

1	RESERVES AND LOTTERY		
2	General Fund Reserve		
3	Requirements	450,000	117,743,582
4	Less: Receipts	0	0
5	Net Appropriation	450,000	117,743,582
6			
7	Total Requirements	65,577,042,485	67,786,850,165
8	Less: Total Receipts	35,869,919,461	36,963,536,167
9	Total Net Appropriation	29,707,123,024	30,823,313,998

10
11 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in
12 Section 43.2 of this act, the requirements set forth in this section represent the total amount of
13 funds, including agency receipts, appropriated to an agency, department, or institution.
14

15 GENERAL FUND AVAILABILITY

16 **SECTION 2.2.(a)** General Fund Availability. – The General Fund availability
17 derived from State tax revenue, nontax revenue, and other adjustments used in developing the
18 budget for each year of the 2023-2025 fiscal biennium is as follows:

	FY 2023-2024	FY 2024-2025	
19			
20	Unappropriated Balance Remaining FY 2022-23	818,331,123	1,564,437,931
21	Actual/Anticipated Reversions	1,021,600,829	300,000,000
22	Actual FY 2022-23 Overcollections	3,025,504,013	-
23	S.L. 2023-11, 2022 Budget Technical Corrections	(26,207,523)	-
24	Tech. Adj., FY 2022-23 Unfunded Liab. Solvency Reserve	10,000,000	-
25	Total, Prior Year-End Fund Balance	4,849,228,442	1,864,437,931
26			
27	Revised Consensus Revenue Forecast		
28	Tax Revenue	32,115,800,000	32,395,200,000
29	Non-Tax Revenue	1,723,100,000	1,480,100,000
30	Total, Tax and Non-Tax Revenue	33,838,900,000	33,875,300,000
31			
32	Revenue Adjustments		
33	Adjustments to Tax Revenue	(134,577,000)	(652,020,000)
34	Adjustments to Non-Tax Revenue	(3,604,984)	(2,167,189)
35	Gross Premiums Tax Contingent on H.B. 149	21,500,000	113,390,000
36	S.L. 2023-42, Sport Wagering/Horse Racing Wagering	8,500,000	36,100,000
37	S.L. 2023-93, Treasury Administrative Changes Act	(5,056,718)	(5,056,718)
38	Total, Revenue Adjustments	(113,238,702)	(509,753,907)
39			
40	Reservations of Revenue, Statutory* and Discretionary		
41	State Capital and Infrastructure Fund (SCIF)*	(1,412,592,500)	(1,461,333,238)
42	Additional Transfer to SCIF	(1,050,000,000)	(700,000,000)
43	Savings Reserve	-	(125,000,000)
44	Clean Water and Drinking Water Reserve	(1,000,000,000)	(1,000,000,000)
45	Regional Economic Development Reserve	(1,250,000,000)	-
46	Economic Development Project Reserve	(630,000,000)	(100,000,000)
47	Medicaid Contingency Reserve	(400,000,000)	(250,000,000)
48	Medicaid Transformation Reserve	(5,000,000)	-
49	State Emergency Response and Disaster Relief Fund	(75,000,000)	(75,000,000)
50	Information Technology Reserve	(450,000,000)	-
51	Federal Infrastructure Match Reserve	(50,000,000)	-

1	Housing Reserve	(45,000,000)	(45,000,000)
2	Retiree Supplement Reserve	(145,600,000)	-
3	Transportation Reserve	(450,000,000)	(100,000,000)
4	NCInnovation Reserve	(250,000,000)	(250,000,000)
5	Tech. Adj., Unfunded Liability Solvency Reserve	(10,000,000)	-
6	Total, All Reservations of Revenue	(7,223,192,500)	(4,106,333,238)
7			
8	Revised Total General Fund Availability	31,351,697,240	31,123,650,786
9			
10	General Fund Net Appropriations		
11	S.L. 2023-14, Care for Women, Children, & Families Act	(80,136,285)	(79,336,285)
12	H.B. 259, 2023 Appropriations Act	(29,707,123,024)	(30,823,313,998)
13	Total, General Fund Net Appropriations	(29,787,259,309)	(30,902,650,283)
14			
15	Unappropriated Balance Remaining	1,564,437,931	221,000,503

17 **SECTION 2.2.(b)** SCIF. – In addition to the amount required under
 18 G.S. 143C-4-3.1, the State Controller shall transfer to the State Capital and Infrastructure Fund
 19 established under G.S. 143C-4-3.1 the sum of one billion fifty million dollars (\$1,050,000,000)
 20 in the 2023-2024 fiscal year and the sum of seven hundred million dollars (\$700,000,000) in the
 21 2024-2025 fiscal year.

22 **SECTION 2.2.(c)** Medicaid Contingency Reserve. – The State Controller shall
 23 reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available
 24 in the General Fund the sum of four hundred million dollars (\$400,000,000) in nonrecurring
 25 funds for the 2023-2024 fiscal year and the sum of two hundred fifty million dollars
 26 (\$250,000,000) in nonrecurring funds for the 2024-2025 fiscal year.

27 **SECTION 2.2.(d)** IT Reserve. – The State Controller shall reserve to the Information
 28 Technology Reserve established in Section 2.2(h) of S.L. 2021-180 from funds available in the
 29 General Fund the sum of four hundred fifty million dollars (\$450,000,000) in nonrecurring funds
 30 for the 2023-2024 fiscal year. The State Controller shall transfer funds available in the
 31 Information Technology Reserve to State agencies and departments for information technology
 32 projects in accordance with the following schedule, and the funds transferred are appropriated
 33 for the fiscal year in which they are transferred:

35	State Agency or Department	2023-2024	2024-2025
37	(1) Department of Information Technology		
38	(Budget Code: 14660)	\$43,546,653	\$14,806,653
39	(2) Department of Environmental Quality		
40	(Budget Code: 14300)	7,500,000	2,500,000
41	(3) Department of Environmental Quality-Spec. Rev.		
42	(Budget Code: 24317)	5,510,000	5,510,000
43	(4) General Assembly		
44	(Budget Code: 21000)	15,000,000	0
45	(5) Department of Public Safety		
46	(Budget Code: 14550)	3,000,000	0
47	(6) Department of Health and Human Services		
48	(Budget Code: 14440)	8,180,000	680,000
49	(7) Department of Health and Human Services		
50	(Budget Code: 14410)	14,177,000	0
51	(8) University of North Carolina – BOG Instit. Pgms.		

1 The State Controller shall reserve to the Retiree Supplement Reserve from funds available in the
 2 General Fund the sum of one hundred forty-five million six hundred thousand dollars
 3 (\$145,600,000) in nonrecurring funds for the 2023-2024 fiscal year. The State Controller shall
 4 transfer to State agencies and departments the funds needed to provide the four percent (4%)
 5 supplement as provided in Section 39.27 of this act, and the funds transferred are appropriated
 6 for the fiscal year in which they are transferred.

7 **SECTION 2.2.(g)** Clean Water and Drinking Water Reserve. – The State Controller
 8 shall reserve to the Clean Water and Drinking Water Reserve established in Section 2.2(p) of
 9 S.L. 2022-74 from funds available in the General Fund the sum of one billion dollars
 10 (\$1,000,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one billion
 11 dollars (\$1,000,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State
 12 Controller shall transfer to the Department of Environmental Quality the funds needed for clean
 13 water and drinking water projects in accordance with Section 12.2 of this act, and the funds
 14 transferred are appropriated for the fiscal year in which they are transferred.

15 **SECTION 2.2.(h)** Economic Development Project Reserve. – The State Controller
 16 shall reserve to the Economic Development Project Reserve established in Section 2.2 of S.L.
 17 2021-180 from funds available in the General Fund the sum of six hundred thirty million dollars
 18 (\$630,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred
 19 million dollars (\$100,000,000) for the 2024-2025 fiscal year. The State Controller shall transfer
 20 funds available in the Economic Development Project Reserve to State agencies and departments
 21 for economic development initiatives in accordance with the following schedule, and the funds
 22 transferred are appropriated for the fiscal year in which they are transferred:

State Agency or Department	2023-2024	2024-2025
(1) Department of Commerce (Budget Code: 14601)	\$10,000,000	\$0
(2) Department of Commerce (Budget Code: 14602)	10,600,000	108,400,000
(3) Department of Environmental Quality (Budget Code: 14300)	1,000,000	0

33 **SECTION 2.2.(i)** Housing Reserve. – The State Controller shall reserve to the
 34 Housing Reserve established in Section 2.2(k) of S.L. 2022-74 from funds available in the
 35 General Fund the sum of forty-five million dollars (\$45,000,000) in nonrecurring funds for the
 36 2023-2024 fiscal year and the sum of forty-five million dollars (\$45,000,000) in nonrecurring
 37 funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the
 38 Housing Reserve to the Housing Finance Agency (Budget Code: 13010) in the sum of forty-five
 39 million dollars (\$45,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of
 40 forty-five million dollars (\$45,000,000) in nonrecurring funds for the 2024-2025 fiscal year, and
 41 those funds are appropriated for the fiscal year in which they are transferred.

42 **SECTION 2.2.(j)** Transportation Reserve. – There is established in the General Fund
 43 a Transportation Reserve. The State Controller shall reserve to the Transportation Reserve from
 44 funds available in the General Fund the sum of four hundred fifty million dollars (\$450,000,000)
 45 in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred million dollars
 46 (\$100,000,000) in nonrecurring funds for the 2024-2025 fiscal year. Funds transferred under this
 47 subsection are appropriated to the Department of Transportation (Budget Code: 84210) for the
 48 fiscal year in which they are transferred to be used in accordance with this act.

49 **SECTION 2.2.(k)** NCInnovation. – There is established in the General Fund an
 50 NCInnovation Reserve to make funds available for NCInnovation, Inc. (NCInnovation), a North
 51 Carolina nonprofit corporation, for the purposes set out in Section 11.9 of this act. The State

1 Controller shall reserve to the NCInnovation Reserve from funds available in the General Fund
2 the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the
3 2023-2024 fiscal year and the sum of two hundred fifty million dollars (\$250,000,000) in
4 nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer portions of
5 the funds in the NCInnovation Reserve to the Department of Commerce (Department) as
6 provided in this subsection, and these funds are hereby appropriated to the Department for
7 allocation to NCInnovation for purposes consistent with Section 11.9 of this act. The required
8 transfers are as follows:

- 9 (1) Two hundred fifty million dollars (\$250,000,000) upon the Department
10 certifying to the State Controller that NCInnovation has met the requirements
11 set out in Article 76B of Chapter 143 of the General Statutes, as enacted by
12 Section 11.9 of this act.
- 13 (2) Two hundred fifty million dollars (\$250,000,000) upon the later of July 1,
14 2024, or the Department certifying to the State Controller that NCInnovation
15 has met the following requirements:
 - 16 a. NCInnovation has established a network of regional innovation hubs
17 with at least four regional innovation hubs.
 - 18 b. NCInnovation has completed (i) research, technology, and innovation
19 studies of the four regional innovation hubs to maximize local
20 educational research efforts and the commercialization of those efforts
21 to meet regional needs and (ii) a statewide strategic technology
22 development plan.
 - 23 c. NCInnovation has produced and provided to the Joint Legislative
24 Commission on Governmental Operations detailed spending plans and
25 performance management programs for awarding funds.
 - 26 d. NCInnovation has received written commitments for private
27 contributions totaling at least twenty-five million dollars
28 (\$25,000,000) to be received within four years of receipt of the
29 endowment.
 - 30 e. NCInnovation has reported, at least semiannually, to the Joint
31 Legislative Commission on Governmental Operations on the progress
32 of meeting the requirements of this subdivision.

33 **SECTION 2.2.(l)** World University Games Reserve. – Section 2.2(j) of S.L. 2022-74
34 reads as rewritten:

35 **"SECTION 2.2.(j)** There is established in the General Fund a World University Games
36 Reserve to make funds available to support the State of North Carolina as a host of the ~~2027-2029~~
37 World University Games upon an act of appropriation by the General Assembly. The State
38 Controller shall reserve to the World University Games Reserve from funds available in the
39 General Fund the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the
40 2022-2023 fiscal year. Funds in the reserve that have not been appropriated by ~~June 30, 2026,~~
41 June 30, 2024, shall revert to the General Fund and the World University Games Reserve shall
42 be eliminated."

43 **SECTION 2.2.(m)** World University Games Appropriation. – The State Controller
44 shall transfer to the Department of Commerce (Budget Code: 14602) the sum of twenty-five
45 million dollars (\$25,000,000) in the 2023-2024 fiscal year from the World University Games
46 Reserve, and the funds transferred are appropriated for the fiscal year in which they are
47 transferred. The Department shall annually report no later than October 1 following the
48 conclusion of any fiscal year in which funds appropriated by this section are expended or
49 encumbered on activities and programs supported by the funds. Funds appropriated by this
50 subsection that have not been expended or encumbered by June 30, 2024, shall revert to the
51 General Fund.

1 be in addition to the 2023 All-Star Race, before the end of the 2028 race season. These funds
2 may be used by the grant recipient to cover expenditures made prior to the effective date of this
3 act.

4 **SECTION 11.8.(b)** If the grant recipient receives funds pursuant to subsection (a)
5 of this section but does not host one additional NASCAR Series race at the speedway, in addition
6 to the 2023 All-Star Race, before the end of the 2028 race season, the grant recipient must forfeit
7 the grant awarded under this section and is liable for the amounts received.

8 **SECTION 11.8.(c)** No later than December 1, 2023, the Department shall report on
9 the use of such funds to the chairs of the Joint Legislative Oversight Committee on Agriculture
10 and Natural and Economic Resources and the Joint Legislative Economic Development and
11 Global Engagement Oversight Committee, and to the Fiscal Research Division.

12 NCINNOVATION

13 **SECTION 11.9.(a)** Chapter 143 of the General Statutes is amended by adding a new
14 Article to read:

15 "Article 76B.

16 "NCInnovation.

17 **"§ 143-728. NCInnovation.**

18 (a) Findings. – The General Assembly of North Carolina finds the following:

19 (1) North Carolina is competing with other states for the ability to commercialize
20 innovations resulting from in-State, world-class higher education research
21 institutions.

22 (2) By fully optimizing the commercialization of those innovations, the State has
23 opportunities for creating new jobs and new companies and achieving greater
24 economic prosperity, particularly in rural areas.

25 (3) Other states have successfully used a public-private partnership model to
26 harness innovation efforts from research universities so as to create jobs, to
27 accelerate commercial opportunities, and to support the commercial growth
28 and scale of emerging technologies.

29 (4) North Carolina will benefit from similar efforts to accelerate
30 commercialization of theoretical and applied science and inventions stemming
31 from the efforts and activities of its higher education research institutions.

32 (b) Purpose. – The purpose of this section is to establish a framework whereby the State
33 may provide funds to be used by a nonprofit corporation, acting on behalf of and for the primary
34 benefit of the State, to establish and support a network of regional innovation hubs, to better
35 leverage the high technology research and development capabilities of its higher education
36 research institutions, and to provide funding to bridge the gap between such research and
37 development capabilities and the application and commercialization of the same, and to support
38 such commercialization and application, along with resulting emerging technologies, to promote
39 the welfare of the people of the State and to maximize the economic growth in the State.

40 (c) Endowment. – NCInnovation is approved to receive funds from the State for the
41 purposes and on the terms and conditions set forth in this Article.

42 (d) Requirements. – In order to receive the endowment and retain State funds, all of the
43 following requirements must be met:

44 (1) NCInnovation shall adhere to the following governance provisions related to
45 its governing board:

46 a. The board shall be composed of 13 voting members as follows: four
47 members appointed by the General Assembly upon recommendation
48 of the Speaker of the House of Representatives, four members
49 appointed by the General Assembly upon recommendation of the
50 President Pro Tempore of the Senate, and the remaining members
51

- 1 elected as provided in the bylaws of NCInnovation. The directors shall
2 hold staggered four-year terms and shall elect their own chair from
3 among their number. Appointing and electing authorities shall ensure
4 that appointed and elected members have expertise and experience in
5 one or more of the following areas: research, development, product
6 commercialization, entrepreneurial business development, and capital
7 formation.
- 8 b. NCInnovation shall comply with the limitations on lobbying set forth
9 in section 501(c)(3) of the Internal Revenue Code.
- 10 c. No State employee or elected official may serve on the board.
- 11 d. The board shall meet at least quarterly at the call of its chair.
- 12 e. The amount of State funds that may be used for the annual salary of
13 any one officer or employee of NCInnovation shall not exceed the
14 greater of (i) one hundred forty thousand dollars (\$140,000) or (ii) the
15 amount most recently set by the General Assembly in a Current
16 Operations Appropriations Act.
- 17 f. Members of the board may not be compensated for their services. The
18 amount of State funds that may be used to provide per diems and
19 allowances to a member of the board engaged in carrying out the
20 purposes and requirements of this Article shall not exceed the amount
21 provided in G.S. 138-5.
- 22 (2) NCInnovation shall amend its articles of incorporation to enable
23 NCInnovation to carry out the purposes and requirements of this Article. The
24 articles of incorporation, as amended, shall provide for the following:
- 25 a. Consultation; reporting. – NCInnovation shall consult with the Joint
26 Legislative Commission on Governmental Operations prior to the
27 board of directors adopting bylaws or any amendment to its bylaws.
28 NCInnovation shall also report on its programs and activities to the
29 Joint Legislative Commission on Governmental Operations, the Joint
30 Legislative Economic Development and Global Engagement
31 Oversight Committee, and the Fiscal Research Division on or before
32 September 15 of each fiscal year and more frequently as requested by
33 any of these entities. The report shall include all of the following
34 information:
- 35 1. Every expenditure for establishing and supporting a network
36 of regional innovation hubs and every award of grants, funds,
37 or other support by NCInnovation in the prior fiscal year. This
38 information shall include, at a minimum, the recipient, amount,
39 term, and purpose of the award.
- 40 2. Outcome data collected by NCInnovation, including the
41 number of jobs created.
- 42 3. Cumulative regional innovation hub network expenditure and
43 funding award data by program and by county.
- 44 4. An unaudited report, itemized by category, of overhead and
45 administrative costs for the previous fiscal year.
- 46 5. Current fiscal year budget, planned activities, and goals for the
47 current fiscal year.
- 48 6. Developed performance metrics for recipients of funding and
49 support by NCInnovation.
- 50 7. A detailed explanation of how annual salaries are determined,
51 including base pay schedules and any additional salary

1 amounts or bonuses that may be earned as a result of job
2 performance. The explanation shall include the means used by
3 NCInnovation to foster employee efforts in rural and
4 low-income areas in the State.

5 NCInnovation shall also provide to the Joint Legislative
6 Commission on Governmental Operations, the Joint Legislative
7 Economic Development and Global Engagement Oversight
8 Committee, and the Fiscal Research Division (i) a copy of its annual
9 audited financial statement for the previous fiscal year within 30 days
10 of having received an audit report from an independent auditor and (ii)
11 a copy of its annual federal income tax return for the previous fiscal
12 year within 30 days of filing. In addition, the State Auditor may
13 perform audits of NCInnovation pursuant to Article 5A of Chapter 147
14 of the General Statutes to ensure that funds are being managed in
15 accordance with the provisions of this Article.

16 b. Transfer of assets. – NCInnovation shall not dispose of assets pursuant
17 to G.S. 55A-12-02 without the approval of the General Assembly.

18 c. Charter repeal. – The charter of NCInnovation may be repealed at any
19 time by the General Assembly pursuant to Section 1 of Article VIII of
20 the North Carolina Constitution. NCInnovation shall not amend its
21 articles of incorporation without the approval of the General
22 Assembly.

23 d. Dissolution. – NCInnovation may be dissolved pursuant to Chapter
24 55A of the General Statutes or by the General Assembly. Upon
25 dissolution, (i) all funds, other than excluded amounts and interest
26 earned on excluded amounts, and (ii) all assets acquired with State
27 funds shall be transferred to the General Fund.

28 (3) NCInnovation shall act on behalf of, and perform its duties for the benefit of,
29 the State. Where those duties involve the distribution of investment income,
30 NCInnovation shall (i) consult with the North Carolina Collaboratory
31 (Collaboratory), established under G.S. 116-255, for purposes of making
32 determinations regarding terms and amounts of distributions and (ii) use the
33 Collaboratory to manage the distributions. NCInnovation shall, at a minimum,
34 perform the following duties:

35 a. Establish and support a network of regional innovation hubs by doing
36 one or more of the following:

37 1. Establishing four university research hubs, each located in
38 areas of the State where regional collaboration between
39 academic, industrial, and capital formation networks are at or
40 below average in comparison to the rest of the State.

41 2. Providing full-time, colocated educational liaisons, business
42 consultants, and technology transfer consultants in each
43 university research hub established for the purposes of (i)
44 building new and strengthening existing relationships between
45 senior educational and regional industry leaders to facilitate
46 ongoing engagement within and among regional networks and
47 (ii) creating communication and information exchange
48 between regional networks to identify areas of potential
49 collaboration, filling needs, and otherwise maximizing
50 complementary research, development, and
51 commercialization.

- 1 3. Conducting analysis of research activities, capacities, and
2 capabilities of each higher education research institution in
3 each university research hub in light of commercial innovation
4 needs in the hub, including (i) identifying specific strengths
5 and gaps that could benefit from regional collaboration, (ii)
6 identifying existing patents and research and, where
7 applicable, how the patents or research might have commercial
8 application for industry needs, and (iii) creating a strategic plan
9 to guide future investments and identify resources or
10 infrastructure required to implement and apply patents and
11 research into commercialized innovation.
- 12 4. Providing the results of, and associated guidance concerning,
13 conducted analyses to assist connecting hub-specific
14 capabilities with regional commercial needs and to ensure
15 applied research investments are aligned with regional
16 strengths, capabilities, and commercial opportunities.
- 17 5. Funding, supporting, and facilitating the development of
18 partnerships and building capacity between regional industries
19 and higher education research institutions.
- 20 6. Drafting guidance for researchers to use in prioritizing targeted
21 commercial opportunities and leveraging identified research
22 strengths.
- 23 7. Soliciting applications for grants to commercialize or develop
24 the capability to commercialize applied research opportunities.
- 25 b. Award grants, funds, and other resources to higher education research
26 institutions under programs designed to do any of the following:
 - 27 1. Provide capacity building to (i) expand applied research
28 federal grant scouting and (ii) provide project management and
29 support for researchers engaged in collaborations between
30 such institutions.
 - 31 2. Support technology development, start-up support, and
32 licensing assistance.
 - 33 3. Pursue intellectual property protections, including patent
34 prosecution.
 - 35 4. Provide direct, non-dilutive funding designed to advance
36 research and development to proof of commercial viability.
 - 37 5. Furnish additional support services after proof of commercial
38 viability designed to assist researchers at such institutions in
39 attaining, from sources other than NCInnovation, venture
40 capital and capital formation.
- 41 c. Protect the use of State funds by requiring, as a condition of awarding
42 funds or providing support, that the recipient, for a minimum of five
43 years, (i) have its headquarters and principal place of business in the
44 State and (ii) be organized under the laws of this State for any
45 commercialization resulting from or furthered by, in whole or part,
46 such funds or support. NCInnovation may receive from a recipient
47 neither future earnings or revenue of any kind nor equity or ownership
48 interests of any kind.
- 49 (4) NCInnovation shall contract with an independent investment manager to
50 manage and invest the endowment for the purpose of generating investment
51 income. The contract shall establish the annual compensation for the

1 investment manager, including any management fee, which shall reflect
2 asset-based pricing using a tiered structure, with an overall blended rate not to
3 exceed 15 basis points. Amounts paid pursuant to this subdivision are
4 overhead and administrative costs of NCInnovation. The contract shall require
5 that the investment manager disclose to NCInnovation any interest that it or
6 an owner, stockholder, partner, officer, director, member, employee, or agent
7 of the investment manager has in a recipient of investment income from
8 NCInnovation to the extent the investment manager is aware of such
9 recipients. The activities and investments of the investment manager are not
10 subject to the reporting requirements of this Article.

11 (5) NCInnovation may draw from, distribute, and otherwise expend investment
12 income, including, without limitation, to make funding awards and establish
13 or support a network of regional innovation hubs, in accordance with this
14 Article, and such activities are subject to the reporting requirements of this
15 Article. NCInnovation shall develop criteria for and notify the Joint
16 Legislative Commission on Governmental Operations regarding each
17 program NCInnovation will use to advance the purposes of this Article prior
18 to using investment income for the program. NCInnovation shall provide a
19 copy of materials describing each program to the Fiscal Research Division
20 within 15 days of finalizing the program.

21 (6) NCInnovation shall have received from fundraising efforts and sources, other
22 than State funds, commitments to donate at least twenty-five million dollars
23 (\$25,000,000) in private funds for support of its operations. The minimum
24 commitment amount required by this subdivision must be received within five
25 years of the receipt of any portion of the endowment.

26 (7) NCInnovation shall adopt, publish, and provide to the Joint Legislative
27 Commission on Governmental Operations a resolution or policy regarding
28 conflicts of interest to guide actions by the governing board members, officers,
29 and employees of NCInnovation in the performance of their duties and to
30 prevent such persons from benefiting from or holding an equity position in
31 any intellectual property, licensing, or business entity supported or funded by
32 NCInnovation. The conflict of interest policy shall contain, at a minimum, that
33 no subject person of NCInnovation may take any official action or use the
34 subject person's official position to profit in any manner the subject person,
35 the subject person's immediate family, a business with which the subject
36 person or the subject person's immediate family has a business association, or
37 a client of the subject person or the subject person's immediate family with
38 whom the subject person, or the subject person's immediate family, has an
39 existing business relationship. No subject person shall attempt to profit from
40 a proposed project lead resulting from commercialization of, or business
41 formation resulting from, research if the profit is greater than that which would
42 be realized by other persons living in the area where the project lead is located.
43 If the profit under this subdivision would be greater for the subject person than
44 other persons living in the area where the project lead is located, not only shall
45 the subject person abstain from voting on that issue, but, once the conflict of
46 interest is apparent, the subject person shall not discuss the project lead with
47 any other subject person except to state that a conflict of interest exists. Under
48 this subdivision, a subject person is presumed to profit if the profit would be
49 realized by the subject person, the subject person's immediate family, a
50 business with which the subject person or the subject person's immediate
51 family has a business association, or a client of the subject person or the

1 subject person's immediate family with whom the subject person or the subject
2 person's immediate family has an existing business relationship with a
3 company that is the subject of a proposed project lead. No subject person, in
4 contemplation of official action by the subject person, or in reliance on
5 information that was made known to the subject person in the subject person's
6 official capacity and that has not been made public, shall (i) acquire a
7 pecuniary interest in any property, transaction, or enterprise or gain any
8 pecuniary benefit that may be affected by such information or official action
9 or (ii) intentionally aid another to do any of the above acts. As used in this
10 subdivision, the following terms mean:

- 11 a. Board. – The governing board of NCInnovation.
12 b. Board member. – A member of the board.
13 c. Business association. – A director, employee, officer, or partner of a
14 business entity, or owner of more than ten percent (10%) interest in
15 any business entity.
16 d. Immediate family. – Spouse, children, parents, brothers, and sisters.
17 e. Official action. – Actions taken in connection with the subject person's
18 duties, including, but not limited to, voting on matters before the
19 board, discussing investment matters with other subject persons in an
20 effort to further the matter after the conflict of interest has been
21 discovered, or taking actions in the course and scope of the position as
22 a subject person and actions leading to or resulting in profit.
23 f. Profit. – Receive monetary or economic gain or benefit, including an
24 increase in value whether or not recognized by sale or trade.
25 g. Subject person. – A board member, officer, or employee of
26 NCInnovation.

27 (8) NCInnovation shall adopt, publish, and provide to the Joint Legislative
28 Commission on Governmental Operations a resolution or policy regarding
29 gifts to guide actions by the governing board members, officers, and
30 employees of NCInnovation in the performance of their duties. The gift policy
31 required by this subdivision shall, at a minimum, prohibit an employee,
32 officer, or member of the board of NCInnovation from knowingly accepting
33 a gift from a person whom the employee, officer, or member of the board
34 knows or has reason to know (i) is seeking to do business of any kind in the
35 State or (ii) has financial interests that may be substantially and materially
36 affected, in a manner distinguishable from the public generally, by the
37 performance or nonperformance of official duties of the employee, officer, or
38 member of the board. This prohibition shall not apply to either of the
39 following:

- 40 a. Gifts given to the employee, officer, or member of the board where the
41 gift is food or beverages, transportation, lodging, entertainment, or
42 related expenses associated with responsibilities or duties the
43 employee, officer, or member of the board is responsible for
44 conducting on behalf of NCInnovation, provided (i) the employee,
45 officer, or member of the board did not solicit the gift and did not
46 accept the gift in exchange for the performance or nonperformance of
47 corporate duties and (ii) the employee, officer, or member of the board
48 reports electronically to the corporation within 30 days of receipt of
49 the gift, including a description and value of the gift and a description
50 of how the gift contributed to responsibilities or duties on behalf of
51 NCInnovation.

- 1 b. Gifts of personal property valued at less than one hundred dollars
2 (\$100.00) given to the employee, officer, or member of the board in
3 the commission of corporate duties if the gift is given as a personal gift
4 in another country as part of an overseas trade mission and the giving
5 and receiving of such personal gifts is considered a customary protocol
6 in the other country.
- 7 (9) NCInnovation shall maintain separate accounting records for and separate
8 accounts for State funds and excluded amounts and shall not commingle State
9 funds and excluded amounts. NCInnovation shall maintain records and
10 accounts according to generally accepted accounting principles.
- 11 (10) NCInnovation shall specifically and separately report on incidences where a
12 person, including a related member of a person, has made a reported
13 contribution and has received funds or support from NCInnovation.
14 NCInnovation shall include the record in the report required to be filed
15 pursuant to this section.
- 16 (11) NCInnovation shall limit the use of State funds for the severance pay of the
17 chief executive officer and other officers of the nonprofit corporation to no
18 more than the salary limitation contained in subdivision (1) of this subsection.
- 19 (12) NCInnovation complies with the following:
- 20 a. State funds shall not be used to hire a lobbyist.
- 21 b. No State funds may be used for overhead and administrative costs. It
22 is the intent of the General Assembly (i) to make a determination of
23 the appropriate maximum amount of investment income that may be
24 used for overhead and administrative costs based on observed costs
25 occurring within the first three years of receipt of the endowment, (ii)
26 to allow for that maximum amount to be used for those purposes in
27 subsequent years, and (iii), at that time, to require NCInnovation to
28 prioritize the use of excluded amounts for overhead and administrative
29 costs to the extent practicable.
- 30 c. Only excluded amounts may be used for any of the following: (i)
31 alcohol, (ii) first-class airfare, (iii) charter flights, (iv) holiday parties
32 or similar social gatherings, and (v) any meeting, whether a formal
33 public meeting or an informal retreat, located outside of the State.
- 34 (e) Benefits. – An officer, employee, or member of a governing board of NCInnovation
35 is not a State employee, is not covered by Chapter 126 of the General Statutes, and is not entitled
36 to State-funded employee benefits, including membership in the Teachers' and State Employees'
37 Retirement System and the State Health Plan for Teachers and State Employees.
- 38 (f) Use of Funds. – NCInnovation shall comply with the following:
- 39 (1) Endowment. – The endowment may be used solely to produce investment
40 income by an independent investment manager, as provided in this Article.
- 41 (2) Investment income. – Investment income may be used for the following:
- 42 a. Establishing and supporting a network of regional innovation hubs.
- 43 b. Awarding grants, funds, and other resources to advance duties owed
44 by NCInnovation under this Article.
- 45 c. Any other purpose expressly and specifically allowed for investment
46 income in this Article.
- 47 (3) State funds. – State funds may not be used for lobbying purposes.
- 48 (4) Excluded amounts. – Excluded amounts may not be invested with the
49 endowment.
- 50 (g) Applicable Laws. – NCInnovation is subject to the requirements of (i) Chapter 132 of
51 the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. Notwithstanding

1 the provisions of this subsection, public records relating to programs, recipients, and projects
2 funded by NCInnovation may be withheld so long as their inspection, examination, or copying
3 would, as determined in the sole discretion of NCInnovation, frustrate the purpose for which such
4 public records were created or would result in the harmful dissemination of confidential
5 intellectual property of a recipient; however, the provisions of this subsection allowing public
6 records to be withheld no longer apply as soon as that frustration or harmful dissemination ceases,
7 and NCInnovation shall disclose as soon as practicable, and within 25 business days, public
8 records from that time.

9 (h) Definitions. – The following definitions apply in this Article:

10 (1) Endowment. – Funds provided to NCInnovation by the State upon meeting
11 the requirements set forth in this section and any future funds NCInnovation
12 receives from the State.

13 (2) Excluded amounts. – Any funds raised by NCInnovation through fundraising
14 efforts and returns or earnings of any kind resulting directly or indirectly from
15 investment of such funds.

16 (3) Higher education research institution. – A postsecondary constituent
17 institution of The University of North Carolina, as defined in G.S. 116-2, or a
18 community college, as defined in G.S. 115D-2.

19 (4) Investment income. – Returns and earnings of any kind resulting directly or
20 indirectly from investment of the endowment by an independent investment
21 manager as allowed by this Article.

22 (5) NCInnovation. – NCInnovation, Inc., a North Carolina nonprofit corporation
23 under section 501(c)(3) of the Internal Revenue Code, provided it has its
24 headquarters and principal place of business in the State and meets the
25 requirements of this Article necessary to receive and retain the endowment.

26 (6) State funds. – The endowment and investment income."

27 **SECTION 11.9.(b)** Notwithstanding the provisions of Article 76B of Chapter 143
28 of the General Statutes, NCInnovation may use up to fifty million dollars (\$50,000,000) of the
29 endowment as investment income in the 2023-2024 fiscal year and ninety million dollars
30 (\$90,000,000) of the endowment as investment income in the 2024-2025 fiscal year, as those
31 terms are defined in G.S. 143-728, as enacted by subsection (a) of this section. Funds not used
32 for purposes allowed in this section at the end of the fiscal year for which the allowance is made
33 shall be returned to and used in conformity with the endowment, as provided in Article 76B of
34 Chapter 143 of the General Statutes.

35 Notwithstanding the provisions of Article 76B of Chapter 143 of the General Statutes,
36 investment income earned on the endowment during the 2023-2025 fiscal biennium shall be
37 retained and invested with the endowment. To the extent that funds are used from the endowment
38 in accordance with this section, NCInnovation shall replenish such funds in the future from
39 investment income to the extent practicable in the reasonable discretion of the board, balancing
40 the amount of investment income and NCInnovation's performance of the purposes of this
41 section.

42 **EDPNC MARKETING FUNDING EXTENSION**

43 **SECTION 11.10.** Section 11.4(b) of S.L. 2022-74 reads as rewritten:

44 **"SECTION 11.4.(b)** There is appropriated from the Economic Development Project
45 Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the
46 nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) the
47 sum of sixty million dollars (\$60,000,000) to be used for the following purposes in the following
48 amounts:
49

50 (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing of the
51 State.