the event or circumstance shall result in such remedies for the buyer as are provided for by law in the event the sale agreement requires the property to be in substantially the same condition at closing as on the date of the offer to purchase, reasonable wear and tear excepted.

"**§ 47E-8. Agent's duty.**

A real estate broker ~~or salesman~~ acting as an agent in a residential real estate transaction has the duty to inform each of the clients of the real estate broker ~~or salesman~~ of the client's rights and obligations under this Chapter. Provided the owner's real estate broker ~~or salesman~~ has performed this duty, the broker or salesman shall not be responsible for the owner's willful refusal to provide a prospective purchaser with a residential property disclosure ~~statement~~ statement, the mineral and oil and gas rights mandatory disclosure statement, or an owners' association and mandatory covenants disclosure statement. Nothing in this Chapter shall be construed to conflict with, or alter, the ~~broker or salesman's~~ broker's duties under Chapter 93A of the General Statutes.

...."

SECTION 49.(b) This section becomes effective January 1, 2015, and applies to contracts executed on or after that date.

REPORTS ON MINIMUM DESIGN CRITERIA

SECTION 50. Section 1 of S.L. 2013-82 reads as rewritten:

"**SECTION 1.** The Department of Environment and Natural Resources shall develop Minimum Design Criteria for permits issued by the stormwater runoff permitting programs authorized by G.S. 143-214.7. The Minimum Design Criteria shall include all requirements for siting, site preparation, design and construction, and post-construction monitoring and

evaluation necessary for the Department to issue stormwater permits that comply with State water quality standards adopted pursuant to G.S. 143-214.1, 143-214.7, and 143-215.3(a)(1). In developing and updating the Minimum Design Criteria, the Department shall consult with a technical working group that consists of industry experts, engineers, environmental consultants, relevant faculty from The University of North Carolina, and other interested stakeholders. The Department shall submit interim reports on its progress in developing the Minimum Design Criteria to the Environmental Review Commission no later than September 1, 2014, and December 1, 2014. The Department shall submit a final report, including its recommendations to the Environmental Review Commission no later than ~~September 1, 2014.~~February 1, 2015."

CLARIFY EFFECTIVE DATE OF DEFINITION OF DISCHARGE OF WASTE

SECTION 51.(a) Section 17 of S.L. 2012-187 reads as rewritten:

"**SECTION 17.** Section 11 of this act is effective when it becomes law and applies to contested cases filed or pending on or after that date. Except as otherwise provided, this act is effective when it becomes law."

SECTION 51.(b) This section becomes effective July 16, 2012.

STATEWIDE VENUS FLYTRAP PENALTIES

SECTION 52.(a) Article 22 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"**§ 14-129.3. Felony taking of Venus flytrap.**

(a) Any person, firm, or corporation who digs up, pulls up, takes, or carries away, or aids in taking or carrying away, any Venus flytrap (Dionaea muscipula) plant or the seed of any Venus flytrap plant growing upon the lands of another person, or from the public domain, with the intent to steal the Venus flytrap plant or seed is guilty of a Class H felony.

(b) This section shall not apply to any person, firm, or corporation that has a permit to dig up, pull up, take, or carry away the plant or seed, signed by the owner of the land, or the owner's duly authorized agent. At the time of the digging, pulling, taking, or carrying away, the permit shall be in the possession of the person, firm, or corporation on the land."

SECTION 52.(b) G.S. 14-129 reads as rewritten:

"**§ 14-129. Taking, etc., of certain wild plants from land of another.**

No person, firm or corporation shall dig up, pull up or take from the land of another or from any public domain, the whole or any part of any ~~Venus flytrap (Dionaea muscipula),~~ trailing arbutus, Aaron's Rod (Thermopsis caroliniana), Bird-foot Violet (Viola pedata), Bloodroot (Sanguinaria canadensis), Blue Dogbane (Amsonia tabernaemontana), Cardinal-flower (Lobelia cardinalis), Columbine (Aquilegia canadensis), Dutchman's Breeches (Dicentra cucullaria), Maidenhair Fern (Adiantum pedatum), Walking Fern (Camptosorus rhizophyllus), Gentians (Gentiana), Ground Cedar, Running Cedar, Hepatica (Hepatica americana and acutiloba), Jack-in-the-Pulpit (Arisaema triphyllum), Lily (Lilium), Lupine (Lupinus), Monkshood (Aconitum uncinatum and reclinatum), May Apple (Podophyllum peltatum), Orchids (all species), Pitcher Plant (Sarracenia), Shooting Star (Dodecatheon meadia), Oconee Bells (Shortia galacifolia), Solomon's Seal (Polygonatum), Trailing Christmas (Greens-Lycopodium), Trillium (Trillium), Virginia Bluebells (Mertensia virginica), and Fringe Tree (Chionanthus virginicus), American holly, white pine, red cedar, hemlock or other coniferous trees, or any flowering dogwood, any mountain laurel, any rhododendron, or any ground pine, or any Christmas greens, or any Judas tree, or any leucothea, or any azalea, without having in his possession a permit to dig up, pull up or take such plants, signed by the owner of such land, or by his duly authorized agent. Any person convicted of violating the provisions of this section shall be guilty of a Class 3 misdemeanor only punished by a fine of not less than ~~ten dollars ($10.00)~~seventy-five dollars ($75.00) nor more than ~~fifty dollars ($50.00)~~one hundred seventy-five dollars ($175.00) for each ~~offense. The provisions of this section shall not apply to the Counties of Cabarrus, Carteret, Catawba, Cherokee, Chowan, Cumberland, Currituck, Dare, Duplin, Edgecombe, Franklin, Gaston, Granville, Hertford, McDowell, Pamlico, Pender, Person, Richmond, Rockingham, Rowan and Swain.~~offense, with each plant taken in violation of this section constituting a separate offense. The Clerk of Court for the jurisdiction in which a conviction occurs under this section involving any species listed in this section that also appears on the North Carolina Protected Plants list created under the authority granted by Article 19B of Chapter 106 of the General Statutes shall report the

conviction to the Plant Conservation Board so the Board may consider a civil penalty under the authority of that Article."

SECTION 52.(c) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

EXPAND DAILY FLOW DESIGN EXEMPTION FOR LOW-FLOW FIXTURES

SECTION 53. Section 34(b) of S.L. 2013-413 reads as rewritten:

"**SECTION 34.(b)** Implementation. – Notwithstanding the Daily Flow for Design rates listed for dwelling units in 15A NCAC 18A .1949(a) or for other establishments in Table No. 1 of 15A NCAC 18A .1949(b) (Sewage Flow Rates for Design Units), a wastewater system shall be exempt from the Daily Flow for Design, and any other design flow standards that are established by the Department of Health and Human Services or the Commission for Public Health provided flow rates that are less than those listed in ~~Table No. 1 of 15A NCAC 18A .1949(b)~~15A NCAC 18A .1949 (Sewage Flow Rates for Design Units) can be achieved through engineering design that utilizes low-flow fixtures and low-flow technologies and the design is prepared, sealed, and signed by a professional engineer licensed pursuant to Chapter 89C of the General Statutes. The Department and Commission may ~~establish~~ establish, by rule, lower limits on reduced flow rates as necessary to ensure wastewater system integrity and protect public health, safety, and ~~welfare~~welfare, provided that the Commission relies on scientific evidence specific to soil types found in North Carolina that the lower limits are necessary for those soil types. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2). Proposed daily design flows for wastewater systems that are calculated to be less than 3,000 total gallons per day shall not require State review pursuant to 15A NCAC 18A .1938(e). Neither the State nor any local health department shall be liable for any damages caused by a system approved or permitted pursuant to this section."

AMEND ISOLATED WETLANDS REGULATION

SECTION 54.(a) Until the effective date of the revised permanent rule that the Environmental Management Commission is required to adopt pursuant to Section 54(c) of this act, the Commission and the Department of Environment and Natural Resources shall implement 15A NCAC 02H .1305 (Review of Applications) as provided in Section 54(b) of this act.

SECTION 54.(b) Notwithstanding 15A NCAC 02H .1305 (Review of Applications), all of the following shall apply to the implementation of 15A NCAC 02H .1305:

(1) The amount of impacts of isolated wetlands under 15A NCAC 02H .1305(d)(2) shall be less than or equal to one acre of isolated wetlands east of I-95 for the entire project and less than or equal to 1/3 acre of isolated wetlands west of I-95 for the entire project.

(2) The mitigation ratio for impacts of greater than one acre for the entire project under 15A NCAC 02H .1305(g)(6) shall be 1:1 and may be located on the same parcel.

(3) For purposes of Section 54(b) of this section, "isolated wetlands" means a Basin Wetland or Bog as described in the North Carolina Wetland Assessment User Manual prepared by the North Carolina Wetland Functional Assessment Team, version 4.1 October, 2010, that are not jurisdictional wetlands under the federal Clean Water Act. An "isolated wetland" does not include an isolated man-made ditch or pond constructed for stormwater management purposes or any other man-made isolated pond.

SECTION 54.(c) The Environmental Management Commission shall adopt rules to amend 15A NCAC 02H .1300 through 15A NCAC 02H .1305 consistent with Section 54(b) of this act. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this subsection shall be substantively identical to the provisions of Section 54(b) of this act. Rules adopted pursuant to this subsection are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this subsection shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2).

SECTION 54.(d) The Department of Environment and Natural Resources shall study (i) how the term "isolated wetland" has been previously defined in State law and whether

the term should be clarified in order to provide greater certainty in identifying isolated wetlands; (ii) the surface area thresholds for the regulation of mountain bog isolated wetlands, including whether mountain bog isolated wetlands should have surface area regulatory thresholds different from other types of isolated wetlands; and (iii) whether impacts to isolated wetlands should be combined with the project impacts to jurisdictional wetlands or streams for the purpose of determining when impact thresholds that trigger a mitigation requirement are met. The Department shall report its findings and recommendations to the Environmental Review Commission on or before November 1, 2014.

SECTION 54.(e) This section is effective when it becomes law. Section 54(b) of this act expires on the date that rules adopted pursuant to Section 54(c) of this act become effective.

ENERGY AUDIT REQUIREMENTS

SECTION 55. G.S. 143-64.12 reads as rewritten:

"**§ 143-64.12. Authority and duties of the Department; State agencies and State institutions of higher learning.**

(a) The Department of Environment and Natural Resources through the State Energy Office shall develop a comprehensive program to manage energy, water, and other utility use for State agencies and State institutions of higher learning and shall update this program annually. Each State agency and State institution of higher learning shall develop and implement a management plan that is consistent with the State's comprehensive program under this subsection to manage energy, water, and other utility use, and that addresses any findings or recommendations resulting from the energy audit required by subsection (b1) of this section. The energy consumption per gross square foot for all State buildings in total shall be reduced by twenty percent (20%) by 2010 and thirty percent (30%) by 2015 based on energy consumption for the 2002-2003 fiscal year. Each State agency and State institution of higher learning shall update its management plan ~~annually~~ biennially and include strategies for supporting the energy consumption reduction requirements under this subsection. Each community college shall submit to the State Energy Office ~~an annual~~a biennial written report of utility consumption and costs. Management plans submitted ~~annually~~biennially by State institutions of higher learning shall include all of the following:

(1) Estimates of all costs associated with implementing energy conservation measures, including pre-installation and post-installation costs.
(2) The cost of analyzing the projected energy savings.
(3) Design costs, engineering costs, pre-installation costs, post-installation costs, debt service, and any costs for converting to an alternative energy source.
(4) An analysis that identifies projected annual energy savings and estimated payback periods.

...

(j) The State Energy Office shall submit a report by December 1 of ~~each~~every odd-numbered year to the Joint Legislative ~~Commission on Governmental Operations~~Energy Policy Commission describing the comprehensive program to manage energy, water, and other utility use for State agencies and State institutions of higher learning required by subsection (a) of this section. The report shall also contain the following:

(1) A comprehensive overview of how State agencies and State institutions of higher learning are managing energy, water, and other utility use and achieving efficiency gains.
(2) Any new measures that could be taken by State agencies and State institutions of higher learning to achieve greater efficiency gains, including any changes in general law that might be needed.
(3) A summary of the State agency and State institutions of higher learning management plans required by subsection (a) of this section and the energy audits required by subsection (b1) of this section.
(4) A list of the State agencies and State institutions of higher learning that did and did not submit management plans required by subsection (a) of this section and a list of the State agencies and State institutions of higher learning that received an energy audit.
(5) Any recommendations on how management plans can be better managed and implemented."

STUDY USE OF CONTAMINATED PROPERTY

SECTION 56.(a) The Department of Environment and Natural Resources shall study ways to improve the timeliness of actions necessary to address contaminated properties such that the property is safe for productive use, threats to the environment and public health are minimized to acceptable levels, and the risk of taxpayer-funded remediation is reduced. The Department shall specifically consider all of the following:

(1) The expansion of risk-based remediation of groundwater to all remediation programs under the Department.

(2) The resources needed within the Department to oversee remediation, including the potential to expand the use of Department-approved private environmental consulting and engineering firms to implement and oversee remedial actions.

(3) That rules adopted by the Environmental Management Commission for water quality standards applicable to groundwater be no more stringent than the lower of the federal or State maximum contaminant levels for drinking water in cases where the maximum contaminant levels have been adopted.

(4) Liability protection for innocent purchasers of nonresidential property who take actions consistent with the federal Comprehensive Environmental Response, Compensation, and Liability Act for due diligence and due care regarding investigations and contaminants found.

(5) Other matters the Department deems appropriate to further the goals of this study.

SECTION 56.(b) The Department shall report the results of this study, including any recommendations, to the Environmental Review Commission no later than November 1, 2014.

HARDISON AMENDMENT CLARIFICATION

SECTION 57. G.S. 150B-19.3 reads as rewritten:

"**§ 150B-19.3. Limitation on certain environmental rules.**

(a) An agency authorized to implement and enforce State and federal environmental laws may not adopt a rule for the protection of the environment or natural resources that imposes a more restrictive standard, limitation, or requirement than those imposed by federal law or rule, if a federal law or rule pertaining to the same subject matter has been adopted, unless adoption of the rule is required by one of the ~~following:~~subdivisions of this subsection. A rule required by one of the following subdivisions of this subsection shall be subject to the provisions of G.S. 150B-21.3(b1) as if the rule received written objections from 10 or more persons under G.S. 150B-21.3(b2):

(1) A serious and unforeseen threat to the public health, safety, or welfare.

(2) An act of the General Assembly or United States Congress that expressly requires the agency to adopt rules.

(3) A change in federal or State budgetary policy.

(4) A federal regulation required by an act of the United States Congress to be adopted or administered by the State.

(5) A court order.

(b) For purposes of this section, "an agency authorized to implement and enforce State and federal environmental laws" means any of the following:

(1) The Department of Environment and Natural Resources created pursuant to G.S. 143B-279.1.

(2) The Environmental Management Commission created pursuant to G.S. 143B-282.

(3) The Coastal Resources Commission established pursuant to G.S. 113A-104.

(4) The Marine Fisheries Commission created pursuant to G.S. 143B-289.51.

(5) The Wildlife Resources Commission created pursuant to G.S. 143-240.

(6) The Commission for Public Health created pursuant to G.S. 130A-29.

(7) The Sedimentation Control Commission created pursuant to G.S. 143B-298.

(8) The North Carolina Mining and Energy Commission created pursuant to G.S. 143B-293.1.

(9) The Pesticide Board created pursuant to G.S. 143-436."

FORESTRY FEES CORRECTION

SECTION 58. G.S. 106-1004, as enacted by S.L. 2014-100, reads as rewritten:

"**§ 106-1004. Fees for forest management plans.**

The Board of Agriculture shall establish by rule a schedule of fees for the preparation of forest management plans developed pursuant to ~~Article 83 of~~ this Chapter. The fees established by the Board shall not exceed the amount necessary to offset the costs of the Department of Agriculture and Consumer Services to prepare forest management plans."

RECOURSE WHEN AGENCY FAILS TO ACT

SECTION 59.(a) G.S. 150B-23 is amended by adding a new subsection to read:

"(a4) If an agency fails to take any required action within the time period specified by law, any person whose rights are substantially prejudiced by the agency's failure to act may commence a contested case in accordance with this section seeking an order that the agency act as required by law. If the administrative law judge finds that the agency has failed to act as required by law, the administrative law judge may order that the agency take the required action within a specified time period."

SECTION 59.(b) G.S. 150B-44 reads as rewritten:

"**§ 150B-44. Right to judicial intervention when final decision unreasonably delayed.**

~~Unreasonable delay on the part of any agency or administrative law judge in taking any required action shall be justification for any person whose rights, duties, or privileges are adversely affected by such delay to seek a court order compelling action by the agency or administrative law judge.~~ Failure of an administrative law judge subject to Article 3 of this Chapter or failure of an agency subject to Article 3A of this Chapter to make a final decision within 120 days of the close of the contested case hearing is justification for a person whose rights, duties, or privileges are adversely affected by the delay to seek a court order compelling action by the agency or by the administrative law judge. ~~The Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees is a "board" for purposes of this section.~~"

SEVERABILITY CLAUSE AND EFFECTIVE DATE

SECTION 60. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part declared to be unconstitutional or invalid.

SECTION 61. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of August, 2014.

s/ Phil E. Berger
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 12:10 p.m. this 18th day of September, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-67
SENATE BILL 761

AN ACT TO ENHANCE THE EFFECTIVENESS OF THE OCCUPATIONAL LICENSING OF MILITARY SERVICE MEMBERS AND VETERANS AND TO DIRECT THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA AND THE STATE BOARD OF COMMUNITY COLLEGES TO SUBMIT A PLAN THAT WILL ENSURE THAT COLLEGE CREDITS ARE UNIFORMLY GRANTED TO STUDENTS WITH MILITARY TRAINING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 93B-15.1 reads as rewritten:

"**§ 93B-15.1. Licensure for individuals with military training and experience; licensure by endorsement for military spouses; temporary license.**

(a) Notwithstanding any other provision of law, an occupational licensing board, as defined in G.S. 93B-1, shall issue a license, certification, or registration to a military-trained applicant to allow the applicant to lawfully practice the applicant's occupation in this State if, upon application to an occupational licensing board, the applicant satisfies the following conditions:

(1) Has been awarded a military occupational specialty and has done all of the following at a level that is substantially equivalent to or exceeds the requirements for licensure, certification, or registration of the occupational licensing board from which the applicant is seeking licensure, certification, or registration in this State: completed a military program of training, completed testing or equivalent training and ~~experience as determined by the board,~~ experience, and performed in the occupational specialty.

(2) Has engaged in the active practice of the occupation for which the person is seeking a license, certification, or permit from the occupational licensing board in this State for at least two of the five years preceding the date of the application under this section.

(3) Has not committed any act in any jurisdiction that would have constituted grounds for refusal, suspension, or revocation of a license to practice that occupation in this State at the time the act was committed.

(4) Pays any fees required by the occupational licensing board for which the applicant is seeking licensure, certification, or registration in this State.

(a1) No later than 30 days following receipt of an application, an occupational licensing board shall notify an applicant when the applicant's military training or experience does not satisfy the requirements for licensure, certification, or registration and shall specify the criteria or requirements that the board determined that the applicant failed to meet and the basis for that determination.

(b) Notwithstanding any other provision of law, an occupational licensing board, as defined in G.S. 93B-1, shall issue a license, certification, or registration to a military spouse to allow the military spouse to lawfully practice the military spouse's occupation in this State if, upon application to an occupational licensing board, the military spouse satisfies the following conditions:

(1) Holds a current license, certification, or registration from another jurisdiction, and that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements for licensure, certification, or registration of the occupational licensing board for

which the applicant is seeking licensure, certification, or registration in this State.

(2) Can demonstrate competency in the occupation through methods as determined by the Board, such as having completed continuing education units or having had recent experience for at least two of the five years preceding the date of the application under this section.

(3) Has not committed any act in any jurisdiction that would have constituted grounds for refusal, suspension, or revocation of a license to practice that occupation in this State at the time the act was committed.

(4) Is in good standing and has not been disciplined by the agency that had jurisdiction to issue the license, certification, or permit.

(5) Pays any fees required by the occupational licensing board for which the applicant is seeking licensure, certification, or registration in this State.

(c) All relevant experience of a military service member in the discharge of official duties or, for a military spouse, all relevant experience, including full-time and part-time experience, regardless of whether in a paid or volunteer capacity, shall be credited in the calculation of years of practice in an occupation as required under subsection (a) or (b) of this section.

(c1) Each occupational licensing board shall publish a document that lists the specific criteria or requirements for licensure, registration, or certification by the board, with a description of the criteria or requirements that are satisfied by military training or experience as provided in this section, and any necessary documentation needed for obtaining the credit or satisfying the requirement. The information required by this subsection shall be published on the occupational licensing board's Web site and the Web site of the North Carolina Division of Veterans Affairs.

...."

SECTION 2. Each occupational licensing board shall contact training offices at military installations or any other federal offices that provide information on military occupational specialties and training for the purpose of (i) acquiring information necessary for an adequate understanding of military training and job requirements and (ii) assisting in determining the applicability and correlation of military training and experience to the criteria and requirements for licensure, certification, or registration. No later than September 1, 2014, each occupational licensing board shall submit a report to the cochairs of the Legislative Research Commission Study Committee on Civilian Credit for Military Training and State Adjutant Selection Criteria with the status of the document required by Section 1 of this act and the results of their consultation with military training officials as required by this section.

SECTION 3. The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall jointly develop a plan for implementing a uniform system of granting course credits to all students enrolled in constituent institutions of The University of North Carolina and all students enrolled in State community colleges based on the students' military training or experience. The plan shall include a description of the procedure to be utilized in evaluating military training or experience and its correlation to school course credits and the process for the transfer of course credits between constituent institutions and community colleges when course credit has been granted by any institution or community college based upon military training or experience. As part of the plan, the Board of Governors of The University of North Carolina, in consultation with the State Board of Community Colleges, shall consider a process for recognizing Associate of Arts or Associate of Science degrees granted by institutions that are participants in the Servicemembers Opportunity Colleges Consortium or the Community College of the Air Force.

No later than September 1, 2014, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall provide a report to the Joint Legislative Education Oversight Committee, the cochairs of the House Homeland Security, Military, and Veterans Affairs Committee, and the cochairs of the Legislative Research Commission Study Committee on Civilian Credit for Military Training on the progress toward developing the plan required by this section. No later than January 1, 2015, the Board of Governors of The University of North Carolina and the State Board of Community Colleges shall submit the plan and any recommendations to the Joint Legislative Education Oversight Committee, the cochairs of the House Homeland Security, Military, and Veterans Affairs

Committee, and the cochairs of the Legislative Research Commission Study Committee on Civilian Credit for Military Training and State Adjutant Selection Criteria.

SECTION 4. The Board of Governors of The University of North Carolina and the State Board of Community Colleges, through the North Carolina Community College System Office, shall consult with the North Carolina National Guard Education and Employment Center, the North Carolina Department of Commerce, the North Carolina Department of Labor, and any other State or federal agencies as appropriate, to do the following: (i) study "Knowledge Gap Fulfillment," the continuation, development, and creation of programs that provide maximum credit for military training or experience that meet North Carolina licensing, certification, or credential standards; (ii) identify job development programs that require the same Military Occupational Skills (MOS) or share the same aptitude skills required to complete the program; (iii) identify existing Veterans Administration (VA) approved nondegree programs conducted in other states that have a high employment demand in North Carolina; (iv) determine the ability of State community colleges or other training centers to conduct these nondegree programs; and (v) identify and develop similar short-term programs that meet the needs of North Carolina-specific, high employment technical career fields. A consideration in all program studies in this section shall be VA-approved for educational benefits with the North Carolina State Approval Agency. The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee, the cochairs of the House Homeland Security, Military, and Veterans Affairs Committee, and the cochairs of the Legislative Research Commission Study Committee on Civilian Credit for Military Training and State Adjutant Selection Criteria with recommendations and any proposed legislation no later than December 15, 2014.

SECTION 5. Section 1 of this act becomes effective January 1, 2015. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 9:25 a.m. this 10th day of July, 2014

SESSION LAW 2014-101
SENATE BILL 793

AN ACT TO MAKE VARIOUS CHANGES TO THE CHARTER SCHOOL LAWS AND TO MAKE A TECHNICAL CORRECTION TO HOUSE BILL 712.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-238.29B(b) reads as rewritten:

"(b) The application shall contain at least the following information:

...

(3) The governance structure of the school including the names of the initial members of the board of directors of the nonprofit, tax-exempt corporation and the process to be followed by the school to ensure parental involvement. A teacher employed by the board of directors to teach in the charter school may serve as a nonvoting member of the board of directors for the charter school.

...."

SECTION 1.5. G.S. 115C-238.29D(a) reads as rewritten:

"(a) The State Board may grant final approval of an application if it finds the following:

~~(i)~~(1) ~~that the~~ The application meets the requirements set out in this Part and such other requirements as may be adopted by the State Board of ~~Education,~~Education.

~~(ii)~~(2) ~~that the~~ The applicant has the ability to operate the school and would be likely to operate the school in an educationally and economically sound ~~manner, and~~manner.

~~(iii)~~(3) ~~that granting~~Granting the application would achieve one or more of the purposes set out in G.S. 115C-238.29A.

~~The State Board shall act by January 15 of a calendar year on all applications and appeals it receives prior to a date established by the Office of Charter Schools for receipt of applications in the prior calendar year.~~ In reviewing applications for the establishment of charter schools within a local school administrative unit, the State Board is encouraged to give preference to applications that demonstrate the capability to provide comprehensive learning experiences to students identified by the applicants as at risk of academic failure.

(a1) The State Board shall make final decisions on the approval or denial of applications by August 15 of a calendar year on all applications it receives prior to a date established by the Office of Charter Schools for receipt of applications in that application cycle. The State Board may make the final decision for approval contingent upon the successful completion of a planning period prior to enrollment of students."

SECTION 2. G.S. 115C-238.29D(d) reads as rewritten:

"(d) The State Board of Education may grant the initial charter for a period not to exceed 10 ~~years and~~ years. The State Board of Education may renew the charter upon the request of the chartering entity for subsequent periods ~~not to exceed~~ of 10 years each. The renewal may be for less than 10 years if any one of the following applies:

(1) The charter school has not provided financially sound audits for the prior three years.

(2) The charter school's student academic outcomes for the past three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located.

(3) The charter school is not in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the State Board of Education.

The State Board of Education shall review the operations of each charter school at least once every five years to ensure that the school is meeting the expected academic, financial, and governance standards."

SECTION 2.5.(a) G.S. 115C-238.29D(f) reads as rewritten:

"(f) It shall not be considered a material revision of a charter application and shall not require prior approval of the State Board for a charter school to do any of the following:

(1) Increase its enrollment during the charter school's second year of operation and annually thereafter by up to twenty percent (20%) of the school's previous year's enrollment.

(2) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.

(3) Expand to offer one grade higher than the charter school currently offers if the charter school has operated for at least three years and has not been identified as having inadequate performance as provided in G.S. 115C-238.29G(a1).

(4) Expand to offer one grade higher or lower than the charter school currently offers if the charter school meets all of the following criteria:

a. The charter school's student academic outcomes for the year prior to the expansion must have been at least comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located.

b. The charter school has provided financially sound audits for the year prior to the expansion.

c. The charter school is in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the State Board of Education.

d. The charter school has been in operation for less than three years.

The charter school shall provide documentation of the requirements of this subdivision to the State Board of Education. The charter school shall be permitted to expand to offer the higher or lower grade unless the State Board of Education finds that the charter school has failed to meet the requirements of this subdivision or other exceptional circumstances exist which justify not permitting the grade expansion."

SECTION 2.5.(b) G.S. 115C-238.29D(f)(4), as enacted by this section, expires September 1, 2015.

SECTION 3. G.S. 115C-238.29F is amended by adding a new subsection to read:

"(b1) A charter school shall not discriminate against any student on the basis of ethnicity, national origin, gender, or disability."

SECTION 4. G.S. 115C-238.29F(g)(5) reads as rewritten:

"(5) ~~A charter school shall not discriminate against any student on the basis of ethnicity, national origin, gender, or disability.~~ Except as otherwise provided by law or the mission of the school as set out in the charter, the school shall not limit admission to students on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, ~~gender,~~ national origin, religion, or ancestry. A charter school whose mission is single-sex education may limit admission on the basis of sex. Within one year after the charter school begins operation, the charter school shall make efforts for the population of the school to reasonably reflect the racial and ethnic composition of the general population residing within the local school administrative unit in which the school is located or the racial and ethnic composition of the special population that the school seeks to serve residing within the local school administrative unit in which the school is located. The school shall be subject to any court-ordered desegregation plan in effect for the local school administrative unit."

SECTION 4.5. G.S. 115C-238.29F(g)(5a) reads as rewritten:

"(5a) The charter school may give enrollment priority to any of the following:

a. Siblings of currently enrolled students who were admitted to the charter school in a previous year. For the purposes of this subsection, the term "siblings" includes any of the following who reside in the same household: half siblings, stepsiblings, and children residing in a family foster home.

b. Siblings of students who have completed the highest grade level offered by that school and who were enrolled in at least four grade levels offered by the charter school or, if less than four grades are offered, in the maximum number of grades offered by the charter school.

c. Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the State Board of Education, the following:

1. Children of the school's full-time employees.

2. ~~For its first year of operation, children of the initial members~~ Children of the charter school's board of directors.

d. A student who was enrolled in the charter school within the two previous school years but left the school (i) to participate in an academic study abroad program or a competitive admission residential program or (ii) because of the vocational opportunities of the student's parent."

SECTION 5. G.S. 115C-238.29F is amended by adding a new subsection to read:

"(m) Open Meetings and Public Records. – The charter school and board of directors of the private nonprofit corporation that operates the charter school are subject to the Public Records Act, Chapter 132 of the General Statutes, and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes. Notwithstanding the requirements of Chapter 132 of the General Statutes, inspection of charter school personnel records for those employees directly employed by the board of directors of the charter school shall be subject to the requirements of Article 21A of this Chapter.

The charter school and board of directors of the private nonprofit corporation that operates the charter school shall use the same schedule established by the Department of Cultural Resources for retention and disposition of records of local school administrative units."

SECTION 5.2. G.S. 115C-238.29H(c) reads as rewritten:

"(c) The local school administrative unit shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (b) of this section:

(1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).

(2) The student membership numbers used to calculate the per pupil share of the local current expense fund.

(3) How the per pupil share of the local current expense fund was calculated.

(4) Any additional records requested by a charter school from the local school administrative unit in order for the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund."

SECTION 5.6. G.S. 115C-238.29H(d) reads as rewritten:

"(d) Prior to commencing an action under subsection (b) of this section, the complaining party shall give the other party 15 days' written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (b) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than ~~three years~~ one year from the entry of any judgment."

SECTION 6. Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory Board and pursuant to G.S. 115C-239.29G(a1)(2), the State Board of Education shall adopt a process and rules for the competitive bid process for the assumption of a charter school that has inadequate performance and could have its charter terminated or not renewed by the State Board of Education. At a minimum, the State Board shall require interested entities to meet the following criteria:

(1) Have operated another charter school in the State for three years.
(2) Can provide three years of financially sound audits for the charter school they are currently operating in the State.
(3) Have student academic outcomes that are comparable to the academic outcomes of students in the local school administrative unit in which the currently operating charter school is located.

The State Board of Education shall adopt rules and procedures required by this section by January 15, 2015, and report to the Joint Legislative Education Oversight Committee by February 1, 2015.

SECTION 6.5. Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory Board, the State Board of Education shall adopt a process and rules for fast-track replication of high-quality charter schools currently operating in the State. The State Board of Education shall not require a planning year for applicants selected through the fast-track replication process. In addition to the requirements for charter applicants set forth in Part 6A of Article 16 of Chapter 115C of the General Statutes, the fast-track replication process adopted by the State Board of Education shall, at a minimum, require a board of directors of a charter school to demonstrate one of the following in order to qualify for fast-track replication:

(1) A charter school in this State governed by the board of directors has student academic outcomes that are comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located and can provide three years of financially sound audits.
(2) The board of directors agrees to contract with an education management organization or charter management organization that can demonstrate that it can replicate high-quality charter schools in the State that have proven student academic success and financial soundness.

The State Board of Education shall ensure that the rules for a fast-track replication process provide that decisions by the State Board of Education on whether to grant a charter through the replication process are completed in less than 150 days. The State Board of Education shall adopt rules and procedures required by this section by December 15, 2014, and report to the Joint Legislative Education Oversight Committee by February 15, 2015.

SECTION 6.6.(a) G.S. 20-84(b) is amended by adding a new subdivision to read:

"(b) Permanent Registration Plates. – The Division may issue permanent plates for the following motor vehicles:

...

(3a) A motor vehicle that is owned and exclusively operated by a nonprofit corporation authorized under G.S. 115C-238.29D to operate a charter school and identified by a permanent decal or painted marking disclosing the name of the nonprofit corporation. The motor vehicle shall only be used for student transportation and official charter school related activities.

...."

SECTION 6.6.(b) This section is repealed July 1, 2015.

SECTION 7. The Revisor of Statutes is authorized to renumber and recodify Part 6A of Article 16 of Chapter 115C of the General Statutes to a more suitable location.

SECTION 7.3. If House Bill 712, 2013 Regular Session, becomes law, the lead-in language for Section 7 of that bill is amended by deleting the citation "Article 9 of Chapter 115 of the General Statutes" and replacing it with the citation "Article 9 of Chapter 115C of the General Statutes".

SECTION 8. Except as otherwise provided, this act is effective when it becomes law and applies beginning with the 2014-2015 school year. Section 5.6 of this act applies to actions filed on or after the effective date of this act.

In the General Assembly read three times and ratified this the 28th day of July, 2014.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Tim Moore
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 5:05 p.m. this 6th day of August, 2014

SESSION LAW 2014-78
SENATE BILL 812

AN ACT TO EXERCISE NORTH CAROLINA'S CONSTITUTIONAL AUTHORITY OVER ALL ACADEMIC STANDARDS; TO REPLACE COMMON CORE; AND TO ENSURE THAT STANDARDS ARE ROBUST AND APPROPRIATE AND ENABLE STUDENTS TO SUCCEED ACADEMICALLY AND PROFESSIONALLY.

Whereas, the North Carolina Constitution, Article IX, Section 5, directs the State Board of Education to supervise and administer a free public school system and make all needed rules and regulations in relation thereto, subject to laws enacted by the General Assembly; and

Whereas, the North Carolina General Statutes direct the State Board of Education to adopt and modify academic standards for the public schools; and

Whereas, the North Carolina General Statutes also grant local boards of education broad discretion and authority with respect to specific curricular decisions and academic programs, as long as they align with the standards adopted by the State Board of Education; and

Whereas, North Carolina desires its academic standards to be among the highest in the nation; and

Whereas, the adoption and implementation of demanding, robust academic standards is essential for providing high-quality education to our students and for fostering a competitive economy for the future of our State; and

Whereas, North Carolina's standards must be age-level and developmentally appropriate; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1.(a) The State Board of Education shall:

(1) Continue to exercise its authority under the North Carolina Constitution and G.S. 115C-12(9c) to adopt academic standards for the public schools.

(2) Conduct a comprehensive review of all English Language Arts and Mathematics standards adopted under G.S. 115C-12(9c) and propose modifications to ensure that those standards meet all of the following criteria:
   a. Increase students' level of academic achievement.
   b. Meet and reflect North Carolina's priorities.
   c. Are age-level and developmentally appropriate.
   d. Are understandable to parents and teachers.
   e. Are among the highest standards in the nation.

(3) Not enter into any agreement, understanding, or contract that would cede control of the Standard Course of Study and related assessments. This requirement does not prohibit the use of national or international curricula, such as the Advanced Placement or International Baccalaureate programs.

(4) Involve and survey a representative sample of parents, teachers, and the public to help determine academic content standards that meet and reflect North Carolina's priorities and the usefulness of the content standards.

(5) Prior to making changes to the standards, consult with the Academic Standards Review Commission, which is established in Section 2 of this act.

SECTION 1.(b) Academic standards adopted by the State Board of Education under G.S. 115C-12(9c) shall continue to be named and referred to as the "North Carolina

Standard Course of Study," reflecting emphasis on North Carolina's needs and priorities. The State Board of Education shall maintain and reinforce the independence of the North Carolina Standard Course of Study and related student assessments, rejecting usurpation and intrusion from federally mandated national or standardized controls.

SECTION 2.(a) There is established the Academic Standards Review Commission. The Commission shall be located administratively in the Department of Administration but shall exercise all its prescribed powers independently of the Department of Administration.

SECTION 2.(b) The Commission shall be composed of 11 members as follows:

(1) Four members appointed by the President Pro Tempore of the Senate. The President Pro Tempore shall consider, but is not limited to, appointing representatives from the following groups in these appointments: parents of students enrolled in the public schools; Mathematics and English Language Arts teachers; Mathematics and English Language Arts curriculum experts; school leadership to include principals and superintendents; members of the business community; and members of the postsecondary education community who are qualified to assure the alignment of standards to career and college readiness.

(2) Four members appointed by the Speaker of the House of Representatives. The Speaker of the House of Representatives shall consider, but is not limited to, appointing representatives from the following groups in these appointments: parents of students enrolled in the public schools; Mathematics and English Language Arts teachers; Mathematics and English Language Arts curriculum experts; school leadership to include principals and superintendents; members of the business community; and members of the postsecondary education community who are qualified to assure the alignment of standards to career and college readiness.

(3) Two members of the State Board of Education as follows: (i) the Chair or the Chair's designee and (ii) a member appointed by the Chair, representing the State Board's Task Force on Summative Assessment.

(4) One member appointed by the Governor.

No individual serving in a statewide elected office or as a member of the General Assembly shall be appointed to the Commission. The Commission shall meet on the call of the Chair of the State Board of Education no later than September 1, 2014. The cochairs of the Commission shall be elected during the first meeting from among the members of the Commission by the members of the Commission.

SECTION 2.(c) The Commission shall:

(1) Conduct a comprehensive review of all English Language Arts and Mathematics standards that were adopted by the State Board of Education under G.S. 115C-12(9c) and propose modifications to ensure that those standards meet all of the following criteria:
   a. Increase students' level of academic achievement.
   b. Meet and reflect North Carolina's priorities.
   c. Are age-level and developmentally appropriate.
   d. Are understandable to parents and teachers.
   e. Are among the highest standards in the nation.

(2) As soon as practicable upon convening, and at any time prior to termination, recommend changes and modifications to these academic standards to the State Board of Education.

(3) Recommend to the State Board of Education assessments aligned to proposed changes and modifications that would also reduce the number of high-stakes assessments administered to public schools.

(4) Consider the impact on educators, including the need for professional development, when making any of the recommendations required in this section.

The Commission shall assemble content experts to assist it in evaluating the rigor of academic standards. The Commission shall also involve interested stakeholders in this process and otherwise ensure that the process is transparent.

SECTION 2.(d) The Commission shall meet upon the call of the cochairs. A quorum of the Commission shall be nine members. Any vacancy on the Commission shall be filled by the appointing authority. The Commission shall hold its first meeting no later than September 1, 2014.

SECTION 2.(e) To the extent that funds are available, the Commission may contract for professional, clerical, and consultant services. Professional and clerical staff positions for the Commission may be filled by persons whose services are loaned to the Commission to fulfill the work of the Commission.

SECTION 2.(f) The Department of Administration shall provide meeting rooms, telephones, office space, equipment, and supplies to the Commission and shall be reimbursed from the Commission's budget, to the extent that funds are available.

SECTION 2.(g) To the extent that funds are available, the Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5, 138-6, or 120-3.1, as appropriate.

SECTION 2.(h) Upon the request of the Commission, all State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

SECTION 2.(i) The Commission shall make a final report of its findings and recommendations to the State Board of Education, the Joint Legislative Education Oversight Committee, and the 2016 Session of the 2015 General Assembly. The Commission shall terminate on December 31, 2015, or upon the filing of its final report, whichever occurs first.

SECTION 3.(a) G.S. 115C-174.11(c)(3) is repealed.

SECTION 3.(b) The State Board of Education shall continue to develop and update the North Carolina Standard Course of Study in accordance with G.S. 115C-12(9c), including a review of standards in other states and of national assessments aligned with those standards, and shall implement the assessments the State Board deems most aligned to assess student achievement on the North Carolina Standard Course of Study, in accordance with Section 9.2(b) of S.L. 2013-360 and Section 5 of this act.

SECTION 4. G.S. 115C-12(39) reads as rewritten:

"(39) Power to Accredit Schools. – Upon the request of a local board of education, the State Board of Education shall evaluate schools in local school administrative units to determine whether the education provided by those schools meets acceptable levels of quality. The State Board shall adopt rigorous and appropriate academic standards for accreditation after consideration of (i) the standards of regional and national accrediting agencies, (ii) ~~the Common Core Standards adopted by the National Governors Association Center for Best Practices and the Council of Chief State School Officers,~~ the academic standards adopted in accordance with subdivision (9c) of this section, and (iii) other information it deems appropriate.

The local school administrative unit shall compensate the State Board for the actual costs of the accreditation process."

SECTION 5. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by July 15, 2015, on the acquisition and implementation of a new assessment instrument or instruments to assess student achievement on the academic standards adopted pursuant to G.S. 115C-12(9c). The State Board shall not acquire or implement the assessment instrument or instruments without the enactment of legislation by the General Assembly authorizing the purchase. The assessment instrument or instruments shall be nationally normed, aligned with the North Carolina Standard Course of Study, and field-tested. Examples of appropriate assessment models would include, but not be limited to, the Iowa Test of Basic Skills (ITBS), the Scholastic Aptitude Test (SAT), ACT Aspire, and the National Assessment of Educational Progress (NAEP).

SECTION 6. Local boards of education shall continue to provide for the efficient teaching of the course content required by the Standard Course of Study as provided under G.S. 115C-47(12). The current Standard Course of Study remains in effect until official notice is provided to all public school teachers, administrators, and parents or guardians of students enrolled in the public schools of any changes made in the Standard Course of Study by the State Board of Education.

SECTION 7. This act becomes effective July 1, 2014.
In the General Assembly read three times and ratified this the 16th day of July, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 12:07 p.m. this 22nd day of July, 2014

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-50
SENATE BILL 815

AN ACT TO ENSURE THE PRIVACY AND SECURITY OF STUDENT EDUCATIONAL RECORDS.

The General Assembly of North Carolina enacts:

PART I. ENSURE SECURITY OF STUDENT RECORDS

SECTION 1. Article 29 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-402.5. Student data system security.**

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

(1) Aggregate student data. – Data collected or reported at the group, cohort, or institutional level.

(2) De-identified student data. – A student dataset in which parent and student personal or indirect identifiers, including the unique student identifier, have been removed.

(3) FERPA. – The federal Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g.

(4) Personally identifiable student data. – Student data that:

a. Includes, but is not limited to, the following:

1. Student name.
2. Name of the student's parent or other family members.
3. Address of the student or student's family.
4. Personal identifier, such as the student's Social Security number or unique student identifier.
5. Other indirect identifiers, such as the student's date of birth, place of birth, and mother's maiden name.
6. Other information that, alone or in combination, is linked or linkable to a specific student that would allow a reasonable person in the school community, who does not have personal knowledge of the relevant circumstances, to identify the student with reasonable certainty.
7. Information requested by a person who the Department of Public Instruction or local school administrative unit reasonably believes knows the identity of the student to whom the education record relates.

b. Does not include directory information that a local board of education has provided parents with notice of and an opportunity to opt out of disclosure of that information, as provided under the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, unless a parent has elected to opt out of disclosure of the directory information.

(5) Student data system. – The student information management system used by the State Board of Education and Department of Public Instruction as part of the Uniform Education Reporting Systems for collection and reporting of student data from local boards of education.

(b) Security of Student Data System. – To ensure student data accessibility, transparency, and accountability relating to the student data system, the State Board of Education shall do all of the following:

(1) Create and make publicly available a data inventory and index of data elements with definitions of individual student data fields in the student data system, including, but not limited to:

a. Any personally identifiable student data required to be reported by State and federal education mandates.

b. Any other individual student data which has been proposed for inclusion in the student data system, with a statement regarding the purpose or reason for the proposed collection.

(2) Develop rules to comply with all relevant State and federal privacy laws and policies that apply to personally identifiable student data in the student data system, including, but not limited to, FERPA and other relevant privacy laws and policies. At a minimum, the rules shall include the following:

a. Restrictions on access to personally identifiable student data in the student data system to the following individuals:

1. Authorized staff of the State Board of Education and Department of Public Instruction and the contractors working on behalf of the Department who require such access to perform their assigned duties.

2. Authorized North Carolina public school administrators, teachers, and other school personnel and contractors working on behalf of the board of the North Carolina public school who require such access to perform their assigned duties.

3. Students and their parents or legal guardians, or any individual that a parent or legal guardian has authorized to receive personally identifiable student data.

4. Authorized staff of other State agencies and contractors working on behalf of those State agencies as required by law and governed by interagency data-sharing agreements.

b. Criteria for approval of research and data requests for personally identifiable student data in the student data system made to the State Board of Education from State or local agencies, researchers working on behalf of the Department, and the public.

(3) Prohibit the transfer of personally identifiable student data in the student data system to individuals other than those identified in subdivision (2) of this subsection, unless otherwise permitted by law and authorized by rules adopted under this section. Such rules shall authorize the release of personally identifiable data out of State to schools or educational agencies when a student enrolls in a school out of State or a local school administrative unit seeks help with locating a student formerly enrolled in this State who is now enrolled out of State.

(4) Develop a detailed data security plan for the student data system that includes all of the following:

a. Guidelines for authorizing access to the student data system and to individual student data, including guidelines for authentication of authorized access.

b. Privacy compliance standards.

c. Privacy and security audits.

d. Breach planning, notification, and procedures.

e. Data retention and disposition policies.

f. Data security policies, including electronic, physical, and administrative safeguards such as data encryption and training of employees.

(5) Ensure routine and ongoing compliance by the Department of Public Instruction with FERPA, other relevant privacy laws and policies, and the privacy and security rules, policies, and procedures developed under the authority of this section related to personally identifiable student data in the

student data system, including the performance of compliance audits within the Department.

(6) Ensure that any contracts for the student data system that include de-identified student data or personally identifiable student data and are outsourced to private contractors include express provisions that safeguard privacy and security and include penalties for noncompliance.

(7) Notify the Governor and the General Assembly annually by October 1 of the following:

a. New student data, whether aggregate data, de-identified data, or personally identifiable student data, included or proposed for inclusion in the student data system for the current school year.

b. Changes to existing data collections for the student data system required for any reason, including changes to federal reporting requirements made by the United States Department of Education.

(c) Restricting on Student Data Collection. – The following information about a student or a student's family shall not be collected in nor reported as part of the student data system:

(1) Biometric information.

(2) Political affiliation.

(3) Religion.

(4) Voting history."

PART II. INCREASE TRANSPARENCY ON STUDENT PRIVACY ISSUES

SECTION 2. Article 29 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-402.15. Parental notification regarding rights to student records and opt-out opportunities.**

(a) Annual Parental Notification. – Local boards of education shall annually provide parents, by a method reasonably designed to provide actual notice, information on parental rights under State and federal law with regards to student records and opt-out opportunities for disclosure of directory information as provided under the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and notice and opt-out opportunities for surveys covered by the Protection of Pupil Rights Amendment, 20 U.S.C. § 1232h.

(b) Notice Content. – The notice shall include information on parental rights under State and federal law to:

(1) Inspect and review education records.

(2) Seek to amend inaccurate education records.

(3) Provide written consent prior to disclosure of personally identifiable information from education records, except as otherwise provided by law. Information shall be included on disclosure of directory information and parental rights to opt out of disclosure of directory information.

(4) File a complaint with the U.S. Department of Education concerning alleged failures to comply with the Family Educational Rights and Privacy Act.

(5) Receive notice and the opportunity to opt out prior to the participation of the student in a protected information survey under 20 U.S.C. § 1232h."

PART III. EFFECTIVE DATE

SECTION 3. This act is effective when it becomes law. Annual notice requirements to parents required by Section 2 apply beginning with the 2014-2015 school year.

In the General Assembly read three times and ratified this the 25th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:55 a.m. this 1st day of July, 2014

Local Bills

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-8
HOUSE BILL 292

AN ACT TO ESTABLISH A MORATORIUM ON FILING OF ACTIONS BY CERTAIN LOCAL BOARDS OF EDUCATION CHALLENGING THE SUFFICIENCY OF LOCAL FUNDS APPROPRIATED TO THE PUBLIC SCHOOLS BY THE COUNTY BOARD OF COMMISSIONERS.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 115C-426, 115C-431, and 115C-432, a local board of education shall not file any legal action challenging the sufficiency of the funds appropriated by the board of county commissioners to the local current expense fund, the capital outlay fund, or both.

SECTION 2. G.S. 115C-429(b) reads as rewritten:

"(b) The board of county commissioners shall ~~determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project as defined in the uniform budget format.~~appropriate moneys as follows for each indicated fiscal year:

(1) For the 2014-2015 fiscal year, at least eighty-seven million ninety-seven thousand eight hundred eighty-four dollars ($87,097,884) for the local current expense fund and at least nineteen million five hundred thirty-one thousand five hundred eighty-two dollars ($19,531,582) for capital outlay.

(2) For the 2015-2016 fiscal year, at least an amount equal to the local current expense fund appropriation for the 2014-2015 budget year plus (i) an inflationary increase based on the most recent annual consumer price index for all urban workers (CPI-U) and (ii) any increase in the average daily membership in the local school administrative unit in the first 20 days of the school year from the prior school year, and at least nineteen million seven hundred eighty-six thousand twenty-four dollars ($19,786,024) for capital outlay."

SECTION 3. On or before August 1, 2014, the Union County Board of Commissioners and the Union County Schools shall jointly establish a working group to develop a multiyear plan to address existing and ongoing capital needs of the Union County Schools. The working group shall consist of up to 14 people, half appointed by each board. The working group shall complete its work and report to the Union County Board of Commissioners and the Union County Schools on or before June 30, 2015.

SECTION 4. Sections 1-3 of this act apply only to Union County.

SECTION 4.5.(a) G.S. 115C-431 is repealed.

SECTION 4.5.(b) The local board of education shall not file any legal action challenging the sufficiency of the funds appropriated by the board of county commissioners to the local current expense fund, the capital outlay fund, or both.

SECTION 4.5.(c) This section applies only to counties of Gaston and Nash.

SECTION 4.5.(d) This section expires upon the adoption of the 2016-2017 fiscal year budget by the appropriate board of county commissioners.

SECTION 5. If any provision of this act or its application is held invalid, the invalidity does not affect the other provisions or applications of this act that can be given effect

without the invalid provisions or applications, and to this end the provisions of this act are severable.

SECTION 6. Section 1 of this act is effective when it becomes law and expires upon adoption of the budget ordinance by the Union County Board of Commissioners for the 2016-2017 fiscal year. The remainder of this act is effective when it becomes law and shall not affect any action filed prior to the effective date of this act.

In the General Assembly read three times and ratified this the 12th day of June, 2014.

s/ Kathy Harrington
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

SESSION LAW 2014-6
HOUSE BILL 1108

AN ACT TO MAKE TECHNICAL AND CLARIFYING CHANGES TO THE DUPLIN COUNTY BOARD OF EDUCATION AND THE BOARD OF COMMISSIONERS OF DUPLIN COUNTY, TO PROVIDE THAT VACANCIES ON THE HARNETT COUNTY BOARD OF COMMISSIONERS AND SCHOOL BOARD ARE FILLED IN ACCORDANCE WITH G.S. 153A-27.1 AND G.S. 115C-37.1, AND TO PROVIDE THAT ANY EMPLOYMENT CONTRACT FOR CERTAIN LOCAL OFFICIALS IN HARNETT COUNTY MUST BE DONE BY UNANIMOUS VOTE IN CERTAIN INSTANCES.

The General Assembly of North Carolina enacts:

SECTION 1. Sections 2 and 7 of Chapter 966 of the 1987 Session Laws are repealed.

SECTION 2. Section 3 of Chapter 966 of the 1987 Session Laws reads as rewritten:

"Sec. 3. ~~Following the 1988 election incumbent commissioners Vance Alphin and Willis Sholar, each of whose term does not expire until 1990, shall be designated as the members representing the districts in which they reside, which are Districts II and III, respectively. If either of those members leaves office before the expiration of his term, the person appointed to replace him must reside in the same district.~~Effective the first Monday in December of 2014, the terms of office of the commissioners elected in 2010 to represent District II or III respectively, or any person appointed to replace those commissioners, shall expire. Effective the first Monday in December of 2014 until the expiration of the commissioner's term of office in 2016, the incumbent commissioner previously representing District IV shall be designated as the commissioner representing District III, the incumbent commissioner previously representing District V shall be designated as the commissioner representing District IV, and the incumbent commissioner previously representing District VI shall be designated as the commissioner representing District V. If any commissioner leaves office prior to the end of commissioner's term, the person appointed or elected to replace that commissioner must reside in the same district that commissioner was designated to represent."

SECTION 3. Section 4 of Chapter 966 of the 1987 Session Laws reads as rewritten:

"Sec. 4. ~~Following the 1988 election, incumbent commissioner Dovie L. Penney, whose term does not expire until 1990, shall be designated as an at-large member, giving the Board of Commissioners a temporary, seventh member. When Ms. Penney leaves office, through the expiration of her term, resignation or otherwise, no replacement will be selected and the board will then consist of six members only.~~Effective the first Monday in December of 2014, the terms of office of the Board of Education members elected in 2010 to represent District II, III, or IV respectively, or any person appointed to replace those members, shall expire. Effective the first Monday in December of 2014 until the expiration of the Board of Education member's term of office in 2016, the incumbent Board of Education member previously representing District V shall be designated as the member representing District IV, and the incumbent Board of Education member previously representing District VI shall be designated as the member representing District V. If any Board of Education member leaves office prior to the end of member's term, the person appointed or elected to replace that member must reside in the same district that Board of Education member was designated to represent."

SECTION 4. Section 6 of Chapter 966 of the 1987 Session Laws, as amended by S.L. 2013-320, reads as rewritten:

"Sec. 6. In 2014, and every four years thereafter, one member of the Board of Education each shall be elected from Districts II and III. In 2016, and every four years thereafter, one member of the Board of Education each shall be elected from Districts I, IV, and V."

SECTION 5.(a) G.S. 153A-27.1(h) reads as rewritten:

"(h) This section shall apply only in the following counties: Alamance, Alexander, Alleghany, Avery, Beaufort, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Carteret, Cherokee, Clay, Cleveland, Cumberland, Dare, Davidson, Davie, Forsyth, Graham, Guilford, Harnett, Haywood, Henderson, Hyde, Jackson, Lee, Lincoln, Macon, Madison, McDowell, Mecklenburg, Moore, Pender, Polk, Randolph, Rockingham, Rutherford, Sampson, Stanly, Stokes, Transylvania, and Yancey."

SECTION 5.(b) G.S. 115C-37.1(d) reads as rewritten:

"(d) **(Effective until December 5, 2016)** This section shall apply only in the following counties: Alleghany, Brunswick, Graham, Harnett, Lee, New Hanover, Vance, and Washington.

(d) **(Effective December 5, 2016)** This section shall apply only in the following counties: Alleghany, Brunswick, Graham, Guilford, Harnett, Lee, New Hanover, Vance, and Washington."

SECTION 5.(c) This section applies only to the County of Harnett.

SECTION 6.(a) G.S. 115C-47(13) reads as rewritten:

"(13) To Elect a Superintendent. – The local boards of education shall elect superintendents subject to the requirements and limitations set forth in G.S. 115C-271. If the election of the superintendent by the local board occurs within seven months before the meeting in which newly elected members of the local board qualify under G.S. 115C-37(d), the election and terms thereof shall be by unanimous vote of the local board."

SECTION 6.(b) G.S. 153A-81 reads as rewritten:

"Part 2. Administration in Counties Having Managers.

"**§ 153A-81. Adoption of county-manager plan; appointment or designation of manager.**

(a) The board of commissioners may by resolution adopt or discontinue the county-manager plan. If it adopts the county-manager plan, the board may, in the alternative:

(1) Appoint a county manager to serve at its pleasure. The manager shall be appointed solely on the basis of his executive and administrative qualifications. He need not be a resident of the county or the State at the time of his appointment.

(2) Confer upon the chairman or some other member of the board of commissioners the duties of county manager. If this is done, the chairman or member shall become a full-time county official, and the board may increase his salary pursuant to G.S. 153A-28.

(3) Confer upon any other officer, employee, or agent of the county the duties of county manager.

As used in this Part, the word "manager" includes the chairman or any member of the board of commissioners exercising the duties of manager or any officer, employee, or agent of a county exercising the duties of manager.

(b) If the appointment of the manager under subsection (a) of this section by the board of commissioners occurs within seven months before the meeting in which newly elected members of the board take the oath of office under G.S. 153A-26, the appointment and terms thereof shall be by unanimous vote of the board of commissioners."

SECTION 6.(c) This section applies only to the County of Harnett.

SECTION 7. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 12th day of June, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

SESSION LAW 2014-84
HOUSE BILL 1151

AN ACT TO MAKE CHANGES TO THE LAW GOVERNING RED LIGHT CAMERAS IN FAYETTEVILLE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-300.1(c), as amended by S.L. 2007-341, reads as rewritten:

"(c) Municipalities may adopt ordinances for the civil enforcement of G.S. 20-158 by means of a traffic control photographic system, as described in subsection (a) of this section. Notwithstanding the provisions of G.S. 20-176, in the event that a municipality adopts an ordinance pursuant to this section, a violation of G.S. 20-158 at a location at which a traffic control photographic system is in operation shall not be an infraction. An ordinance authorized by this subsection shall provide that:

(1) The owner of a vehicle shall be responsible for a violation unless the owner can furnish evidence that the vehicle was, at the time of the violation, in the care, custody, or control of another person. The owner of the vehicle shall not be responsible for the violation if the owner of the vehicle, within 30 days after the date of personal service or mailing of notification of the violation, furnishes the officials or agents of the municipality which issued the citation either of the following:
   a. An affidavit stating the name and address of the person or company who had the care, custody, and control of the vehicle.
   b. An affidavit stating that the vehicle involved was, at the time, stolen. The affidavit must be supported with evidence that supports the affidavit, including insurance or police report information.

(1a) Subdivision (1) of this subsection shall not apply, and the registered owner of the vehicle shall not be responsible for the violation, if notice of the violation is given to the registered owner of the vehicle more than 90 days after the date of the violation.

(2) A violation detected by a traffic control photographic system shall be deemed a noncriminal violation for which a civil penalty of seventy-five dollars ($75.00) shall be assessed, and for which no points authorized by G.S. 20-16(c) shall be assigned to the owner or driver of the vehicle nor insurance points as authorized by G.S. 58-36-65.

(3) The owner of the vehicle shall be issued a citation which shall clearly state when the penalty is due and the manner in which the violation may be challenged. The owner shall comply with the directions on the citation. The citation shall be processed by officials or agents of the municipality and shall be forwarded by personal service or first-class mail to the address given on the motor vehicle registration. If the owner fails to pay the civil penalty or to respond to the citation within 30 days after the date the citation is served or mailed, the owner shall have waived the right to contest responsibility for the violation, and shall be subject to a civil penalty not to exceed one hundred dollars ($100.00). The municipality may establish procedures for the collection of these penalties and may enforce the penalties by civil action in the nature of debt.

(4) The municipality shall institute a nonjudicial administrative hearing to review objections to citations or penalties issued or assessed under this section.

(4a) A municipality enacting an ordinance implementing a traffic control photographic system may enter into a contract with a contractor for the lease, lease-purchase, or purchase of the system. The municipality may enter into only one contract for the lease, lease-purchase, or purchase of the system, and the duration of the contract may be for no more than 60 months. After the period specified in the contract has expired, the system shall either be the property of the municipality, or the system shall be removed and returned to the contractor.

(5) The clear proceeds from the citations issued pursuant to an ordinance authorized by this section shall be paid to the local school board. For the purposes of determining the clear proceeds derived from the citations, the following expenses, not to exceed ten percent (10%) of the civil penalty assessed pursuant to subdivision (2) of this subsection, are authorized to be deducted from each civil penalty assessed pursuant to the provisions of subdivision (2) of this subsection:

a. The cost of materials and postage directly related to the printing and mailing of the first and second notices sent to the owner and, if necessary, the driver of the vehicle.

b. The cost of computer services directly related to the production and mailing of the notices described in sub-subdivision a. of this subdivision.

(6) The municipality may assess a collection assistance fee against the owner and, if necessary, driver of the vehicle under the conditions in this subdivision. Amounts collected must be credited first to the payment of the civil penalty and then to collection assistance fee. The conditions are as follows:

a. The civil penalty has not been paid within 30 days after the personal service or first-class mailing of a second notice that the penalty is due. The second notice must be served or mailed no sooner than 30 days after the day the first notice was served or mailed and must contain a notice stating that a collection assistance fee will be assessed if the penalty is not paid within 30 days after the service or mailing of the second notice, the date when the collection assistance fee will be assessed, and the amount of the collection assistance fee. The collection assistance fee shall not exceed twenty percent (20%) of the civil penalty assessed pursuant to subdivision (2) of this subsection.

b. Collection assistance fees shall be placed in a separate fund that may be used only for the purpose of paying for the costs of collection expended to collect civil penalties that remain unpaid 30 days after the service or mailing of the second notice required pursuant to sub-subdivision a. of this subdivision."

SECTION 2. G.S. 160A-300.1(c)(2), as amended by S.L. 2007-341 and by Section 1 of this act, reads as rewritten:

"(2) A violation detected by a traffic control photographic system shall be deemed a noncriminal violation for which a civil penalty of ~~seventy-five dollars ($75.00)~~one hundred dollars ($100.00) shall be assessed, and for which no points authorized by G.S. 20-16(c) shall be assigned to the owner or driver of the vehicle nor insurance points as authorized by G.S. 58-36-65."

SECTION 3. The City of Fayetteville and the Cumberland County Board of Education may enter into an interlocal agreement necessary and proper to effectuate the purpose and intent of G.S. 160A-300.1 and this act. Any agreement entered into pursuant to this section may include provisions on cost-sharing and reimbursement that the Cumberland County Board of Education and the City of Fayetteville freely and voluntarily agree to for the purpose of effectuating the provisions of G.S. 160A-300.1 and this act.

SECTION 4. This act applies only to the City of Fayetteville and the Cumberland County Board of Education.

SECTION 5. Sections 1, 3, 4, and 5 of this act become effective July 1, 2014. Section 2 of this act becomes effective July 1, 2015.

In the General Assembly read three times and ratified this the 25th day of July, 2014.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2014-70
HOUSE BILL 1154

AN ACT AUTHORIZING THE MOORE COUNTY BOARD OF EDUCATION TO CONVEY CERTAIN REAL PROPERTY.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding the provisions of G.S. 115C-518 and G.S. 160A-274, the Moore County Board of Education may convey to the Town of Taylortown, with consideration, all of its right, title, and interest to the Academy Heights Elementary School site located at 143 Douglas Street in Pinehurst, North Carolina.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of July, 2014.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

SESSION LAW 2014-9
SENATE BILL 355

AN ACT TO MAKE TECHNICAL CHANGES AND CLARIFICATIONS IN AN ACT TO ESTABLISH A MORATORIUM ON FILING OF ACTIONS BY CERTAIN LOCAL BOARDS OF EDUCATION CHALLENGING THE SUFFICIENCY OF LOCAL FUNDS APPROPRIATED TO THE PUBLIC SCHOOLS BY THE BOARD OF COUNTY COMMISSIONERS.

The General Assembly of North Carolina enacts:

SECTION 1. If House Bill 292, 2013 Regular Session, becomes law, then that act is rewritten to read:

"**SECTION 1.(a)** A local board of education shall not file any legal action under G.S. 115C-426, 115C-431, or 115C-432 challenging the sufficiency of the funds appropriated by the Union County Board of Commissioners to the local current expense fund, the capital outlay fund, or both. This subsection expires upon the adoption of the 2016-2017 fiscal year budget by the Union County Board of Commissioners.

"**SECTION 1.(b)** G.S. 115C-429(b) reads as rewritten:

"(b) The board of county commissioners shall complete its action on the school budget on or before July 1, or such later date as may be agreeable to the board of education. The commissioners shall ~~determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project as defined in the uniform budget format.~~appropriate moneys as follows for each indicated fiscal year:

(1) For the 2014-2015 fiscal year, at least eighty-seven million ninety-seven thousand eight hundred eighty-four dollars ($87,097,884) for the local current expense fund and at least nineteen million five hundred thirty-one thousand five hundred eighty-two dollars ($19,531,582) for capital outlay.

(2) For the 2015-2016 fiscal year, at least an amount equal to the local current expense fund appropriation for the 2014-2015 budget year plus (i) an inflationary increase based on the most recent annual consumer price index for all urban workers (CPI-U) and (ii) any increase in the average daily membership in the local school administrative unit in the first 20 days of the school year from the prior school year, and at least nineteen million seven hundred eighty-six thousand twenty-four dollars ($19,786,024) for capital outlay."

"**SECTION 1.(c)** On or before August 1, 2014, the Union County Board of Commissioners and the Union County Board of Education shall jointly establish a working group to develop a multiyear plan to address existing and ongoing capital needs of the Union County Board of Education. The working group shall consist of up to 14 people, half appointed by each board. The working group shall complete its work and report to the Union County Board of Commissioners and the Union County Board of Education on or before June 30, 2015.

"**SECTION 1.(d)** This section applies only to Union County.

"**SECTION 2.(a)** G.S. 115C-431 is repealed. This subsection expires upon the adoption of the 2016-2017 fiscal year budget by the appropriate board of county commissioners.

"**SECTION 2.(b)** A local board of education shall not file any legal action under G.S. 115C-426, 115C-431, or 115C-432 challenging the sufficiency of the funds appropriated by the board of county commissioners to the local current expense fund, the capital outlay fund,

or both. This subsection expires upon the adoption of the 2016-2017 fiscal year budget by the appropriate board of county commissioners.

"**SECTION 2.(c)** This section applies only to the counties of Gaston and Nash.

"**SECTION 3.** If any provision of this act or its application is held invalid, the invalidity does not affect the other provisions or applications of this act that can be given effect without the invalid provisions or applications, and to this end the provisions of this act are severable.

"**SECTION 4.** This act becomes effective June 11, 2014, and shall not affect any action filed prior to that date."

SECTION 2. This act becomes effective June 11, 2014.

In the General Assembly read three times and ratified this the 17th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives