

# LEGISLATIVE RESEARCH COMMISSION

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## RAILROAD OPERATIONS



REPORT TO THE  
1985 GENERAL ASSEMBLY  
OF NORTH CAROLINA

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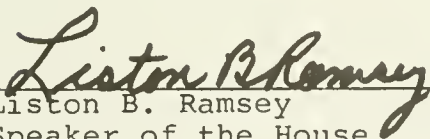


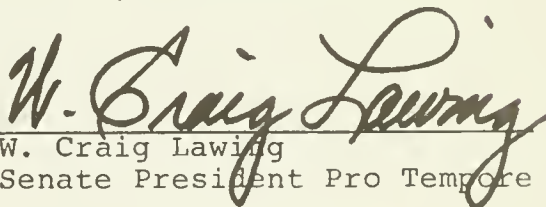
December 13, 1984

TO THE MEMBERS OF THE 1985 GENERAL ASSEMBLY:

This is the Legislative Research Commission's report to the 1985 General Assembly on Railroad Operations. This report is made pursuant to Section 1 of 1983 Session Laws Chapter 905 (HB 1142), was prepared by the Legislative Research Commission's Committee to study the State's Interests in Railroad Properties, and is transmitted by the Legislative Research Commission for your consideration.

Respectfully submitted,

  
Liston B. Ramsey  
Speaker of the House

  
W. Craig Lawing  
Senate President Pro Tempore

Cochairmen  
Legislative Research Commission



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## PREFACE

The Legislative Research Commission, authorized by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has ten additional members, five appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigation into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most effective manner" (G.S. 120-20.17(1)).

At the direction of the 1983 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given the responsibility for one category of study. The cochairmen of the Legislative Research Commission, under the authority of General Statutes 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairmen, one from each house of the General Assembly, were designated for each committee.

The study of the State's Interests in railroad properties was authorized by Resolution 61 of the 1981 Session Laws, Chapter 1372, Session Laws of 1981 (Regular Session 1982), and by Chapter 905, Session Laws of 1983.

The Legislative Research Commission grouped this study in its transportation area under the direction of Representative Jack Hunt. The cochairmen of the study committee established by the Research Commission are Senator Dennis Winner and Representative Jack Hunt. The full membership of the committee is listed in Appendix A of this report. Chapter 905 authorizing the study and House Bill 1142, which the committee was authorized to consider in determining the scope of the study are attached as Appendices B and C.

The Commission made an interim report to the 1982 Session, which appropriated the sum of \$150,000 in Chapter 1372 to further continue the study. Chapter 1372 is attached as Appendix E. The Commission made another report to the 1983 Session.



COMMITTEE PROCEEDINGS

The Committee on the State's Interest in Railroad Properties in its report to the 1982 regular session of the General Assembly recommended enactment of a bill to appropriate funds for an independent expert evaluation of the state's interests in the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company, and to receive proposals for the state's interests and conduct negotiations.

That proposed bill was ratified as Chapter 1372, Session Laws of 1981, Regular Session 1982.

The Committee recommended to the Legislative Research Commission that Printon, Kane Research be retained for the railroad evaluation and that Bradshaw, Realtors be retained for the real property evaluation.

A summary of the Printon, Kane Report appears in the 1983 report of this Committee. The full report, an additional 80 pages, is available in limited quantity in the Legislative Library. Copies of the 1981 and 1982 Committee reports are also available in limited quantity in the Legislative Library.

The Committee met on May 10, 1984 and heard a presentation from the North Carolina Department of Transportation concerning passenger rail service, and from the Citizens Railway Council. Under the 1981 legislation the Committee appointed a negotiating committee to meet in executive session. That subcommittee met once.

After due consideration of the points of view, the Committee

on December 6, 1984 adopted the recommendations in the next section of this report. Legislation to implement those recommendations is attached as Appendix D.

LEGISLATIVE RECOMMENDATIONS

The Committee on the State's Interests in Railroad Properties, after careful study, makes the following determinations and recommendations:

(1) The existence of the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company spurred the economic development of North Carolina, and they are a valuable resource to the State as a whole, and especially to Piedmont and Eastern North Carolina.

(2) Continued freight service on both routes is necessary to the further economic development of North Carolina.

(3) Passenger rail service is currently in operation along the route, with part of the Crescent serving Charlotte-Greensboro and party of the Carolinian serving Charlotte-Raleigh. These services are beneficial to North Carolina, although the Committee has no position on whether these specific routes should be continued.

(4) The signing in 1895 by the North Carolina Railroad of a fixed-rate 99 year lease in hindsight was a financial mistake. Based on the Printon Kane and Bradshaw appraisals, the value of the State's interests in the North Carolina Railroad is \$54.2 million. Based on the normal dividend of \$8.00 per share, the State's annual rate of return from a dividend of \$240,016 is just .44%.

(5) On the other hand, the Atlantic and North Carolina Railroad Company lease, for a term of 55 years, had an override based on a percentage of revenues. Based on the Printon, Kane, and Bradshaw appraisals, the value of the State's interests in the Atlantic and North Carolina railroad is 2.0 million. Based on the average dividend for 1978-82 of \$5.40 per share, the State received an average annual dividend during that period of \$68,396, for an annual rate of return on investments of 3.42%.

(6) The Committee feels that the State should either negotiate a sale of stock, or should work with the Boards of Directors of the two railroads to enter into new leases prior to the expiration of the old leases.

(7) Any new lease should not be for a period of more than 30 years beyond the expiration of the current lease, and should have an escalator clause based either on revenues or inflation, or some combination of clauses.

(8) Any new lease should preferably involve both railroads. This will not only improve the bargaining position of the two railroads, but ensure continued operation of freight service to Eastern North Carolina as well as to the Piedmont. The Commission may also consider other alternatives.

(9) Any new lease should require that the lessee cooperate with innovative uses of the right-of-way, whether for fiber-optics, intra-city light rail (trolley) service, and passenger service (in addition to the requirements of the National Railroad Passenger Act).

(10) The North Carolina Railroad and the Southern Railroad Company should jointly reorganize the State University Railroad Company under Southern Railroad, but in a manner to ensure continued freight service to the University of North Carolina at Chapel Hill.

(11) The Governor, in making appointments to the Board of Directors of the North Carolina Railroad and the Atlantic and North Carolina Railroad under the charter provisions should seek to ensure continuity of the boards as well as directing the two boards to meet jointly and cooperate with the Commission established as a result of this report.

(12) The Committee recognizes that with two railroads and the State involved on one side and one or more potential purchasers or lessees on the other, there must be one voice less the negotiations be chaotic. While the State recognizes that the two railroads are private corporations, the State as majority stockholder has the paramount interest.

(13) The General Assembly should appoint a negotiating commission to both assist the railroads in negotiating as well as decide the most beneficial route to take. Such commission should consist of 12 members, appointed as follows:

- a. 2 directors or officers of the North Carolina Railroad appointed by its board,
- b. 2 directors or officers of the Atlantic and North Carolina Railroad, appointed by its board,
- c. The Attorney General or a member of his staff designated by him,

- d. The State Treasurer or a member of his staff designated by him,
- e. The Lieutenant Governor or his designee and one member of the Senate appointed by him,
- f. Two persons appointed by the Governor, one of whom shall have business experience and one of whom shall be knowledgeable and an advocate of passenger rail service, and
- g. The Speaker or his designee and one member of the House appointed by him.

(14) This Commission should have a term expiring June 30, 1988. It should negotiate with Southern Railroad (Norfolk Southern Corporation) and any other potential person it desires to negotiate with. The Commission should be allowed to meet in executive session.

(15) If the Commission determines that a renegotiation of the lease is desirable, it should recommend the terms of such lease for joint approval of the Boards of Directors of the two railroads.

(16) If the Commission determines that sale of the stock owned by the State is desirable, it shall recommend a contract to the General Assembly for its approval as required by Chapter 1046, Session Laws of 1951 as amended by Chapter 1372, Session Laws of 1981.

(17) If the Commission determines by June 30, 1988 that it is unable to recommend any action on terms that are favorable to the State and the Railroads, it shall so report to the General

Assembly so that alternate action to take effect at the expiration of the lease in 1994 can be taken.

(18) To protect the interests of the minority stockholders any recommendation to sell the stock must include a provision that the purchaser will offer to purchase all shares tendered at the same price or for the same amount of stock to be swapped.

(19) If the stock is sold, the Committee recommends that the proceeds be placed in a special capital improvements fund with the principal and interest being used for purposes provided by the General Assembly.

(20) The Commission should have expert assistance in negotiations, to be provided by the Attorney General, State Treasurer, and the two Railroads, or under contract with a qualified professional.







APPENDIX A

COMMITTEE MEMBERS

COMMITTEE TO STUDY THE STATE'S INTERESTS IN RAILROAD PROPERTIES

Sen. Dennis J. Winner  
co-chairman

Rep. John J. (Jack) Hunt  
co-chairman

Sen. Elton Edwards

Rep. David Bumgardner, Jr.

Sen. A.D. Guy

Rep. John T. Church

Sen. Robert B. Jordan III

Rep. Daniel T. Lilley

Sen. David R. Parnell

Rep. Ray Sparrow

Mr. Thomas G. Lynch

Mr. Vernon Rochelle

LRC member responsible for study: Rep. Jack Hunt

Professional Staff: Gerry Cohen

Clerical Staff: Betsy J. Sykes



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1983  
RATIFIED BILL

CHAPTER 905  
HOUSE BILL 1142

AN ACT AUTHORIZING STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION AND BY THE COMMISSION ON CHILDREN WITH SPECIAL NEEDS AND MAKING TECHNICAL AMENDMENTS RELATING THERETO.

The General Assembly of North Carolina enacts:

Section 1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1983 bill or resolution that originally proposed the study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

- (1) Continuation of the Study of Revenue Laws (H.J.R. 16 - Lilley); and the ramifications, if enacted, of H.B. 746, Appraisal of Subdivided Tract (Auman) and H.B. 1250, No Intangible Tax/Income Surtax (Auman),
- (2) Continuation of the Study on the Problems of the Aging (H.J.R. 44 - Economos; S.J.R. 16 - Gray),
- (3) Continuation of the Study on Insurance Regulation (H.B. 63 - Seymour) and Insurance Laws and Regulation of Insurance Industry (H.B. 1243 - Hightower),
- (4) Teaching of Computer Literacy in the Public Schools and Community Colleges (H.J.R. 191 - Berry) and the Continuation of Study of College Science Equipment (H.J.R. 898 - Enloe),
- (5) Adequacy of State Management of Large-Scale Land Clearing and Peat Mining (H.J.R. 220 - Evans),
- (6) Adequacy of Existing Water Pollution Control Programs to Improve and Protect Water Quality in the State (H.J.R. 232 - Evans),
- (7) Marketing of Seafood by Fishermen (H.J.R. 896 - Chapin),
- (8) Continuation of Study on the Economic Social and Legal Problems and Needs of Women (H.J.R. 904 - Easterling; S.J.R. 329 - Marvin),
- (9) Regulation of Nonpublic and Public Post-Secondary Educational Institutions (Joint Resolution 33 (H.J.R. 988 - Thomas)),
- (10) Readable Insurance Policies (H.B. 1069 - Ballance),
- (11) State Government Risk Management (H.J.R. 1083 - Seymour),
- (12) Biotechnology Development (H.B. 1122 - Etheridge, Bobby and H.J.R. 1282 - Etheridge, Bobby; S.J.R. 620 - Hancock),
- (13) Continuation of Study of the State's Interest in Railroad Property (H.B. 1142 - Hunt),
- (14) Restricting Driving by Minors (H.J.R. 1149 - J. Jordan),

- (15) Health Professionals (H.J.R. 1194 - Diamont),
- (16) Water Quality in Haw River and B. Everett Jordan Reservoir (H.J.R. 1257 - Hackney),
- (17) Regulation of Alcoholic Beverages on State Property (H.J.R. 1292 - Clark),
- (18) Disposition of Animals by Animal Shelters and Pounds (H.J.R. 1309 - Stamey),
- (19) Boards, Commissions, and Councils in the Executive Branch (H.J.R. 1321 - Hunt),
- (20) Feasibility of a Food Distribution Facility on Dix Farm Property in Raleigh (H.J.R. 1334 - James),
- (21) Implementation of Identification and Labelling of Toxic or Hazardous Substances as Proposed by House Bill 1339 (Payne),
- (22) Water Resources Issues Involving North Carolina and Virginia (H.J.R. 1404 - Church),
- (23) Investment Guidelines for Eleemosynary Institutions and Funds (H.J.R. 1423 - Musselwhite),
- (24) Child Support Collection Procedures (H.J.R. 1439 - Easterling; S.J.R. 675 - Woodard, W.),
- (25) Contamination of Unpackaged Foods (H.J.R. 1441 - Stamey),
- (26) Legislative Communications Confidentiality (H.R. 1461 - Miller),
- (27) Continuation of the Study of Information Processing Resources in State Government (S.J.R. 44 - Alford),
- (28) Regulation and Taxation of Banks, Savings and Loans and Credit Unions (S.J.R. 381 - Edwards of Caldwell),
- (29) District Attorney Standards (S.B. 496 - Hipps),
- (30) Cost of Providing Attorneys and Guardians Ad Litem to Indigents (S.J.R. 643 - Swain),
- (31) Public Health Facility Laws (S.J.R. 656 - Hancock), and Review of Certificate of Need Procedures (H.J.R. 1294 - Economos),
- (32) Life Care Arrangements (S.J.R. 657 - Hancock),
- (33) Worthless Checks (S.J.R. 661 - Thomas of Henderson),
- (34) State-owned Rental Housing as contained in Section 2 of this act,
- (35) User Fees at State-owned Facilities, as contained in Section 3 of this act,
- (36) Motorboat Titles and Liability Insurance, as contained in Section 4 of this act,
- (37) Motor Vehicle Inspection Program, as contained in Section 5 of this act,
- (38) Continuation of the Study of Day Care (H.J.R. 594 - Colton),
- (39) Continuation of the Study on Twelfth Grade (H.J.R. 753 - Mauney; S.J.R. 343 - Tally),
- (40) Procedure for Incorporating Municipalities (S.J.R. 445 - J. Edwards),
- (41) Solar Law (S.J.R. 670 - Walker),

(42) Statutory Liens (S.J.R. 680 - Edwards of Caldwell),

(43) In-service Training of Teachers in North Carolina History, the American Economic System, Free Enterprise Concepts, and Legal Topics (H.B. 1281 - Foster).

Sec. 2. State-owned Rental Housing. (a) The Legislative Research Commission is authorized to conduct a study of all State-owned rental housing during the 1983-84 fiscal year and to recommend a comprehensive statewide rental policy, to be administered by the Department of Administration, to the 1984 Session of the General Assembly. This study shall be conducted in consultation with the department that owns the housing. In conducting this study, the Commission shall first determine the amount of nonessential rental housing currently owned by the State using the following criteria: The geographic location of the State property on which the housing is located and its proximity to alternative privately owned housing; the amount of time that would be required for employees to arrive at the State property on which housing is now located in the event of an emergency; the amount of security necessary for State property that is now being provided by State employees living in State-owned rental housing; and any other benefits to the State for employees to occupy said housing: The Commission shall recommend the disposition of nonessential rental property by one of three means: sale of the housing and property on which it is located; sale of the housing unit only with the stipulation that the house be removed from State property; and conversion of the housing unit to an alternative use.

(b) It is the policy of the State of North Carolina that the State provide rental housing only in cases in which an essential State purpose is served. Nothing in these sections shall be construed to mean that State departments may not continue to divest themselves of nonessential rental housing during the course of the Legislative Research Commission study.

Sec. 3. User Fees. The Legislative Research Commission is authorized to study the potential for user charges and admission fees at State-owned cultural, recreational and historical facilities. The study may cover museums, historic sites, marine resource centers as well as other facilities. The Legislative Research Commission may make an interim report to the 1984 Regular Session of the 1983 General Assembly and may make a final report to the 1985 General Assembly.

Sec. 4. Motorboat Titles and Liability Insurance. The Legislative Research Commission of the General Assembly is authorized to study the issue of motorboat titles and liability insurance. The study may include start-up and administrative costs, potential revenues, phase-in plans, financial institution requirements, etc. The Commission may report to the 1984 Session.

Sec. 5. Motor Vehicle Inspection Program Study. The Legislative Research Commission may study the effectiveness of the motor vehicle inspection program required by Article 3A of Chapter 20 of the General Statutes. The study may consider, among other aspects, the impact on highway safety, cost



effectiveness of the program, and probable impact of eliminating part or all of the program.

Sec. 6. For each of the topics the Legislative Research Commission decides to study, the Commission may report its findings, together with any recommended legislation, to the 1984 Session of the General Assembly or to the 1985 General Assembly, or the Commission may make an interim report to the 1984 Session and a final report to the 1985 General Assembly.

Sec. 7. G.S. 120-30.17 is amended by adding two new subsections to read:

"(7) to obtain information and data from all State officers, agents, agencies and departments, while in discharge of its duty, pursuant to the provisions of G.S. 120-19 as if it were a committee of the General Assembly.

(8) to call witnesses and compel testimony relevant to any matter properly before the Commission or any of its committees. The provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Commission and its committees as if each were a joint committee of the General Assembly. In addition to the other signatures required for the issuance of a subpoena under this subsection, the subpoena shall also be signed by the members of the Commission or of its committee who vote for the issuance of the subpoena."

Sec. 8. Section 1 of Chapter 1372, Session Laws of 1981, is amended by deleting "as authorized in Section 2 of Resolution 61, Session Laws of 1981".

Sec. 9. Section 1(3) of Chapter 1372, Session Laws of 1981, is amended by deleting "1983 Session", and inserting in lieu thereof "1983 and 1985 Sessions".

Sec. 10. G.S. 124-5 is amended by deleting "June 1, 1983", and inserting in lieu thereof "the date of convening of the 1985 Regular Session of the General Assembly".

Sec. 11. The last sentence of G.S. 124-5 is amended by deleting "11-month period", and inserting in lieu thereof "period ending on convening of the 1985 Regular Session."

Sec. 12. Deaf/Blind School Move--Commission on Children with Special Needs. (a) The Commission on Children with Special Needs, established by Article 12 of Chapter 120 of the General Statutes, may study the issue of transferring the State schools for the Deaf and the Governor Morehead School for the Blind to the jurisdiction of the State Board of Education.

(b) The Commission may make a final report to the Second Session of the 1983 General Assembly. (H.J.R. 246 - Fenner)

Sec. 13. Bills and Resolution References. The listing of the original bill or resolution in this act is for references purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 14. This act is effective upon ratification.  
In the General Assembly read three times and ratified,  
this the 21st day of July, 1983.

JAMES C. GREEN

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James C. Green  
President of the Senate

LISTON B. RAMSEY

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Liston B. Ramsey  
Speaker of the House of Representatives





GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1983



HOUSE BILL 1142

Short Title: Railroad Study Extended.

(Public)

Sponsors: Representative Hunt.

Referred to: Rules and Operations of the House.

May 27, 1983

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXTEND THE STUDY OF THE STATE'S INTERESTS IN RAILROAD  
3 PROPERTIES.

4 The General Assembly of North Carolina enacts:

5 Section 1. Section 1 of Chapter 1372, Session Laws of  
6 1981 is amended by deleting "as authorized in Section 2 of  
7 Resolution 61, Session Laws of 1981".

8 Sec. 2. Section 1(3) of Chapter 1372, Session Laws of  
9 1981 is amended by deleting "1983 Session", and inserting in lieu  
10 thereof "1983 and 1985 Sessions".

11 Sec. 3. G.S. 124-5 is amended by deleting "June 1,  
12 1983", and inserting in lieu thereof "the date of convening of  
13 the 1985 regular session of the General Assembly".

14 Sec. 4. The last sentence of G.S. 124-5 is amended by  
15 deleting "11-month period", and inserting in lieu thereof "period  
16 ending on convening of the 1985 regular session."

17 Sec. 5. The Legislative Research Commission is  
18 authorized to continue its study of the State's interests in  
19 railroad companies and railroad operations.

20 Sec. 6. This act is effective upon ratification.

21



PROPOSED LEGISLATION

85N16-LB-6

Public

ST: Railroad Study

A BILL TO BE ENTITLED

AN ACT TO CREATE THE RAILROAD NEGOTIATING COMMISSION.

The General Assembly of North Carolina enacts:

Section 1. There is created the Railroad Negotiating Commission, hereinafter referred to as "Commission".

Sec. 2. The Commission shall consist of twelve members, appointed as follows:

- (1) Two members appointed by the Governor, one of whom shall be knowledgeable about business and one of whom shall be an advocate of passenger rail service.
- (2) The Speaker of the House of Representatives or his designee, and one member of the House of Representatives.
- (3) The Lieutenant Governor or his designee, and one member of the Senate appointed by the Lieutenant Governor.
- (4) The Attorney General or a member of his staff appointed by him, ex officio.
- (5) The State Treasurer or a member of his staff appointed by him, ex officio.
- (6) Two officers or directors of the North Carolina Railroad Company appointed by its board of directors.

- (7) Two officers or directors of the Atlantic and North Carolina Railroad Company appointed by its board of directors.

Sec. 3. Commission members shall be appointed no later than July 1, 1985, and shall serve at the pleasure of the appointing authority. Any vacancies on the Commission shall be filled by the appointing authority.

Sec. 4. (a) The Commission shall elect for one-year terms from its membership a chairman and vice chairman, and shall elect a secretary for a term to be set by the Commission.

(b) The Commission may appoint an executive committee for such purposes as determined by the Commission.

Sec. 5. Whenever an appointing authority has designated a person to serve in his place as permitted by this act, that person shall be compensated in accordance with G.S. 120-3.1 if a member of the General Assembly and in accordance with G.S. 138-5 in any other case.

Sec. 6. The Commission shall terminate June 30, 1988.

Sec. 7. The General Assembly makes the following findings of fact:

- (1) The existence of the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company spurred the economic development of North Carolina, and they are a valuable resource to the State as a whole, and especially to Piedmont and Eastern North Carolina.

- (2) Continued freight service on both routes is necessary to the further economic development of North Carolina.

(3) Passenger rail service is currently in operation along the route, with part of the Crescent serving Charlotte-Greensboro and part of the Carolinian serving Charlotte-Raleigh.

(4) With two railroads and the State involved on one side and one or more potential purchasers or lessees on the other, there must be one voice less the negotiations be chaotic. While the State recognizes that the two railroads are private corporations, the State as majority stockholder has the paramount interest.

Sec. 8. The Commission should either negotiate a sale of stock or should work with the Boards of Directors of the two railroads to enter into new leases prior to the expiration of the old leases.

Sec. 9. Any new lease should not be for a period of more than 30 years beyond the expiration of the current lease, and should have an escalator clause based either on revenues or inflation, or some combination of clauses.

Sec. 10. Any new lease or sale of stock should preferably involve both railroads. This will not only improve the bargaining position of the state and the two railroads but help ensure continued operation of freight service to Eastern North Carolina as well as to the Piedmont. The Commission may also consider other alternatives.

Sec. 11. Any new lease should require that the lessee cooperate with innovative uses of the right-of-way, whether for fiber-optics, intra-city light rail (trolley) service, and passenger service (in addition to the requirements of the National Railroad Passenger Act).

Sec. 12. The Governor, in making appointments to the Board of Directors of the North Carolina Railroad and the Atlantic and North Carolina Railroad under the charter provisions, should seek to ensure continuity of the boards as well as directing the two boards to meet jointly and cooperate with the Commission established by this act.

Sec. 13. The Commission should negotiate with Southern Railroad (Norfolk Southern Corporation) and any other potential person it desires to negotiate with. The Commission and its Executive Committee may meet in executive session.

Sec. 14. If the Commission determines that a renegotiation of the lease is desirable, it should recommend the terms of such lease for joint approval of the Boards of Directors of the two railroads.

Sec. 15. If the Commission determines that sale of the stock owned by the State is desirable, it shall recommend a contract to the General Assembly for its approval as required by Chapter 1046, Session Laws of 1951 as amended by Chapter 1372, Session Laws of 1981.

Sec. 16. If the Commission determines by June 30, 1988, that it is unable to recommend any action on terms that are favorable to the State and the railroads, it shall so report to the General Assembly so that alternate action to take effect at the expiration of the lease in 1994 can be taken.

Sec. 17. To protect the interests of the minority stockholders, any recommendation to sell the stock must include a provision that the purchaser will offer to purchase all shares

tendered at the same price or for the same amount of stock to be swapped.

Sec. 18. Expenses of the Commission shall be paid first from any unexpended balance of the appropriation made to the Legislative Research Commission by Section 6 of Chapter 1372, Session Laws of 1981, then shall be paid from dividend receipts from the North Carolina Railroad and the Atlantic and North Carolina Railroad.

Sec. 19. At the time of recommending a new lease or a sale of stock, the Commission shall recommend to the General Assembly what use should be made of increased dividend payments or proceeds from the sale or exchange of stock.

Sec. 20. The Commission shall have expert assistance in negotiations to be provided by the Attorney General, State Treasurer, and the two railroads, or under contract with a qualified professional.

Sec. 21. G.S. 124-2 is amended by deleting "unless otherwise directed" and inserting in lieu thereof "if so directed in the act making the appropriation".

Sec. 22. G.S. 124-4(1) is amended by deleting ", canals,".

Sec. 23. G.S. 124-4(2) is amended by deleting ", roads, canals,".

Sec. 24. G.S. 124-4(3) is amended by deleting "the previous section" and inserting in lieu thereof "G.S. 124-3".

Sec. 25. G.S. 124-5 is amended by deleting "in which the State has or owns any stock or any interest" and inserting in



lieu thereof "in which the State owns the majority of any class of voting stock".

Sec. 26. The second two sentences of G.S. 124-5 are repealed.

Sec. 27. This act is effective upon ratification.



H. B. 1599

## CHAPTER 1372

## AN ACT CONCERNING A STUDY ON THE STATE'S INTERESTS IN RAILROAD PROPERTIES.

*The General Assembly of North Carolina enacts:*

**Section 1.** The Legislative Research Commission, in its study of the State's interests in railroad companies and railroad operations, as authorized in Section 2 of Resolution 61, Session Laws of 1981 is authorized to:

(1) Obtain an independent expert evaluation of the State's interests in the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company;

(2) Receive proposals to maximize the benefits to all stockholders of investments in these railroad companies and carry on negotiations toward those ends; such negotiations may be carried on by such person or persons designated by the commission (or its subcommittee) after consultation with the boards of directors of the North Carolina Railroad and the Atlantic and North Carolina Railroad; and

(3) Report to the 1983 Session of the General Assembly on such evaluation, including, if any action is recommended, any and all necessary legislation.

**Sec. 2.** In carrying out Section 1 of this act, the negotiations, in the discretion of the commission (or its subcommittee), may be held in private. Any discussion by the commission (or its subcommittee) of the negotiations shall be a permitted purpose for an executive session under G.S. 143-318.11. Any agreement finally reached shall be made public upon its recommendation by the commission (or its subcommittee).

**Sec. 3.** Notwithstanding the provisions of G.S. 105-259, the commission (or its subcommittee, or staff, or the person making the evaluation) shall have access to any return or record filed under Article 23 of Chapter 105 of the General Statutes or any return or record used by the Department of Revenue in computing valuation under Article 23, concerning property owned by the North Carolina Railroad Company or the Atlantic and North Carolina Railroad Company; provided, however, that such person obtaining access shall not divulge the contents of such return or record and shall be subject to the penalties of G.S. 105-259 if such record or return is divulged.

**Sec. 4.** Chapter 1046, Session Laws of 1951, is amended by adding a new section to read:

"Sec. 1.1. No stock owned by the State of North Carolina in the Atlantic and North Carolina Railroad Company shall be sold except with the prior consent of the General Assembly."

**Sec. 5.** G.S. 124-5 is amended by adding at the end thereof the following new sentence: "Prior to taking any action under this section between July 1, 1982, and June 1, 1983, concerning the Atlantic and North Carolina Railroad or the North Carolina Railroad, the Governor and Council of State shall give at least 20 days' notice to the Legislative Research Commission. No extension of any lease to expire December 31, 1994, may be granted to the lessee or the operating company of the railroad during that 11 month period."

**Sec. 6.** There is appropriated from the General Fund to the Legislative Research Commission the sum of two hundred fifty six thousand dollars (\$256,000) for fiscal year 1982-83 for studies authorized by the Commission.

**Sec. 7.** There is appropriated from the General Fund to the General Assembly the sum of one thousand dollars (\$1,000) for fiscal year 1982-83 to provide funds to the Committee on Employee Hospital and Medical Benefits to reimburse consultant expenses already incurred.

**Sec. 8.** There is appropriated from the General Fund to the Legislative Services Commission the sum of two hundred thousand dollars (\$200,000) for fiscal year 1982-83 to improve information management and to monitor the implementation of the State employees' health benefits contract.

**Sec. 9.** Sections 1 through 5 of this act are effective upon ratification; Sections 6 through 8 shall become effective July 1, 1982.

In the General Assembly read three times and ratified, this the 23rd day of June, 1982.



Appendix F

LEGISLATIVE RESEARCH COMMISSION

Liston B. Ramsey  
Speaker of the House  
of Representatives

W. Craig Lawing  
President Pro Tempore  
of the Senate

Cochairmen

Rep. Christopher S. Barker, Jr.

Sen. William N. Martin

Rep. John T. Church

Sen. Helen R. Marvin

Rep. Bruce Ethridge

Sen. William W. Staton

Rep. John J. Hunt

Sen. Joseph E. Thomas

Rep. Margaret Tennille

Sen. Russell Walker







