

The Daily Bulletin: 2018-05-21

PUBLIC/HOUSE BILLS

H 975 (2017-2018) **VARIOUS CHANGES TO THE REVENUE LAWS**. Filed May 17 2018, *AN ACT TO MAKE VARIOUS CHANGES TO THE REVENUE LAWS*.

Identical to [S 715](#), filed 5/16/18.

Part I. IRC Update

Amends GS 105-228.90(b)(1b), updating the definition of Code to mean the Internal Revenue Code as enacted as of February 9, 2018 (was, January 1, 2017), including any provisions enacted as of that date that become effective either before or after that date.

Amends GS 105-130.5, adding the following new additions to federal taxable income that must be made in determining State net income: (1) the amount of gain that would be included for federal income tax purposes without regard to section 1400Z-2(b) of the Code (deferral of gain invested in opportunity zone property), with the stated purpose of decoupling the deferral of gains reinvested into an Opportunity Fund available under federal law; (2) the amount that would be included in the taxpayer's federal taxable income but for the step-up basis under section 1400Z-2(c) of the Code (opportunity zone investments held for at least ten years), with the stated purpose of decoupling from the exclusion of gains from the sale or exchange of an investment in an Opportunity Fund available under federal law; and (3) the amount deducted under Section 250 of the Code (foreign-derived intangible income and global intangible low-taxed income).

Further amends GS 105-130.5, modifying and adding to the deductions from federal taxable income that must be made in determining State net income, now providing for: (1) the deduction for any amount included in federal taxable income under Code sections 78 (gross up for deemed paid foreign tax credit); 951 (amounts included in gross income of US shareholders); 951A (Global Intangible Low-Taxed Income (GILTI) included in gross income of US shareholders, enacted by the Federal Tax Cuts and Jobs Act (TCJA) in 2017, Pub. L. 115-97, title I, § 14201(a)); or 965 (treatment of deferred foreign income upon transition to participation exemption system of taxation, modified by the TCJA in 2017, Pub. L. 115-97, title I, § 14103(a)), net of related expenses (currently, only provides for deductions for amounts included in federal taxable income under sections 78 and 951) and (2) the deduction for the amount of gain included in the taxpayer's federal taxable income under section 1400Z-2(a) (treatment of capital gains invested in opportunity zones) of the Code to the extent the same income was included in the taxpayer's federal taxable income in a prior taxable year under new subdivision (a)(26) of the statute (adding gain amount included for federal income tax purposes to State net income), with the stated purpose of preventing double taxation of income the taxpayer was previously required to include in the calculation of State net income.

Amends GS 105-153.5, concerning adjustments that can be made in calculating NC taxable income. Extends the exclusion of mortgage insurance premiums treated as qualified residence interest from the itemized deduction that can be made for interest paid or accrued on any qualified residence for taxable year 2017. Extends the decoupling adjustments that may be made to the taxpayer's adjusted gross income for taxable year 2017 for (1) income exclusion for forgiveness of debt on a qualified principal residence and (2) deduction for qualified tuition and related expenses. Further amends GS 105-153.5, requiring the taxpayer to make the following adjustments to their NC taxable income with the purpose of decoupling the deferral or exclusion of gains and preventing double taxation as also stated in the new provisions of GS 105-130.5: (1) add the amount of gain that would be included for federal tax purposes without regard to section 1400Z-2(b) of the Code, (2) deduct the amount of gain included in the taxpayer's adjusted gross income under section 1400Z-2(a) of the Code to the extent the same income was included in the taxpayer's adjusted gross income in a prior taxable year under new subsection (5) of the statute (gain that would be included for federal tax purposes without regard to section 1400Z-2(b) of the Code), and (3) add the amount of gain that would be included in the taxpayer's adjusted gross income but for the step-up in basis under section 1400Z-2(c) of the Code. Lastly, removes current language prohibiting an individual taxpayer from claiming a State itemized deduction if the taxpayer claimed the federal standard deduction.

Amends the definition of wages set out in GS 105-163.1, removing the clarification that the term does not include the amount an employer pays an employee as reimbursement for ordinary and necessary expenses incurred by the employee on behalf of the employer and in the furtherance of the business of the employer.

Repeals GS 105-130.5(a)(17) and GS 105-153.5(c)(4), which provide for a Section 199 deduction (domestic production activities) at the federal level. Effective for taxable years beginning on or after January 1, 2018.

Amends the filing requirements set out in GS 105-153.8(a), requiring every resident, and nonresident who has received gross income derived from NC sources, who for the taxable year has gross income under the Code that exceeds the standard deduction amount provided in GS 105-153.5(a)(1) to file an income tax return (currently, the state filing requirements are tied to whether the individual is required to file a federal tax return).

Amends GS 105-153.5(c)(7). Requires a taxpayer to add to their NC taxable income the amount deducted in a prior taxable year that was withdrawn from the Parental Saving Trust Fund of the State Education Assistance Authority (SEAA) and not used to pay for education expenses (was, qualified higher education expenses) of the beneficiary as permitted under section 529 of the Code, unless the withdrawal was not subject to the additional tax imposed by section 529(c) of the Code, or the withdrawal was rolled over to an ABLE (Achieving a Better Life Experience) account (previously, only exclusion was for withdrawals made without penalty under section 529 due to the death or permanent disability of the designated beneficiary).

Amends GS 116-209.25, which establishes the Parental Savings Trust Fund. Modifies the fund to enable qualified parents and other interested parties (previously, only qualified parents) to save funds to meet the costs of education expenses (previously, only postsecondary education expenses) of eligible students in accordance with section 529 of the Code (previously not tied to section 529). Effective for taxable years beginning on or after January 1, 2018.

Part II. Business Tax Changes

Amends GS 105-114(b)(2) to now include partnerships that elect to be taxed as a corporation in the definition of corporation for purposes of the application of the franchise tax. Effective January 1, 2019.

Amends GS 105-122(b), concerning the determination of the net worth of a corporation for franchise tax purposes. Provides that a corporation that does not maintain its books and records in accordance with generally accepted accounting principles will have its net worth determined in accordance with the accounting method used by the entity for federal tax purposes, with adjustments to its net worth for the depreciation, depletion, and amortization of assets for which a deduction is allowed also valued in accordance with the method the entity used for federal income tax purposes (previously, also vaguely required the method fairly reflect the corporation's net worth for tax purposes). Eliminates the provision allowing for a corporation to deduct the cost of treasury stock from its net worth to prevent a double deduction as the deduction is now included in the current franchise tax calculation. Effective beginning on or after January 1, 2019, and applies to the calculation of franchise tax reported on the 2018 and later corporate income tax return.

Current law provides that apportionable income of a corporation is apportioned to the State by multiplying the income by the sales factor. Amends GS 105-130.4(l)(3), modifying the provisions explaining how to determine the sales factor. Clarifies that sales are in this State if the receipts are from intangible property to the extent the intangible property is used within this State. Current law provides that sales are in this State if the receipts are from services and the income-producing activities are in this State. Clarifies the term income-producing activity means an activity directly performed by the taxpayer or its agents for the ultimate purpose of generating the sale of the service, and the term "receipts from services" includes receipts from services sold as part of or in connection with the sale of tangible property located in the State.

Makes technical correction to repeal references made in GS 105-130.5 to corporate credits and deductions that have expired. Repeals reference made to GS 105-130.47 (film credit that expired in January 2015), and repeals references made to GS 105-129.16H (credit for donations made to nonprofits or a unit of State or local government to enable the acquisition of renewable energy property).

Amends GS 105-228.3, providing that a foreign captive insurance company does not include, for purposes of Article 8B of GS Chapter 105 (Taxes Upon Insurance Companies), a company that is not formed or licensed under the laws of the State but is formed and licensed under the laws of any jurisdiction within the United States other than North Carolina.

Amends GS 105-228.4A, concerning tax on captive insurance companies. Explicitly exempts foreign captive insurance companies from taxes levied on captive insurance companies. Also specifically provides that a foreign captive insurance

company is not subject to franchise taxes, income taxes, local privilege taxes or local taxes computed on the basis of gross premiums, or the insurance regulatory charge.

Amends GS 105-228.5(g), providing an exemption from the gross premiums tax for a foreign captive insurance company that is licensed in and taxed on its gross premiums in a jurisdiction within the United States other than North Carolina. Make technical changes.

Due to a procedural error, enacts Section 4 of SL 2017-15, adding massage and bodywork therapists to the list of professionals required to obtain a license to practice in the State and pay the annual \$50 State privilege license tax. Applies to taxable years beginning on or after July 1, 2018.

Part III. Federal Determinations and Amended Returns

Amends GS 105-130.20 (concerning corporate taxpayers) and GS 105-159 (concerning individual income taxpayers). Provides that if a taxpayer's federal taxable income or a federal tax credit is changed or corrected by the Commissioner of Internal Revenue (Commissioner) or other officer of the United States or other competent authority where the change or correction affects the amount of State tax payable, the taxpayer is required to file an income tax return reflecting each change or correction from a federal determination within six months after being notified of each change or correction. Provides that for amended returns containing an adjustment that would increase the amount of State tax payable, the taxpayer must file within six months thereafter, and for amended returns containing an adjustment that would decrease the amount of State tax payable, the taxpayer must file within the statute of limitations for refunds set out in GS 105-241.6. Makes organizational changes.

Amends GS 105-228.90(b) to define federal determination to mean a change or correction of the amount of a federal tax due arising from an audit by the Commissioner of Internal Revenue.

Amends GS 105-241.8, adding an exception to the general statute of limitations for proposing an assessment for federal amended returns. Provides that if a taxpayer files a return as a result of filing a federal amended return and the return is filed within the time required by Subchapter I (Levy of Taxes), the period for proposing an assessment of any tax due is the later of one year after the return is filed or three years after the original return was filed or due to be filed. Further provides that if the taxpayer does not file the return within the required time, the period for proposing an assessment of any tax due is three years after the date the federal amended return was filed with the Commissioner.

Amends GS 105-160.8 and GS 105-163.6A, making the changes set out in GS 105-59 applicable to fiduciaries required to file returns for estates and trusts, and employers, pension payers, and every other payer required to withhold taxes under Article 4A of GS Chapter 105.

Makes conforming changes to GS 105-241.10, regarding the limit on refunds and assessments after a federal determination.

Applies to federal amended returns filed on or after that date.

Part IV. Sales and Use Tax Changes

Amends GS 105-164.3(20b), clarifying the term mixed transaction contract means transactions applicable to real property. Effective retroactively to January 1, 2017, but if this amendment increases sales and use tax liability, then it becomes effective when the act becomes law.

Makes several technical, clarifying, and organizational changes to defined terms set out in GS 105-164.3, applicable to Article of 5 of GS Chapter 105 (Sales and Use Tax). Additionally, amends the following definitions. Defines net taxable sale to mean the gross sales or gross receipts of a retailer or another person taxed under the Article after deducting exempt sales and nontaxable sales (previously, gross sales of the business of a retailer taxed under the Article after deducting exempt sales and nontaxable sales). Amends the requirements set out in the definition of a qualifying datacenter, allowing for future satisfaction of the existing requirements for wage standards for the development tier area or zone where it is located, and health insurance for full-time employees for the duration of operation. Amends sales price to clarify that the amount of any credit for trade-in is not a reduction of the sales price. Updates Streamlined Agreement to mean the Streamlined Sales and Use Tax Agreement as amended as of May 3, 2018 (was, May 11, 2018). Amends use to exclude a sale of tangible personal property, digital property, or a service in the regular course of business (previously, excluded a sale of property or service in the regular course of business, and a purchaser's use of tangible personal property or digital property in any of the circumstances that would exclude the storage of property from the definition of storage under the same statute).

Amends GS 105-164.4, concerning tax imposed on retailers and certain facilitators. Adds that the general rate of tax of 4.75% applies to the sales price of or gross receipts derived from repair, maintenance, and installation services (RMI services) to tangible personal property. Adds that the general rate applies to the sales price of or gross receipts derived from RMI services for a manufactured home, a modular home, an aircraft, and a qualified jet engine. Establishes that the maximum \$2,500 tax per article set out for the sales price of aircrafts sold in retail does not apply to the sales price of or gross receipts derived from RMI services for an aircraft, but the use tax exemption set out in GS 105-164.27A(a3) may apply to the RMI services. Establishes that the maximum \$1,500 tax per boat set out for the sales price of boats sold in retail does not apply to the sales price of or gross receipts derived from RMI services for a boat, but the use tax exemption set out in GS 105-164.27A(a3) may apply to the RMI services. Specifies that the general rate of 4.75% applies to the sales price of or gross receipts derived from RMI services to digital property. Clarifies that the general rate of 4.75% applies to the sale price of or gross receipts derived from RMI services for real property.

Amends GS 105-164.4B, concerning sourcing principles for sales. Specifies that the general principles set out in the statute apply in determining where to source the sale of a product for the seller's purpose, and do not alter the application of the use tax imposed under GS 105-164.6. Adds a new provision establishing that the gross receipts derived from the renewal of a service contract for prewritten software is generally sourced pursuant to the general provisions set out in subsection (a) of the statute; however, sourcing the renewal to an address where the purchaser received the underlying prewritten software does not constitute bad faith provided the seller has not received information from the purchaser that indicates a change in the location of the underlying software.

Amends GS 105-164.4G(e), which sets out entertainment activity tax exceptions. Clarifies that the existing exception for an amount paid for the right to participate in sporting activities applies only to the amount paid solely for the right to participate, other than to be a spectator. Adds new exception for an amount paid for the right to participate, other than to be a spectator, in (1) rock climbing, skating, skiing, zip lining and other similar activities, and instruction classes related to those activities; (2) riding on a carriage, boat train, plane, horse, chairlift, or other similar rides; and (3) amusement rides, including a waterslide.

Amends GS 105-164.6(b) (complimentary use tax liability) to correct a statutory reference to service contract tax exceptions to now reference GS 105-164.4H(a1). Amends GS 105-164.4I, concerning service contracts, to remove the specific service contract tax exceptions set out in the statute for security or similar monitoring contracts for real property and contracts to provide a certified operator for a wastewater system, and move these exemptions to the sales tax exemption statute, GS 105-164.13. Moves the service contract exemption language to subsection GS 105-164.13(61a); adds that the exemption does not apply to charges for RMI services to repair security, alarm, and other similar monitoring systems for real property; and makes technical and conforming changes to subsection (61a). Effective retroactively to January 1, 2017, and applies to sales and purchases made on or after that date.

Enacts GS 105-164.11B to provide for a retailer who pays sales and use tax on property or services and subsequently resells the property or service at retail to recover the sales tax originally paid to a seller by reducing taxable receipts by the taxable amount of the purchase price of the property or services resold for the period in which the retail sale occurs. Clarifies that a tax recovery under this new statute is not an overpayment of tax, and where the recovery is taken, a refund of tax originally paid should not be requested pursuant to the authority under GS 105-164.11 regarding excessive or erroneous collections. Further specifies that any amount for tax recovered under the statute in excess of tax due for a reporting period is not subject to refund, and that tax recovered under the statute may be carried forward to a subsequent reporting period and taken as an adjustment. Requires the retailer to keep records that clearly reflect and support the adjustment to taxable receipts for the applicable period. Makes conforming changes to GS 105-164.11(b), specifying that where a person recovers tax under new GS 106-164.11B, a refund under GS 105-164.11 is not allowed by the Secretary of Revenue (Secretary).

Makes the following changes to GS 105-164.13 concerning retail sales and use tax exemptions. Clarifies that the exemption of mill machinery or mill machinery parts or accessories to the specified persons listed does not include electricity as an accessory. Modifies the exemption for boats, fuel oil, lubricating oils, machinery, equipment, nets, rigging, paints, parts, accessories, and supplies sold to specified persons to include the operator of a for-hire vessel (was, boat) for principal use in the commercial use of the boat. Excludes from the exemption for specified drugs pet food or feed for animals, and over-the-counter drugs purchased by hospitals and other medical facilities for use and treatment of patients. Clarifies that the exemption concerning worthless accounts of purchasers applies to bad debt as allowed under section 166 of the Code, which amount must be adjusted to exclude financing charges or interest, sales and use taxes charged on the sales price, uncollectible amounts on property that remains in the possession of the seller until the full purchase price is paid, expenses incurred in attempting to

collect any debt, and repossessed property. Adds a new exemption as provided in GS 105-164.4F for gross receipts derived from a rental of an accommodation.

Amends GS 105-164.13E, which sets out the sales and use tax exemption for qualifying farmers. Adds that a qualifying farmer includes a person who boards horses. Amends existing language identifying tangible property, digital property, and services exempt from sales and use tax, to now identify tangible property and services that can be exempt from sales and use tax under the statute. Current law, subsection (a)(6), lists as a qualifying item for exemption remedies, vaccines, medications, litter materials, feeds, rodenticides, insecticides, and other substances for use on animals or plants, as appropriate, for commercial purposes, so long as the purchase is made by a qualifying farmer. Adds new subsection (c1), establishing that a qualifying item in subsection (a)(6) purchased to fulfill a service for a person who holds a qualifying farmer exemption certification or a conditional farmer exemption certificate is exempt from sales and use tax to the same extent as if purchased directly by the person who holds the exemption certificate. Requires the purchaser to provide an exemption certificate to the retailer and maintain records to substantiate that the item is used to provide a service for a person who holds an exemption certificate. Effective retroactively to July 1, 2014. Permits a person who paid sales and use tax on an exempt item pursuant to GS 105-164.13E to apply to the Department of Revenue on or before October 1, 2018, for a refund of any excess tax paid as a result of the change in the law as enacted. Adds that a refund request received after October 1, 2018, is barred and the provisions of GS 105-164.11 (excessive or erroneous collections) do not apply.

Amends GS 105-164.14, clarifying that interstate carriers applying for a sales tax refund must supply the Secretary with the purchase price of the taxable items (previously, did not specify taxable) listed in subdivision (a)(1) of the statute, which includes railway cars, locomotives, fuel, lubricants, repair parts, accessories, service contracts, and RMI services purchased by the applicant inside or outside of the State during the refund period. Adds that "taxable" is based on the imposition of tax on the items and services in this State.

Amends GS 105-164.15A, which sets out the effective dates for tax changes, further clarifying that the provisions of subsection (b) apply to combined general rate items.

Amends GS 105-164.19, eliminating the time limit the Secretary is authorized to extend the period for filing a return (was, 30 days after the regular due date of the return). Provides that the Secretary can grant an extension and individuals can pay the tax pursuant to the extension provisions set out in GS 105-263(b).

Amends GS 105-164.27A, establishing that a direct pay permit, which allows its holder to purchase certain tangible personal property, digital property, or services without paying tax to the seller and authorizes the seller to not collect any tax on a sale to the permit holder, does not apply to taxes imposed under GS 105-164.4 on sales of electricity, piped natural gas, video programming, spirituous liquor, or the gross receipts derived from rentals of accommodations (previously, only electricity and the gross receipts from rentals of accommodations). Specifies that a person who purchases an item for storage, use, or consumption in the State can apply to the Secretary for a general direct pay permit if (1) the place of business where the item will be stored, used, or consumed in the State is not known at the time of the purchase and a different tax consequence applies depending on where the item is used in the State or (2) the manner in which the item will be stored, used, or consumed in the State is not known at the time of purchase and one or more of the potential uses is taxable but others are not taxable in the State (previously, did not clarify storage, use, or consumption or the manner of such be in this State as part of these qualifications).

Amends GS 105-164.32, adding facilitators to those the Secretary is authorized to estimate the tax due and access the entity based on that estimate if the facilitator fails to file a return and pay the tax due, or files a grossly incorrect or false or fraudulent return.

Amends GS 105-244.3, extending the grace period provided under the Sales Tax Base Expansion Protection Act, under which the Department of Revenue cannot impose assessments on a retailer who meets at least one of the specified conditions, from the period beginning on or after March 1, 2016, and ending before January 1, 2018, to ending January 1, 2019, given the retailer did not receive specific written advice from the Secretary for transactions at issue for the laws in effect for the applicable periods. Adds that this grace period also applies to use tax liability imposed on purchasers under GS 105-164.6. Modifies and adds to the specified conditions that can trigger coverage under the grace period as follows. Provides that a person failing to collect sales tax on the taxable portion of a mixed service contract (previously, failed to collect sales tax on the portion of a mixed contract for RMI services) that exceeds 10% for a transaction on or after January 1, 2017, and prior to January 1, 2019, qualifies (previously for a transaction prior to January 1, 2017). Adds the following qualifiers to the statute: (1) a person who failed to collect sales tax on the taxable portion of a mixed transaction contract that exceeds 25% for a transaction on or after January 1, 2017, and prior to January 1, 2019 (however, the Secretary can still assess use tax on the

purchase used to fulfill a mixed transaction contract); (2) a person failed to collect sales tax on the taxable portion of a bundled transaction that included a contract for two or more services, one of which was subject to tax and one of which was not, for a transaction on or after March 1, 2016, and prior to January 1, 2017; and (3) a person failed to collect sales tax on RMI services for tangible personal property or digital property. Makes conforming changes.

Amends GS 105-187.52, concerning the state agency exemption from privilege taxes, making a technical correction to cross reference GS 105-164.13(61a)a (providing for sales and use tax exemption for RMI services on exempt items) instead of GS 105-164.4I(b)(4), which was repealed in Section 2.5(a) of SL 2017-204.

Makes technical correction to GS 105-164.4H(a1), regarding substantiation of real property contracts.

Amends GS 105-164.22, requiring consumers to keep records that include an invoice or other statement of the purchase price of an item the consumer purchased from inside or outside of the State (previously, only required records to be kept for purchases outside of the State).

Part V. Excise Tax Changes

Amends GS 105-113.9(2) concerning out-of-state shipment of cigarettes to refer to the sale of cigarettes to a nonresident purchaser, instead of a nonresident wholesaler or registered retailer.

Amends GS 105-113.36 by deleting language referring to retail dealers that make tobacco products at their place of business.

Enacts new GS 105-113.83A to require a person who has a wine shipper permit or who has one or more of the 11 specified ABC permits to register with the Secretary. Requires notifying the Secretary in writing of any changes in ownership or discontinuation of authorized activities. Makes the permittee responsible for maintaining a bond or irrevocable letter of credit and submitting all returns and paying all taxes for which the permittee is liable while the issued ABC permit is active. Requires the Secretary to notify the ABC Commission when a permittee required to register is not eligible to hold an ABC permit for failure to satisfy GS 18B-900(a)(8) (requiring that the individual be current in filing all applicable tax returns to the State and in payment of all taxes, interest, and penalties), upon which the ABC Commission must impose a penalty. Effective July 1, 2018, with permittees required to register on or before December 1, 2018.

Amends GS 105-113.86(b) concerning nonresident vendors to no longer allow the bond to be secured by a pledge of obligations of the federal government, the State, or a political subdivision of the State.

Amends GS 105-259(b)(50) to allow the disclosure of tax information in order to provide public access to a list containing the name, physical address, and account number (was, only name and account number) of entities licensed to aid in the administration of the tobacco products tax.

Amends GS 105-449.80 to amend the formula used to calculate the motor fuel excise tax by defining Consumer Price Index for All Urban Consumers to include data determined to be equivalent to specified data on the US city average for energy index.

Amends Section 2 of SL 2016-23 to increase the motor fuel tax rate by two cents per gallon at those gas stations deemed to be a special class under SL 2016-23 each year through 2022. The special class refers to gas stations (currently only one) that were recognized as being in North Carolina as a result of the North Carolina/South Carolina boundary recertification.

Part VI. Other Tax Changes

Amends GS 150-230 to specify that the state tax filing obligations and payment of tax liability of a suspended corporation or limited liability company is not affected by the suspension, nor does a suspension affect the liability of a responsible person whether the obligation or liability is enforced. Amends the definition of business entity to also include suspended corporations and limited liability companies.

Amends GS 105-237.1 to extend the expiration date of a provision that allows the Secretary to compromise the liability of a retailer assessed for failure to properly collect sales tax on admission charges, service contracts, prepaid meal plans, or aviation gasoline and jet fuel so that the provision applies to assessments for any tax due for a reporting period ending before July 1, 2020 (was, the provision expires for assessments issued after July 1, 2020).

Amends GS 105-282.1 to also allow owners of the following types of property to file a single application for exemption from property tax: real property occupied by charter schools; energy mineral interest in property for which a permit has not been issued; real and personal property located on lands held in trust by the United States for the Eastern Band of Cherokee Indians,

regardless of ownership; a mobile classroom or modular unit that is occupied by a school and used exclusively for educational purposes.

Amends GS 153A-155 and GS 160A-215 to update the cross-reference to the definition of a rental agent or a facilitator to now direct to GS 105-164.4F.

Amends GS 130A-247 to amend the definitions of bed and breakfast home and bed and breakfast inn to require that the price of additional meals served be listed on a separate charge on the overnight guest's bill instead of allowing the price to be added to the room rate. Effective July 1, 2018, and applies to gross receipts derived from the rental of an accommodation that a consumer occupies or has the right to occupy on or after that date. The following applies only to the period beginning January 1, 2018, and ending July 1, 2018. Provides that a retailer is not liable for an undercollection of tax if the retailer has made a good faith effort to comply with the law and collect the proper amount of tax and has, because of the change in the law, undercollected the tax that is due. Makes the retailer liable for all taxes collected.

Allows a municipality holding sales and use tax revenue distributed to it that is restricted for water and sewage capital outlay purposes to use the restricted revenue as follows: (1) a municipality that does not own or operate a water or sewer system may use the revenue for any lawful purpose upon adoption of a resolution and (2) a municipality that owns or operates a water or sewer system must use the revenue for its restricted purpose, but may petition the Local Government Commission to waive all or part of the restriction.

Repeals GS 105-320(b), which allowed the information required to be listed on a tax receipt form to be shown on a separate sheet furnished to the affected taxpayers.

Amends GS 105-123.39 to provide that for qualified rehabilitation expenditures and rehabilitation expenses incurred before January 1, 2015, the Historic Rehabilitation Tax Credit expires for property not placed in service by January 1, 2023. Amends GS 105-129.110 to provide that for qualified rehabilitation expenditures and rehabilitation expenses incurred before January 1, 2020, the Historic Rehabilitation Tax Credit expires for property not placed in service by January 1, 2028.

Amends GS 105-160.3 by deleting reference to the expired child credit claimed by an estate or trust.

Repeals GS 115C-595(c), which excluded from taxable income funds in the Personal Education Savings Account. Effective for taxable years beginning on or after January 1, 2018.

Amends GS 105-163.7 to require employers to file annual informational returns with the Secretary instead of annual reports. Sets the due date for the return when an employer terminates its business or permanently ceases paying wages. Allows the Secretary to require a person who fails to timely file statement of payment with respect to wages, dividends, rents, or interest paid to that person to file the statements by a certain date. Provides that if the payer fails to file the statements by that set date, the amounts claimed on the payer's income tax return as deduction for salaries and wages, or rents or interest, must be disallowed to the extent that the payer did not comply with the Secretary's request.

Amends GS 105-251.2 concerning informational returns from occupational licensing boards and alcohol vendors to make clarifying changes and to delete the \$1,000 penalty for failure to file a timely report.

Amends GS 105-236 concerning civil penalties and criminal offenses regarding informational returns to require the Secretary to assess a penalty of \$50/day, up to \$1,000, for failure to file by the date the return is due and a penalty of \$200 for failure to file in the required format.

Amends GS 150-263 by adding that the Secretary must prescribe when a return, report, payment, or any other electronically submitted document is timely filed.

Enacts new GS 105-241A to require the Department of Revenue (Department) to offer electronic filing for returns if it is cost-effective to do so and the Department has procedures for filing electronically. Allows the Secretary to, upon good cause, waive any electronic submission requirement for returns. Requires the Department, by December 1 of each year, to publish on its website a list of returns that must be filed electronically and that are allowed to be filed electronically during the next calendar year. Includes General Assembly findings.

Part VII. Insurance Regulatory Charge

Sets the percentage rate to be used in calculating the insurance regulatory charge at 6.5% for the 2019 calendar year.

Part VIII. Department of Revenue/Information Technology Transition to Department of Information Technology

Amends GS 150-259 to require the Secretary to determine when, how, and under what conditions the disclosure of tax information specified in the statute must be made. Makes the Secretary responsible for determining whether information security protections for systems that store, process, or transmit tax information are adequate. Amends GS 143B-1325 by removing the Department from those agencies that are participating in consolidating enterprise information technology functions. Effective July 1, 2018, amends GS 143B-1325(d) by requiring that the information technology transfer and consolidation from the Department to the Department of Information Technology not happen until the Secretary determines that the system and data security meets the heightened security standards required by the federal government.

Part IX. Effective Date

Unless otherwise indicated, act is effective when it becomes law.

Intro. by Brawley, Saine.

[GS 105, GS 115C, GS 116, GS 130A, GS 143B, GS 153A, GS 160A](#)

[View summary](#)

Government, Tax, Local Government

H 976 (2017-2018) [EXTREME RISK PROTECTION ORDERS](#). Filed May 21 2018, *AN ACT TO AUTHORIZE THE ISSUANCE OF AN EXTREME RISK PROTECTION ORDER TO RESTRICT TEMPORARILY A PERSON'S ACCESS TO FIREARMS IF THERE IS EVIDENCE THAT THE PERSON POSES A DANGER OF PHYSICAL HARM TO SELF OR OTHERS.*

Enacts new GS Chapter 50E, the Extreme Risk Protection Orders Act, providing a court procedure for concerned citizens and law enforcement to obtain an order temporarily restricting a person's access to firearms in situations where a person poses a significant danger of harming themselves or others by possessing a firearm. Includes related legislative findings. Sets out defined terms applicable to the Chapter.

Allows either a family or household member or a law enforcement officer or agency to file a verified petition in district court for an Extreme Risk Protection Order (ERPO) in any county authorized by the venue provisions set out in GS 1-82 (most commonly where the plaintiff or defendant resides). Defines *family or household member* to be (1) a person related by blood, marriage, or adoption to the respondent, (2) a dating partner of the respondent, (3) a person who has a child in common with the respondent, (4) a domestic partner of the respondent, (5) a person who has a biological or legal parent-child relationship with the respondent, including stepparents, stepchildren, grandparents, and grandchildren, and (5) a person who is acting or has acted as the respondent's legal guardian. Sets out information required in the petition, including: (1) a factual allegation that the respondent poses a danger of physical harm to self or others (and in the case of an ex parte ERPO, poses an imminent danger of physical harm to self or others) by having in his or her care, custody, possession, ownership, or control a firearm; (2) an identification of the number, types, and locations of firearms under the respondent's custody or control; (3) an identification of any existing protection order governing the respondent; and (4) an identification of any pending legal action between the petitioner and the respondent. Clarifies that a petition for an ERPO can be granted without delay regardless of whether there is pending action between the petitioner and the respondent. Provides for a petitioner to use the substitute address designated by the Address Confidentiality Program when filing documents required by new Chapter 50E. Prohibits the assessment of court costs or attorneys' fees for filing or service of an ERPO petition or serve of any ERPOs, except for sanctions for violations regarding signing and verification of the pleadings under GS 1A-1, Rule 11. Authorizes electronic filing of all documents filed, issued, registered, or served in an action under new Chapter 50E.

Requires a summons be issued and served no later than five days prior to the date set for the full ERPO hearing, with the ERPO petition, any ex parte ERPO that has been issued and the notice of hearing on the ex parte ERPO, and a description of an ERPO attached. Directs the clerk of court to effect service through the appropriate law enforcement agency.

Sets forth the required information that must be included in an ERPO, including (1) a statement of the grounds supporting its issuance, (2) the date and time the ERPO was issued and when it expires, (3) whether a mental health or chemical dependency evaluation of the respondent is required, (4) the court's address where a responsive pleading can be filed, (5) a description of the relinquishment and retrieval requirements for firearms, ammunition and related permits of the respondent, (6) a description

of the process for seeking termination of the ERPO, and (7) a statement that violation of the ERPO is a Class A1 misdemeanor.

Details the parameters of issuing an ex parte ERPO without service or notice. Requires the court to find by clear, cogent, and convincing evidence that the respondent poses an imminent danger of causing physical injury to self or others by having in his or her custody a firearm before a judge or magistrate can issue an ex parte ERPO. Provides that the chief district court judge can designate for each county at least one judge or magistrate to be reasonably available to issue ex parte ERPOs when the court is not in session. Authorizes hearings to consider ex parte relief to be held by video conference.

Details the parameters of issuing a full ERPO, including a hearing on the petition no later than 10 days from either the date an ex parte ERPO was issued, if applicable, or the date the petition was filed. Allows for a one continuance of no more than 10 days unless all parties consent or good cause is shown. Permits issuance of a full ERPO when (1) the court finds by a preponderance of the evidence that the respondent poses a danger of causing physical injury to self or others by having in his or her custody a firearm, (2) process was proper, and (3) notice of hearing was proper.

Requires the respondent to immediately surrender to the sheriff possession of all firearms, ammunition and permits in the custody or control of the respondent upon service of an ERPO, or within 24 hours of service at a time and place specified by the sheriff in the event weapons cannot be surrendered at the time the ERPO is served. Requires the sheriff to issue receipt at the time of surrender or seizure, and file receipt with the court within 48 hours after issuing the receipt. Provides for a warrant to be issued for failure to surrender firearms. Allows the sheriff to charge the respondent a reasonable fee for the storage of any firearms and ammunition taken pursuant to an ERPO. Provides for retrieval if the ex parte ERPO expires and the court does not enter a full ERPO. Otherwise, requires the respondent to file a motion for retrieval within 90 days after an ERPO expires, whereby surrendered firearms, ammunition and permits must be returned to the respondent within 30 days of the motion unless the court finds the respondent is otherwise precluded from owning or possessing a firearm pursuant to state or federal law. Provides for motion for return by a third party. Authorizes disposal of surrendered firearms that have not been or cannot be returned as specified.

Sets the duration of an ex parte ERPO to be from its effective date to the date the hearing is held, or if a hearing is not held or a continuance not granted, no more than 10 days from its issuance. Requires a full ERPO to be effective for a fixed period of time not to exceed one year. Provides for renewal of any ERPO by the petitioner one or more times prior to its expiration, providing the initial requirements are satisfied and there has been no material change in the circumstances since its issuance. Limits the granting of renewals to open court.

Details the process of terminating an ERPO, with the respondent limited to submitting one motion for termination for every 12-month period the full ERPO is in effect. Requires the court to set a hearing no sooner than 14 days and no later than 30 days from the date of service upon the petitioner. Requires the respondent to prove by a preponderance of the evidence that he or she does not pose a danger of causing physical injury to self or others by having a firearm in his or her custody or care.

Requires the clerk to provide same day notice of ERPO issuance to the sheriff. Requires the sheriff to promptly enter the ERPO into the National Crime Information Center registry, update the orders in the registry upon modification, termination, renewal or dismissal, and to provide 24/7 access to the orders to the courts. Also requires a copy of the ERPO be issued promptly to and retained by the municipal police department. Provides for notice to the respondent if he or she was not present when the ERPO was issued, and for notice to third parties where applicable.

Makes it a Class A1 misdemeanor to any person to possess, purchase, or receive, or attempt to possess, purchase, or receive, a firearm, ammunition, or permits to purchase or carry concealed firearms, for so long as an effective ERPO is entered against that person.

Makes it a Class 2 misdemeanor for any person to knowingly make a false statement when petitioning for an ERPO, and for any person to knowingly make a false statement to law enforcement that an ERPO remains in effect.

Clarifies that the remedies provided in new GS Chapter 50E are not exclusive, and that the Chapter does not affect the ability of law enforcement to remove a firearm or permit from any person, or conduct any search and seizure for firearms, pursuant to other lawful authority.

Specifies that Chapter 50E does not impose any criminal or civil liability on any person or entity for acts or omission related to obtaining an ERPO.

Amends GS Chapter 15C, providing for the inclusion of petitioners for an ERPO in the Address Confidentiality Program. Makes conforming changes.

Directs the Administrative Office of the Courts (AOC) to develop the appropriate forms to implement the processes set out in new GS Chapter 50E.

Effective December 1, 2018.

Appropriates \$20,000 in nonrecurring funds for the 2018-19 fiscal year to AOC to be used for the training of district court magistrates and judges, clerks of superior court, and law enforcement officers in the implementation and enforcement of new GS Chapter 50E. Effective July 1, 2018.

Intro. by Morey, Harrison, G. Martin, Willingham.

APPROP, GS 15C, GS 50E

[View summary](#)

Courts/Judiciary, Court System, Criminal Justice, Criminal Law and Procedure, Government, Budget/Appropriations, Public Safety

PUBLIC/SENATE BILLS

S 726 (2017-2018) GO BIG FOR EARLY CHILDHOOD. Filed May 21 2018, *AN ACT TO APPROPRIATE FUNDS TO PROVIDE AN ONGOING, INCREASED SOURCE OF FUNDS ABOVE THE BASE BUDGET FOR THE NC PREKINDERGARTEN (NC PRE-K) PROGRAM AND THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO INCREASE THE REIMBURSEMENT RATE FOR NC PRE-K SLOTS BY THREE PERCENT (3%) FOR THE 2018-2019 FISCAL YEAR, AND TO PROVIDE A TAX CREDIT TO CERTAIN EARLY EDUCATION TEACHERS AND DIRECTORS.*

Section 1

Amends GS 143B-168.10B, as enacted in SL 2018-2 Section 7, to increase the amount of funds appropriated from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education (the Department), for the North Carolina Prekindergarten program (Pre-K program). Specifically, bill appropriates \$87,877,017 for 2018-19. Increases amount appropriated for 2019-20 from \$82,001,394 to \$104,582,345. Increases amount appropriated for 2020-21 from \$91,351,394 to \$121,287,673. Appropriates \$137,991,673 for 2021-22. Appropriates for 2022-23 and each year thereafter \$143,695,673.

For 2018-19, the Department will increase the per-slot reimbursement rate for the Pre-K program by 3%. The Department will use the average amount paid per facility type in the 2017-18 fiscal year to determine the base rate before applying the 3% increase in the 2018-19 year.

Section 2

Appropriates from the General Fund to the Department the following amounts to increase funding for the North Carolina Partnership for Children, Inc.: in 2018-19, \$167,013,453; in 2019-20, \$187,013,453; in 2020-21, \$207,013,453; in 2021-22, \$227,013,453; and in 2022-23, \$247,013,453. For 2023-24 and each fiscal year thereafter, appropriates \$267,013,453.

Section 3

Amends GS Chapter 105, Subchapter I, Article 4, Part 2, adding new section GS 105-153.11, titled Credit for early education professionals. Grants a tax credit for eligible early education teachers and directors, equal to the sum of the highest applicable sub-subdivisions for each of the following: (1) for years of service uninterrupted by more than six months: \$500 for one to three years of service, \$1,000 for three to five years of service, \$1,500 for five to seven years of services, and \$2,000 for seven or more years of service; (2) for level of professional educational achievement: \$500 if the staff person meets certain educational milestones such as holding an Early Childhood Certificate, or \$1,000 for a higher level of professional achievement, such as holding an Associate degree in Early Childhood, or \$1,500 for achievements such as a bachelor's degree in Early Childhood, or \$2,000 for the highest category of achievement, such as holding a Continuing Birth-Kindergarten license.

Defines terms as they apply to this section, in conformity with the definitions in GS 110-86.

This tax credit is refundable.

Contains a sunset clause –this section is repealed effective for taxable years beginning on or after January 1, 2023.

Section 4

Sections 1 and 2 become effective July 1, 2018. Section 3 is effective for taxable years beginning on or after January 1, 2019.

The remainder of this act is effective when it becomes law.

Intro. by J. Jackson, Foushee, Waddell.

[APPROP, GS 105, GS 143B](#)

[View summary](#)

[Education, Preschool, Government, Budget/Appropriations, State Agencies, Department of Health and Human Services, Tax](#)

S 727 (2017-2018) [RAPE EVIDENCE COLLECTION KIT TRACKING ACT](#). Filed May 21 2018, *AN ACT TO CREATE THE STATEWIDE SEXUAL ASSAULT EVIDENCE COLLECTION KIT TRACKING SYSTEM AND TO REQUIRE TESTING OF PREVIOUSLY UNTESTED SEXUAL ASSAULT EVIDENCE COLLECTION KITS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON JUSTICE AND PUBLIC SAFETY.*

Identical to H [945](#), filed 5/16/18.

Enacts GS 114-65, establishing the Statewide Sexual Assault Evidence Collection Kit Tracking System (System) within the State Crime Laboratory. Requires all sexual assault evidence collection kits purchased or distributed under GS 143B-1201 on or after October 1, 2018, to be trackable and comply with the requirements of the System. Directs the Director of the State Crime Laboratory (Director) to implement protocols and administer the System, and the Secretary of the Department of Public Safety (Secretary) to adopt rules and guidelines for agencies required to participate in the System. Requires the Director to ensure that the System protects victim information from disclosure to nonparticipating agencies. Establishes that information in the System is confidential and not public record.

Requires participation in the System and compliance with established protocols, rules, and guidelines from all medical providers, law enforcement agencies, forensic laboratories, or other persons or entities having custody or use of any sexual assault evidence collection kit (kit) in the State. Requires participating entities to be permitted to access the entity's tracking information through the System.

Establishes that it is State policy to ensure victims of sexual assault or attempted sexual assault can track and determine whether forensic testing of the kit has been completed.

Further directs the Director to implement protocols and the Secretary to adopt rules and guidelines to ensure previously untested kits are trackable and entered into the System. Requires entities having custody of previously untested kits used for forensic medical examination to comply with established protocols, rules, and guidelines. Defines previously untested sexual assault evidence collection kit to mean any kit that has not undergone forensic testing and was identified and included in the 2017 statewide inventory of kits in law enforcement custody pursuant to Section 17.7 of SL 2017-57. Requires law enforcement in custody of a previously untested kit to take reasonable measures to provide appropriate tracking information to the affected victim.

Requires the Director to submit an annual report to the Joint Legislative Oversight Committee on Justice and Public Safety, beginning October 1, 2019, with relevant information regarding tracking-enabled kits and efforts to track and test previously untested kits for the previous fiscal year, as specified.

Amends GS 143B-1201, authorizing funds appropriated to the Department of Public Safety (DPS) for the Assistance Program for Victims of Rape and Sex Offenses to be used to purchase and distribute sexual assault evidence collection kits (was, rape evidence collection kits) approved by the Director (was, by the State Bureau of Investigation). Directs the Secretary to require that all kits purchased or distributed on or after October 1, 2018, are compatible with the System established by new GS 114-65.

Directs the Secretary to convene a working group to make recommendations regarding the testing priority of untested kits identified in the 2017 Sexual Assault Evidence Collection Kit Law Enforcement Report made pursuant to Section 17.7 of SL 2017-57. Sets out the composition of the working group, and charges the working group with developing findings and recommendations to identify which untested kits can be tested, the priority order for testings the kits, and a statewide protocol for testing future kits. Directs the Secretary to submit the working group's findings and recommendations to the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2018.

Intro. by Randleman, Sanderson.

[GS 114, GS 143B](#)

[View summary](#)

[Courts/Judiciary, Evidence, Government, Public Safety, State Agencies, Department of Public Safety](#)

S 728 (2017-2018) [ENHANCE PRISON SECURITY](#). Filed May 21 2018, *AN ACT TO ENHANCE PRISON SECURITY AND TO MODIFY THE ADMINISTRATIVE REMEDY PROCEDURE, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON JUSTICE AND PUBLIC SAFETY.*

Identical [H969](#) filed on 5/17/18.

Amends GS 14-258.4, concerning malicious conduct by a prisoner, to provide that any person in the custody of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety (Division), any law enforcement officer, or any local confinement facility who knowingly and willfully throws, emits, or causes to be used as a projectile bodily fluids, excrement, or unknown substance (previously, does not include unknown substance) at a State or local government employee while the employee is in the performance of the employee's duties is guilty of a Class F felony. Also expands the statute to provide that any person in the custody of the Division, any law enforcement officer, or any local confinement facility that knowingly and willfully exposes genitalia or masturbates at a State or local government employee while the employee is in the performance of the employee's duties is guilty of a Class F felony. Provides that sentences imposed under Article 33 of GS Chapter 14 (Prison Breach and Prisoners) run consecutively to and commence at the expiration of any sentence being served by the person under the statute. Effective December 1, 2018, and applies to offenses committed on or after that date.

Amends GS 148-118.2, which requires prisoners to pursue and exhaust remedies provided by the Corrections Administrative Remedy Procedure (Procedure) prior to filing a grievance or complaint against the State, the Division, or its employees in state court. Clarifies that a state court must dismiss a prisoner's petition or complaint if the prisoner has failed to pursue administrative remedies through the Procedure or the prisoner's ability to file a grievance pursuant to the Procedure is time barred. Eliminates the existing provision that allows the court to waive the exhaustion requirement if it finds the waiver to be in the interest of justice. Adds a new provision limiting a prisoner who alleges a claim for damages less than \$500 to the remedies afforded by the Procedure. Makes language gender-neutral. Effective October 1, 2018, and applies to grievances filed on or after that date.

Amends GS 148-118.8, which establishes that the inmate grievance examiner's decision to grant appropriate relief or deny a prisoner's grievance pursuant to the Procedure is binding unless the Secretary of Public Safety finds that the relief is not appropriate, and the Secretary provides written findings and an alternative order of relief or denies the grievance. Authorizes the Secretary of Public Safety's designee to also find that the inmate grievance examiner's decision is not appropriate, and to provide written findings and an alternative order or denial in the same manner as the Secretary is authorized.

Intro. by Randleman, Sanderson.

[GS 14, GS 148](#)

[View summary](#)

[Courts/Judiciary, Criminal Justice, Corrections \(Sentencing/Probation\), Criminal Law and Procedure, Government, State Agencies, Department of Public Safety](#)

S 729 (2017-2018) [ADVANCED CERT. SERVICE PURCHASE OPTION/LEOS](#). Filed May 21 2018, *AN ACT TO ALLOW FOR THE PURCHASE OF CREDITABLE SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL*

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM AT FULL COST BY LAW ENFORCEMENT OFFICERS HOLDING AN ADVANCED LAW ENFORCEMENT OFFICER CERTIFICATE.

Amends GS 135-4 (teachers and state employees retirement system), adding new subsection (k1), as title indicates. Allows a member who has completed at least five years of membership service and who has been awarded the Advanced Law Enforcement Certificate issued by the Criminal Justice Education and Training Standards Commission to purchase up to two years of creditable service at any time on or after receipt of the Advanced Law Enforcement Certificate. Purchases of service under this subsection will not be associated with any specific compensation or period of time.

Amends GS 128-26 (local government employees retirement system), adding new subsection (z). As above, allows a member who has completed at least five years of membership service and who has been awarded the Advanced Law Enforcement Certificate issued by the Criminal Justice Education and Training Standards Commission to purchase up to two years of creditable service at any time on or after receipt of the Advanced Law Enforcement Certificate.

Intro. by Randleman.

GS 128, GS 135

[View summary](#)

Employment and Retirement, Government, Public Safety, State Government, State Personnel, Local Government

S 730 (2017-2018) **CROSS-TRAINING DPI LICENSURE SECTION STAFF**. Filed May 21 2018, *AN ACT TO DIRECT THE SECTION CHIEF OF THE LICENSURE SECTION OF THE DEPARTMENT OF PUBLIC INSTRUCTION TO ESTABLISH A CROSS-TRAINING PROGRAM FOR EMPLOYEES OF THE SECTION TO IMPROVE TIMELY PROCESSING OF EDUCATOR LICENSURE APPLICATIONS, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.*

Enacts GS 115C-270.6, directing the Section Chief of the Licensure Section of the Department of Public Instruction (Section Chief) to provide Licensure Section staff responsible for any component of the administration and processing of professional educator license application with a cross-training program between Section service areas. Provides that the primary goal of the cross-training program is to ensure seamless and timely service to applicants, but provides five other specific, minimum goals of the program, including that applicants receive consistent information from all Section staff on the licensure process and application status.

Requires the Section Chief to report to the Joint Legislative Education Oversight Committee on the implementation of the cross-training program and the outcomes of the program by March 15 of each year. Specifically requires the report to include the processing times of applications, improvements in staff efficiency, and licensure applicant satisfaction levels with administration.

Intro. by Barefoot, Curtis, Lee.

GS 115C

[View summary](#)

Business and Commerce, Occupational Licensing, Education, Government, State Agencies, Department of Public Instruction

S 731 (2017-2018) **EXTEND PILOT/VIRTUAL CHARTER SCHOOLS**. Filed May 21 2018, *AN ACT TO EXTEND THE VIRTUAL CHARTER SCHOOL PILOT PROGRAM FOR FOUR MORE SCHOOL YEARS, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.*

Amends Section 8.35 of SL 2014-100, as amended by Section 8.13 of SL 2016-94, concerning the Virtual Charter School Charter Program (pilot program).

Extends the pilot program to a period of eight years, to end with the 2022-23 school year (currently, for a period of four years, to end with the 2018-19 school year).

Modifies and adds to the existing reporting requirements concerning the pilot program. Now requires the State Board of Education (State Board) to report to the Joint Legislative Education Oversight Committee on its findings from five years of operation of the pilot program by November 15, 2020 (was, from three years of operation by November 15, 2018). Additionally, requires the State Board to report to the Joint Legislative Education Oversight Committee on its finding from seven years of operation of the pilot program by November 15, 2022. Make conforming changes.

Makes technical changes to reflect the recodification of referenced statutes concerning charter schools, now found in Article 14A of GS Chapter 115C.

Intro. by Barefoot, Curtis, Lee.

UNCODIFIED

[View summary](#)

Education, Elementary and Secondary Education

S 732 (2017-2018) **REVISE CURSIVE AND MULTIPLICATION REPORT**. Filed May 21 2018, *AN ACT TO CLARIFY AND MAKE PERMANENT THE REPORTING REQUIREMENT ON CURSIVE WRITING AND MULTIPLICATION TABLES*.

Enacts GS 115C-81.81, directing the State Board of Education and the Department of Public Instruction to annually report to the Joint Legislative Education Oversight Committee by March 30 on the compliance of local school administrative units with (1) the requirements regarding cursive writing pursuant to GS 115C-81.75, and (2) the requirements regarding the memorization of multiplication tables pursuant to GS 115C-81.80. Sets out five components that must be included in the annual reports, including percentages of compliant and noncompliant administrative units and lists of each. Applies to reports submitted on or after the date the act becomes law.

Intro. by Curtis, Tillman, Barefoot.

GS 115C

[View summary](#)

**Education, Elementary and Secondary Education,
Government, State Agencies, Department of Public
Instruction, State Board of Education**

S 733 (2017-2018) **MEDICAL EDUCATION & RESIDENCY STUDY**. Filed May 21 2018, *AN ACT TO STUDY MEDICAL EDUCATION PROGRAMS AND MEDICAL RESIDENCY PROGRAMS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES AND THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE*.

Includes several whereas clauses concerning Section 11J.2 of SL 2017-57, which directed the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Education Oversight Committee (Committees) to each appoint a subcommittee to jointly examine the use of State funds to support medical education and medical residency programs, noting the Committees were not able to conduct a thorough study and develop a supportive plan prior to the March 15, 2018 reporting deadline.

Authorizes the Committees to each appoint a subcommittee to study medical education and medical residency programs. Provides flexibility to the subcommittees, allowing each to work independently and report to its respective oversight committee, or to consult each other and elect to meet jointly.

Sets out components the study may include, which are identical to those listed in the mandate from SL 2017-57, including (1) examining the short and long-term benefits to the State for allocating State funds to medical education and medical residency programs in the State, and (2) developing an evaluation protocol to be used in determining the particular programs to support with State funds and the amount of State funds to allocate to these programs. Permits the study to include input from stakeholders, other states, and national experts, as also provided in SL 2017-57.

Provides that the study may examine reports provided by the Department of Health and Human Services (DHHS) and UNC in accordance with Section 11J.2(c) of SL 2017-57 (requires detailed information on medical education and residency programs

in the State, including the breakdown of positions available in these programs, program graduates practicing in the state, and funding and support for the programs) and this act, as set out below.

Requires DHHS to report to the Committees, as well as the Joint Legislative Oversight Committee on Medicare and Health Choice, on medical education and residency programs by August 1, 2019. Directs DHHS to collaborate with the Cecil G. Sheps Center for Health Services Research at UNC, the NC Area Health Education Centers, the NC Institute of Medicine at UNC-Chapel Hill's School of Medicine, and the Brody School of Medicine at ECU. Enumerates 10 components DHHS must include in the report, including: (1) detailed information about NC medical school student slots, residency slots, and intern slots; (2) total funding for the NC Area Health Education Centers and the NC medical schools, along with the specified analyses for each; (3) the total reimbursement paid to hospitals related to Graduate Medical Education (GME) through the Medicaid program, along with the specified reimbursement methodology explanation; (4) any recommendations regarding a body to compile and oversee the State's medical education and residency programs data; and (5) an analysis of how other states have modified or developed funding to meet the needs in rural areas regarding recruitment and retention of health care providers.

Intro. by Curtis, Pate, Krawiec.

STUDY

[View summary](#)

Education, Higher Education, Government, General Assembly, State Agencies, UNC System, Department of Health and Human Services, Health and Human Services, Health, Health Care Facilities and Providers

ACTIONS ON BILLS

PUBLIC BILLS

H 933: RECIPROCITY/SCHOOL PSYCHOLOGIST LICENSURE.

Senate: Regular Message Received From House

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

H 959: FUNDS TO RESTORE NORTHERN DMF LAB.

House: Passed 1st Reading

House: Ref To Com On Appropriations

H 960: LOCAL LAW ENFORCEMENT/CITIZENS ACADEMIES.

House: Passed 1st Reading

House: Ref To Com On Judiciary II

H 961: REQUIRED TRAINING POLICE TELECOMMUNICATORS.

House: Passed 1st Reading

House: Ref To Com On Judiciary II

H 962: EXPAND USE/SCHOOL RISK MANAGEMENT PLANS.

House: Passed 1st Reading

House: Ref to the Com on Education - K-12, if favorable, Judiciary IV

H 963: CLARIFY PREVENTION/EMERGENCY MANAGEMENT ACT.

House: Passed 1st Reading

House: Ref To Com On Judiciary III

H 964: NATIONAL/STATE MOTTOS LICENSE PLATE.

House: Passed 1st Reading

House: Ref to the Com on Transportation, if favorable, Appropriations

H 965: NATIONAL AND STATE MOTTOS IN SCHOOLS ACT.

House: Passed 1st Reading

House: Ref to the Com on Education - K-12, if favorable, Appropriations

H 966: INCREASE & EXPAND PUBLIC SAFETY DEATH BENEFIT.

House: Passed 1st Reading

House: Ref to the Com on Pensions and Retirement, if favorable, Appropriations

H 967: TELEMEDICINE POLICY.

House: Passed 1st Reading

House: Ref To Com On Health

H 968: LEGISLATIVE RESPONSE TO EMERGING CONTAMINANTS.

House: Passed 1st Reading

House: Ref to the Com on Rules, Calendar, and Operations of the House, if favorable, Appropriations

H 969: ENHANCE PRISON SECURITY.

House: Passed 1st Reading

House: Ref To Com On Judiciary I

H 970: WORLD WAR II HERITAGE CITIES.

House: Passed 1st Reading

House: Ref To Com On State and Local Government II

H 972: WATER SAFETY ACT.

House: Passed 1st Reading

House: Ref to the Com on Environment, if favorable, Appropriations

H 973: "ORDER OF THE EASTERN STAR" SPECIAL PLATE.

House: Passed 1st Reading

House: Ref to the Com on Transportation, if favorable, Finance

H 976: EXTREME RISK PROTECTION ORDERS.

House: Filed

S 715: VARIOUS CHANGES TO THE REVENUE LAWS.

Senate: Reptd Fav

S 719: BAKERS MOUNTAIN/STATE PARK AUTHORIZATION.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

Senate: Withdrawn From Com

Senate: Re-ref to Agriculture/Environment/Natural Resources. If fav, re-ref to Rules and Operations of the Senate

S 720: EXPAND USE/SCHOOL RISK MANAGEMENT PLANS.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

S 721: REQUIRED TRAINING POLICE TELECOMMUNICATORS.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

S 722: LOCAL LAW ENFORCEMENT/CITIZENS ACADEMIES.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

S 723: CLARIFY PREVENTION/EMERGENCY MANAGEMENT ACT.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

S 724: WATER SAFETY ACT.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate

S 726: GO BIG FOR EARLY CHILDHOOD.

Senate: Filed

S 727: RAPE EVIDENCE COLLECTION KIT TRACKING ACT.

Senate: Filed

S 728: ENHANCE PRISON SECURITY.

Senate: Filed

S 729: ADVANCED CERT. SERVICE PURCHASE OPTION/LEOS.

Senate: Filed

S 730: CROSS-TRAINING DPI LICENSURE SECTION STAFF.

Senate: Filed

S 731: EXTEND PILOT/VIRTUAL CHARTER SCHOOLS.

Senate: Filed

S 732: REVISE CURSIVE AND MULTIPLICATION REPORT.

Senate: Filed

S 733: MEDICAL EDUCATION & RESIDENCY STUDY.

Senate: Filed

LOCAL BILLS

H 958: POWELL BILL FOR PARKS/TOBACCOVILLE.

House: Passed 1st Reading

House: Ref To Com On State and Local Government I

H 971: WINSTON-SALEM DEANNEXATION.

House: Passed 1st Reading

House: Ref to the Com on State and Local Government II, if favorable, Finance

S 725: ALLOW DURHAM PUBLIC SCHLS TO PROVIDE HOUSING.

Senate: Passed 1st Reading

Senate: Ref To Com On Rules and Operations of the Senate