

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

HOUSE BILL 1034
RATIFIED BILL

AN ACT TO AMEND THE LAWS RELATED TO (1) LOCAL FIREFIGHTERS' RELIEF FUNDS, THE STATEWIDE FIREFIGHTERS' RELIEF FUND, AND THE RESCUE SQUAD WORKERS' RELIEF FUND, (2) WORKERS' COMPENSATION FOR FIREFIGHTERS AND RESCUE SQUAD WORKERS, (3) SUPPLEMENTAL PENSIONS FOR FIREFIGHTERS AND RESCUE SQUAD WORKERS, AND (4) THE VOLUNTEER FIRE DEPARTMENT FUND AND VOLUNTEER RESCUE/EMS FUND, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. Relief Funds. – (a) Article 84 of Chapter 58 of the General Statutes reads as rewritten:

"Article 84.

~~"Fund Derived from Insurance Companies.~~ Local Firefighters' Relief Funds.

"§ 58-84-1. Repealed by Session Laws 2006-196, s. 6, effective January 1, 2008, and applicable to proceeds credited to the Department of Insurance on or after that date.

"§ 58-84-5. **Definitions.**

The following definitions apply in Articles 84 through 88 of this Chapter:

- (1) City. – A fire district.
- (2) Clerk. – The clerk of a fire district or, if there is no clerk, the person so designated by the governing body of the fire district.
- (3) Fire district. – Any political subdivision of the State that meets all of the following conditions:
 - a. It has an organized fire department under the control of its governing body.
 - b. Its fire department has apparatus and equipment that is in serviceable condition for fire duty and is valued at one thousand dollars (\$1,000) or more.
 - c. ~~It enforces the fire laws to the satisfaction of the~~ is rated and certified by the Commissioner.
 - d. Its response area has been approved by the local municipal government or, if there is no local municipal government, by the local board of county commissioners.
- (4) Town. – A fire district.

"§§ 58-84-10 through 58-84-20: Repealed by Session Laws 1995 (Regular Session, 1996), c. 747, s. 6.

"§ 58-84-25. **Disbursement of funds by Insurance Commissioner.**

(a) Distribution. – The Insurance Commissioner shall deduct the sum of three percent (3%) from the tax proceeds credited to the Department pursuant to G.S. 105-228.5(d)(3) and pay the same over to the treasurer of the State Firemen's Association for ~~general administrative~~ purposes. The Insurance Commissioner shall deduct the sum of ~~one percent (1%)~~ two percent (2%) from the tax proceeds and retain the same in the budget of the Department of Insurance for the purpose of administering the disbursement of funds by the board of trustees in accordance with the provisions of G.S. 58-84-35. The Insurance Commissioner shall, pursuant to G.S. 58-84-50, credit the amount forfeited by nonmember fire districts to the North Carolina State Firemen's Association. The Insurance Commissioner shall distribute the remaining tax



proceeds to the treasurer of each fire district as provided in subsections (b) and (c) of this section.

(b) Allocation to Counties. – The Insurance Commissioner shall allocate to each county an amount of tax proceeds based upon the amount allocated to it in the previous year. If the amount allocable in the current year is less than the amount allocated in the previous year, then the Commissioner shall reduce the amount allocated to each county. The amount of the reduction is equal to the difference in the amount allocated in the previous year and the amount allocable in the current year multiplied by a fraction, the numerator of which is the population of the county and the denominator of which is the population of the State. If the amount allocable in the current year is greater than the amount allocated in the previous year, then the Commissioner shall increase the amount allocated to each county. The amount of the increase is equal to the excess proceeds multiplied by a fraction, the numerator of which is the population of the county and the denominator of which is the population of the State.

(c) Distribution to Fire Districts. – Once the Insurance Commissioner has allocated the tax proceeds to a county under subsection (b) of this section, the Commissioner shall distribute those allocations to the fire districts in that county. The amount distributed to each fire district is equal to the total amount allocated to the county multiplied by a fraction, the numerator of which is the tax value of the property located in the fire district and the denominator of which is the tax value of all property located in any fire district in that county. A county shall provide the Commissioner with the tax value of property located in each fire district in that county by ~~January 1~~ February 1 of each year. If a county does not submit information that the Commissioner needs to make a distribution by the date the information is due, the Commissioner shall distribute the allocation based on the most recent information the Commissioner has.

(d) Administration. – These funds shall be held by the treasurer of a fire district as a separate and distinct fund. The fire district shall immediately pay the funds to the treasurer of the local board of trustees upon the treasurer's election and qualification, for the use of the board of trustees of the firemen's local relief fund in each fire district, ~~which board shall be composed of five members,~~ district to be used by it for the purposes provided in G.S. 58-84-35.

"§ 58-84-30. Trustees appointed; organization.

For each county, town or city complying with and deriving benefits from the provisions of this Article, there shall be appointed a local board of trustees, known as the trustees of the local Firefighters' Relief Fund, to be composed of five members, two of whom shall be elected by the members of the local fire department who are qualified as beneficiaries of such fund, two of whom shall be elected by the mayor and board of aldermen or other local governing body, and one of whom shall be named by the Commissioner of Insurance. Their selection and term of office shall be as follows:

- (1) The members of the fire department shall hold an election each January to elect their representatives to above board. In January 1950, the firefighters shall elect one member to serve for two years and one member to serve for one year, then each year in January thereafter, they shall elect only one member and his term of office shall be for two years. Members elected pursuant to this section shall be either (i) residents of the fire district or (ii) active or retired members of the fire department.
- (2) The mayor and board of aldermen or other local governing body shall appoint, in January 1950, two representatives to above board, one to hold office for two years and one to hold office for one year, and each year in January thereafter they shall appoint only one representative and his term of office shall be for two years. Members appointed pursuant to this section shall be residents of the fire district.
- (3) The Commissioner of Insurance shall appoint one representative to serve as trustee and he shall serve at the pleasure of the Commissioner. The member appointed pursuant to this section shall be either (i) a resident of the fire district or (ii) an active or retired member of the fire department.

All of the above trustees shall hold office for their elected or appointed time, or until their successors are elected or appointed, and shall serve without pay for their services. They shall immediately after election and appointment organize by electing from their members a chairman and a secretary and treasurer, which two last positions may be held by the same person. The treasurer of said board of trustees shall give a good and sufficient surety bond in a

sum equal to the amount of moneys in his hand, to be approved by the Commissioner of Insurance. The cost of this bond may be deducted by the Insurance Commissioner from the receipts collected pursuant to G.S. 58-84-10 before distribution is made to local relief funds. If the chief or chiefs of the local fire departments are not named on the board of trustees as above provided, then they shall serve as ex officio members without privilege of voting on matters before the board.

"§ 58-84-32. Prudent management of funds.

Local boards of trustees shall manage local relief funds as prudent trustees of the funds, subject to Chapter 36E of the General Statutes.

"§ 58-84-35. Disbursement of funds by trustees.

(a) The board of trustees shall have entire control of the funds derived from the provisions of this Article, and shall disburse the funds only for the following purposes:

- (1) To safeguard any ~~fireman~~firefighter in active service from financial loss, occasioned by sickness contracted or injury received while in the performance of his duties as a ~~fireman~~firefighter.
- (2) To provide a reasonable support for those actually dependent upon the services of any ~~fireman~~firefighter who may lose his life in the fire service of his town, city, or State, either by accident or from disease contracted or injury received by reason of such service. The amount is to be determined according to the earning capacity of the deceased.
- (2a) To provide assistance, upon approval by the ~~Secretary~~Executive Director of the State Firemen's Association, to a destitute member ~~fireman~~firefighter who has served honorably for at least five years. The determination of destitute shall be based on the inability of the firefighters, through no fault of their own, to provide basic provisions to themselves or their families. Such basic provisions include, but are not limited to, assistance with housing, vehicle or commuting expenses, food, clothing, utilities, medical care, and funeral expenses.
- (3) Repealed by Session Laws 1985, c. 666, s. 61.
- (4) To provide for the payment of any ~~fireman's~~firefighter's assessment in the Firemen's Fraternal Insurance Fund of the State of North Carolina if the board of trustees finds as a fact that said ~~fireman~~firefighter is unable to pay the said assessment by reason of disability.
- (5) To provide for benefits of (i) supplemental retirement, including payment of firefighters' monthly assessments for the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund, (ii) workers compensation, including the payment of premiums to the Workers' Compensation Fund established under G.S. 58-87-10, and (iii) other insurance and pension protection for firefighters otherwise qualifying for benefits from the Firefighters' Relief Fund as set forth in Article 85 of this Chapter.
- (6) To provide for educational benefits to ~~firemen~~firefighters and their dependents who otherwise qualify for benefits from the Firefighters' Relief Fund as set forth in Article 85 of this Chapter.
- (7) To provide for annual physicals that are required for firefighter positions by the Department of Labor or are recommended by the National Fire Protection Association.

(b) Notwithstanding any other provisions of law, no expenditures shall be made pursuant to ~~subsections (5) and (6)~~subdivision (5), (6), or (7) of subsection (a) of this section unless the State Firemen's Association has certified that such expenditures will not render the Fund ~~actuarially~~financially unsound for the purposes of providing the benefits set forth in ~~subsections~~subdivisions (1), (2), and (4) of subsection (a) of this section. If, for any reason, funds made available for ~~subsections (5) and (6) of this section~~subdivision (5), (6), or (7) shall be insufficient to pay in full any benefits, the benefits pursuant to subsectionssubdivisions (5) and (6) shall be reduced pro rata for as long as the amount of insufficient funds exists.~~exists,~~ after first eliminating the benefits pursuant to subdivision (7). No claim shall accrue with respect to any amount by which a benefit under ~~subsections~~subdivisions (5) and (6) shall have been reduced.

(c) As used in subsection (b) of this section, the term "financially unsound" means that a local fund could not sustain a requested expenditure or could not make similar payments for five years without the local fund's balance falling below the greater of the following:

- (1) Five hundred dollars (\$500.00) multiplied by the number of eligible firefighters in the local department.
- (2) Twenty thousand dollars (\$20,000).

(d) A local board of trustees shall not be restricted to making disbursements solely from the interest earned on the local board's relief fund.

"§ 58-84-40. Trustees to keep account and file certified reports.

(a) Each local board of trustees shall keep a correct account of all moneys received and disbursed by them. On a form prescribed by the North Carolina State Firemen's Association, each local board shall certify by October 31 of each year the following to the Association: the balance of the local fund, proof of sufficient bonding, a full and detailed accounting of the previous year's expenditures, and a full accounting of membership qualifications. Such certification shall be made concurrently with the local unit's statement of Fire Readiness. The accounting of the previous year's expenditures shall include the amounts spent on each of the purposes listed in G.S. 58-84-35(a), including the number of firefighters that received benefits for each of the purposes.

(b) In turn, the State Firemen's Association shall certify to the Department of Insurance by January 1 of each year on a form prescribed by the Department, the following:

- (1) The local units ~~which~~ that have complied with the requirements of subsection (a) of this section.
- (2) A listing of the members of each of the local units.
- (3) The fund balances for each of the local units' relief funds.
- (4) Any departments that have exceeded the maximum balance provided under G.S. 58-84-33(a).
- (5) Details on the disbursements from local relief funds, including how much was disbursed for each allowable purpose and how many members received disbursements for those purposes, on both a unit-by-unit basis and total basis.
- (6) Information on any improper disbursements.

(c) In the event that any board of trustees in any of the towns and cities benefited by this Article shall neglect or fail to perform their duties, or shall willfully misappropriate the funds entrusted in their care by obligating or disbursing such funds for any purpose other than those set forth in G.S. 58-84-35, then the Insurance Commissioner shall withhold any and all further payments to such board of trustees, or their successors, until the matter has been fully investigated by an official of the State Firemen's Association, and adjusted to the satisfaction of the Insurance Commissioner.

(d) In the event that any local relief fund provided for in this Article becomes impaired, then the Statewide Firefighters' Relief Fund may in the discretion of its board of trustees assist the local unit administering the fund in providing for relief to injured firefighters and their dependents or survivors; provided, however, that any funds so provided to such impaired units shall be repaid in full at the statutory rate of interest from future local unit receipts if the impairment resulted from violations of this Article.

"§ 58-84-41. Commissioner of Insurance to maintain database of reports; fire department identification numbers.

(a) Working with the North Carolina State Firemen's Association, the Commissioner of Insurance shall develop and maintain a database of the information reported under G.S. 58-84-40(b).

(b) The Commissioner of Insurance shall issue to each fire department within the State a unique fire department identification number (FDID) that shall be used by the Commissioner and the North Carolina State Firemen's Association to coordinate database records and reports.

"§ 58-84-45. Repealed by Session Laws 2000-67, s. 26.21(a).

"§ 58-84-46. Certification to Commissioner.

On or before October 31 of each year the clerk or finance officer of each city or county that has a local board of trustees under G.S. 58-84-30 ~~G.S. 58-84-30~~, or a fire chief if authorized by such a city or county to file the certificate, shall file a certificate of eligibility with the Commissioner. The certificate shall contain information prescribed by administrative rule

adopted by the Commissioner. If the certificate is not filed with the Commissioner on or before January 31 in the ensuing year:

- (1) The city or county that failed to file the certificate shall forfeit the payment next due to be paid to its board of trustees.
- (2) The Commissioner shall pay over that amount to the treasurer of the North Carolina State Firemen's Association.
- (3) That amount shall constitute a part of the Statewide Firefighters' Relief Fund.

"§ 58-84-50. Fire departments to be members of State Firemen's Association.

For the purpose of supervision and as a guaranty that provisions of this Article shall be honestly administered in a businesslike manner, it is provided that every department enjoying the benefits of this law shall be a member of the North Carolina State Firemen's Association and comply with its constitution and bylaws. If the fire department of any city, town or village shall fail to comply with the constitution and bylaws of said Association, said city, town or village shall forfeit its right to the next annual payment due from the funds mentioned in this Article, and the Commissioner of Insurance shall pay over said amount to the treasurer of the North Carolina State Firemen's Association and same shall constitute a part of the Statewide Firefighters' Relief Fund.

"§ 58-84-52. Benefits available to individual firefighters whose departments are not members of the State Firemen's Association.

(a) Individual firefighters whose departments are not members of the North Carolina State Firemen's Association shall be covered under the line of duty coverage offered by the Association.

(b) Benefits under this section shall be paid from the funds that are forfeited from local departments to the Statewide Firefighters' Relief Fund.

"§ 58-84-55. No discrimination on account of race.

The local boards of trustees of the local Firefighters' Relief Fund shall make no discrimination based upon race in the payment of benefits.

"§ 58-84-60. Immunity.

A person serving on a local board of trustees of ~~the~~ a local Firefighters' Relief Fund shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of this service, except where the person:

- (1) Was not acting within the scope of that person's official duties;
- (2) Was not acting in good faith;
- (3) Committed gross negligence or willful or wanton misconduct that resulted in the damages or injury;
- (4) Derived an improper personal financial benefit, either directly or indirectly, from the transaction; or
- (5) Incurred the liability from the operation of a motor vehicle.

"§ 58-84-65. Repeal of certain local laws inconsistent with this Article.

The following provisions contained within any local act enacted or amended prior to January 1, 2014, are hereby repealed:

- (1) Any redirection, at the time of receipt, of funds directed to a fire district under G.S. 58-84-25(c) to a fund other than a local relief fund.
- (2) Any restriction that would be inconsistent with G.S. 58-84-35(d).
- (3) Any transfer of interest earned on a local relief fund from the local relief fund to another fund.
- (4) Any transfer of funds from a local relief fund to a supplemental retirement fund based on the local relief fund exceeding a certain amount.
- (5) Any allowable expenditures that are not within the scope of the list provided in G.S. 58-84-35(a).
- (6) Any variation from the certification requirement under G.S. 58-84-35(b)."

SECTION 1.(b) The database required by G.S. 58-84-41, as enacted by subsection (a) of this section, shall be operational no later than December 1, 2015, so the Department of Insurance can receive and include in its database the information from the North Carolina State Firemen's Association that is due by January 1, 2016.

SECTION 1.(c) Effective July 1, 2015, G.S. 58-84-25, as amended by subsection (a) of this section, reads as rewritten:

"§ 58-84-25. Disbursement of funds by Insurance Commissioner.

...

(c) Distribution to Fire Districts. – Once the Insurance Commissioner has allocated the tax proceeds to a county under subsection (b) of this section, the Commissioner shall distribute those allocations directly to the fire districts in that county. The Commissioner shall distribute the allocations by electronic funds transfer, unless a fire district's account cannot accept electronic funds transfers, in which case the Commissioner shall distribute the district's allocation by paper check. The amount distributed to each fire district is equal to the total amount allocated to the county multiplied by a fraction, the numerator of which is the tax value of the property located in the fire district and the denominator of which is the tax value of all property located in any fire district in that county. A county shall provide the Commissioner with the tax value of property located in each fire district in that county by February 1 of each year. If a county does not submit information that the Commissioner needs to make a distribution by the date the information is due, the Commissioner shall distribute the allocation based on the most recent information the Commissioner has.

(c1) Certain Amounts Redistributed. – Notwithstanding subsection (c) of this section, the Insurance Commissioner shall not distribute funds to a fire district whose local relief fund's balance exceeds the amount provided under G.S. 58-84-33(a). Instead, the Commissioner shall, using the methodology provided in subsections (b) and (c) of this section, distribute those funds to the fire districts whose local relief funds' balances do not exceed the amount provided under G.S. 58-84-33(a). If all of a county's fire districts' local relief funds' balances exceed the amount provided under G.S. 58-84-33(a), then the Commissioner shall reallocate the amount the county would have received to the counties with fire districts that do not exceed the amount provided under G.S. 58-84-33(a)."

SECTION 1.(d) Effective July 1, 2015, Article 84 of Chapter 58 of the General Statutes, as amended by subsection (a) of this section, is further amended by adding a new section to read as follows:

"§ 58-84-33. Maximum fund balances.

(a) The balance of a local fire department's Firefighter's Relief Fund for a given year shall not exceed the product of multiplying the number of members on the department's roster as of January 1 for that year by the sum of two thousand five hundred dollars (\$2,500).

(b) The North Carolina State Firemen's Association shall annually calculate and notify each local department of its relief fund's maximum allowable balance.

(c) A local fire department whose relief fund balance, at the time of annual distribution by the Insurance Commissioner, exceeds the amount allowable under subsection (a) of this section shall not be entitled to receive a distribution for that year, and the Commissioner shall redistribute the funds that the department would have received, as provided under G.S. 58-84-25(c1).

(d) A board of trustees of a local Firefighters' Relief Fund may, with the authorization of and under guidelines provided by the North Carolina State Firemen's Association, dedicate a portion of the local Firefighters' Relief Fund towards providing supplemental retirement. Notwithstanding subsection (a) of this section, if such dedicated amounts are used solely for supplemental retirement within the guidelines provided by the North Carolina State Firemen's Association, then such dedicated amounts shall not count towards the maximum allowable balance under subsection (a) of this section."

SECTION 1.(e) Article 85 of Chapter 58 of the General Statutes reads as rewritten:

"Article 85.

~~"State Appropriation.~~ Statewide Firefighters' Relief Fund.

"§ 58-85-1. Application of fund.

The money paid into the hands of the treasurer of the North Carolina State Firemen's Association shall be known and remain as the "Firefighters' Relief Fund" of North Carolina, and shall be used as a fund for the relief of firefighters and county fire marshals, who are members of this Association, who may be injured or rendered sick by disease contracted in the actual discharge of duty as firefighters or county fire marshals, and for the relief of surviving spouses, children, and if there be no surviving spouse or children, then dependent mothers of the firefighters and county fire marshals killed or dying from disease so contracted in the discharge of duty; to be paid in the manner and in the sums to the individuals of the classes herein named and described as may be provided for and determined upon in accordance with the constitution and bylaws of the Association, and any provisions and determinations made under the constitution and bylaws shall be final and conclusive as to the persons entitled to

benefits and as to the amount of benefit to be received, and no action at law shall be maintained against the Association to enforce any claim or recover any benefit under this Article or under the constitution and bylaws of the Association; but if any officer or committee of the Association omit or refuse to perform any duty imposed upon the officer or them, nothing herein contained shall be construed to prevent any proceedings against that officer or committee to compel the officer or them to perform that duty. ~~No firefighter or county fire marshal shall be entitled to receive any benefits under this section until the firefighters' relief fund of his city or town has been exhausted.~~ Notwithstanding the above provisions, the Executive Board of the North Carolina State Firemen's Association is hereby authorized to grant educational scholarships to members and the children of members, to subsidize premium payments of members over 65 years of age to the Firemen's Fraternal Insurance Fund of the North Carolina State Firemen's Association, and to provide accidental death and dismemberment insurance for members of ~~those fire departments not eligible for benefits pursuant to standards of certification adopted by the State Firemen's Association for the use of local relief funds.~~ departments.

"§ 58-85-5. Reserved for future codification purposes.

"§ 58-85-10. Treasurer to file report and give bond.

[] The treasurer of the North Carolina State Firemen's Association shall make a detailed report to the State Treasurer and the Commissioner of Insurance of the yearly expenditures of the appropriation under Articles 84 through 88 of this Chapter on or before the end of the fiscal year, showing the total amount of money in his hands at the time of the filing of the report, and shall give a bond to the State of North Carolina with good and sufficient sureties to the satisfaction of the Treasurer of the State of North Carolina in a sum not less than the amount of money on hand as shown by said report.

"§ 58-85-15. Who shall participate in the fund.

The line of duty entitling one to participate in the fund shall be so construed as to mean actual fire duty only, and any actual duty connected with the fire department or county fire marshal office when directed to perform the same by an officer in charge.

"§ 58-85-20. Who may become members.

Any organized fire company in North Carolina, holding itself ready for duty, may, upon compliance with the requirements of its constitution and bylaws, become a member of the North Carolina State Firemen's Association, and any ~~fireman~~ firefighter of good moral character in North Carolina, and belonging to an organized fire company, who complies with the requirements of the constitution and bylaws of the North Carolina State Firemen's Association, may become a member of the Association. Any county fire marshal office may, upon compliance with the requirements of its constitution and bylaws, become a member of the North Carolina Firemen's Association, and any employee of a county fire marshal office of good moral character whose sole duty is to act as a fire marshal, deputy fire marshal, assistant fire marshal, or firefighter of the county, who complies with the requirements of its constitution and bylaws, may become a member of the North Carolina Firemen's Association.

"§ 58-85-25. Applied to members of regular fire company.

G.S. 58-85-1, 58-85-10, 58-85-15, 58-85-20, and 58-85-25 shall apply to any ~~fireman~~ firefighter or fire marshal who is a member of a regularly organized fire company or county fire marshal office, and is a member in good standing of the North Carolina State Firemen's Association.

"§ 58-85-30. Treasurer to pay fund to Volunteer Firemen's Association.

(a) The treasurer of the North Carolina State Firemen's Association shall pay to the treasurer of the North Carolina State Volunteer Firemen's Association one sixth of the funds arising from the three percent (3%) paid the treasurer of the North Carolina State Firemen's Association by the Commissioner each year to be used by the North Carolina State Volunteer Firemen's Association for the purposes set forth in G.S. 58-84-35.

(b) Local units of the North Carolina State Volunteer Firemen's Association shall maintain records and report to the North Carolina State Firemen's Association in accordance with G.S. 58-84-40, and shall be subject to the sanctions in G.S. 58-84-40.

"§ 58-85-35. Prudent management of Firefighters' Relief Fund.

The North Carolina State Firemen's Association shall manage the Firefighters' Relief Fund as a prudent trustee of the funds, subject to Chapter 36E of the General Statutes."

SECTION 1.(f) G.S. 58-88-5(c)(5) reads as rewritten:

- "(5) Notwithstanding any other provision of law, no expenditures shall be made pursuant to subdivisions (1), (2), (3), (4), and (4a) of this subsection unless the Board has certified that the expenditures will not render the Fund ~~actuarially~~ financially unsound for the purpose of providing the benefits set forth in subdivisions (1), (2), (3), (4), and (4a). If, for any reason, funds made available for subdivisions (1), (2), (3), (4), and (4a) are insufficient to pay in full any benefit, the benefits pursuant to subdivisions (1), (2), (3), (4), and (4a) shall be reduced pro rata for as long as the amount of insufficient funds exists. No claims shall accrue with respect to any amount by which a benefit under subdivisions (1), (2), (3), (4), and (4a) has been reduced."

SECTION 1.(g) Article 88 of Chapter 58 of the General Statutes is amended by adding a new section to read as follows:

"§ 58-88-35. Prudent management of Rescue Squad Workers' Relief Fund.

The Association shall manage the Rescue Squad Workers' Relief Fund as a prudent trustee of the funds, subject to Chapter 36E of the General Statutes."

SECTION 1.(h) Beginning on April 1, 2016, and each year thereafter, the Department of Insurance shall report to the House Appropriations Subcommittee on General Government and the Senate Appropriations Committee on General Government and Information Technology the following information about each local firefighters' relief fund board, the North Carolina State Firemen's Association, and the North Carolina Association of Rescue and Emergency Medical Services, Inc.:

- (1) The total amount of money disbursed from the relief funds controlled by each of the entities.
- (2) The amount of money spent by each entity for each of the statutorily permissible uses.
- (3) Each entity's ending fund balance.

The report also should describe any problems with data collection and quality and, if applicable, make recommendations on actions the General Assembly could take to resolve any data issues.

SECTION 1.(i) Chapter 183 of the 1979 Session Laws is repealed. Any funds remaining in the Mebane Firemen's Supplemental Retirement Fund at the time of this repeal shall be transferred to the Mebane Local Firefighters' Relief Fund.

SECTION 2. Workers' Compensation. – (a) G.S. 58-87-10 reads as rewritten:

"§ 58-87-10. Workers' Compensation Fund for the benefit of ~~volunteer~~ certain safety workers.

(a) ~~Definition.~~ Definitions. – As used in this section, the ~~term~~ following terms apply:

(1) Eligible entity. – One of the following entities that support eligible units and members of eligible units:

- a. North Carolina State Firemen's Association.
- b. The North Carolina Association of Fire Chiefs, Incorporated.
- c. North Carolina Association of Rescue and Emergency Medical Services, Inc.

(2) ~~"eligible unit" means a volunteer~~ Eligible unit. – A fire department or ~~volunteer~~ rescue/EMS unit that (i) is not part of a unit of local government and (ii) is exempt from State income tax under G.S. 105-130.11.

(b) Creation. – The Workers' Compensation Fund is created in the Department of Insurance as an expendable trust fund. Accordingly, interest and other investment income earned by the Fund accrues to it, and revenue in the Fund at the end of a fiscal year remains in the Fund and does not revert.

(c) Use. – Revenue in the Workers' Compensation Fund shall be used to provide workers' compensation benefits to (i) members of eligible units ~~units~~ and (ii) the employees and volunteers of eligible entities. Chapter 97 of the General Statutes governs the payment of benefits from the Fund. Benefits are payable for compensable injuries or deaths that occur on or after July 1, 1996.

(d) Administration. – The State Fire and Rescue Commission, established under G.S. 58-78-1, shall administer the Workers' Compensation Fund and shall perform this duty by contracting with a third-party administrator. The contracting procedure is not subject to Article 3C of Chapter 143 of the General Statutes. The reasonable and necessary expenses incurred by

the Commission in administering the Fund shall be paid out of the Fund by the State Treasurer. The Commission may adopt rules to implement this section.

(e) Revenue Source. – Revenue is credited to the Workers' Compensation Fund from a portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3). In addition, every eligible unit and eligible entity that elects to participate shall pay into the Fund an amount set annually by the State Fire and Rescue Commission to ensure that the Fund will be able to meet its payment obligations under this section. The amount shall be set as a per capita fixed dollar an amount for each member of the roster of the eligible unit, unit or for each employee or volunteer of an eligible entity, and the amount may vary based on whether an individual is a volunteer, a part-time employee, or a full-time employee. The payment shall be made to the State Fire and Rescue Commission on or before July 1 of each year. The Commission shall remit the payments it receives to the State Treasurer, who shall credit the payments to the Fund.

(f) The amount of the tax imposed by G.S. 105-228.5(d)(3) credited to the Workers' Compensation Fund shall be the maximum allowed under that statute."

SECTION 2.(b) Effective April 1, 2016, G.S. 58-87-10(f), as amended by Section 20.2(e) of S.L. 2013-360, reads as rewritten:

"(f) Funding Study. – The Department of Insurance shall annually conduct a periodic an actuarial study to that shall do all of the following:

- (1) calculate Calculate the amount required to meet the needs of the ~~Fund~~ Fund, projecting at least five years into the future. ~~The study shall be based on a revenue amount that is the greater of the amount paid by members of the Fund as determined under subsection (e) of this section for the fiscal year to which the study applies or the amount paid by members of the Fund as determined under subsection (e) of this section for fiscal year 2012-2013.~~
- (2) Report on the nature of the claims paid by the Fund and any claims-related trends that impact the financial status of the Fund.
- (3) Calculate how much revenue from the State and from member premiums would be required to meet the needs of the Fund for each of the following scenarios:
 - a. The Fund receives twenty percent (20%) of the net proceeds from the tax collected under G.S. 105-228.5(d)(3).
 - b. Member premiums do not change from the prior year.
 - c. Member premiums fully fund the Fund without any State support.
- (4) Be published no later than February 1 of each year. Upon publishing the study, the Department shall notify the following of its publication:
 - a. The Office of State Budget and Management.
 - b. The House Appropriations Committee.
 - c. The Senate Appropriations/Base Budget Committee.
 - d. The Fiscal Research Division.

Additionally, beginning in 2016 and every five years thereafter, the study shall include (i) a comparison of Fund premium levels to the premium levels of employees of municipal fire and rescue departments and (ii) a calculation of the amount of revenue generated by experience-rating premium surcharges and, if necessary, recommend changes to experience-rating premium surcharges given claim trends. The Department may contract with a third party to conduct the study required under this section, and the cost of the study may be paid from the Fund. However, if the Department contracts with the same actuary that the Volunteer Safety Workers' Compensation Board contracts with to perform the study under this section, then the Department shall not pay the actuary for data collection and analysis that the actuary has already performed as part of its loss reserve analysis for the Board.

(g) Allocation of Taxes. – The study conducted under subsection (f) of this section shall be reviewed by the Office of State Budget and Management. On or before March 1 of each year, the Office of State Budget and Management, in consultation with the Department of Insurance, must notify the Secretary of Revenue of the amount required to meet the needs of the Fund, as determined by the study, for the upcoming fiscal year. The Secretary of Revenue shall remit that amount, subject to the twenty percent (20%) limitation in G.S. 105-228.5(d)(3), to the Fund.

SECTION 2.(c) G.S. 97-2(5) reads as rewritten:

"(5) Average Weekly Wages. – "Average weekly wages" shall mean the earnings of the injured employee in the employment in which the employee was

working at the time of the injury during the period of 52 weeks immediately preceding the date of the injury, including the subsistence allowance paid to veteran trainees by the United States government, provided the amount of said allowance shall be reported monthly by said trainee to the trainee's employer, divided by 52; but if the injured employee lost more than seven consecutive calendar days at one or more times during such period, although not in the same week, then the earnings for the remainder of such 52 weeks shall be divided by the number of weeks remaining after the time so lost has been deducted. Where the employment prior to the injury extended over a period of fewer than 52 weeks, the method of dividing the earnings during that period by the number of weeks and parts thereof during which the employee earned wages shall be followed; provided, results fair and just to both parties will be thereby obtained. Where, by reason of a shortness of time during which the employee has been in the employment of his employer or the casual nature or terms of his employment, it is impractical to compute the average weekly wages as above defined, regard shall be had to the average weekly amount which during the 52 weeks previous to the injury was being earned by a person of the same grade and character employed in the same class of employment in the same locality or community.

But where for exceptional reasons the foregoing would be unfair, either to the employer or employee, such other method of computing average weekly wages may be resorted to as will most nearly approximate the amount which the injured employee would be earning were it not for the injury.

Wherever allowances of any character made to an employee in lieu of wages are specified part of the wage contract, they shall be deemed a part of his earnings.

Where a minor employee, under the age of 18 years, sustains a permanent disability or dies leaving dependents surviving, the compensation payable for permanent disability or death shall be calculated, first, upon the average weekly wage paid to adult employees employed by the same employer at the time of the accident in a similar or like class of work which the injured minor employee would probably have been promoted to if not injured, or, second, upon a wage sufficient to yield the maximum weekly compensation benefit. Compensation for temporary total disability or for the death of a minor without dependents shall be computed upon the average weekly wage at the time of the accident, unless the total disability extends more than 52 weeks, and then the compensation may be increased in proportion to the employee's expected earnings.

In case of disabling injury or death to a volunteer ~~fireman; firefighter;~~ volunteer member of an organized rescue squad; an authorized pickup firefighter, as defined in subdivision (2) of this section, when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service; a duly appointed and sworn member of an auxiliary police department organized pursuant to G.S. 160A-282; or senior members of the State Civil Air Patrol functioning under Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes, under compensable circumstances, compensation payable shall be calculated upon the average weekly wage the volunteer ~~fireman; firefighter,~~ volunteer member of an organized rescue squad, authorized pickup firefighter of the North Carolina Forest Service; when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service, member of an auxiliary police department, or senior member of the State Civil Air Patrol was earning in the employment wherein he principally earned his livelihood as of the date of injury. Provided, however, that the minimum compensation payable to a volunteer ~~fireman; firefighter,~~ volunteer member of an organized rescue squad, an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services, when that individual is engaged in emergency fire suppression activities for the North

Carolina Forest Service, a sworn member of an auxiliary police department organized pursuant to G.S. 160A-282, or senior members of the State Civil Air Patrol shall be sixty-six and two-thirds percent (66 2/3%) of the maximum weekly benefit established in G.S. 97-29."

SECTION 2.(d) When renewing its existing contract with its third-party administrator, which contract expires on June 30, 2014, or contracting with a different third-party administrator, the State Fire and Rescue Commission shall, through its contract, require its workers' compensation third-party administrator to do all of the following:

- (1) Establish a performance management system to set loss prevention goals and track and measure the effectiveness of loss prevention interventions.
- (2) Evaluate how additional data analytics software or cost models could help manage claim costs.
- (3) Determine the expenditures per department allocated to loss prevention services geared toward experience-rating reductions and compare the expenditures allocated per department to the experience-rating premium surcharges paid by each department.
- (4) Assess the different ways in which the Rating Modification Model could be adjusted to generate more revenue and incentivize departments to be more engaged in loss prevention services; and, if warranted, implement changes to the Experience Rating Modification Model based on the approval of the Volunteer Safety Workers' Compensation Fund Board.
- (5) Track all legal claims and associated expenses open as of July 1, 2014, and filed thereafter, including information on the reasons each claim was filed and the conditions of the settlement or court ruling, and then share the information and analysis from the database with the Volunteer Safety Workers' Compensation Fund Board at every quarterly board meeting.
- (6) Track suspected and confirmed fraudulent claims open as of July 1, 2014, and filed thereafter and then share the information and analysis from the database with the Volunteer Safety Workers' Compensation Fund Board at every quarterly board meeting.
- (7) Track information for all claims awarded indemnity compensation affected by the minimum weekly compensation provision, as provided in G.S. 97-2(5), that are open on July 1, 2014, and filed on or after July 1, 2014. The database should include the following:
 - a. The date of the volunteer's injury.
 - b. A detailed description of the injury.
 - c. The volunteer's (paid) occupation, or status as a "student" or "unemployed."
 - d. The volunteer's weekly wages from his or her regular paid occupation.
 - e. The amount of indemnity compensation awarded per week based on weekly wages from the regular, paid occupation.
 - f. Whether the claim is affected by the minimum weekly compensation provision.
 - g. The volunteer's post-injury return date to volunteer duties.
- (8) Report to the Volunteer Safety Workers' Compensation Fund Board at every quarterly meeting on all claims awarded indemnity compensation affected by the minimum compensation provision. The report shall include the following:
 - a. The total indemnity compensation awarded for each claim, as well as the compensation per week and the number of weeks of compensation.
 - b. For each claim, the difference between the indemnity compensation awarded per week to the volunteer and the volunteer's weekly wages from his or her regular, paid occupation.
 - c. For each claim, the difference between the total indemnity compensation awarded to the volunteer for number of weeks unable to return to volunteer duties and the volunteer's total wages from regular, paid occupation for the same time period.

- d. The total number of claims affected by the minimum weekly compensation provision (within a specified time period).
 - e. The total workers' indemnity compensation amount awarded for all claims affected by the minimum weekly compensation provision (within a specified time period).
 - f. The difference between the total indemnity compensation awarded to volunteers and the total of all volunteers' wages from their regular, paid occupations for the same time period (within a specific time period).
- (9) Track information for all claims awarded indemnity compensation in which a volunteer can return to his or her paid occupation but not his or her volunteer duty that are open on July 1, 2014, and filed on or after July 1, 2014. The database should include the following:
- a. Whether the volunteer has the ability to perform his or her paid occupation but not his or her volunteer duty.
 - b. The volunteer's weekly wages from his or her regular, paid occupation.
 - c. The amount of indemnity compensation awarded per week based on weekly wages from regular, paid occupation.
 - d. The volunteer's post injury return date to volunteer duties.
- (10) Report to the Volunteer Safety Workers' Compensation Fund Board at every quarterly meeting on the claims awarded indemnity compensation in which the volunteer can return to his or her paid occupation but not to his or her volunteer duty. The report shall include:
- a. The total number of claims where the volunteer is being awarded indemnity compensation when they can return to their regular, paid occupations (within a specified time period).
 - b. The total indemnity compensation awarded for each claim, as well as the compensation per week and the number of weeks of compensation.
 - c. The total indemnity compensation awarded for all claims (within a specified time period).
- (11) Include a form in the claims-closing material for volunteers who will not be able to return to their regular, paid occupations even though they can return to their volunteer duties, and track these claims and associated wages lost and prepare a report to share with the Volunteer Safety Workers' Compensation Fund Board at every quarterly meeting.
- (12) Develop a model return-to-work program for use by fire and rescue departments that participate in the Fund and work with a limited number of departments to implement and test the program for a two-year time period.
- (13) Develop metrics by which to determine if the return-to-work program reduces workers' compensation costs.

By January 1, 2015, the State Fire and Rescue Commission shall report to the Fiscal Research Division, the House Appropriations Subcommittee on General Government, and the Senate Appropriations Committee on General Government and Information Technology on the status of the Commission's data collection and analysis efforts and shall include in the report a copy of the State Fire and Rescue Commission's contract with the third-party administrator.

The State Fire and Rescue Commission shall include the provisions of this subsection in all future contracts with its workers' compensation third-party administrators.

This subsection is effective when this act becomes law.

SECTION 3. Supplemental Pensions. – (a) Effective October 1, 2014, G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon ~~retirement~~ attaining the age of 55 years.

(a) Any member who has served 20 years as an "eligible firefighter" or "eligible rescue squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one hundred seventy dollars (\$170.00) per month. Any retired firefighter receiving a pension shall, effective July 1, 2008, receive a pension of one hundred seventy dollars (\$170.00) per month.

(b) Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983. ~~No member shall be entitled to a pension hereunder until the member's official duties as a fireman or rescue squad worker for which the member is paid compensation shall have been terminated and the member shall have retired as such according to standards or rules fixed by the board of trustees.~~

(c) A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of one hundred seventy dollars (\$170.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled member shall not be required to make the monthly payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

(d) A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

(e) A member who, because the member's residence is annexed by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose volunteer department is taken over by a city or county, and because of such annexation or takeover is unable to perform as a firefighter or rescue squad worker of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

(f) The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

SECTION 3.(b) G.S. 105-228.5(d)(3) reads as rewritten:

"(3) Additional Rate on Property Coverage Contracts. – An additional tax at the rate of seventy-four hundredths percent (0.74%) applies to gross premiums on insurance contracts for property coverage. The tax is imposed on ten percent (10%) of the gross premiums from insurance contracts for automobile physical damage coverage and on one hundred percent (100%) of the gross premiums from all other contracts for property coverage. ~~Twenty five percent (25%)~~ Twenty percent (20%) of the net proceeds of this additional tax must be credited to the Volunteer Fire Department Fund established in Article 87 of Chapter 58 of the General Statutes. Twenty percent (20%) of the net proceeds must be credited to the Department of Insurance for disbursement pursuant to G.S. 58-84-25. Up to twenty percent (20%), as determined in accordance with G.S. 58-87-10(f), must be credited to the Workers' Compensation Fund. The remaining net proceeds must be credited to the General Fund."

SECTION 3.(c) Using a portion of the additional funds made available to the General Fund through the amendment to G.S. 105-228.5 made by Section 3(b) of this act, the sum of one million four hundred thousand dollars (\$1,400,000) is appropriated for fiscal year 2014-2015, recurring from the General Fund to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund established under G.S. 58-86-1.

SECTION 3.(d) The Department of State Treasurer shall report by March 1, 2015, and for two years thereafter, to the House Committee on State Personnel and the Senate Committee on Pensions & Retirement and Aging on the Department's progress toward the following efforts related to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund:

- (1) Building appropriate lapse assumptions into the State's annual required contribution to the pension fund.
- (2) Collecting timely member contributions to the pension fund.

SECTION 4. Grant Funds. – (a) Effective January 1, 2015, and applicable to the 2015 grant process, G.S. 58-87-1(a1) reads as rewritten:

"(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a grant under this section. In awarding grants under this section, the Commissioner must, to the extent possible, select applicants from all parts of the State based upon need. The Commissioner must award the grants on ~~May 15~~ May 15, or on the first business day after May 15 if May 15 falls on a weekend or a holiday, of each year subject to the following limitations:

- (1) The size of a grant may not exceed thirty thousand dollars (\$30,000).
- (2) The applicant shall match the grant on a dollar-for-dollar basis, unless the applicant receives less than fifty thousand dollars (\$50,000) per year from municipal and county funding, in which case the applicant shall match one dollar (\$1.00) for each three dollars (\$3.00) of grant funds.
- (3) The grant may be used only for equipment purchases, payment of highway use taxes on those purchases, costs of putting property acquired from the Department of Defense through the Firefighter Property (FFP) and federal Excess Property (FEPP) programs in service, or capital expenditures necessary to provide fire protection services."

SECTION 4.(b) G.S. 58-87-1(c) reads as rewritten:

"(c) Report. – The Commissioner must submit a written report to the General Assembly within 60 days after the grants have been made. This report must contain the following:

- (1) The amount of the grant and the name of the recipient.
- (2) The Fund balance at the beginning of the grant cycle.
- (3) Cash receipts through the grant cycle.
- (4) Cash disbursements through the grant cycle.
- (5) The Fund balance at the end of the grant cycle."

SECTION 4.(c) G.S. 58-87-5 reads as rewritten:

"§ 58-87-5. Volunteer Rescue/EMS Fund.

(a) There is created in the Department of Insurance the Volunteer Rescue/EMS Fund to provide grants to volunteer rescue ~~units~~ units, rescue/EMS units, and EMS units providing rescue or rescue and emergency medical services to purchase equipment and make capital improvements. An eligible ~~rescue or rescue/EMS~~ rescue or rescue/EMS unit may apply to the Department of Insurance for a grant under this section. The application form and criteria for grants shall be established by the Department. The North Carolina Association of Rescue and Emergency Medical Services, Inc., shall provide the Department with an advisory priority listing for rescue equipment eligible for funding, and the Department of Health and Human Services shall provide the Department with an advisory priority listing of EMS equipment eligible for funding. The State Treasurer shall invest the Fund's assets according to law, and the earnings shall remain in the Fund. On ~~December 15~~ December 15, or on the first business day after December 15 if December 15 falls on a weekend or a holiday, of each year, the Department shall make grants to eligible ~~rescue or rescue/EMS~~ rescue or rescue/EMS units subject to all of the following limitations:

- (1) A grant to an applicant who is required to match the grant with non-State funds may not exceed twenty-five thousand dollars (\$25,000), and a grant to an applicant who is not required to match the grant with non-State funds may not exceed three thousand dollars (\$3,000).
- (2) An applicant whose liquid assets, when combined with the liquid assets of any corporate affiliate or subsidiary of the applicant, are more than one thousand dollars (\$1,000) shall match the grant on a dollar-for-dollar basis with non-State funds.
- (3) The grant may be used only for equipment purchases or capital expenditures.
- (4) An applicant may receive no more than one grant per fiscal year.

- (5) The grant may be used only for purposes related to services that the unit is authorized to provide.

In awarding grants under this section, the Department shall to the extent possible select applicants from all parts of the State based upon ~~need~~-need, subject to the following priority order: (i) rescue units, (ii) rescue/EMS units, (iii) EMS units that are licensed as EMS providers under G.S 131E-155.1, and, finally, (iv) EMS units that are volunteer fire departments that are a part of a county's EMS system plan. Up to two percent (2%) of the Fund may be used for additional staff and resources to administer the Fund in each fiscal year. In addition, notwithstanding G.S. 58-78-20, up to four percent (4%) of the Fund may be used for additional staff and resources for the North Carolina Fire and Rescue Commission.

(b) A ~~rescue, emergency medical services, or rescue/EMS~~ unit is eligible for a grant under this section if it meets all of the following conditions:

- (1) Repealed by Session Laws 1989 (Regular Session, 1990), c. 1066, s. 33(a).
- (2) It consists entirely of volunteer members, with the exception that the unit may have paid members to fill the equivalent of 10 full-time paid positions.
- (3) It has been recognized by the Department as ~~an organization that provides rescue, emergency medical services, or rescue and emergency medical services. A unit that provides emergency medical services only is eligible for grant funding only after all those eligible rescue or rescue and emergency medical services units that are approved have been funded each grant year. A unit that only provides emergency medical services may be funded up to the level of emergency medical services that the unit is approved to provide by the authority having jurisdiction.~~ a rescue unit, a rescue/EMS unit, or an EMS unit.
- (4) It satisfies the eligibility criteria established by the Department under subsection (a) of this section.

(c) For the purpose of this section and Article 88 of this Chapter, "rescue" means the removal of individuals facing external, nonmedical, and nonpatient related peril to areas of relative safety. A "rescue unit" or "rescue squad" means a group of individuals who are not necessarily trained in emergency medical services, fire fighting, or law enforcement, but who expose themselves to an external, nonmedical, and nonpatient related peril to effect the removal of individuals facing the same type of peril to areas of relative safety. The unit or squad must comply with existing State statutes and with eligibility criteria established by the North Carolina Association of Rescue and Emergency Medical Services, Inc.

(d) For the purposes of this section, "emergency medical services" or "EMS" has the same meaning as in G.S. 131E-155(6). Unless otherwise more narrowly specified, an "EMS unit" means either (i) an EMS provider licensed under G.S 131E-155.1 or (ii) a volunteer fire or fire/rescue department that is part of its county's EMS system plan. The unit or squad must comply with existing State statutes and with eligibility criteria established by the North Carolina Association of Rescue and Emergency Medical Services, Inc.

(e) Report. – The Commissioner must submit a written report to the General Assembly within 60 days after the grants have been made. This report must contain the following:

- (1) The amount of the grant and the name of the recipient.
- (2) The Fund balance at the beginning of the grant cycle.
- (3) Cash receipts through the grant cycle.
- (4) Cash disbursements through the grant cycle.
- (5) The Fund balance at the end of the grant cycle."

SECTION 4.(d) Effective July 1, 2015, G.S. 58-87-7 reads as rewritten:

"§ 58-87-7. Oversight and accountability of grant awards.

(a) Examination of Purchased Equipment and Supplies. – To increase accountability and to expedite receipt of certain grant awards, notwithstanding any other provision, the Office of the State Fire Marshal and other employees of the Department of Insurance may in their discretion conduct on-site examinations of fire, rescue, and EMS equipment and supplies purchased with funds awarded from either the Volunteer Fire Department Fund or the Volunteer Rescue/EMS Fund. Fund for up to five years from the date of the grant award. The on-site examinations may include the inspection of equipment purchased from prior grants and may be conducted prior to or simultaneous with the delivery of the grant awards. The on-site examination shall document what equipment and supplies have been purchased by the volunteer fire department or volunteer rescue/EMS department and whether those items were

received by the department and visually reviewed by the on-site examiner. Items that have already been distributed or put in the field shall be noted by the on-site examiner. The Office of the State Fire Marshal shall maintain records of on-site inspections and provide ~~them, or a summary thereof, in reports~~ reports of such inspections, upon request, to the State Auditor or the Office of State Budget and Management.

(b) Reimbursement to Funds. – If equipment purchased with grant funds is disposed of within five years of the date of the grant award funding its purchase, then the grant recipient shall reimburse the appropriate fund the amount of matching funds used for the purchase of the equipment, less depreciation.

(c) Transfer of Purchased Equipment. – If a grant recipient shall cease to exist within five years of the date of award of the grant, it shall transfer, subject to the approval of the Department of Insurance, any and all equipment purchased with such grant funds to whichever department shall assume responsibility for providing service to the grant recipient's area of service or to another appropriate department that may effectively use the equipment."

SECTION 4.(e) By the effective date of subsection (d) of this section, the Department of Insurance shall take the following actions to facilitate the implementation and enforcement of G.S. 58-87-7:

- (1) Adopt rules to establish specific guidelines for the following:
 - a. G.S. 58-87-7(b), enacted by subsection (d) of this section.
 - b. G.S. 58-87-7(c), enacted by subsection (d) of this section, including guidelines for determining which department receives the equipment of a dissolved department and under what circumstances.
- (2) Provide transfer of equipment forms to fire and rescue departments that receive grant equipment from dissolved departments.

Additionally, in time for the 2015 grant cycle, the Department shall add language to the Agreement of Payment form departments must fill out as part of the grant application process to ensure that departments understand what will happen to grant equipment in the event of dissolution.

SECTION 4.(f) No later than January 1, 2015, the Department of Insurance shall report to the Joint Program Evaluation Oversight Committee on the Department's efforts to update and correct its computer code that assigns points to grant applicants for funds awarded under Article 87 of Chapter 58 of the General Statutes.

SECTION 5. Effective Dates. – Except as otherwise provided, this act becomes effective July 1, 2014.

In the General Assembly read three times and ratified this the 30th day of June, 2014.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Presiding Officer of the House of Representatives

Pat McCrory
Governor

Approved _____,m. this _____ day of _____, 2014