

GENERAL ASSEMBLY OF NORTH CAROLINA

SECOND EXTRA SESSION 1996

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HOUSE BILL 52  
Second Edition Engrossed 7/10/96

Short Title: Budget Changes.

(Public)

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Sponsors: Representatives Holmes, Creech, Esposito; Justus, Morgan, Rayfield, Thompson, and Watson.

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Referred to: Rules.

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July 10, 1996

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE CONTINUATION BUDGET OPERATIONS  
3 APPROPRIATIONS ACT OF 1995, AND THE EXPANSION AND CAPITAL  
4 IMPROVEMENTS APPROPRIATIONS ACT OF 1995, AND TO MAKE OTHER  
5 CHANGES IN THE BUDGET OPERATION OF THE STATE.

6 The General Assembly of North Carolina enacts:

7

8 **PART 1. INTRODUCTION AND TITLE OF ACT**

9

10 **INTRODUCTION**

11 Section 1. The appropriations made in this act are for maximum amounts  
12 necessary to provide the services and accomplish the purposes described in the budget.  
13 Savings shall be effected where the total amounts appropriated are not required to  
14 perform these services and accomplish these purposes and, except as allowed by the  
15 Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the  
16 end of each fiscal year.

17

18 **TITLE OF ACT**

1           Sec. 1.1. This act shall be known as the Current Operations Appropriations  
2 Act of 1996.

3  
4 **PART 2. GENERAL FUND APPROPRIATIONS**

5  
6 **CURRENT OPERATIONS/GENERAL FUND**

7           Sec. 2. Appropriations from the General Fund of the State for the maintenance  
8 of the State departments, institutions, and agencies, and for other purposes as enumerated  
9 are made for the biennium ending June 30, 1997, according to the schedule that follows.  
10 Amounts set out in brackets are reductions from General Fund appropriations for the  
11 1996-97 fiscal year.

<u>Current Operations - General Fund</u>		<u>1996-97</u>
General Assembly		\$
(225,000)		
Judicial		Department
		6,2
69,844		
Office of the Governor		
01. Office of the Governor (31,388)		
02. Office of State Budget and Management(37,689)		
03. Office of State Planning(5,000)		
04. Housing Finance Agency	3,500,000	
Department	of	Secretary
		of
		State
		437
,048		
Department	of	Public
		Education
		93,
280,648		
Department		of
		Justice
		2,3
13,094		
Department		of
		Administration
		(51
9,403)		

1	Department	of	Agriculture
2			278
3	,672		
4			
5	Department	of	Labor
6			419
7	,183		
8			
9	Department	of	Insurance
10			1,6
11	38,839		
12			
13	Department of Environment, Health, and		
14	Natural		Resources
15			17,
16	175,398		
17			
18	Office	of	Administrative
19			Hearings
20	,754		262
21			
22	State	Board	of
23			Elections
24	,000		175
25			
26	Department of Human Resources		
27	01. Office of the Secretary	(289,766)	
28	02. Division of Aging	5,150,231	
29	03. Division of Child Development	704,765	
30	04. Division of Services for the		
31	Deaf and Hard of Hearing	(148,984)	
32	05. Division of Social Services	(5,962,841)	
33	06. Division of Medical Assistance	(17,991,587)	
34	07. Division of Services		
35	for the Blind	(36,419)	
36	08. Division of Mental Health,		
37	Developmental Disabilities, and		
38	Substance Abuse Services	(10,921,695)	
39	09. Division of Facility Services	(568,023)	
40	10. Division of Vocational		
41	Rehabilitation Services	568,310	
42	11. Division of Youth Services	(867,394)	

1 Total Department of Human Resources  
2 (30,  
3 363,403)  
4  
5 Department of Correction  
6 (7,2  
7 42,339)  
8  
9 Department of Commerce  
10 01. Commerce 4,251,090  
11 02. MCNC (14,000,000)  
12 03. Rural Economic Development  
13 Center 1,025,000  
14  
15 Department of Revenue  
16 3,8  
17 60,876  
18  
19 Department of Cultural Resources  
20 (36  
21 5,412)  
22  
23 Department of Crime Control  
24 and Public Safety  
25 771  
26 ,050  
27  
28 Office of the State Controller  
29 8,9  
30 35,985  
31  
32 University of North Carolina - Board  
33 of Governors  
34 01. General Administration 13,000,000  
35 02. University Institutional  
36 Programs 825,564  
37 03. Related Educational Programs 3,580,160  
38 04. University of North Carolina  
39 at Chapel Hill  
40 a. Academic Affairs (422,425)  
41 b. Health Affairs (29,424)  
42 05. North Carolina State University  
43 at Raleigh

1 a. Academic Affairs (246,316)  
 2 06. University of North Carolina at  
 3 Greensboro (114,556)  
 4 07. University of North Carolina at  
 5 Charlotte (5,000)  
 6 08. University of North Carolina at  
 7 Asheville (4,500)  
 8 09. North Carolina Agricultural and  
 9 Technical State University (438,523)  
 10 10. Western Carolina University (91,286)  
 11 11. Appalachian State University (203,487)  
 12 12. University of North Carolina  
 13 at Pembroke (3,190)  
 14 13. Winston-Salem State University (500)  
 15 14. Elizabeth City State  
 16 University (125,503)  
 17 15. Fayetteville State University (9,000)  
 18 16. North Carolina Central  
 19 University (67,779)  
 20 17. North Carolina School of the  
 21 Arts (317,543)  
 22 18. North Carolina School of  
 23 Science and Mathematics (28,036)  
 24 19. Memorial Hospital (20,000,000)  
 25 Total University of North  
 26 Carolina - Board of Governors  
 27 (4,7  
 28 01,344)  
 29  
 30 Department of Community Colleges  
 31 19,  
 32 576,317  
 33  
 34 Contingency and Emergency  
 35 5,0  
 36 76,466  
 37  
 38 Reserve for Compensation Increase  
 39 ,120,623 239  
 40  
 41

1	Reserve	for	Teacher	Performance	Bonus
2					20,
3	000,000				
4					
5	Reserve	for		Moving	Expenses
6					4,0
7	00,000				
8					
9	Postage				Reserve
10					(30
11	0,000)				
12					
13	Retirement		Rate		Adjustment
14					(32
15	5,600)				
16					
17	GRAND TOTAL CURRENT OPERATIONS –				
18	GENERAL FUND				
19	374,251,309				
20					\$

21 Capital Improvements - General Fund 1996-1997

22	Department of Administration				
23	Prison Construction				
24	1. Southern Piedmont Area Unit		\$ 9,000,000		
25	2. Modular Housing Units		5,000,000		
26	3. Prison Unit Improvements		1,600,000		
27					
28					

29	Department of Environment, Health,				
30	and Natural Resources				
31	1. Water Resources		8,005,000		

32	TOTAL				
33					\$2
34	3,605,000				
35					

36 **PART 3. CURRENT OPERATIONS/HIGHWAY FUND**

37

38 Sec. 3. Appropriations from the Highway Fund of the State for the

39 maintenance and operation of the Department of Transportation, and for other purposes

40 as enumerated, are made for the biennium ending June 30, 1997, according to the

41 following schedule:

42

43 Current Operations/Highway Fund 1996-97

1  
2 Department of Transportation  
3     01. Administration \$ 960,000  
4     02. Construction and Maintenance 2,206,000  
5     03. Division of Motor Vehicles 1,743,547  
6  
7 Reserve for Salary Increase 14,800,000  
8  
9 **GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND** \$ 19,709,547

10  
11 **CURRENT OPERATIONS/HIGHWAY FUND - NONRECURRING**  
12 **APPROPRIATIONS**

13         Sec. 3.1. Appropriations are made from the Highway Fund of the 1996-97  
14 fiscal year for use by the Department of Transportation, and for other purposes to provide  
15 for one-time expenditures according to the following schedule:

16  
17 Current Operations/Highway Fund - Nonrecurring 1996-97  
18

19 Department of Transportation  
20     01. Administration \$ 2,781,145  
21     02. Division of Motor Vehicles 646,716  
22     03. Reserve for Capital Projects 1,958,126  
23     04. Construction and Maintenance - Contract  
24         Resurfacing (Maintenance) 9,309,466  
25  
26 Appropriations for Other State Agencies  
27     Crime Control and Public Safety 3,288,000  
28  
29 **GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND -**  
30 **NONRECURRING** \$ 17,983,453  
31

32 **PART 4. HIGHWAY TRUST FUND**  
33

34         Sec. 4. In addition to the appropriations made by Section 4 of Chapter 324 of  
35 the 1995 Session Laws, appropriations from the Highway Trust Fund are made for the  
36 1996-97 fiscal year as follows:

37     01. Intrastate System \$ 8,569,105  
38     02. Secondary Roads Construction 612,813  
39     03. Urban Loops 3,464,990  
40     04. State Aid - Municipalities 899,099  
41     05. Program Administration 271,993  
42     06. Transfer to General Fund \_\_\_\_\_  
43

1 GRAND TOTAL/HIGHWAY TRUST FUND \$ 13,818,000

2 **PART 5. GENERAL FUND AVAILABILITY STATEMENTS**

3  
4 Requested by: Representatives Holmes, Esposito, Creech

5 **BUDGET REFORM STATEMENTS**

6 Sec. 5. The General Fund and availability used in developing the 1996-97  
7 budget is as shown below:

8 (1) Composition of the 1996-97 beginning availability:

9 (\$ Million)

- 10 a. Revenue collections in 1995-96  
11 authorized but not appropriated \$183.8  
12 b. Revenue collections in 1995-96  
13 in excess of authorized estimates 280.6  
14 c. Estimated unexpended appropriations  
15 for 1995-96 (reversions) 150.0  
16 d. Reserved 1994-95 Disproportionate  
17 Share Funds 1.6

18  
19 Subtotal \$616.0

- 20  
21 e. Transfer to Savings Reserve Account 77.4  
22 f. Transfer to Repairs and  
23 Renovations Reserve Account 108.7  
24 g. Transfer to Wetlands Restoration and  
25 Clean Water Management Trust Fund 18.4

26  
27 Ending Fund Balance \$411.5

28  
29 (2) Beginning Unrestricted Fund Balance,  
30 July 1, 1996 \$411.5

31  
32 (3) Revenue collections authorized for  
33 1996-97 by the 1995 General Assembly  
34 in excess of expenditure authorizations 194.3

35  
36 (4) Projected revenue collections above 1995  
37 Session estimates under existing tax  
38 structure 93.7

39  
40 (5) Reserve for Tax Reductions (91.0)

41  
42 (6) Reserve for Intangibles Refunds Tax Credits (142.9)

43



TOTAL AVAILABILITY \$465.6

**HIGHWAY FUND AVAILABILITY INCREASE**

Sec. 5.1. Section 5.1 of Chapter 324 of the 1995 Session Laws reads as rewritten:

"Sec. 5.1. The Highway Fund appropriations availability used in developing the 1995-97 Highway Fund budget is shown below:

	<u>1995-96</u>	<u>1996-97</u>
Beginning Credit Balance	\$ 19,382,000	\$ 20,829,000
Estimated Revenue	1,023,228,000	1,046,316,000
<u>1,063,180,000</u>		
Reversions:		
Financial System Funds	1,300,000	
Ferry Credit Balance	200,000	
Capital Improvements	4,112,266	
<b>Total Highway Fund Availability</b>	<b>\$1,048,222,226</b>	<b>\$1,046,316,000</b>
<u>\$1,084,009,000"</u>		

Requested by: Representatives Gardner, Hayes

**DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS CLARIFICATION**

Sec. 5.2. Section 6.8 of Chapter 324 of the 1995 Session Laws reads as rewritten:

"Sec. 6.8. For the 1995-97 fiscal biennium, as it receives funds associated with Disproportionate Share Payments from the State ~~psychiatric~~ hospitals, the Division of Medical Assistance shall deposit funds appropriated for the Medicaid program in a sum equal to the federal share of the Disproportionate Share Payments as nontax revenue. Any of these funds that are not appropriated by the General Assembly shall be reserved by the State Controller for future appropriation."

Requested by: Representatives Holmes, Creech, Esposito

**EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND RENOVATIONS**

Sec. 5.3. Of the funds in the Reserve for Repairs and Renovations for the 1996-97 fiscal year, forty-six percent (46%), shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina; and fifty-four percent (54%)

1 shall be allocated to the Office of State Budget and Management for repairs and  
2 renovations pursuant to G.S. 143-15.3A.

3 Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds  
4 for the repair and renovation of facilities not supported from the General Fund if the  
5 Board determines that sufficient funds are not available from other sources and that  
6 conditions warrant General Fund assistance. Any such finding shall be included in the  
7 Board's submission to the Joint Legislative Commission on Governmental Operations on  
8 the proposed allocation of funds.

9 The Board of Governors and the Office of State Budget and Management  
10 shall submit to the Joint Legislative Commission on Governmental Operations and to the  
11 Fiscal Research Division of the Legislative Services Office, for their review, the  
12 proposed allocation of these funds. Subsequent changes in the proposed allocations shall  
13 be reported prior to expenditure to the Joint Legislative Commission on Governmental  
14 Operations and to the Fiscal Research Division of the Legislative Services Office.

15

16 Requested by: Representatives Holmes, Creech, Esposito

17 **USE OF FUNDS FROM REPAIRS AND RENOVATIONS RESERVE**  
18 **ACCOUNT/REPORT TO GOVERNMENTAL OPERATIONS**

19 Sec. 5.4. Notwithstanding G.S. 143-16.3, funds from the Repairs and  
20 Renovations Reserve Account may be used for purposes consistent with G.S. 143-15.3A  
21 and reported to the Joint Legislative Commission on Governmental Operations.

22

23 **PART 6. BLOCK GRANT APPROPRIATIONS**

24

25 Requested by: Representatives Holmes, Creech, Esposito

26 **DHR BLOCK GRANT PROVISIONS**

27 Sec. 6. (a) Appropriations from federal block grant funds are made for the fiscal year  
28 ending June 30, 1997, according to the following schedule:

29

30 **COMMUNITY SERVICES BLOCK GRANT**

31

32 01. Community Action Agencies \$ 9,198,794

33 02. Limited Purpose Agencies 511,044

34

35 03. Department of Human Resources

36 to administer and monitor

37 the activities of the

38 Community Services Block Grant 511,044

39

40 **TOTAL COMMUNITY SERVICES BLOCK GRANT**

**\$ 10,220,882**

41

42 **SOCIAL SERVICES BLOCK GRANT**

43

1	01.	County Departments of Social Services	\$ 30,395,663
2			
3	02.	Allocation for In-Home Services provided	
4		by County Departments of	
5		Social Services	2,101,113
6			
7	03.	Division of Mental Health, Developmental	
8		Disabilities, and Substance Abuse Services	5,044,687
9			
10	04.	Division of Services for the Blind	3,205,711
11			
12	05.	Division of Youth Services	950,674
13			
14	06.	Division of Facility Services	343,341
15			
16	07.	Division of Aging - Home and Community	
17		Care Block Grant	1,915,234
18			
19	08.	Day Care Services	15,694,900
20			
21	09.	Division of Vocational Rehabilitation -	
22		United Cerebral Palsy	71,484
23			
24	10.	State Administration	1,954,237
25			
26	11.	Child Medical Evaluation Program	238,321
27			
28	12.	Adult Day Care Services	599,551
29			
30	13.	County Departments of Social Services for	
31		Child Abuse/Prevention and	
32		Permanency Planning	394,841
33			
34	14.	Transfer to Preventive Health	
35		Block Grant for Emergency Medical Services	213,128
36			
37	15.	Allocation to Preventive Health Block	
38		Grant for AIDS Education, Counseling	
39		and Testing	66,939
40			
41	16.	Transfer to Department of Administration	
42		for the N.C. Commission of Indian Affairs	
43		In Home Services Program for the elderly	203,198

1			
2	17.	Division of Vocational Rehabilitation-	
3		Easter Seals Society 116,779	
4			
5	18.	UNC-CH CARES Program for training and	
6		consultation services 247,920	
7			
8		TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 63,757,721
9			
10		LOW INCOME ENERGY BLOCK GRANT	
11			
12	01.	Energy Assistance Programs \$ 5,216,233	
13			
14	02.	Crisis Intervention 5,709,258	
15			
16	03.	Administration 1,275,611	
17			
18	04.	Weatherization Program 4,078,042	
19			
20	05.	Indian Affairs 33,022	
21			
22		TOTAL LOW INCOME ENERGY BLOCK GRANT	\$ 16,312,166
23			
24		MENTAL HEALTH SERVICES BLOCK GRANT	
25			
26	01.	Provision of Community-Based	
27		Services in accordance with the	
28		Mental Health Study Commission's	
29		Adult Severe and Persistently	
30		Mentally Ill Plan \$ 3,794,179	
31			
32	02.	Provision of Community-Based	
33		Services in accordance with the	
34		Mental Health Study Commission's	
35		Child Mental Health Plan 1,802,819	
36			
37	03.	Administration 572,897	
38			
39		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 6,169,895
40			
41		BLOCK GRANT FOR THE PREVENTION AND	
42		TREATMENT OF SUBSTANCE ABUSE	
43			

1	01.	Provision of Community-Based	
2		Alcohol and Drug Abuse Services,	
3		Tuberculosis Services, and Services	
4		provided by the Alcohol, Drug Abuse	
5		Treatment Centers	\$ 10,935,939
6			
7	02.	Continuation of Services for	
8		Pregnant Women and Women	
9		with Dependent Children	5,060,076
10			
11	03.	Continuation and Expansion of	
12		Services to IV Drug Abusers and others	
13		at risk for HIV diseases	4,836,407
14			
15	04.	Provision of services in accordance with	
16		the Mental Health Study Commission's	
17		Child and Adolescent Alcohol and other	
18		Drug Abuse Plan	5,964,093
19			
20	05.	Administration	1,841,742
21			
22	TOTAL BLOCK GRANT FOR PREVENTION		
23	AND TREATMENT OF SUBSTANCE ABUSE		
24			\$ 28,638,257
25	CHILD CARE AND DEVELOPMENT BLOCK GRANT		
26			
27	01.	Child Day Care Services	\$ 17,826,641
28			
29	02.	Administrative Expenses and Quality	
30		and Availability Initiatives	1,980,738
31			
32	03.	Before and After School Child Care Programs	
33		and Early Childhood Development Programs	4,951,845
34			
35	04.	Quality Improvement Activities	1,650,614
36			
37	TOTAL CHILD CARE AND DEVELOPMENT		
38	BLOCK GRANT		
39			\$ 26,409,838

40 (b) Decreases in Federal Fund Availability  
41 If federal funds are reduced below the amounts specified above after the  
42 effective date of this act, then every program in each of the federal block grants listed  
43 above, shall be reduced equally to total the reduction in federal funds.

1 (c) Increases in Federal Fund Availability

2 Any block grant funds appropriated by the United States Congress in addition  
 3 to the funds specified in this act shall be expended by the Department of Human  
 4 Resources, with the approval of the Office of State Budget and Management, provided  
 5 the resultant increases are in accordance with federal block grant requirements and are  
 6 within the scope of the block grant plan approved by the General Assembly. All these  
 7 budgeted increases shall be reported to the Joint Legislative Commission on  
 8 Governmental Operations and to the Fiscal Research Division.

9 This subsection shall not apply to Job Training Partnership Act funds.

10 (d) If funds appropriated through the Child Care and Development Block Grant for  
 11 any program cannot be obligated or spent in that program within the obligation or  
 12 liquidation periods allowed by the federal grants, the Department may move funds to  
 13 other programs, in accordance with the federal requirements of the grant, in order to use  
 14 the federal funds fully.

15 (e) The Division of Vocational Rehabilitation shall evaluate the services  
 16 currently provided by the United Cerebral Palsy contract and shall report any  
 17 recommended changes in this funding allocation for the 1997-1998 Social Services Block  
 18 Grant to the 1997 General Assembly and to the Fiscal Research Division.

19  
 20 **NER BLOCK GRANT FUNDS**

21 Sec. 6.1 (a) Appropriations from federal block grant funds are made for the  
 22 fiscal year ending June 30, 1997, according to the following schedule:

23  
 24 **COMMUNITY DEVELOPMENT BLOCK GRANT**

- 25
- |    |     |                              |              |
|----|-----|------------------------------|--------------|
| 26 | 01. | State Administration         | \$ 1,000,000 |
| 27 |     |                              |              |
| 28 | 02. | Urgent Needs and Contingency | 2,177,500    |
| 29 |     |                              |              |
| 30 | 03. | Community Empowerment        | 2,613,000    |
| 31 |     |                              |              |
| 32 | 04. | Economic Development         | 8,710,000    |
| 33 |     |                              |              |
| 34 | 05. | Community Revitalization     | 29,178,500   |
| 35 |     |                              |              |
| 36 | 06. | State Technical Assistance   | 450,000      |
| 37 |     |                              |              |
| 38 | 07. | Housing Development          | 871,000      |

39

40	<b>TOTAL COMMUNITY DEVELOPMENT</b>		
41	<b>BLOCK GRANT - 1997 Program Year</b>		<b>\$ 45,000,000</b>

42

43	<b>TOTAL JOB TRAINING PARTNERSHIP ACT</b>	<b>\$ 35,796,741</b>
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1  
2 MATERNAL AND CHILD HEALTH BLOCK GRANT

- 3  
4 01. Healthy Mother/Healthy Children  
5 Block Grants to Local Health  
6 Departments \$ 9,838,074  
7  
8 02. High Risk Maternity Clinic Services,  
9 Perinatal Education and Training, SIDS,  
10 and Consultation/Technical Assistance 1,810,112  
11  
12 03. Services to Children With Special Health  
13 Care Needs 5,065,331  
14

15 TOTAL MATERNAL AND CHILD  
16 HEALTH BLOCK GRANT

\$ 16,713,517

17  
18 PREVENTIVE HEALTH SERVICES BLOCK GRANT

- 19  
20 01. Emergency Medical Services \$ 213,128  
21  
22 02. Hypertension Programs 711,813  
23  
24 03. Statewide Health Promotion Programs 2,568,940  
25  
26 04. Dental Health for Fluoridation  
27 of Water Supplies 210,269  
28  
29 05. Rape Prevention and Rape  
30 Crisis Programs 187,110  
31  
32 06. Rape Prevention and Rape Education 1,335,126  
33  
34 07. AIDS/HIV Education, Counseling,  
35 and Testing 66,939  
36  
37 08. Office of Minority Health and  
38 Minority Health Council 174,915  
39  
40 09. Administrative and Indirect Cost 199,048  
41

## 42 TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT

\$ 5,667,288

1 (b) Decreases in Federal Fund Availability

2 For JTPA and Community Development Block Grants: If federal funds are  
3 reduced below the amounts specified above after the effective date of this act, then every  
4 program in each of these federal block grants shall be reduced by the same percentage as  
5 the reduction in federal funds.

6 For the Maternal and Child Health Services and Preventive Health Services  
7 federal block grants: If federal funds are reduced less than ten percent (10%) below the  
8 amounts specified above after the effective date of this act, then every program in the  
9 Maternal and Child Health Services and in the Preventive Health Services block grants  
10 shall be reduced by the same percentage as the reduction in federal funds. If federal funds  
11 are reduced by ten percent (10%) or more below the amounts specified above after the  
12 effective date of this act, then for the Maternal and Child Health Services and the  
13 Preventive Health Services block grants the Department of Environment, Health, and  
14 Natural Resources shall allocate the decrease in funds after considering the effectiveness  
15 of the current level of services.

16 (c) Increases in Federal Fund Availability

17 Any block grant funds appropriated by the Congress of the United States in  
18 addition to the funds specified in this act shall be expended as follows:

19 (1) For the Community Development Block Grant – Each program category  
20 under the Community Development Block Grant shall be increased by  
21 the same percentage as the increase in federal funds.

22 (2) For the Maternal and Child Health Services Block Grant – Thirty  
23 percent (30%) of these additional funds shall be allocated to services for  
24 children with special health care needs and seventy percent (70%) shall  
25 be allocated to local health departments to assist in the reduction of  
26 infant mortality.

27 (3) For the Preventive Health Block Grants – If federal funds are increased  
28 by ten percent (10%) or more, then the Department shall allocate the  
29 increase in funds after considering the effectiveness of the current level  
30 of services and the effectiveness of services to be funded by the  
31 increase. If federal funds are increased by less than ten percent (10%),  
32 then these additional funds may be budgeted by the appropriate  
33 department, with the approval of the Office of State Budget and  
34 Management, provided the resultant increases are in accordance with  
35 federal block grant requirements and are within the scope of the block  
36 grant plan approved by the General Assembly.

37 (d) Changes to budgeted allocations to the Maternal and Child Health Services and  
38 the Preventive Health Services block grants due to increases or decreases in federal funds  
39 shall be reported to the Joint Legislative Commission on Governmental Operations and  
40 the Fiscal Research Division within 30 days of the allocation. All other increases shall be  
41 reported to the Joint Legislative Commission on Governmental Operations and to the  
42 Director of the Fiscal Research Division.

43 (e) Education Setaside of JTPA Funds



1 The Department of Commerce shall certify to the Joint Legislative  
2 Commission on Governmental Operations and to the Fiscal Research Division of the  
3 Legislative Services Office when Job Training Partnership Act funds have been  
4 distributed to each agency, the total amount distributed to each agency, and the total  
5 amount of eight percent (8%) Education Setaside funds received.

6 (f) Limitations on Community Development Block Grant Funds

7 Of the funds appropriated in this section for the Community Development  
8 Block Grant, the following shall be allocated in each category for each program year: up  
9 to one million dollars (\$1,000,000) may be used for State administration; up to two  
10 million one hundred seventy-seven thousand five hundred dollars (\$2,177,500) may be  
11 used for Urgent Needs and Contingency; up to two million six hundred thirteen thousand  
12 dollars (\$2,613,000) may be used for Community Empowerment; up to eight million  
13 seven hundred ten thousand dollars (\$8,710,000) may be used for Economic  
14 Development; not less than twenty-nine million one hundred seventy-eight thousand five  
15 hundred dollars (\$29,178,500) shall be used for Community Revitalization; up to four  
16 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up  
17 to eight hundred seventy-one thousand dollars (\$871,000) may be used for Housing  
18 Development. If federal block grant funds are reduced or increased by the Congress of  
19 the United States after the effective date of this act, then these reductions or increases  
20 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

21  
22 **PART 7. GENERAL PROVISIONS**

23  
24 Requested by: Representatives Holmes, Creech, Esposito

25 **CHANGES TO EXECUTIVE BUDGET ACT**

26 Sec. 7. (a) G.S. 143-15.2 reads as rewritten:

27 **"§ 143-15.2. Use of General Fund credit balance.**

28 ~~The State Controller shall reserve up to one fourth of any unreserved credit balance,~~  
29 ~~as determined on a cash basis, remaining in the General Fund at the end of each fiscal~~  
30 ~~year to the Savings Reserve Account as provided in G.S. 143-15.3, unless that would~~  
31 ~~result in the Savings Reserve Account having funds in excess of five percent (5%) of the~~  
32 ~~amount appropriated the preceding year for the General Fund operating budget, including~~  
33 ~~local government tax-sharing funds; in that case, only funds sufficient to reach the five~~  
34 ~~percent (5%) level shall be reserved. The State Controller shall also reserve the greater of~~  
35 ~~(i) one fourth of any unreserved credit balance, as determined on a cash basis, remaining~~  
36 ~~in the General Fund and (ii) three percent (3%) of the replacement value of all State~~  
37 ~~buildings supported from the General Fund, at the end of each fiscal year to the Repairs~~  
38 ~~and Renovations Reserve Account as provided in G.S. 143-15.3A. The General~~  
39 ~~Assembly may appropriate that part of the anticipated General Fund credit balance not~~  
40 ~~expected to be reserved to the Savings Reserve Account or the Repairs and Renovations~~  
41 ~~Reserve Account only for capital improvements or other one-time expenditures. As used~~  
42 ~~in this section, the term "unreserved credit balance" means the credit balance amount, as~~  
43 ~~determined on a cash basis, before funds are reserved by the Controller to the Savings~~

1 ~~Reserve Account or the Repairs and Renovations Reserve Account pursuant to G.S. 143-~~  
2 ~~15.3 and G.S. 143-15.3A.~~

3 (a) The State Controller shall reserve fifty percent (50%) of any unreserved credit  
4 balance, as determined on a cash basis remaining in the General Fund at the end of each  
5 fiscal year.

6 (b) Of the fifty percent (50%) reserved in accordance with subsection (a) of  
7 this section, one-half or the amount required to reach five percent (5%) of the preceding  
8 year's General Fund operating budget, including local government tax-sharing funds if  
9 those funds have been directly appropriated, shall be transferred to the Savings Reserve  
10 Account as provided in G.S. 143-15.3. If the transfer of one-half would result in the  
11 Savings Reserve Account having funds in excess of five percent (5%) of the amount  
12 appropriated the preceding year, the excess shall be available to fund a portion of the  
13 Repairs and Renovations Reserve Account as provided in G.S. 143-15.3A, if the fifty  
14 percent (50%) reserved for that purpose is insufficient to fund the three percent (3%) of  
15 the replacement value of all State buildings supported from the General Fund. If no  
16 portion of these funds are required to provide the three percent (3%) replacement value of  
17 State-owned buildings supported by the General Fund, the excess shall be available for  
18 capital improvements or other one-time expenditures.

19 (c) Of the fifty percent (50%) reserved in accordance with subsection (a) of this  
20 section, one-half or the amount required to reach three percent (3%) of the replacement  
21 value of all State buildings supported from the General Fund shall be transferred to the  
22 Repairs and Renovations Reserve Account as provided in G.S. 143-15.3A. If the transfer  
23 of one-half would result in the Repairs and Renovations Reserve having funds in excess  
24 of the three percent (3%) replacement value, the excess shall be available for capital  
25 improvements and other one-time expenditures.

26 (d) Any funds not reserved by the State Controller in subsection (a) of this section  
27 may be appropriated by the General Assembly only for capital improvements or other  
28 one-time expenditures."

29 (b) G.S. 143-15.3 reads as rewritten:

30 **"§ 143-15.3. Savings Reserve Account.**

31 ~~(a) There is established a Savings Reserve Account as a restricted reserve in the~~  
32 ~~General Fund. The State Controller shall reserve to the Savings Reserve Account one-~~  
33 ~~fourth of any unreserved credit balance remaining in the General Fund at the end of each~~  
34 ~~fiscal year until the account contains funds equal to five percent (5%) of the amount~~  
35 ~~appropriated the preceding year for the General Fund operating budget, including local~~  
36 ~~government tax-sharing funds. If the balance in the Savings Reserve Account falls below~~  
37 ~~this level during a fiscal year, the State Controller shall reserve to the Savings Reserve~~  
38 ~~Account for the following fiscal years up to one fourth of any unreserved credit balance~~  
39 ~~remaining in the General Fund at the end of each fiscal year until the account again~~  
40 ~~equals five percent (5%) of the amount appropriated the preceding year for the General~~  
41 ~~Fund operating budget, including local government tax-sharing funds. As used in this~~  
42 ~~section, the term "unreserved credit balance" means the credit balance amount, as~~  
43 ~~determined on a cash basis, before funds are reserved by the Controller to the Savings~~

1 ~~Reserve Account or the Repairs and Renovations Reserve Account pursuant to this~~  
2 ~~section and G.S. 143-15.3A.~~

3 (a) There is established a Savings Reserve Account as a restricted General Fund  
4 reserve. The Savings Reserve Account shall be funded in accordance with G.S. 143-  
5 15.2(a) and (b), and the General Assembly may direct that other unappropriated funds be  
6 transferred to this account.

7 (b) The Director may not use funds in the Savings Reserve Account unless the use  
8 has been approved by an act of the General Assembly. As part of the budget presented to  
9 the General Assembly, the Governor shall include a statement showing the transfers into  
10 the Savings Reserve Account, the transfers out of the Savings Reserve Account, and the  
11 fund balance as of the end of the fiscal year."

12 (c) G.S. 143-15A reads as rewritten:

13 **"§ 143-15.3A. Repairs and Renovations Reserve Account.**

14 (a) ~~There is established a Repairs and Renovations Reserve Account as a restricted~~  
15 ~~reserve in the General Fund. The State Controller shall reserve to the Repairs and~~  
16 ~~Renovations Reserve Account the greater of (i) one fourth of any unreserved credit~~  
17 ~~balance as determined on a cash basis, remaining in the General Fund and (ii) three~~  
18 ~~percent (3%) of the replacement value of all State buildings supported from the General~~  
19 ~~Fund, at the end of each fiscal year. As used in this section, the term "unreserved credit~~  
20 ~~balance" means the credit balance amount, as determined on a cash basis, before funds~~  
21 ~~are reserved by the Controller to the Savings Reserve Account or the Repairs and~~  
22 ~~Renovations Reserve Account pursuant to this section and G.S. 143-15.3.~~

23 (a) There is established a Repairs and Renovations Reserve Account as a restricted  
24 General Fund reserve. The Repairs and Renovations Reserve Account shall be funded in  
25 accordance with G.S. 143-15.2(b) and (c) and the General Assembly may direct that other  
26 funds be transferred to this account.

27 (b) ~~The funds~~ Funds in the Repairs and Renovations Reserve Account are appropriated  
28 and shall be used only for the repair and renovation of State facilities and related  
29 infrastructure that are supported from the General Fund. Funds from the Repairs and  
30 Renovations Reserve Account shall be used only for the following types of projects:

- 31 (1) Roof repairs and replacements;
- 32 (2) Structural repairs;
- 33 (3) Repairs and renovations to meet federal and State standards;
- 34 (4) Repairs to electrical, plumbing, and heating, ventilating, and air-
- 35 conditioning systems;
- 36 (5) Improvements to meet the requirements of the Americans with
- 37 Disabilities Act, 42 U.S.C. § 12101 et seq., as amended;
- 38 (6) Improvements to meet fire safety needs;
- 39 (7) Improvements to existing facilities for energy efficiency;
- 40 (8) Improvements to remove asbestos, lead paint, and other contaminants,
- 41 including the removal and replacement of underground storage tanks;
- 42 (9) Improvements and renovations to improve use of existing space;
- 43 (10) Historical restoration;

- 1 (11) Improvements to roads, walks, drives, utilities infrastructure; and  
2 (12) Drainage and landscape improvements.

3 Funds from the Repairs and Renovations Reserve Account shall not be used for new  
4 construction or the expansion of the footprint of an existing facility unless required in  
5 order to comply with federal or State codes or standards.

6 ~~The Director of the Budget shall not use funds in the Repairs and Renovations~~  
7 ~~Reserve Account unless the use has been approved by an act of the General Assembly."~~

8 (d) This section is effective beginning with the 1995-96 fiscal year so as to apply  
9 to the unreserved credit balance at the end of that fiscal year.

10  
11 Requested by: Representatives Holmes, Creech, Esposito

## 12 CHANGES IN THE EXECUTION OF THE BUDGET

13 Sec. 7.1 (a) G.S. 120-76 is amended by adding a new subdivision to read:

14 "(8) The Joint Legislative Commission on Governmental Operations shall be  
15 consulted by the Governor before the Governor does any of the  
16 following:

- 17 a. Makes allocations from the Contingency and Emergency Fund.  
18 b. Overexpends the total requirements of a program as enacted by  
19 the General Assembly, except for trust funds as defined in G.S.  
20 116-36.1(g).  
21 c. Proceeds to reduce programs subsequent to a reduction of ten  
22 percent (10%) or more in the federal fund level certified to a  
23 department and any subsequent changes in distribution formulas.  
24 d. Takes extraordinary measures under Article III, Section 5(3) of  
25 the Constitution to effect necessary economies in State  
26 expenditures required for balancing the budget due to a revenue  
27 shortfall, including, but not limited to, the following: loans  
28 among funds, personnel freezes or layoffs, capital project  
29 reversions, program eliminations, and use of reserves. However,  
30 if the Committee fails to meet within 10 calendar days of a  
31 request by the Governor for its consultation, the Governor may  
32 proceed to take the actions he feels are appropriate and necessary  
33 and shall then report those actions at the next meeting of the  
34 Commission.  
35 e. Approves a new capital improvement project funded from gifts,  
36 grants, receipts, special funds, self-liquidating indebtedness, and  
37 other funds or any combination of funds for the project not  
38 specifically authorized by the General Assembly. The budget for  
39 each capital project must include projected revenues in an  
40 amount not less than projected expenditures.

41 Notwithstanding the provisions of this subdivision or any other  
42 provision of law requiring prior consultation by the Governor with the  
43 Commission, whenever an expenditure is required because of an

1           emergency that poses an imminent threat to public health or public  
2           safety, and is either the result of a natural event, such as a hurricane or a  
3           flood, or an accident, such as an explosion or a wreck, the Governor  
4           may take action under this subsection without consulting the  
5           Commission if the action is determined by the Governor to be related to  
6           the emergency. The Governor shall report to the Commission on any  
7           expenditures made under this paragraph no later than 30 days after  
8           making the expenditure and shall identify in the report the emergency,  
9           the type of action taken, and how it was related to the emergency."

10       (b) G.S. 143-15.3A is amended by adding a new subsection to read:

11       "(c) The Governor shall consult with the Joint Legislative Commission on  
12       Governmental Operations before making allocations from the Repairs and Renovations  
13       Reserve Account.

14       Notwithstanding this subsection, whenever an expenditure is required because of an  
15       emergency that poses an imminent threat to public health or public safety, and is either  
16       the result of a natural event, such as a hurricane or a flood, or an accident, such as an  
17       explosion or a wreck, the Governor may take action under this subsection without  
18       consulting the Commission if the action is determined by the Governor to be related to  
19       the emergency. The Governor shall report to the Commission on any expenditures made  
20       under this paragraph no later than 30 days after making the expenditure and shall identify  
21       in the report the emergency, the type of action taken, and how it was related to the  
22       emergency."

23       (c) G.S. 143-12 reads as rewritten:

24       **"§ 143-12. Bills containing proposed appropriations.**

25       (a) The Director shall cause to be prepared and submitted to the General Assembly  
26       the following bills:

27           (1) A bill containing all proposed current operations appropriations of the  
28           budget for each year in the ensuing biennium, which shall be known as  
29           the 'Current Operations Appropriations Bill', and a bill containing all  
30           proposed capital appropriations of the budget for each year in the  
31           ensuing biennium, which shall be known as the 'Capital Improvement  
32           Appropriations Bill'.

33           (2) If necessary, a bill containing the Director of the Budget's views on  
34           revenue for the ensuing biennium, which shall be known as the 'Budget  
35           Revenue Bill', and shall provide an amount of revenue for the ensuing  
36           biennium sufficient, in the opinion of the Director and the Commission,  
37           to meet the appropriations contained in the Current Operations  
38           Appropriations Bill and the Capital Improvement Appropriations Bill.

39           (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1034, s.  
40           153.

41       (b) To the end that all expenses of the State may be brought and kept within the  
42       budget, the Current Operations Appropriations Bill shall contain a specific sum as a  
43       contingent or emergency appropriation, and shall allocate a specific portion of that sum to

1 a special reserve to be used solely for purposes as outlined in ~~G.S. 143-23(a1)(3), (4), and~~  
2 ~~(5). The G.S. 143-23(a1)(2).~~ Notwithstanding any other provision of law, the manner of  
3 the allocation of such contingent or emergency appropriation shall be as follows: Any  
4 institution, department, commission, or other agency or activity of the State, or other  
5 activity in which the State is interested, desiring an allotment out of such contingent or  
6 emergency appropriation, shall upon forms prescribed and furnished by the Director of  
7 the Budget, present such request in writing to the Director of the Budget, with such  
8 information as he may require, and if the Director of the Budget shall approve such  
9 request, in whole or in part, and after consulting with the Joint Legislative Commission  
10 on Governmental Operations, he shall forthwith present the same to the Governor and  
11 Council of State, and upon their order only shall such allotment be made. If the Director  
12 shall disapprove the request of such an allotment out of the emergency or contingent  
13 appropriation, he shall transmit his refusal and his reason therefor to the Governor and  
14 Council of State, for their information.

15 Funds allocated from the contingent or emergency appropriation may be used only for  
16 the purpose for which they were allocated and may not be reallocated for another purpose  
17 by the Governor. If the funds are not spent or encumbered for the purpose for which they  
18 were allocated by the end of the fiscal biennium and if the Governor and the Council of  
19 State do not reallocate them for that same purpose, the funds shall revert to the fund from  
20 which the contingent or emergency appropriation was made. Also, if the funds are not  
21 needed for the purpose for which they were allocated, the funds shall revert to the fund  
22 from which the contingent or emergency appropriation was made.

23 (c) The Director of the Budget may, in preparation of the Appropriations and  
24 Revenue Bills, seek the advice of the Advisory Budget Commission. If the Director and  
25 the Commission shall not agree as to the Appropriations and Revenue Bills in substantial  
26 particulars, the Director shall prepare the same, based on his conclusions and judgment,  
27 and the Commission or any of its members retain the right to submit separately to the  
28 General Assembly such statement of disagreement and the particulars thereof as they  
29 shall find proper to submit as representing their own views."

30 (d) G.S. 143-15.3A(b) reads as rewritten:

31 "(b) The funds in the Repairs and Renovations Reserve Account shall be used only  
32 for the repair and renovation of State facilities and related infrastructure that are  
33 supported from the General Fund. Funds from the Repairs and Renovations Reserve  
34 Account shall be used only for the following types of projects:

- 35 (1) Roof repairs and replacements;
- 36 (2) Structural repairs;
- 37 (3) Repairs and renovations to meet federal and State standards;
- 38 (4) Repairs to electrical, plumbing, and heating, ventilating, and air-  
39 conditioning systems;
- 40 (5) Improvements to meet the requirements of the Americans with  
41 Disabilities Act, 42 U.S.C. § 12101 et seq., as amended;
- 42 (6) Improvements to meet fire safety needs;
- 43 (7) Improvements to existing facilities for energy efficiency;

- 1 (8) Improvements to remove asbestos, lead paint, and other contaminants,  
2 including the removal and replacement of underground storage tanks;  
3 (9) Improvements and renovations to improve use of existing space;  
4 (10) Historical restoration;  
5 (11) Improvements to roads, walks, drives, utilities infrastructure; and  
6 (12) Drainage and landscape improvements.

7 Funds from the Repairs and Renovations Reserve Account shall not be used for new  
8 construction or the expansion of the footprint of an existing facility unless required in  
9 order to comply with federal or State codes or standards.

10 The Director of the Budget shall not use funds in the Repairs and Renovations  
11 Reserve Account unless the use has been approved by an act of the General Assembly.  
12 Assembly or, if the General Assembly is not in session, the Director of the Budget has  
13 first consulted with the Joint Legislative Commission on Governmental Operations under  
14 G.S. 143-15.3A(c)."

15 (e) G.S. 143-18.1(c) reads as rewritten:

16 "(c) Upon the request of the administration of any State agency or institution, the  
17 Director of the Budget may accept funds by gift or grant for the construction of a capital  
18 improvement project not specifically provided for or authorized by the General  
19 Assembly. These funds shall be placed in a special reserve account to be held by the State  
20 Treasurer until the end of the biennium in which the account was established or until the  
21 capital improvement project is authorized by the Director of the Budget, whichever  
22 occurs first. These funds shall be invested and the interest thereon shall be added to the  
23 reserve. If the project is not authorized by the end of that biennium, the State Treasurer  
24 shall pay the funds accumulated in the special reserve account to the grantor or donor.  
25 Upon the establishment of a special reserve account under this section, the Director of the  
26 Budget shall notify the Speaker of the House and President of the Senate of the receipt of  
27 the funds and the existence of the reserve account. Upon the request of the administration  
28 of any State agency or institution, the Governor ~~may~~ may, under G.S. 120-76(8),  
29 authorize the construction of a capital improvement project not specifically authorized by  
30 the General Assembly if such project is to be fully funded by gifts, grants, receipts,  
31 special funds, self-liquidating indebtedness, other funds, or any combination of funds, but  
32 not including funds appropriated from the General Fund. All expenditures under this  
33 authorization shall be handled in full compliance with the provisions of the Executive  
34 Budget Act.

35 The agency shall support its request for such capital improvement project, or projects,  
36 with the following information: the estimated annual operating costs for (i) utilities; (ii)  
37 maintenance; (iii) repairs; (iv) additional personnel; (v) any and all other expenses to the  
38 State resulting from the addition of this facility to the plant of the institution. Prior to  
39 taking any action under this section to authorize a project, the Governor or the Director of  
40 the Budget may consult with the Advisory Budget Commission and the Capital Planning  
41 Commission."

42 (f) G.S. 143-23 reads as rewritten:

1 **"§ 143-23. All maintenance funds for itemized purposes; transfers between objects**  
2 **or line items.**

3 (a) All appropriations now or hereafter made for the maintenance of the various  
4 departments, institutions and other spending agencies of the State, are for the (i) purposes  
5 or programs and (ii) objects or line items enumerated in the itemized requirements of  
6 such departments, institutions and other spending agencies submitted to the General  
7 Assembly by the Director of the Budget and the Advisory Budget Commission, as  
8 amended by the General Assembly. The function of the Advisory Budget Commission  
9 under this subsection applies only if the Director of the Budget consults with the  
10 Commission in preparation of the budget.

11 ~~(a1) No transfers may be made between objects or line items in the budget of any~~  
12 ~~department, institution, or other spending agency; however, with the approval of the~~  
13 ~~Director of the Budget, a department, institution, or other spending agency may spend~~  
14 ~~more than was appropriated for an object or line item if the overexpenditure is:~~

- 15 ~~(1) In a purpose or program for which funds were appropriated for that~~  
16 ~~fiscal period and the total amount spent for the purpose or program is no~~  
17 ~~more than was appropriated for the purpose or program for the fiscal~~  
18 ~~period;~~  
19 ~~(2) Required to continue a purpose or program because of unforeseen~~  
20 ~~events, so long as the scope of the purpose or program is not increased;~~  
21 ~~(3) Required by a court, Industrial Commission, or administrative hearing~~  
22 ~~officer's order or award or to match unanticipated federal funds;~~  
23 ~~(4) Required to respond to an unanticipated disaster such as a fire,~~  
24 ~~hurricane, or tornado; or~~  
25 ~~(5) Required to call out the National Guard.~~

26 ~~The Director of the Budget shall report on a quarterly basis to the Joint Legislative~~  
27 ~~Commission on Governmental Operations, the Fiscal Research Division of the~~  
28 ~~Legislative Services Office, and the State Auditor the reason if the amount expended for~~  
29 ~~a purpose or program is more than the amount appropriated for it from all sources. If the~~  
30 ~~overexpenditure was authorized under subdivision (2) of this subsection, the Director of~~  
31 ~~the Budget shall identify in the report the unforeseen event that required the~~  
32 ~~overexpenditure.~~

33 Notwithstanding the provisions of subsection (a) of this section, a department,  
34 institution, or other spending agency may, with approval of the Director of the Budget,  
35 spend more than was appropriated for:

- 36 (1) An object or line item within a purpose or program so long as the total  
37 amount expended for the purpose or program is no more than was  
38 appropriated from all sources for the purpose or program for the fiscal  
39 period;  
40 (2) A purpose or program, without consultation with the Joint Legislative  
41 Commission on Governmental Operations, if the overexpenditure of the  
42 purpose or program is:



- 1           a.     Required by a court, Industrial Commission, or administrative  
2                 hearing officer's order;  
3           b.     Required to respond to an unanticipated disaster such as a fire,  
4                 hurricane, or tornado; or  
5           c.     Required to call out the National Guard.

6     The Director of the Budget shall report on a monthly basis to the Joint  
7     Legislative Commission on Governmental Operations on any  
8     overexpenditures under this subdivision; or

- 9     (3)   A purpose or program, after consultation with the Joint Legislative  
10         Commission on Governmental Operations in accordance with G.S. 120-  
11         76(8), and only if: (i) the overexpenditure is required to continue the  
12         purpose or programs due to complications or changes in circumstances  
13         that could not have been foreseen when the budget for the fiscal period  
14         was enacted and (ii) the scope of the purpose or program is not  
15         increased. Total overexpenditures of a purpose or program for a fiscal  
16         year under this subdivision shall be limited to the lesser of five hundred  
17         thousand dollars (\$500,000) or ten percent (10%) of the amount  
18         appropriated from all sources for the purpose or program.

19     (a2) Funds appropriated for salaries and wages are also subject to the limitation that  
20 they may only be used for:

- 21         (1) Salaries and wages or for premium pay, overtime pay, longevity,  
22             unemployment compensation, workers' compensation, temporary  
23             wages, moving expenses of employees, payment of accumulated annual  
24             leave, certain awards to employees, tort claims, and employer's social  
25             security, retirement, and hospitalization payments;  
26         (2) Contracted personal services if (i) the contract is for temporary services  
27             or special project services, (ii) the term of the contract does not extend  
28             beyond the fiscal year, (iii) the contract does not impose obligations on  
29             the State after the end of the fiscal year; and (iv) the total of all  
30             overexpenditures for contracted personal services approved in a  
31             program for a fiscal year does not exceed the greater of five hundred  
32             thousand dollars (\$500,000) or ten percent (10%) of the lapsed salary  
33             funds in the program for the fiscal year; and  
34         (3) Uses for which overexpenditures are permitted by ~~subdivisions (3), (4),~~  
35             ~~and (5) subdivision (2)~~ of subsection (a1) of this section but the Director  
36             of the Budget shall include such use and the reason for it in his ~~quarterly~~  
37             ~~report to the Joint Legislative Commission on Governmental~~  
38             ~~Operations, the Fiscal Research Division of the Legislative Services~~  
39             ~~Office, and the State Auditor. monthly report to the Joint Legislative~~  
40             Commission on Governmental Operations.

41     Lapsed salary funds that become available from vacant positions are also subject to  
42 the limitation that they may not be used for new permanent employee positions or to raise  
43 the salary of existing employees.

1       ~~(a3) The requirements in this section that the Director of the Budget report to the~~  
2 ~~Joint Legislative Commission on Governmental Operations and the State Auditor shall~~  
3 ~~not apply to expenditures of receipts by entities that are wholly receipt supported, except~~  
4 ~~for entities supported by the Wildlife Resources Fund.~~

5       ~~(a4) The State Auditor shall review the report received from the Director of the~~  
6 ~~Budget to ensure that the transfer complied with the intent and the provisions of this~~  
7 ~~Article and shall report the Auditor's findings to the Joint Legislative Commission on~~  
8 ~~Governmental Operations and to the Fiscal Research Division.~~

9       (b) Repealed by Session Laws 1985, c. 290, s. 8.

10       (c) Transfers or changes as between objects or line items in the budget of the  
11 Senate may be made by the President Pro Tempore of the Senate.

12       (d) Transfers or changes as between objects or line items in the budget of the  
13 House of Representatives may be made by the Speaker of the House of Representatives.

14       (e) Transfers or changes as between objects or line items in the budget of the  
15 General Assembly other than of the Senate and House of Representatives may be made  
16 jointly by the President Pro Tempore of the Senate and the Speaker of the House of  
17 Representatives.

18       (f) As used in this section:

19           (1) 'Object or line item' means a budgeted expenditure or receipt in the  
20 budget enacted by the General Assembly that is designated by (i) a  
21 thirteen-digit code in the 1000-object code series or (ii) an eleven-digit  
22 code in all other object code series, in accordance with the Budget Code  
23 Structure and the State Accounting System Uniform Chart of Accounts  
24 set out in the Administrative Policies and Procedures Manual of the  
25 Office of the State Controller.

26           (2) 'Purpose or program' means a group of objects or line items for support  
27 of a specific activity outlined in the budget adopted by the General  
28 Assembly that is designated by a nine-digit fund code in accordance  
29 with the Budget Code Structure and the State Accounting System  
30 Uniform Chart of Accounts set out in the Administrative Policies and  
31 Procedures Manual of the Office of the State Controller."

32       (g) G.S. 143-25 reads as rewritten:

33 **"§ 143-25. Maintenance appropriations dependent upon adequacy of revenues to**  
34 **support them.**

35 All maintenance appropriations now or hereafter made are hereby declared to be  
36 maximum, conditional and proportionate appropriations, the purpose being to make the  
37 appropriations payable in full in the amounts named herein if necessary and then only in  
38 the event the aggregate revenues collected and available during each fiscal year of the  
39 biennium for which such appropriations are made, are sufficient to pay all of the  
40 appropriations in full; otherwise, the said appropriations shall be deemed to be payable in  
41 such proportion as the total sum of all appropriations bears to the total amount of revenue  
42 available in each of said fiscal years. The Director of the Budget is hereby given full  
43 power and authority to examine and survey the progress of the collection of the revenue

1 out of which such appropriations are to be made, and to declare and determine the  
2 amounts that can be, during each quarter of each of the fiscal years of the biennium  
3 properly allocated to each respective appropriation. In making such examination and  
4 survey, he shall receive estimates of the prospective collection of revenues from the  
5 Secretary of Revenue and every other revenue collecting agency of the State. The  
6 Director of the Budget may reduce all of said appropriations pro rata when necessary to  
7 prevent an overdraft or deficit to the fiscal period for which such appropriations are  
8 made. The Governor may also reduce all of said appropriations pursuant to Article III,  
9 Section 5(3) of the Constitution after consulting with the Joint Legislative Commission  
10 on Governmental Operations under G.S. 120-76(8) if prior consultation is required by  
11 that section. The purpose and policy of this Article are to provide and insure that there  
12 shall be no overdraft or deficit in the general fund of the State at the end of the fiscal  
13 period, growing out of appropriations for maintenance and the Director of the Budget is  
14 directed and required to so administer this Article as to prevent any such overdraft or  
15 deficit. Prior to taking any action under this section to reduce appropriations pro rata, the  
16 Governor may consult with the Advisory Budget Commission."

17 (h) G.S. 143-27 reads as rewritten:

18 **"§ 143-27. Appropriations to educational, charitable and correctional institutions**  
19 **are in addition to receipts by them.**

20 All appropriations now or hereafter made to the educational institutions, and to the  
21 charitable and correctional institutions, and to such other departments and agencies of the  
22 State as receive moneys available for expenditure by them are declared to be in addition  
23 to such receipts of said institutions, departments or agencies, and are to be available as  
24 and to the extent that such receipts are insufficient to meet the costs anticipated in the  
25 budget authorized by the General Assembly, of maintenance of such institutions,  
26 departments, and agencies; Provided, however, that if the receipts, other than gifts and  
27 grants that are unanticipated and are for a specific purpose only, collected in a fiscal year  
28 by an institution, department, or agency exceed the receipts certified for it in General  
29 Fund Codes or Codes, Highway Fund Codes, or Special Fund Codes, the Director of the  
30 Budget shall decrease the amount he allots to that institution, department, or agency from  
31 appropriations from that Fund by the amount of the excess, unless the Director of the  
32 Budget has consulted with the Joint Legislative Commission on Governmental  
33 Operations and unless the Director of the Budget finds that (i) the appropriations from  
34 that Fund are necessary to maintain the function that generated the receipts at the level  
35 anticipated in the certified Budget Codes for that Fund-Fund and (ii) the funds may be  
36 expended in accordance with G.S. 143-23. Notwithstanding the foregoing provisions of  
37 this section, receipts within The University of North Carolina realized in excess of  
38 budgeted levels shall be available, up to a maximum of ten percent (10%) above  
39 budgeted levels, for each Budget Code, in addition to appropriations, to support the  
40 operations generating such receipts, as approved by the Director of the Budget.

41 The Office of State Budget and Management shall report to the Joint Legislative  
42 Commission on Governmental Operations and to the Fiscal Research Division of the  
43 Legislative Services Office within 30 days after the end of each quarter on expenditures

1 of receipts in excess of the amounts certified in General Fund ~~Codes or Codes~~, Highway  
2 Fund ~~Codes Codes~~, or Special Fund Codes, that did not result in a corresponding reduced  
3 allotment from appropriations from that Fund."

4 (i) G.S. 116-30.2 reads as rewritten:

5 **"§ 116-30.2. Appropriations to special responsibility constituent institutions.**

6 All General Fund appropriations made by the General Assembly for continuing  
7 operations of a special responsibility constituent institution of The University of North  
8 Carolina shall be made in the form of a single sum to each budget code of the institution  
9 for each year of the fiscal period for which the appropriations are being made.  
10 Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and ~~G.S. 143-23(a3)~~, G.S. 143-23(a3)  
11 and G.S. 120-76(8), each special responsibility constituent institution may expend the  
12 General Fund monies so appropriated to it in the manner deemed by the Chancellor to be  
13 calculated to maintain and advance the programs and services of the institutions,  
14 consistent with the directives and policies of the Board of Governors. The preparation,  
15 presentation, and review of General Fund budget requests of special responsibility  
16 constituent institutions shall be conducted in the same manner as are requests of other  
17 constituent institutions. The quarterly allotment procedure established pursuant to G.S.  
18 143-17 shall apply to the General Fund appropriations made for the current operations of  
19 each special responsibility constituent institution. All General Fund monies so  
20 appropriated to each special responsibility constituent institution shall be recorded,  
21 reported, and audited in the same manner as are General Fund appropriations to other  
22 constituent institutions."

23 (j) G.S. 143-16.3 reads as rewritten:

24 **"§ 143-16.3. No expenditures for purposes for which the General Assembly has**  
25 **considered but not enacted an appropriation.**

26 Notwithstanding any other provision of law, no funds from any source, except for  
27 gifts, grants, and funds allocated from the Contingency and Emergency Fund ~~by the~~  
28 ~~Council of State~~, in accordance with G.S. 143-12(b), may be expended for any purpose,  
29 position, or other expenditure for which the General Assembly has considered but not  
30 enacted an appropriation of funds for the current fiscal period. For the purpose of this  
31 section, the General Assembly has considered a purpose, position, or other expenditure  
32 when that purpose is included in a ~~bill~~ bill, amendment, or petition ~~or~~ and when any  
33 committee of the Senate or the House of Representatives deliberates on that purpose."

34 (k) G.S. 116-30.1 reads as rewritten:

35 **"§ 116-30.1. Special responsibility constituent institutions.**

36 The Board of Governors of The University of North Carolina, acting on  
37 recommendation made by the President of The University of North Carolina after  
38 consultation by him with the State Auditor, may designate one or more constituent  
39 institutions of The University as special responsibility constituent institutions. That  
40 designation shall be based on an express finding by the Board of Governors that each  
41 institution to be so designated has the management staff and internal financial controls  
42 that will enable it to administer competently and responsibly all additional management  
43 authority and discretion to be delegated to it. The Board of Governors, on

1 recommendation of the President, shall adopt rules prescribing management staffing  
2 standards and internal financial controls and safeguards, including the lack of any  
3 significant exceptions or audit findings in the annual financial audit by the State Auditor's  
4 Office, that must be met by a constituent institution before it may be designated a special  
5 responsibility constituent institution and must be maintained in order for it to retain that  
6 designation. These rules shall not be designed to prohibit participation by a constituent  
7 institution because of its size. These rules shall establish procedures for the President and  
8 his staff to review the annual financial audit reports or any other special or performance  
9 audit reports issued by the State Auditors Office for each special responsibility  
10 constituent institution. The President shall take immediate action regarding reported  
11 weaknesses in the internal control structure, deficiencies in the accounting records, and  
12 noncompliance with rules and regulations. In any instance where such audit exceptions  
13 are identified, the President shall notify the Chancellor of the particular special  
14 responsibility constituent institution that such exceptions must be resolved to the  
15 satisfaction of the State Auditor and the President of The University within a three-month  
16 period commencing with the date of receipt of the published financial audit report. If the  
17 exceptions are not satisfactorily resolved within a three-month period, the President of  
18 The University shall recommend to the Board of Governors at its next meeting that the  
19 designation of the particular institution as a special responsibility constituent institution  
20 be terminated until such time as the exceptions are resolved to the satisfaction of the State  
21 Auditor and the President of The University of North Carolina. However, once the  
22 designation as a special responsibility constituent institution has been withdrawn by the  
23 Board of Governors, reinstatement may not be effective until the beginning of the  
24 following fiscal year at the earliest. Any actions taken by the Board of Governors with  
25 respect to withdrawal or reinstatement of an institution's status as a special responsibility  
26 constituent institution shall be reported immediately to the Joint Legislative Education  
27 Oversight Committee."

28  
29 Requested by: Representatives Holmes, Creech, Esposito

### 30 **REPEAL LIMITATION ON PERFORMANCE BUDGETING**

31 Sec. 7.2. Section 6.5 of Chapter 507 of the 1995 Session Laws is repealed.

32  
33 Requested by: Representatives Holmes, Creech, Esposito

### 34 **HISTORIC PROPERTIES ACQUISITIONS/REPORTING REQUIREMENT**

35 Sec. 7.3. (a) G.S. 121-9 reads as rewritten:

#### 36 **"§ 121-9. Historic properties.**

37 (a) Administration of Properties Acquired by State. – Historic or archaeological  
38 properties acquired by the State for administration by the State of North Carolina shall be  
39 under the control and administration of the Department of Cultural Resources. Upon  
40 approval of the North Carolina Historical Commission and the Secretary of Cultural  
41 Resources, the Department of Cultural Resources may, in its discretion, make a contract  
42 with any county or municipality within the State or with any nonprofit corporation or  
43 organization for the administration of any portion of such property.

1 (b) Acquisition of Historic Properties. – For the purpose of protecting or  
2 preserving any property of historical, architectural, archaeological, or other cultural  
3 importance to the people of North Carolina, and subject to the provisions of Subchapter II  
4 of Chapter 146 of the General Statutes, the Department may, with the approval of the  
5 North Carolina Historical ~~Commission~~, Commission and after consultation with the Joint  
6 Legislative Commission on Governmental Operations, acquire, preserve, restore, hold,  
7 maintain, operate, and dispose of such properties, together with such adjacent lands as  
8 may be necessary for their protection, preservation, maintenance, and operation. Such  
9 property may be real or personal in nature, and in the case of real property, the  
10 acquisition may include the fee or any lesser interest therein. Property may be acquired  
11 by gift, grant, bequest, devise, lease, purchase, or condemnation pursuant to the  
12 provisions of Chapter 40A of the General Statutes, or otherwise. Property may be  
13 acquired by the Department, using such funds as may be appropriated for the purpose or  
14 moneys available to it from any other source.

15 (b1) In the case of real property, the Historical Commission shall report the  
16 following information to the Joint Legislative Commission on Governmental Operations  
17 before acquiring the property:

18 (1) The statewide historical significance of the site.

19 (2) The potential uses of the site.

20 (3) The capital requirements of the site over a 20-year period of time.

21 (4) The annual operating costs of the site.

22 (5) The expected levels of visitation at the site.

23 (6) Any other information that would assist in determining the full cost of  
24 maintaining, operating, and administering the site as State property.

25 (c) Interests Which May Be Acquired. – In the case of real property, the interest  
26 acquired shall be limited to that estate, interest, or term deemed by the Department to be  
27 reasonably necessary for the continued protection or preservation of the property. The  
28 Department may acquire the fee simple title, but where it finds that a lesser interest,  
29 including any development right, negative or affirmative easement in gross or  
30 appurtenant, covenant, lease, or other contractual right of or to any real property to be the  
31 most practical and economical method of protecting and preserving historic property, the  
32 lesser interest may be acquired.

33 (d) Conveyance of Property for Preservation Purposes. – In appropriate cases, the  
34 Department may acquire or dispose of the fee or lesser interest to any such property for  
35 the specific purpose of conveying or leasing the property back to its original owner or of  
36 conveying or leasing it to such other person, firm, association, corporation, or other  
37 organization under such covenants, deed restrictions, lease, or other contractual  
38 arrangements as will limit the future use of the property in such a way as to insure its  
39 preservation. Where such action is taken, the property may be conveyed or leased by  
40 private sale. In all cases where property is conveyed, it shall be subjected by covenant or  
41 otherwise to such rights of access, public visitation, and other conditions or restrictions of  
42 operation, maintenance, restoration, and repair as the Department may prescribe, or to

1 such conditions as may be agreed upon between the Department and the grantee or lessee  
2 to accomplish the purposes of this section.

3 (e) Use of Property so Acquired. – Any historic property acquired, whether in fee  
4 or otherwise, may be used, maintained, improved, restored, or operated by the  
5 Department for any public purpose within its powers and not inconsistent with the  
6 purpose of the continued preservation of the property. The property shall not be subject to  
7 condemnation by the State of North Carolina or any of its agencies or political  
8 subdivisions at any time, unless such method of acquisition is first approved by the  
9 Governor and Council of State.

10 (f) Emergency Acquisition Where Funds Not Immediately Available. – If funds or  
11 contributions for the acquisition of needed historic property are not available, the  
12 Governor and Council of State may, upon the recommendation of the Secretary of  
13 Cultural Resources and approval of the North Carolina Historical Commission, allocate  
14 from the Contingency and Emergency Fund an amount sufficient to acquire an option on  
15 the property or properties, which option shall continue until 90 days after the  
16 adjournment sine die of the next General Assembly. Upon recommendation of the  
17 Secretary and approval of the Historical Commission, the Governor and Council of State  
18 may allocate funds from the Contingency and Emergency Fund for the immediate  
19 acquisition, preservation, restoration, or operation of historically, archaeologically,  
20 architecturally, or culturally important properties. All funds hereinafter appropriated to  
21 purchase, restore, maintain, develop, or operate historic or archaeological or other  
22 important property shall be administered subject to the provisions of Article 1 of Chapter  
23 143 of the General Statutes unless the statute making the appropriation shall in specific  
24 and express terms provide otherwise.

25 (g) Power to Acquire Property by Condemnation. – In the event that a property  
26 which has been found by the Department of Cultural Resources to be important for public  
27 ownership or assistance is in danger of being sold, used, or neglected to such an extent  
28 that its historical or cultural importance will be destroyed or seriously impaired, or that  
29 the property is otherwise in danger of destruction or serious impairment, the Department  
30 of Cultural Resources, after receiving the approval of the North Carolina Historical  
31 Commission and of the Governor and Council of State, may acquire the historic property  
32 or any interest therein by condemnation under the provisions of Chapter 40A of the  
33 General Statutes. The Department of Cultural Resources, upon finding that destruction or  
34 serious impairment of the value of the property is imminent, shall file with the Governor  
35 and Council of State a report on the importance of the property and the desirability of  
36 ownership of the property, or the ownership of an interest therein, by the State of North  
37 Carolina. Upon giving their approval, the Governor and Council of State shall cause to  
38 have filed such approval with the clerk of the superior court in the county or counties  
39 where the property is situated. Until the approval is filed, the power of condemnation  
40 may not be exercised. All condemnation proceedings shall be instituted and prosecuted in  
41 the name of the State of North Carolina.

42 (h) Preservation and Custodial Care of State Capitol. – The rotunda, corridors, and  
43 stairways of the first floor of the State Capitol and all portions of the second, third, and

1 loft floors of the said building shall be placed in the custody of the Department of  
2 Cultural Resources; and the Department shall, subject to the availability of funds for the  
3 purpose, care for and administer these areas for the edification of present and future  
4 generations. The aforesaid areas shall be preserved as historic shrines and shall be  
5 maintained insofar as practicable as they shall appear following the restoration of the  
6 Capitol. The Department of Cultural Resources is authorized to deny the use of the  
7 legislative chambers for meetings in order that they, with their historic furnishings, may  
8 be better preserved for posterity; provided, however, that the General Assembly may hold  
9 therein such sessions as it may by resolution deem proper.

10 The Department of Cultural Resources is hereby entrusted with the responsibilities  
11 herein specified as being the agency with the experience best qualified to preserve and  
12 administer historic properties in a suitable manner. However, for the purposes of carrying  
13 out the provisions of this section, it is hereby directed that such cooperation and  
14 assistance shall be made available to the said Department of Cultural Resources and such  
15 labor supplied, as may be feasible, by the Department of Administration.

16 The offices and working areas of the first floor as well as all washrooms and the  
17 exterior of the Capitol shall remain under the jurisdiction of the Department of  
18 Administration: Provided, however, that the Department of Administration shall seek the  
19 advice of the Department of Cultural Resources in matters relating to any alteration,  
20 renovation, and furnishing of said offices and areas."

21 (b) G.S. 146-26 reads as rewritten:

22 **"§ 146-26. Donations and devises to State.**

23 No devise or donation of land or any interest therein to the State or to any State  
24 agency shall be effective to vest title to the ~~said~~ land or any interest therein in the State or  
25 in any State agency until the devise or donation is accepted by the Governor and Council  
26 of State. If the land is devised or donated to the State or to any State agency as an historic  
27 property, then title shall not vest until the Historical Commission reports to the Joint  
28 Legislative Commission on Governmental Operations as provided in G.S. 121-9. Upon  
29 acceptance by the Governor and Council of State, title to the said land or interest therein  
30 shall immediately vest as of the time title would have vested but for the above  
31 requirement of reporting to the Joint Legislative Commission on Governmental  
32 Operations if an historic property and acceptance by the Governor and Council of State."

33  
34 Requested by: Representatives Ives, Lemmond

35 **TOTAL QUALITY MANAGEMENT**

36 Sec. 7.4. For the 1996-97 fiscal year only, the provisions of G.S. 143-16.3 do  
37 not apply to The Total Quality Management Program which is administered by the Office  
38 of the Governor.

39  
40 **PART 7A. OFFICE OF STATE TREASURER**

41  
42 Requested by: Representatives Creech, Holmes, Esposito

43 **FORFEITED RESERVATION DEPOSITS DO NOT ESCHEAT**



1       Sec. 7A. (a)     Article 2 of Chapter 116B of the General Statutes is amended by  
2 adding a new section to read:

3     "**§ 116B-23. Exclusion for forfeited reservation deposits.**

4       Property or funds withheld by a business association as a penalty or forfeiture or as  
5 damages in the event a person who has reserved the services of the business association  
6 fails to make use of and pay for the services, regardless of any practice or policy of the  
7 business association related to the return of withheld funds, is not unclaimed or  
8 abandoned property."

9       (b)     Subsection (a) of this section applies to funds held or collected by business  
10 associations on or after July 1, 1996.

11  
12 **PART 8. GENERAL ASSEMBLY**

13  
14 Requested by: Representatives Holmes, Creech, Esposito

15 **LEGISLATIVE SERVICES OFFICER POSITION**

16       Sec. 8. (a)G.S. 20-79.5(a) reads as rewritten:

17       "(a)     Plates. – The State government officials listed in this section are eligible for a  
18 special registration plate under G.S. 20-79.4. The plate shall bear the number designated  
19 in the following table for the position held by the official.

Position	Number on Plate	
Governor		1
Lieutenant Governor		2
Speaker of the House of Representatives		3
President Pro Tempore of the Senate		4
Secretary of State		5
State Auditor		6
State Treasurer		7
Superintendent of Public Instruction		8
Attorney General		9
Commissioner of Agriculture		10
Commissioner of Labor		11
Commissioner of Insurance		12
Speaker Pro Tempore of the House		13
<del>Legislative Administrative Officer</del>		14
<u>Legislative Services Officer</u>		
Secretary of Administration		15
Secretary of Environment, Health, and Natural Resources		16
Secretary of Revenue		17
Secretary of Human Resources		18
Secretary of Commerce		19
Secretary of Correction		20

1	Secretary of Cultural Resources	21
2	Secretary of Crime Control and Public	
3	Safety 22	
4	Governor's Staff	23-29
5	State Budget Officer	30
6	State Personnel Director	31
7	Advisory Budget Commission Nonlegislative	
8	Member 32-41	
9	Chair of the State Board of Education	42
10	President of the U.N.C. System	43
11	Alcoholic Beverage Control Commission	44-46
12	Assistant Commissioners of Agriculture	47-48
13	Deputy Secretary of State	49
14	Deputy State Treasurer	50
15	Assistant State Treasurer	51
16	Deputy Commissioner for the Department of	
17	Labor 52	
18	Chief Deputy for the Department of	
19	Insurance 53	
20	Assistant Commissioner of Insurance	54
21	Deputies and Assistant to the Attorney	
22	General 55-65	
23	Board of Economic Development	
24	Nonlegislative Member	66-88
25	State Ports Authority Nonlegislative	
26	Member 89-96	
27	Utilities Commission Member	97-104
28	<u>Post-Release Supervision and</u>	
29	Parole Commission Member	105-109
30	State Board Member, Commission Member,	
31	or State Employee Not Named in List	110-200".
32	(b) G.S. 120-3.1(a)(3) reads as rewritten:	
33	"(3) A subsistence allowance for meals and lodging at a daily rate equal to	
34	the maximum per diem rate for federal employees traveling to Raleigh,	
35	North Carolina, as set out at 58 Federal Register 67959 (December 22,	
36	1993), while the General Assembly is in session and, except as	
37	otherwise provided in this subdivision, while the General Assembly is	
38	not in session when, with the approval of the Speaker of the House of	
39	<u>Representatives</u> in the case of Representatives or the President Pro	
40	Tempore of the Senate in case of Senators, the member is:	
41	a. Traveling as a representative of the General Assembly or of its	
42	committees or commissions, or	
43	b. Otherwise in the service of the State.	

1           A member who is authorized to travel, whether in or out of session,  
2           within the United States outside North Carolina, may elect to receive, in  
3           lieu of the amount provided in the preceding paragraph, a subsistence  
4           allowance of twenty-six dollars (\$26.00) a day for meals, plus actual  
5           expenses for lodging when evidenced by a receipt satisfactory to the  
6           ~~Legislative Administrative Officer, Legislative Services Officer,~~ the  
7           latter not to exceed the maximum per diem rate for federal employees  
8           traveling to the same place, as set out at 58 Federal Register 67950-  
9           67964 (December 22, 1993) and at 59 Federal Register 23702-23709  
10          (May 6, 1994)."

11          (c) G.S. 120-32.1 reads as rewritten:

12       **"§ 120-32.1. Use and maintenance of buildings and grounds.**

13          (a) The Legislative Services Commission shall:

- 14           (1) Establish policy for the use of the State legislative buildings and  
15           grounds;
- 16           (2) Maintain and care for the State legislative buildings and grounds, but  
17           the Commission may delegate the actual work of the maintenance of  
18           those buildings and grounds to the Department of Administration, which  
19           shall perform the work as delegated;
- 20           (3) Provide security for the State legislative buildings and grounds;
- 21           (4) Allocate space within the State legislative buildings and grounds; and
- 22           (5) Have the exclusive authority to assign parking space in the State  
23           legislative buildings and grounds.

24          (b) The ~~Legislative Administrative Officer~~ Legislative Services Officer shall have  
25          posted the rules adopted by the Legislative Services Commission under the authority of  
26          this section in a conspicuous place in the State Legislative Building and the Legislative  
27          Office Building. The ~~Legislative Administrative Officer~~ Legislative Services Officer  
28          shall have filed a copy of the rules, certified by the chairman of the Legislative Services  
29          Commission, in the office of the Secretary of State and in the office of the Clerk of the  
30          Superior Court of Wake County. When so posted and filed, these rules shall constitute  
31          notice to all persons of the existence and text of the rules. Any person, whether on his  
32          own behalf or for another, or acting as an agent or representative of any person, firm,  
33          corporation, partnership or association, who knowingly violates any of the rules adopted,  
34          posted and filed under the authority of this section is guilty of a Class 1 misdemeanor.  
35          Any person, firm, corporation, partnership or association who combines, confederates,  
36          conspires, aids, abets, solicits, urges, instigates, counsels, advises, encourages or procures  
37          another or others to knowingly violate any of the rules adopted, posted and filed under  
38          the authority of this section is guilty of a Class 1 misdemeanor.

39          (c) The Legislative Services Commission may cause to be removed at the owner's  
40          expense any vehicle parked in the State legislative buildings and grounds in violation of  
41          the rules of the Legislative Services Commission and may cause to be removed any  
42          vehicle parked in any State-owned parking space leased to an employee of the General

1 Assembly where the vehicle is parked without the consent of the employee to whom the  
2 space is leased.

3 (d) For the purposes of this section, the term 'State legislative buildings and  
4 grounds' means:

5 (1) At all times:

- 6 a. The State Legislative Building and the area between outer walls  
7 of the State Legislative Building and the near curblineline of those  
8 sections of Jones, Wilmington, Lane, and Salisbury Streets which  
9 border land on which the State Legislative Building is situated;  
10 b. The Legislative Office Building and the areas between its outer  
11 walls and the near curblineline of those sections of Lane and  
12 Salisbury Streets that border the land on which it is situated;  
13 c. Any State-owned parking lot which is leased to the General  
14 Assembly; and  
15 d. The bridge between the State Legislative Building and the State  
16 Governmental Mall.

17 (2) In addition, the surface area to the far curblineline of those sections of  
18 Jones, Wilmington, Lane, and Salisbury Streets which border the land  
19 on which the State Legislative Building is situated:

- 20 a. When the General Assembly is in regular or extra session; and  
21 b. On other days on which one or more standing committees of  
22 either or both houses of the General Assembly are meeting and  
23 the ~~Legislative Administrative Officer~~ Legislative Services  
24 Officer determines that additional parking is needed for the  
25 functioning of the General Assembly and files notice of the  
26 committee's or committees' meetings and his finding that  
27 additional parking is needed in the office of the Secretary of State  
28 and that of Clerk of the Superior Court of Wake County."

29 (d) G.S. 120-36.6 reads as rewritten:

30 **"§ 120-36.6. Legislative Fiscal Research staff participation.**

31 Legislative fiscal research staff members may attend all meetings of the Advisory  
32 Budget Commission and all hearings conducted by or for the Commission, and may  
33 accompany the Commission to inspect the facilities of the State. The ~~Legislative~~  
34 ~~Administrative Officer~~ Legislative Services Officer shall designate a member of the  
35 Fiscal Research staff, and a member of the General Research or Bill Drafting staff who  
36 may attend all meetings of the Board of Awards and Council of State, unless the Board or  
37 Council has voted to exclude them from the specific meeting, provided that no final  
38 action may be taken while they are so excluded. The Legislative Services Officer and the  
39 Director of Fiscal Research shall be notified of all such meetings, hearings and trips in  
40 the same manner and at the same time as notice is given to members of the Board,  
41 Commission or Council. The Legislative Services Officer and the Director of Fiscal  
42 Research shall be provided with a copy of all reports, memoranda, and other  
43 informational material which are distributed to the members of the Board, Commission,

1 or Council; these reports, memoranda and materials shall be delivered to the Legislative  
2 Services Officer and the Director of Fiscal Research at the same time that they are  
3 distributed to the members of the Board, Commission, or Council."

4 (e) G.S. 120-70.36 reads as rewritten:

5 **"§ 120-70.36. Staffing.**

6 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as  
7 staff to the Joint Select Committee professional employees of the General Assembly, as  
8 approved by the Legislative Services Commission. Clerical staff shall be assigned to the  
9 Joint Select Committee through the offices of the Supervisor of Clerks of the Senate and  
10 Supervisor of Clerks of the House of Representatives. The expenses of employment of  
11 clerical staff shall be borne by the Joint Select Committee."

12 (f) G.S. 120-70.46 reads as rewritten:

13 **"§ 120-70.46. Staffing.**

14 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as  
15 staff to the Environmental Review Commission professional employees of the General  
16 Assembly, as approved by the Legislative Services Commission. Clerical staff shall be  
17 assigned to the Environmental Review Commission through the offices of the Supervisor  
18 of Clerks of the Senate and Supervisor of Clerks of the House of Representatives. The  
19 expenses of employment of clerical staff shall be borne by the Environmental Review  
20 Commission."

21 (g) G.S. 120-70.52(c) reads as rewritten:

22 "(c) The Committee shall be funded by appropriations made to the Highway Trust  
23 Fund and allocated to the Intrastate System projects. Members of the Committee receive  
24 subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may  
25 contract for consultants or hire employees in accordance with G.S. 120-32.02. The  
26 Legislative Services Commission, through the ~~Legislative Administrative Officer,~~  
27 Legislative Services Officer, shall assign professional staff to assist the Committee in its  
28 work. Upon the direction of the Legislative Services Commission, the Supervisors of  
29 Clerks of the Senate and of the House of Representatives shall assign clerical staff to the  
30 Committee. The expenses for clerical employees shall be borne by the Committee."

31 (h) G.S. 120-70.65 reads as rewritten:

32 **"§ 120-70.65. Staffing.**

33 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as  
34 staff to the Commission professional employees of the General Assembly, as approved  
35 by the Legislative Services Commission. Clerical staff shall be assigned to the  
36 Commission through the Offices of the Supervisor of Clerks of the Senate and Supervisor  
37 of Clerks of the House of Representatives. The expenses of employment of clerical staff  
38 shall be borne by the Commission."

39 (i) G.S. 120-70.82(c) reads as rewritten:

40 "(c) Members of the Committee receive subsistence and travel expenses as  
41 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
42 in accordance with G.S. 120-32.02. The Legislative Services Commission, through the  
43 ~~Legislative Administrative Officer,~~ Legislative Services Officer, shall assign professional

1 staff to assist the Committee in its work. Upon the direction of the Legislative Services  
2 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
3 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
4 borne by the Committee."

5 (j) G.S. 120-70.92(c) reads as rewritten:

6 "(c) Members of the Committee receive subsistence and travel expenses as  
7 provided in G.S. 120-3.1. The Legislative Services Commission, through the ~~Legislative~~  
8 ~~Administrative Officer, Legislative Services Officer,~~ shall assign professional staff to  
9 assist the Committee in its work. Upon the direction of the Legislative Services  
10 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
11 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
12 borne by the Committee."

13 (k) G.S. 120-70.95(c) reads as rewritten:

14 "(c) Members of the Committee receive subsistence and travel expenses as  
15 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
16 in accordance with G.S. 120-32.02. The Legislative Services Commission, through the  
17 ~~Legislative Administrative Officer, Legislative Services Officer,~~ shall assign professional  
18 staff to assist the Committee in its work. Upon the direction of the Legislative Services  
19 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
20 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
21 borne by the Committee."

22 (l) G.S. 120-70.102(c) reads as rewritten:

23 "(c) Members of the Committee receive subsistence and travel expenses as  
24 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
25 in accordance with G.S. 120-32.02. The Committee may meet in the Legislative  
26 Building or the Legislative Office Building upon the approval of the Legislative Services  
27 Commission. The Legislative Services Commission, through the ~~Legislative~~  
28 ~~Administrative Officer, Legislative Services Officer,~~ shall assign professional staff to  
29 assist the Committee in its work. Upon the direction of the Legislative Services  
30 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
31 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
32 paid by the Committee."

33 (m) G.S. 143-8 reads as rewritten:

34 **"§ 143-8. Reporting of legislative and judicial expenditures and financial needs.**

35 On or before the first day of September, biennially, in the even-numbered years, the  
36 ~~Legislative Administrative Officer, Legislative Services Officer~~ shall furnish the Director  
37 a detailed statement of expenditures of the General Assembly for the current fiscal  
38 biennium, and an estimate of its financial needs, itemized in accordance with the budget  
39 classification adopted by the Director and approved and certified by the President ~~pro~~  
40 ~~tempore~~ Pro Tempore of the Senate and the Speaker of the House of Representatives for  
41 each year of the ensuing biennium, beginning with the first day of July thereafter. The  
42 Administrative Officer of the Courts shall furnish the Director a detailed statement of  
43 expenditures of the judiciary, and for each year of the current fiscal biennium an estimate

1 of its financial needs as provided by law, itemized in accordance with the budget  
2 classification adopted by the Director and approved and certified by the Chief Justice for  
3 each year of the ensuing biennium, beginning with the first day of July thereafter. The  
4 Director shall include these estimates and accompanying explanations in the budget  
5 submitted with such recommendations as the Director may desire to make in reference  
6 thereto."

7 (n) G.S. 147-64.12(b) reads as rewritten:

8 "(b) The Auditor shall not conduct an audit on a program or activity for which he  
9 had management responsibility or in which he has been employed during the preceding  
10 two years. The General Assembly shall otherwise provide for the necessary audit of  
11 programs and activities within the meaning of this subsection.

12 If the Auditor's hotline receives a report of allegations of improper governmental  
13 activities in a program or activity that the Auditor is prohibited by this subsection from  
14 auditing, the Hotline Manager shall transmit the report to the ~~Legislative Administrative~~  
15 ~~Officer~~ Legislative Services Officer or his designee. The report shall retain the same  
16 confidentiality after transmittal to the General Assembly that it had in the possession of  
17 the Auditor."

18 (o) All powers, duties, and responsibilities assigned to the Legislative  
19 Administrative Officer of the Legislative Services Commission, including the assignment  
20 of professional and clerical staff to assist in the work of studies and commissions, shall be  
21 transferred to the Legislative Services Officer of the Legislative Services Commission.  
22 All rules and policies of the Legislative Services Commission relating to the Legislative  
23 Administrative Officer shall apply to the Legislative Services Officer unless otherwise  
24 expressly amended or repealed.

25  
26 Requested by: Representatives Holmes, Creech, Esposito

27 **EXTENSION OF TERRITORIAL JURISDICTION OF LEGISLATIVE**  
28 **SERVICES COMMISSION TO ALL OF LANE STREET**

29 Sec. 8.1. G.S. 120-32.1(d) reads as rewritten:

30 "(d) For the purposes of this section, the term 'State legislative buildings and  
31 grounds' means:

32 (1) At all times:

33 a. ~~The State Legislative Building and the area Building;~~

34 a1. The areas between the outer walls of the State Legislative  
35 Building and the near curblineline of those sections of Jones,  
36 Wilmington, Lane, and Salisbury Streets which border land on  
37 which the State Legislative Building it is situated;

38 a2. The area between the outer walls of the State Legislative  
39 Building and the far curblineline of that section of Lane Street which  
40 borders the land on which it is situated;

41 b. The Legislative Office Building and the areas between its outer  
42 walls and the near curblineline of those sections of Lane and  
43 Salisbury Streets that border the land on which it is situated;

- 1 c. Any State-owned parking lot which is leased to the General  
2 Assembly; and  
3 d. The bridge between the State Legislative Building and the State  
4 Governmental Mall.

5 (2) In addition, the surface area to the far curbline of those sections of  
6 Jones, Wilmington, ~~Lane~~, and Salisbury Streets which border the land  
7 on which the State Legislative Building is situated:

- 8 a. When the General Assembly is in regular or extra session; and  
9 b. On other days on which one or more standing committees of  
10 either or both houses of the General Assembly are meeting and  
11 the Legislative Administrative Officer determines that additional  
12 parking is needed for the functioning of the General Assembly  
13 and files notice of the committee's or committees' meetings and  
14 his finding that additional parking is needed in the office of the  
15 Secretary of State and that of Clerk of the Superior Court of  
16 Wake County."  
17

18 Requested by: Representatives Holmes, Creech, Esposito

19 **ACCESS TO STATE INFORMATION BY LEGISLATIVE SERVICES OFFICE**

20 Sec. 8.2. G.S. 120-32.01 reads as rewritten:

21 **"§ 120-32.01. Information to be supplied.**

22 (a) Every State department, State agency, or State institution shall furnish the  
23 ~~Legislative Administrative Services Office~~ and the Research, Fiscal Research, and Bill  
24 Drafting Divisions any information or records requested by them. Except when  
25 accessibility is prohibited by a federal statute, federal regulation or State statute, every  
26 State department, State agency, or State institution shall give the Legislative Services  
27 Office and the Fiscal Research Division access to any data base or stored information  
28 maintained by computer, telecommunications, or other electronic data processing  
29 equipment, whether stored on tape, disk, or otherwise, and regardless of the medium for  
30 storage or transmission.

31 (b) Notwithstanding subsection (a) of this section, access to the State Personnel  
32 Management Information System ~~by the Legislative Administrative Office and by the~~  
33 Research and Bill Drafting Divisions shall only be through the Fiscal Research Division.  
34

35 Requested by: Representative Morgan

36 **LEGISLATIVE CONFIRMATION OF CERTAIN**  
37 **APPOINTMENTS/COMPOSITION OF VARIOUS BOARDS**

38 Sec. 8.3.

39 ~~LEGISLATIVE CONFIRMATION PROCEDURE~~

40 (a) G.S. 147-12(3c), 147-12(3d), and 147-16.3 are repealed.

41 (b) Chapter 147 of the General Statutes is amended by adding the following new  
42 section:

43 **"§ 147-16.4. Confirmation of appointments.**



1       (a) Confirmation. – A person nominated by the Governor to an office requiring  
2 confirmation by the General Assembly may take office only after having been confirmed  
3 by the General Assembly in accordance with this section, except as otherwise provided in  
4 subsections (d) and (e) of this section.

5       (b) Nomination. – The Governor shall notify the President of the Senate, the  
6 Speaker of the House of Representatives, and the principal clerk of each house of the  
7 legislature of the name of the nominee subject to confirmation no later than:

8           (1) February 1 of the year in which the appointment is to be made for the  
9 office of Commissioner of Banks.

10          (2) May 1 of the year in which the appointment is to be made for all other  
11 offices with fixed terms.

12          (3) Fifteen days following appointment of a member of an office listed in  
13 G.S. 143B-6(1) through (9) or any other office for which there is no  
14 fixed term.

15       (c) Failure to timely nominate. – If the Governor fails to nominate an officer  
16 subject to confirmation by the General Assembly or fails to notify the General Assembly  
17 in accordance with this section, the General Assembly, upon the recommendation of the  
18 President Pro Tempore of the Senate and the Speaker of the House of Representatives,  
19 shall jointly nominate a person for the office, to be confirmed in the same manner as if  
20 nominated by the Governor.

21       (d) Procedure. – The confirmation shall be by joint resolution. The General  
22 Assembly shall act upon a nomination by the forty-fifth day of the session or within 45  
23 days of being notified in accordance with subsection (b) of this section, whichever is  
24 later, but in any event no later than the last day of the session. If the General Assembly  
25 fails to take action on a confirmation resolution within the prescribed time, the appointee  
26 is deemed confirmed, except that an appointee whose name is submitted during the last  
27 15 legislative days of the session is not deemed confirmed and may serve as an  
28 unconfirmed appointee no later than the forty-fifth day of the next legislative session.

29       If the General Assembly takes action and fails to confirm an appointee, it shall notify  
30 the Governor, and the Governor shall submit a new nominee within 10 days. For  
31 purposes of this section, the General Assembly has taken action and has failed to confirm  
32 if the confirmation resolution has failed second or third reading in either house. A joint  
33 confirmation resolution may be introduced at any time the General Assembly is in  
34 session.

35       (e) Appointees initially serving without confirmation. – A person appointed to an  
36 office that has no fixed term, to a vacant office, or as an acting officer under G.S. 147-  
37 12(3) may serve without confirmation until the General Assembly takes action and fails  
38 to confirm. The appointee is deemed confirmed after the forty-fifth calendar day  
39 following (i) the date of notification of the appointment by the Governor if the General  
40 Assembly is in session at that time or (ii) the forty-fifth day of the next legislative session  
41 following the appointment, unless the General Assembly takes action and fails to confirm  
42 before that date.

1 (f) Failure to confirm. – An appointee who is not confirmed nor deemed  
2 confirmed may not be reappointed to the same office by the same Governor.

3 (g) The chair of a committee to which a confirmation resolution has been assigned  
4 may request the presiding officer of that house to request a background check on an  
5 appointee subject to confirmation pursuant to G.S. 120-19.4A.

6 (h) State Board of Education. – This section does not apply to appointments to the  
7 State Board of Education.

8 (i) Session defined. – For purposes of this section, 'session' means a regular  
9 session of the General Assembly. The regular session held in an odd-numbered year is  
10 deemed, for purposes of this section, a separate session from the regular session held in  
11 an even-numbered year."

12  
13 –CABINET OFFICERS CONFIRMATION

14 (c) G.S. 143B-9 reads as rewritten:

15 **"§ 143B-9. Appointment of officers and employees.**

16 The head of each principal State department, except those departments headed by  
17 popularly elected officers, shall be appointed by the ~~Governor~~ Governor, subject to  
18 confirmation by the General Assembly as provided by G.S. 147-16.4 as to those listed in  
19 G.S. 143B-6(1) through (9) and ~~serve at his pleasure.~~ shall serve at the pleasure of  
20 the Governor.

21 The salary of the head of each of the principal State departments and of elected  
22 officials shall be as provided by law.

23 The head of a principal State department shall appoint a chief deputy or chief  
24 assistant, and such chief deputy or chief assistant shall not be subject to the State  
25 Personnel Act. The salary of such chief deputy or chief assistant shall, upon the  
26 recommendation of the Governor, be set by the General Assembly. Unless otherwise  
27 provided for in the Executive Organization Act of 1973, and subject to the provisions of  
28 the Personnel Act, the head of each principal State department shall designate the  
29 administrative head of each transferred agency and all employees of each division,  
30 section, or other unit of the principal State department."

31  
32 –ABC COMMISSION MEMBERS AND CHAIRMAN CONFIRMATION

33 (d) G.S. 18B-200 reads as rewritten:

34 **"§ 18B-200. North Carolina Alcoholic Beverage Control Commission.**

35 (a) Creation of Commission; compensation. – The North Carolina Alcoholic  
36 Beverage Control Commission is created to consist of a chairman and two associate  
37 members. The chairman shall devote his full time to his official duties and receive a  
38 salary fixed by the General Assembly in the Current Operations Appropriations Act. The  
39 associate members shall be compensated for per diem, subsistence and travel as provided  
40 in Chapter 138 of the General Statutes.

41 (b) Appointment of Members. – Members of the Commission shall be appointed  
42 by the ~~Governor to serve at his pleasure.~~ Governor, subject to confirmation by the  
43 General Assembly as provided by G.S. 147-16.4, to serve at the pleasure of the Governor.

1 (c) Vacancy. – The Governor shall fill any vacancy on the Commission by  
2 appointing a ~~successor~~ successor, subject to confirmation by the General Assembly as  
3 provided by G.S. 147-12(3e), to serve at the Governor's pleasure. If the chairman's seat  
4 becomes vacant, the Governor may designate either the new member or an existing  
5 member of the Commission as the ~~chairman~~ chairman, subject to confirmation by the  
6 General Assembly as provided by G.S. 147-16.4.

7 (d) Employees. – The Commission may authorize the chairman to employ,  
8 discharge, and otherwise supervise subordinate personnel of the Commission. The  
9 Commission shall appoint at least one employee to make investigations, hold hearings  
10 requested under G.S. 18B-1205, and represent the Commission in contested case hearings  
11 or perform any other duties authorized by Chapter 150B."  
12

### 13 –INDUSTRIAL COMMISSION MEMBERS AND CHAIRMAN CONFIRMATION

14 (e) G.S. 97-77 reads as rewritten:

15 "**§ 97-77. North Carolina Industrial Commission created; members appointed by**  
16 **Governor; terms of office; chairman.**

17 (a) There is hereby created a commission to be known as the North Carolina  
18 Industrial Commission, consisting of seven commissioners who shall devote their entire  
19 time to the duties of the Commission. The Governor shall appoint the members of the  
20 Commission, one for a term of two years, one for a term of four years, and one for a term  
21 of six years. Of the additional appointments made in 1994, one shall be for a term  
22 expiring June 30, 1996, one for a term expiring June 30, 1998, and two for terms expiring  
23 June 30, 2000. Upon the expiration of each term as above mentioned, the ~~Governor~~  
24 Governor, subject to confirmation by the General Assembly as provided by G.S. 147-  
25 16.4, shall appoint a successor for a term of six years, and thereafter the term of office of  
26 each commissioner shall be six years. Not more than three appointees shall be persons  
27 who, on account of their previous vocations, employment or affiliations, can be classed as  
28 representatives of employers, and not more than three appointees shall be persons who,  
29 on account of their previous vocations, employment or affiliations, can be classed as  
30 representatives of employees.

31 (b) One member, to be designated by the Governor, subject to confirmation by the  
32 General Assembly as provided by G.S. 147-16.4, shall act as chairman. The chairman  
33 shall be the chief judicial officer and the chief executive officer of the Industrial  
34 Commission; such authority shall be exercised pursuant to the provisions of Chapter 126  
35 of the General Statutes and the rules and policies of the State Personnel Commission.  
36 Notwithstanding the provisions of this Chapter, the chairman shall have such authority as  
37 is necessary to direct and oversee the Commission. The chairman may delegate any  
38 duties and responsibilities as may be necessary to ensure the proper management of the  
39 Industrial Commission. Notwithstanding the provisions of this Chapter, Chapter 143A,  
40 and Chapter 143B of the General Statutes, the chairman may hire or fire personnel and  
41 transfer personnel within the Industrial Commission.

42 The Governor may designate one vice-chairman from the remaining commissioners.  
43 The vice-chairman shall assume the powers of the chairman upon request of the chairman

1 or when the chairman is absent for 24 hours or more. The authority delegated to the vice-  
2 chairman shall be relinquished immediately upon the return of the chairman or at the  
3 request of the chairman."  
4

5 –POST-RELEASE SUPERVISION AND PAROLE COMMISSION MEMBERS AND  
6 CHAIRMAN CONFIRMATION

7 (f) G.S. 143B-267, as amended by subsection (aa) of this section, reads as  
8 rewritten:

9 "**§ 143B-267. Post-Release Supervision and Parole Commission – members;  
10 selection; removal; chairman; compensation; quorum; services.**

11 The Post-Release Supervision and Parole Commission shall consist of three full-time  
12 members. The three full-time members shall be appointed by the Governor from persons  
13 whose recognized ability, training, experience, and character qualify them for service on  
14 the Commission. The terms of office of the five members presently serving on the  
15 Commission shall expire on June 30, 1993. The terms of three members appointed  
16 effective July 1, 1993, shall be for three years, but only one successor shall be appointed  
17 for terms commencing on or after July 1, 1996. The terms of two members appointed  
18 effective July 1, 1993, shall be for four years. Thereafter, ~~the terms of office of persons~~  
19 ~~appointed by the Governor as members of the Commission shall be for members shall be~~  
20 appointed, subject to confirmation by the General Assembly as provided by G.S. 147-  
21 16.4, for terms of four years or until their successors are appointed and qualify. Any  
22 appointment to fill a vacancy on the Commission created by the resignation, removal,  
23 death or disability of a full-time member shall be for the balance of the unexpired term  
24 only.

25 The Governor shall have the authority to remove any member of the Commission  
26 from office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of  
27 G.S. 143B-13. The Governor shall designate a full-time member of the Commission to  
28 serve as chairman of the ~~Commission~~ Commission, subject to confirmation by the  
29 General Assembly as provided by G.S. 147-16.4, who shall serve at the pleasure of the  
30 Governor.

31 With regard to the transaction of the business of the Commission the following  
32 procedure shall be followed: The chairman shall designate panels of two voting  
33 Commission members and shall designate a third commissioner to serve as an alternate  
34 member of a panel. Insofar as practicable, the chairman shall assign the members to  
35 panels in such fashion that each commissioner sits a substantially equal number of times  
36 with each other commissioner. Whenever any matter of business, such as the granting,  
37 denying, revoking or rescinding of parole, or the authorization of work-release privileges  
38 to a prisoner, shall come before the Commission for consideration and action, the  
39 chairman shall refer such matter to a panel. Action may be taken by concurring vote of  
40 the two sitting panel members. If there is not a concurring vote of the two panel  
41 members, the matter will be referred to the alternate member who shall cast the deciding  
42 vote. However, no person serving a sentence of life imprisonment shall be granted parole  
43 or work-release privileges except by majority vote of the full Commission.

1 The full-time members of the Commission shall receive the salary fixed by the  
2 General Assembly in the Current Operations Appropriations Act and shall receive  
3 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-  
4 6.

5 All clerical and other services required by the Commission shall be supplied by the  
6 Secretary of Correction."

7  
8 –BOARD OF TRANSPORTATION CONFIRMATION/SERVE AT GOVERNOR'S  
9 PLEASURE

10 (g) G.S. 143B-350(c) reads as rewritten:

11 "(c) The Board of Transportation shall have 20 members appointed by the  
12 ~~Governor. Governor, subject to confirmation by the General Assembly as provided by~~  
13 ~~G.S. 147-16.4. These members shall serve at the pleasure of the Governor. One member~~  
14 ~~shall be appointed from each of the 14 transportation engineering divisions and six~~  
15 ~~members shall be appointed from the State at large. One at-large member shall be a~~  
16 ~~registered voter of a political party other than the political party of the Governor. At least~~  
17 ~~one at-large member shall possess a broad knowledge of public transportation matters.~~  
18 ~~No more than two members provided for in this subsection shall reside in the same~~  
19 ~~engineering division while serving in office. The initial members shall serve terms~~  
20 ~~beginning July 1, 1977, and ending January 14, 1981, or until their successors are~~  
21 ~~appointed and qualified. The succeeding terms of office shall be for a period of four~~  
22 ~~years beginning January 15, 1981, and each four years thereafter. The Governor shall~~  
23 ~~have the authority to remove for cause sufficient to himself, any member appointed by~~  
24 ~~the Governor."~~

25  
26 –STATE BOARD OF ELECTIONS EXECUTIVE SECRETARY-DIRECTOR  
27 CONFIRMATION

28 (h) G.S. 163-27 reads as rewritten:

29 **"§ 163-27. Executive Secretary-Director to be appointed by Board.**

30 The appointment of the Executive Secretary-Director of the State Board of Elections  
31 is extended to May 15, 1989, unless removed for proper cause, and thereafter the Board  
32 ~~shall~~ shall, subject to confirmation by the General Assembly as provided by G.S. 147-  
33 16.4 as if the appointment was made by the Governor, appoint an Executive Secretary-  
34 Director for a term of four years with compensation to be determined by the Department  
35 of Personnel. He shall serve, unless removed for cause, until his successor is appointed.  
36 Such Executive Secretary-Director shall be responsible for staffing, administration,  
37 execution of the Board's decisions and orders and shall perform such other  
38 responsibilities as may be assigned by the Board. In the event of a vacancy, the vacancy  
39 shall be filled for the remainder of the term. An acting Executive Secretary-Director may  
40 be appointed by the State Board of Elections under the same procedures as the Governor  
41 may appoint an acting officer under G.S. 147-12(3) and G.S. 147-16.4."

42  
43 –ENVIRONMENTAL MANAGEMENT COMMISSION CONFIRMATION

1 (i) G.S. 143B-283, as amended by subsection (z) of this act, reads as rewritten:  
2 **"§ 143B-283. Environmental Management Commission – members; selection;  
3 removal; compensation; quorum; services.**

4 (a) The Environmental Management Commission shall consist of 13 members  
5 appointed by the ~~Governor~~ Governor, subject to confirmation by the General Assembly  
6 as provided by G.S. 147-16.4, and four members appointed by the General Assembly in  
7 accordance with subsection (d) of this section. The Governor shall select the members  
8 so that the membership of the Commission shall consist of:

- 9 (1) One who shall be a licensed physician with specialized training and  
10 experience in the health effects of environmental pollution;
- 11 (2) One who shall, at the time of appointment, be actively connected with  
12 the Commission for Health Services or local board of health or have  
13 experience in health sciences;
- 14 (3) One who shall, at the time of appointment, be actively practicing as a  
15 farmer;
- 16 (4) One who shall, at the time of appointment, be a registered engineer with  
17 specialized training and experience in water supply or water or air  
18 pollution control;
- 19 (5) One who shall, at the time of appointment, be actively connected with  
20 or have had experience in the fish and wildlife conservation activities of  
21 the State;
- 22 (6) One who shall, at the time of appointment, have special training and  
23 scientific expertise in hydrogeology or groundwater hydrology;
- 24 (7) Two members interested in water and air pollution control, appointed  
25 from the public at large;
- 26 (8) One who shall, at the time of appointment, be actively connected with  
27 industrial production or have had experience in the field of industrial air  
28 and water pollution control;
- 29 (9) One who shall, at the time of appointment, be actively connected with  
30 or have had experience in pollution control problems of municipal or  
31 county government;
- 32 (9a) One who shall be an active realtor who is not a developer or builder;
- 33 (10) One who shall, at the time of appointment, have special training and  
34 scientific expertise in air pollution control and the effects of air  
35 pollution; and
- 36 (11) One who shall, at the time of appointment, have special training and  
37 scientific expertise in freshwater, estuarine, marine biological, or  
38 ecological sciences.

39 (b) Members so appointed shall serve terms of office of six years. Any  
40 appointment to fill a vacancy on the Commission created by the resignation, dismissal,  
41 death or disability of a member shall be for the balance of the unexpired ~~term~~ term,  
42 subject to confirmation by the General Assembly as provided by G.S. 147-16.4. At the  
43 expiration of each member's term, the Governor shall replace the member with a new

1 member of like ~~qualifications.~~ qualifications, subject to confirmation by the General  
2 Assembly as provided by G.S. 147-16.4. The initial members of the Environmental  
3 Management Commission shall be those members of the present Board of Water and Air  
4 Resources who shall meet the above standards for membership on the Environmental  
5 Management Commission and who shall serve on the Environmental Management  
6 Commission for a period equal to the remainder of their current terms on the Board of  
7 Water and Air Resources, four of whose appointments expire June 30, 1975, five of  
8 whose appointments expire June 30, 1977, and four of whose appointments expire June  
9 30, 1979. Any initial appointment to replace a member of the present Board of Water and  
10 Air Resources who does not meet the above standards for membership on the  
11 Environmental Management Commission shall be for a period equal to the replaced  
12 member's unexpired term. The initial appointment for category (9a) shall be for a four-  
13 year term commencing July 1, 1996, and expiring June 30, 2000. Successors shall be  
14 appointed for six-year terms.

15 The Governor shall have the power to remove any member of the Commission from  
16 office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of  
17 G.S. 143B-13 of the Executive Organization Act of 1973.

18 The members of the Commission shall receive per diem and necessary travel and  
19 subsistence expenses in accordance with the provisions of G.S. 138-5.

20 A majority of the Commission shall constitute a quorum for the transaction of  
21 business.

22 All clerical and other services required by the Commission shall be supplied by the  
23 Secretary of Environment, Health, and Natural Resources.

24 (c) Nine of the members appointed by the Governor under this section shall be  
25 persons who do not derive any significant portion of their income from persons subject to  
26 permits or enforcement orders under this Chapter. The Governor shall require adequate  
27 disclosure of potential conflicts of interest by members. The Governor, by executive  
28 order, shall promulgate criteria regarding conflicts of interest and disclosure thereof for  
29 determining the eligibility of persons under this section, giving due regard to the  
30 requirements of federal legislation, and for this purpose may promulgate rules,  
31 regulations or guidelines in conformance with those established by any federal agency  
32 interpreting and applying provisions of federal law.

33 (d) In addition to the members designated by subsection (a), the General Assembly  
34 shall appoint four members, two upon the recommendation of the Speaker of the House  
35 of Representatives, and two upon the recommendation of the President of the Senate.  
36 Appointments by the General Assembly shall be made in accordance with G.S. 120-121,  
37 and vacancies in those appointments shall be filled in accordance with G.S. 120-122. The  
38 terms of initial appointees by the General Assembly shall expire on June 30, 1983.  
39 Thereafter, these members shall serve two-year terms."

40

41 -HEALTH SERVICES COMMISSION CONFIRMATION

42 (j) G.S. 130A-30 reads as rewritten:

1 **"§ 130A-30. Commission for Health Services – Members; selection; quorum;**  
2 **compensation.**

3 (a) The Commission for Health Services shall consist of 13 members, four of  
4 whom shall be elected by the North Carolina Medical Society and nine of whom shall be  
5 appointed by the Governor. The members appointed by the Governor are subject to  
6 confirmation by the General Assembly as provided by G.S. 147-16.4, and the members  
7 elected by the North Carolina Medical Society are subject to confirmation by the General  
8 Assembly as provided by G.S. 147-16.4 as if those elected had been appointed by the  
9 Governor.

10 (b) One of the members appointed by the Governor shall be a licensed pharmacist,  
11 one a registered engineer experienced in sanitary engineering or a soil scientist, one a  
12 licensed veterinarian, one a licensed optometrist, one a licensed dentist, and one a  
13 registered nurse. The initial members of the Commission shall be the members of the  
14 State Board of Health who shall serve for a period equal to the remainder of their current  
15 terms on the State Board of Health, three of whose appointments expire May 1, 1973, and  
16 two of whose appointments expire May 1, 1975. At the end of the respective terms of  
17 office of initial members of the Commission, their successors shall be appointed for terms  
18 of four years and until their successors are appointed and qualify. Any appointment to fill  
19 a vacancy on the Commission created by the resignation, dismissal, death, or disability of  
20 a member shall be for the balance of the unexpired ~~term~~ term, subject to confirmation by  
21 the General Assembly as provided by G.S. 147-16.4.

22 (c) The North Carolina Medical Society shall have the right to remove any  
23 member elected by it for misfeasance, malfeasance, or nonfeasance, and the Governor  
24 shall have the right to remove any member appointed by him for misfeasance,  
25 malfeasance, or nonfeasance in accordance with the provisions of G.S. 143B-13.  
26 Vacancies on said Commission among the membership elected by the North Carolina  
27 Medical Society shall be filled by the executive committee of the Medical Society until  
28 the next meeting of the Medical Society, when the Medical Society shall fill the vacancy  
29 for the unexpired term. Vacancies on said Commission among the membership appointed  
30 by the Governor shall be filled by the Governor for the unexpired term. The filling of  
31 vacancies is subject to confirmation by the General Assembly as provided by G.S. 147-  
32 16.4.

33 (d) A majority of the members of the Commission shall constitute a quorum for  
34 the transaction of business.

35 (e) The members of the Commission shall receive per diem and necessary  
36 traveling and subsistence expenses in accordance with the provisions of G.S. 138-5."  
37

38 –COASTAL RESOURCES COMMISSION CONFIRMATION

39 (k) G.S. 113A-104 reads as rewritten:

40 **"§ 113A-104. Coastal Resources Commission.**

41 (a) Established. – The General Assembly hereby establishes within the  
42 Department of Environment, Health, and Natural Resources a commission to be  
43 designated the Coastal Resources Commission.



1 (b) Composition. – The Coastal Resources Commission shall consist of 15  
2 members appointed by the Governor, subject to confirmation by the General Assembly as  
3 provided by G.S. 147-16.4, as follows:

- 4 (1) One who shall at the time of appointment be actively connected with or  
5 have experience in commercial fishing.
- 6 (2) One who shall at the time of appointment be actively connected with or  
7 have experience in wildlife or sports fishing.
- 8 (3) One who shall at the time of appointment be actively connected with or  
9 have experience in marine ecology.
- 10 (4) One who shall at the time of appointment be actively connected with or  
11 have experience in coastal agriculture.
- 12 (5) One who shall at the time of appointment be actively connected with or  
13 have experience in coastal forestry.
- 14 (6) One who shall at the time of appointment be actively connected with or  
15 have experience in coastal land development.
- 16 (7) One who shall at the time of appointment be actively connected with or  
17 have experience in marine-related business (other than fishing and  
18 wildlife).
- 19 (8) One who shall at the time of appointment be actively connected with or  
20 have experience in engineering in the coastal area.
- 21 (9) One who shall at the time of appointment be actively associated with a  
22 State or national conservation organization.
- 23 (10) One who shall at the time of appointment be actively connected with or  
24 have experience in financing of coastal land development.
- 25 (11) Two who shall at the time of appointment be actively connected with or  
26 have experience in local government within the coastal area.
- 27 (12) Three at-large members.

28 (c) Appointment of Members. – Appointments to the Commission shall be made  
29 to provide knowledge and experience in a diverse range of coastal interests. The  
30 members of the Commission shall serve and act on the Commission solely for the best  
31 interests of the public and public trust, and shall bring their particular knowledge and  
32 experience to the Commission for that end alone.

33 The Governor shall appoint in his sole ~~discretion~~ discretion, subject to confirmation  
34 by the General Assembly as provided by G.S. 147-16.4, those members of the  
35 Commission whose qualifications are described in subdivisions (6) and (10), and one of  
36 the three members described in subdivision (12) of subsection (b) of this section.

37 The remaining members of the Commission shall be appointed by the ~~Governor~~  
38 Governor, subject to confirmation by the General Assembly as provided by G.S. 147-  
39 16.4, after completion of the nominating procedures prescribed by subsection (d) of this  
40 section. The members of the Commission whose qualifications are described in  
41 subdivisions (1) through ~~(5), (9), and (11)~~, (5) and subdivision (9) shall be persons who  
42 do not derive any significant portion of their income from land development,  
43 construction, real estate sales, or lobbying and do not otherwise serve as agents for

1 development-related business activities. The Governor shall require adequate disclosure  
2 of potential conflicts of interest by members. The Governor, by executive order, shall  
3 promulgate criteria regarding conflicts of interest and disclosure thereof for determining  
4 the eligibility of persons under this section.

5 (d) Nominations for Membership. – On or before May 1 in every even-numbered  
6 year the Governor shall designate and transmit to the board of commissioners in each  
7 county in the coastal area four nominating categories applicable to that county for that  
8 year. Said nominating categories shall be selected by the Governor from among the  
9 categories represented, respectively by subdivisions (1), (2), (3), (4), (5), (7), (8), (9), (11)  
10 – two persons, and (12) – two persons, of subsection (b) of this section (or so many of the  
11 above-listed paragraphs as may correspond to vacancies by expiration of term that are  
12 subject to being filled in that year). On or before June 1 in every even-numbered year the  
13 board of commissioners of each county in the coastal area shall nominate (and transmit to  
14 the Governor the names of) one qualified person in each of the four nominating  
15 categories that was designated by the Governor for that county for that year. In  
16 designating nominating categories from biennium to biennium, the Governor shall  
17 equitably rotate said categories among the several counties of the coastal area as in his  
18 judgment he deems best; and he shall assign, as near as may be, an even number of  
19 nominees to each nominating category and shall assign in his best judgment any excess  
20 above such even number of nominees. On or before June 1 in every even-numbered year  
21 the governing body of each incorporated city within the coastal area shall nominate and  
22 transmit to the Governor the name of one person as a nominee to the Commission. In  
23 making nominations, the boards of county commissioners and city governing bodies shall  
24 give due consideration to the nomination of women and minorities. The Governor shall  
25 appoint 12 persons from among said city and county nominees to the ~~Commission.~~  
26 Commission, subject to confirmation by the General Assembly as provided by G.S. 147-  
27 16.4. The several boards of county commissioners and city governing bodies shall  
28 transmit the names, addresses, and a brief summary of the qualifications of their  
29 nominees to the Governor on or before June 1 in each even-numbered year, beginning in  
30 1974; provided, that the Governor, by registered or certified mail, shall notify the  
31 chairman or the mayors of the said local governing boards by May 20 in each such even-  
32 numbered year of the duties of local governing boards under this sentence. If any board  
33 of commissioners or city governing body fails to transmit its list of nominations to the  
34 Governor by June 1, the Governor may add to the nominations a list of qualified  
35 nominees in lieu of those that were not transmitted by the board of commissioners or city  
36 governing body; Provided however, the Governor may not add to the list a nominee in  
37 lieu of one not transmitted by an incorporated city within the coastal area that neither has  
38 a population of 2,000 or more nor is contiguous with the Atlantic Ocean. Within the  
39 meaning of this section, the 'governing body' is the mayor and council of a city as defined  
40 in G.S. 160A-66. The population of cities shall be determined according to the most  
41 recent annual estimates of population as certified to the Secretary of Revenue by the  
42 Secretary of Administration.

1 (e) Residential Qualifications. – All nominees of the several boards of county  
2 commissioners and city governing bodies must reside within the coastal area, but need  
3 not reside in the county from which they were nominated. No more than one of those  
4 members appointed by the Governor from among said nominees may reside in a  
5 particular county. No more than two members of the entire Commission, at any time,  
6 may reside in a particular county. No more than two members of the entire Commission,  
7 at any time, may reside outside the coastal area.

8 (f) Office May Be Held Concurrently with Others. – Membership on the Coastal  
9 Resources Commission is hereby declared to be an office that may be held concurrently  
10 with other elective or appointive offices in addition to the maximum number of offices  
11 permitted to be held by one person under G.S. 128-1.1.

12 (g) Terms. – The members shall serve staggered terms of office of four years. At  
13 the expiration of each member's term, the Governor shall reappoint or replace the  
14 member with a new member of like qualification (as specified in subsection (b) of this  
15 section), in the manner provided by subsections (c) and (d) of this ~~section~~ section,  
16 subject to confirmation by the General Assembly as provided by G.S. 147-16.4. The  
17 initial term shall be determined by the Governor in accordance with customary practice  
18 but eight of the initial members shall be appointed for two years and seven for four years.

19 (h) Vacancies. – In the event of a vacancy arising otherwise than by expiration of  
20 term, the Governor shall appoint a successor of like qualification (as specified in  
21 subsection (b) of this section) who shall then serve the remainder of his predecessor's  
22 ~~term~~ term, subject to confirmation by the General Assembly as provided by G.S. 147-  
23 16.4. When any such vacancy arises, the Governor shall immediately notify the board of  
24 commissioners of each county in the coastal area and the governing body of each  
25 incorporated city within the coastal area. Within 30 days after receipt of such notification  
26 each such county board and city governing body shall nominate and transmit to the  
27 Governor the name and address of one person who is qualified in the category  
28 represented by the position to be filled, together with a brief summary of the  
29 qualifications of the nominee. The Governor shall make the appointment from among  
30 said city and county nominees. If any county board or city governing body fails to make a  
31 timely transmittal of its nominee, the Governor may add to the nominations a qualified  
32 person in lieu of said nominee; Provided however, the Governor may not add to the list a  
33 nominee in lieu of one not transmitted by an incorporated city within the coastal area that  
34 neither has a population of 2,000 or more nor is contiguous with the Atlantic Ocean.

35 (i) Officers. – The chairman shall be designated by the Governor from among the  
36 members of the Commission to serve as chairman at the pleasure of the Governor. The  
37 vice-chairman shall be elected by and from the members of the Commission and shall  
38 serve for a term of two years or until the expiration of his regularly appointed term.

39 (j) Compensation. – The members of the Commission shall receive per diem and  
40 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-  
41 5.

1 (k) In making appointments to and filling vacancies upon the Commission, the  
2 Governor shall give due consideration to securing appropriate representation of women  
3 and minorities.

4 (l) Regular attendance at Commission meetings is a duty of each member. The  
5 Commission shall develop procedures for declaring any seat on the Commission to be  
6 vacant upon failure by a member to perform this duty."

7  
8 –BUILDING CODE COUNCIL CONFIRMATION

9 (l) G.S. 143-136 reads as rewritten:

10 **"§ 143-136. Building Code Council created; membership.**

11 (a) Creation; Membership; Terms. – There is hereby created a Building Code  
12 Council, which shall be composed of 15 members appointed by the Governor, subject to  
13 confirmation by the General Assembly as provided by G.S. 147-16.4, consisting of one  
14 registered architect, one licensed general contractor, one registered architect or licensed  
15 general contractor specializing in residential design or construction, one registered  
16 engineer practicing structural engineering, one registered engineer practicing mechanical  
17 engineering, one registered engineer practicing electrical engineering, one licensed  
18 plumbing and heating contractor, one municipal or county building inspector, one  
19 licensed liquid petroleum gas dealer/contractor involved in the design of natural and  
20 liquid petroleum gas systems who has expertise and experience in natural and liquid  
21 petroleum gas piping, venting and appliances, a representative of the public who is not a  
22 member of the building construction industry, a licensed electrical contractor, a registered  
23 engineer on the engineering staff of a State agency charged with approval of plans of  
24 State-owned buildings, a municipal elected official or city manager, a county  
25 commissioner or county manager, and an active member of the North Carolina fire  
26 service with expertise in fire safety. In selecting the municipal and county members,  
27 preference should be given to members who qualify as either a registered architect,  
28 registered engineer, or licensed general contractor. Of the members initially appointed by  
29 the Governor, three shall serve for terms of two years each, three shall serve for terms of  
30 four years each, and three shall serve for terms of six years each. Thereafter, all  
31 appointments shall be for terms of six years. The Governor may remove appointive  
32 members at any time. Neither the architect nor any of the above named engineers shall be  
33 engaged in the manufacture, promotion or sale of any building material, and any member  
34 who shall, during his term, cease to meet the qualifications for original appointment  
35 (through ceasing to be a practicing member of the profession indicated or otherwise) shall  
36 thereby forfeit his membership on the Council. In making new appointments or filling  
37 vacancies, the Governor shall ensure that minorities and women are represented on the  
38 Council.

39 The Governor may make appointments to fill the unexpired portions of any terms  
40 vacated by reason of death, resignation, or removal from ~~office~~—office, subject to  
41 confirmation by the General Assembly as provided by G.S. 147-16.4. In making such  
42 appointment, he shall preserve the composition of the Council required above.

1 (b) Compensation. – Members of the Building Code Council other than any who  
2 are employees of the State shall receive seven dollars (\$7.00) per day, including  
3 necessary time spent in traveling to and from their place of residence within the State to  
4 any place of meeting or while traveling on official business of the Council. In addition,  
5 all members shall receive mileage and subsistence according to State practice while going  
6 to and from any place of meeting, or when on official business of the Council."  
7

8 –BOARD OF AGRICULTURE/NO CONFIRMATION

9 (m) G.S. 106-2, as amended by subsection (x) of this act, reads as rewritten:  
10 "**§ 106-2. Department of Agriculture, Immigration, and Statistics established;**  
11 **Board of Agriculture, membership, terms of office, etc.**

12 The Department of Agriculture, Immigration, and Statistics is created and established  
13 and shall be under the control of the Commissioner of Agriculture, with the consent and  
14 advice of a board to be styled 'The Board of Agriculture.' The Board of Agriculture shall  
15 consist of the Commissioner of Agriculture, who shall be ex officio a member and  
16 chairman thereof and shall preside at all meetings, and ~~of~~ 11 other members from the  
17 State at large, so distributed as to reasonably represent the different sections and  
18 agriculture of the State. In the appointment of the members of the Board the Governor  
19 shall also take into consideration the different agricultural interests of the State, and shall  
20 appoint one member who shall be a practical tobacco farmer to represent the tobacco  
21 farming interest, one who shall be a practical cotton grower to represent the cotton  
22 interest, one who shall be a practical truck farmer or general farmer to represent the truck  
23 and general farming interest, one who shall be a practical dairy farmer to represent the  
24 dairy and livestock interest of the State, one who shall be a practical poultryman to  
25 represent the poultry interest of the State, one who shall be a practical peanut grower to  
26 represent the peanut interests, one who shall be a hog farmer to represent the interest of  
27 hog farmers, and one who shall be experienced in marketing to represent the marketing of  
28 products of the State. ~~The members of such Board shall be appointed by the Governor by~~  
29 ~~and with the consent of the Senate, when the terms of the incumbents respectively expire.~~  
30 Upon the expiration of each term, the Governor shall appoint a successor. The term of  
31 office of ~~such~~ these members shall be six years and until their successors are duly  
32 appointed and qualified. ~~The terms of office of the five members constituting the present~~  
33 ~~Board of Agriculture shall continue for the time for which they were appointed. In~~  
34 ~~making appointments for the enlarged Board of Agriculture, the Governor shall make the~~  
35 ~~appointments so that the term of three members will be for two years, three for four and~~  
36 ~~four for six years. Thereafter the appointments shall be made for six years.—~~The initial  
37 appointment of the hog farmer required by this section shall be for a six-year term  
38 beginning July 1, 1996. Vacancies ~~in such~~ on the Board shall be filled by the Governor  
39 for the unexpired term. The Commissioner of Agriculture and the members of the Board  
40 of Agriculture shall be practical farmers engaged in their profession."  
41

42 –ATLANTIC STATES MARINE FISHERIES COMMISSION/NO CONFIRMATION

43 (n) G.S. 113-254 reads as rewritten:

1 **"§ 113-254. North Carolina members of Commission.**

2 In pursuance of Article III of said Compact there shall be three members (hereinafter  
3 called commissioners) of the Atlantic States Marine Fisheries Commission (hereinafter  
4 called Commission) from the State of North Carolina. The first commissioner from the  
5 State of North Carolina shall be the Fisheries Director of the Division of Marine Fisheries  
6 of the Department, ex officio, and the term of such ex officio commissioner shall  
7 terminate at the time he ceases to hold such office, and his successor as commissioner  
8 shall be his successor as Fisheries Director of the Division of Marine Fisheries. The  
9 second commissioner from the State of North Carolina shall be a legislator and member  
10 of the Commission on Interstate Cooperation of the State of North Carolina, ex officio,  
11 designated by said Commission on Interstate Cooperation, and the term of any such ex  
12 officio commissioner shall terminate at the time he ceases to hold said legislative office  
13 or said office as Commissioner on Interstate Cooperation, and his successor as  
14 commissioner shall be named in like manner. The Governor (~~by and with the advice and  
15 consent of the Senate~~) shall appoint a citizen as a third commissioner who shall have a  
16 knowledge of and interest in the marine fisheries problem. The term of said  
17 Commissioner shall be three years and he shall hold office until his successor shall be  
18 appointed and qualified. Vacancies occurring in the office of such Commissioner from  
19 any reason or cause shall be filled by appointment by the Governor (~~by and with the  
20 advice and consent of the Senate~~) for the unexpired term. The Fisheries Director of the  
21 Division of Marine Fisheries appointed pursuant to Article III as ex officio commissioner  
22 may delegate, from time to time, to any deputy or other subordinate of the Fisheries  
23 Director, the power to be present and participate, including voting, as his representative  
24 or substitute at any meeting of or hearing by or other proceedings of the Commission.  
25 The terms of each of the initial three members shall begin at the date of the appointment  
26 of the appointive commissioner, provided the said Compact shall then have gone into  
27 effect in accordance with Article II of the Compact; otherwise they shall begin upon the  
28 date upon which said Compact shall become effective in accordance with said Article II.

29 Any commissioner may be removed from office by the Governor upon charges and  
30 after a hearing."  
31

32 **–TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM BOARD OF**  
33 **TRUSTEES/NO CONFIRMATION**

34 (o) G.S. 135-6(b) reads as rewritten:

35 "(b) Membership of Board; Terms. – The Board shall consist of 14 members, as  
36 follows:

- 37 (1) The State Treasurer, ex officio;  
38 (2) The Superintendent of Public Instruction, ex officio;  
39 (3) Ten members to be appointed by the ~~Governor and confirmed by the~~  
40 ~~Senate of North Carolina.~~ Governor. One of the appointive members  
41 shall be a member of the teaching profession of the State; one of the  
42 appointive members shall be an employee of the Board of  
43 Transportation, who shall be appointed by the Governor for a term of

1 four years commencing April 1, 1947, and quadrennially thereafter; one  
2 of the appointive members shall be a representative of higher education  
3 appointed by the Governor for a term of four years commencing July 1,  
4 1969, and quadrennially thereafter; one of the appointive members shall  
5 be a retired teacher who is drawing a retirement allowance, appointed  
6 by the Governor for a term of four years commencing July 1, 1969, and  
7 quadrennially thereafter; one shall be a retired State employee who is  
8 drawing a retirement allowance, appointed by the Governor for a term  
9 of four years commencing July 1, 1977, and quadrennially thereafter;  
10 one to be a general State employee, and three who are not members of  
11 the teaching profession or State employees; two to be appointed for a  
12 term of two years, two for a term of three years and one for a term of  
13 four years; one appointive member shall be a law-enforcement officer  
14 employed by the State, appointed by the Governor, for a term of four  
15 years commencing April 1, 1985. At the expiration of these terms of  
16 office the appointment shall be for a term of four years;

- 17 (4) Two members appointed by the General Assembly, one appointed upon  
18 the recommendation of the Speaker of the House of Representatives,  
19 and one appointed upon the recommendation of the President of the  
20 Senate in accordance with G.S. 120-121. Neither of these members may  
21 be an active or retired teacher or State employee or an employee of a  
22 unit of local government. The initial members appointed by the General  
23 Assembly shall serve for terms expiring June 30, 1983. Thereafter, their  
24 successors shall serve for two-year terms beginning July 1 of odd-  
25 numbered years. Vacancies in appointments made by the General  
26 Assembly shall be filled in accordance with G.S. 120-122."

27  
28 –COMMISSIONER OF MOTOR VEHICLES CONFIRMATION

29 (p) G.S. 20-2 reads as rewritten:

30 "**§ 20-2. Commissioner of Motor Vehicles; rules.**

31 (a) Commissioner and Assistants. – The Division of Motor Vehicles shall be  
32 administered by the Commissioner of Motor Vehicles, who shall be appointed by and  
33 serve at the pleasure of the Secretary of the Department of ~~Transportation.~~  
34 Transportation; provided that the appointment is subject to confirmation by the General  
35 Assembly as provided by G.S. 147-16.4 as if the appointment was made by the Governor.  
36 The Commissioner shall be paid an annual salary to be fixed by the General Assembly in  
37 the Current Operations Appropriations Act and allowed his traveling expenses as allowed  
38 by law. An acting Commissioner may be appointed by the Secretary under the same  
39 procedures as the Governor may appoint an acting officer under G.S. 147-12(3) and G.S.  
40 147-16.4.

41 In any action, proceeding, or matter of any kind, to which the Commissioner of Motor  
42 Vehicles is a party or in which he may have an interest, all pleadings, legal notices, proof  
43 of claim, warrants for collection, certificates of tax liability, executions, and other legal

1 documents, may be signed and verified on behalf of the Commissioner of Motor Vehicles  
2 by the Assistant Commissioner of Motor Vehicles or by any director or assistant director  
3 of any section of the Division of Motor Vehicles or by any other agent or employee of the  
4 Division so authorized by the Commissioner of Motor Vehicles.

5 (b) Rules. – The Commissioner may adopt rules to implement this Chapter.  
6 Chapter 150B of the General Statutes governs the adoption of rules by the  
7 Commissioner."

8  
9 – CHAIRMAN OF EMPLOYMENT SECURITY COMMISSION

10 (q) G.S. 96-3 reads as rewritten:

11 "**§ 96-3. Employment Security Commission.**

12 (a) Organization. – There is hereby created a commission to be known as the  
13 Employment Security Commission of North Carolina. The Commission shall consist of  
14 seven members to be appointed by the Governor on or before July 1, 1941. The Governor  
15 shall have the power to designate the member of said Commission who shall act as the  
16 chairman ~~thereof~~ thereof, subject to confirmation by the General Assembly as provided  
17 by G.S. 147-16.4. The chairman of the Commission shall not engage in any other  
18 business, vocation or employment. Three members of the Commission shall be appointed  
19 by the Governor to serve for a term of two years. Three members shall be appointed to  
20 serve for a term of four years, and upon the expiration of the respective terms, the  
21 successors of said members shall be appointed for a term of four years each, thereafter,  
22 and the member of said Commission designated by the Governor as chairman shall serve  
23 at the pleasure of the Governor. Any member appointed to fill a vacancy occurring in any  
24 of the appointments made by the Governor prior to the expiration of the term for which  
25 his predecessor was appointed shall be appointed for the remainder of such ~~term~~ term,  
26 provided that the designation of a chairman to fill a vacancy is subject to confirmation by  
27 the General Assembly as provided by G.S. 147-16.4. The Governor may at any time  
28 after notice and hearing, remove any Commissioner for gross inefficiency, neglect of  
29 duty, malfeasance, misfeasance, or nonfeasance in office.

30 (b) Divisions. – The Commission shall establish two coordinate divisions: the  
31 North Carolina State Employment Service Division, created pursuant to G.S. 96-20, and  
32 the Unemployment Insurance Division. Each division shall be responsible for the  
33 discharge of its distinctive functions. Each division shall be a separate administrative  
34 unit with respect to personnel and duties, except insofar as the Commission may find that  
35 such separation is impracticable. Notwithstanding any other provision of this Chapter,  
36 administrative organization of the agency shall be in accordance with that which the  
37 Commission finds most desirable in order to perform the duties and functions of the  
38 agency.

39 (c) Salaries. – The chairman of the Employment Security Commission of North  
40 ~~Carolina, appointed by the Governor, Carolina~~ shall be paid from the Employment  
41 Security Administration Fund a salary payable on a monthly basis, which salary shall be  
42 fixed by the General Assembly in the Current Operations Appropriations Act; and the  
43 members of the Commission, other than the chairman, shall each receive the same



1 amount per diem for their services as is provided for the members of other State boards,  
2 commissions, and committees who receive compensation for their services as such,  
3 including necessary time spent in traveling to and from his place of residence within the  
4 State to the place of meeting while engaged in the discharge of the duties of his office  
5 and his actual traveling expenses, the same to be paid from the aforesaid fund.

6 (d) Quorum. – The chairman or his designee and three members of the  
7 Commission shall constitute a quorum."

8  
9 –BANKING COMMISSIONER (CONFORMING CHANGES)

10 (r) G.S. 53-92 reads as rewritten:

11 "**§ 53-92. Appointment of Commissioner of Banks; State Banking Commission.**

12 On or before April 1, 1983, and quadrennially thereafter, the Governor shall appoint a  
13 Commissioner of Banks subject to confirmation by the General Assembly ~~by joint~~  
14 ~~resolution, as provided by G.S. 147-16.4. The name of the Commissioner of Banks shall~~  
15 ~~be submitted to the General Assembly on or before February 1, of the year in which the~~  
16 ~~term of his office begins.~~–The term of office for the Commissioner of Banks shall be four  
17 years. ~~In case of a vacancy in the office of Commissioner of Banks for any reason prior to~~  
18 ~~the expiration of his term of office, the name of his successor shall be submitted by the~~  
19 ~~Governor to the General Assembly, not later than four weeks after the vacancy arises. If~~  
20 ~~a vacancy arises in the office when the General Assembly is not in session, the~~  
21 ~~Commissioner of Banks shall be appointed by the Governor to serve on an interim basis~~  
22 ~~pending confirmation by the General Assembly.~~

23 The State Banking Commission, which has heretofore been created, shall consist of  
24 the State Treasurer, who shall serve as an ex officio member thereof, 12 members  
25 appointed by the Governor, and two members appointed by the General Assembly under  
26 G.S. 120-121, one of whom shall be appointed upon the recommendation of the President  
27 of the Senate and one of whom shall be appointed upon the recommendation of the  
28 Speaker of the House of Representatives. The Governor shall appoint five practical  
29 bankers and seven persons selected primarily as representatives of the borrowing public.  
30 The person appointed by the General Assembly upon the recommendation of the  
31 President of the Senate shall be a practical banker. The person appointed by the General  
32 Assembly upon the recommendation of the Speaker of the House shall be a person  
33 selected primarily as a representative of the borrowing public. The persons selected  
34 primarily as representatives of the borrowing public shall not be employees or directors  
35 of any financial institution nor shall they have any interest in any regulated financial  
36 institution other than as a result of being a depositor or borrower. Under this section, no  
37 person shall be considered to have an interest in a financial institution whose interest in  
38 any financial institution does not exceed one-half of one percent (1/2 of 1%) of the  
39 capital stock of that financial institution. These members of the Commission shall be  
40 selected so as to fully represent the consumer, industrial, manufacturing, professional,  
41 business and farming interests of the State. No person shall serve on the Commission for  
42 more than two complete consecutive terms. As the terms of office of the appointive  
43 members of the Commission expire, their successors shall be appointed by the person

1 appointing them, for terms of four years each. Any vacancy occurring in the membership  
2 of the Commission shall be filled by the appropriate appointing officer for the unexpired  
3 term, except that vacancies among members appointed by the General Assembly shall be  
4 filled in accordance with G.S. 120-122. The appointed members of the Commission shall  
5 receive as compensation for their services the same per diem and expenses as is paid to  
6 the members of the Advisory Budget Commission. This compensation shall be paid from  
7 the fees collected from the examination of banks as provided by law.

8 The Banking Commission shall meet at such time or times, and not less than once  
9 every three months, as the Commission shall, by resolution, prescribe, and the  
10 Commission may be convened in special session at the call of the Governor, or upon the  
11 request of the Commissioner of Banks. The State Treasurer shall be chairman of the said  
12 Commission.

13 No member of said Commission shall act in any matter affecting any bank in which  
14 he is financially interested, or with which he is in any manner connected. No member of  
15 said Commission shall divulge or make use of any information coming into his  
16 possession as a result of his service on such Commission, and shall not give out any  
17 information with reference to any facts coming into his possession by reason of his  
18 services on such Commission in connection with the condition of any State banking  
19 institution, unless such information shall be required of him at any hearing at which he is  
20 duly subpoenaed, or when required by order of a court of competent jurisdiction.

21 A quorum shall consist of a majority of the total membership of the Banking  
22 Commission. A majority vote of the members qualified with respect to a matter under  
23 review present at that meeting shall constitute valid action of the Banking Commission.  
24 The State Treasurer and all disqualified members who are present shall be counted to  
25 determine whether a quorum is present at a meeting.

26 The Commissioner of Banks shall act as the executive officer of the Banking  
27 Commission, but the Commission shall provide, by rules and regulations, for hearings  
28 before the Commission upon any matter or thing which may arise in connection with the  
29 banking laws of this State upon the request of any person interested therein, and review  
30 any action taken or done by the Commissioner of Banks.

31 The Banking Commission is hereby vested with full power and authority to supervise,  
32 direct and review the exercise by the Commissioner of Banks of all powers, duties, and  
33 functions now vested in or exercised by the Commissioner of Banks under the banking  
34 laws of this State; any party to a proceeding before the Banking Commission may, within  
35 20 days after final order of said Commission and by written notice to the Commissioner  
36 of Banks, appeal to the Superior Court of Wake County for a final determination of any  
37 question of law which may be involved. The cause shall be entitled 'State of North  
38 Carolina on Relation of the Banking Commission against (here insert name of appellant).'

39 It shall be placed on the civil issue docket of such court and shall have precedence over  
40 other civil actions. In the event of an appeal the Commissioner shall certify the record to  
41 the Clerk of Superior Court of Wake County within 15 days thereafter."

42  
43 –STATE CONTROLLER (CONFORMING CHANGES)

1 (s) G.S. 143B-426.37 reads as rewritten:

2 **"§ 143B-426.37. State Controller.**

3 (a) The Office of the State Controller shall be headed by the State Controller who  
4 shall maintain the State accounting system and shall administer the State disbursing  
5 system.

6 (b) The State Controller shall be a person qualified by education and experience  
7 for the office and shall be appointed by the Governor subject to confirmation by the  
8 General Assembly. ~~Assembly as provided by G.S. 147-16.4.~~ The term of office of the  
9 State Controller shall be for seven years; the first full term shall begin July 1, 1987.

10 ~~The Governor shall submit the name of the person to be appointed, for confirmation~~  
11 ~~by the General Assembly, to the President of the Senate and the Speaker of the House of~~  
12 ~~Representatives by May 1 of the year in which the State Controller is to be appointed. If~~  
13 ~~the Governor does not submit the name by that date, the President of the Senate and the~~  
14 ~~Speaker of the House of Representatives shall submit a name to the General Assembly~~  
15 ~~for confirmation.~~

16 ~~In case of death, incapacity, resignation, removal by the Governor for cause, or~~  
17 ~~vacancy for any other reason in the Office of State Controller prior to the expiration of~~  
18 ~~the term of office while the General Assembly is in session, the Governor shall submit~~  
19 ~~the name of a successor to the President of the Senate and the Speaker of the House of~~  
20 ~~Representatives within four weeks after the vacancy occurs. If the Governor does not do~~  
21 ~~so, the President of the Senate and the Speaker of the House of Representatives shall~~  
22 ~~submit a name to the General Assembly for confirmation.~~

23 ~~In case of death, incapacity, resignation, removal by the Governor for cause, or~~  
24 ~~vacancy for any other reason in the Office of State Controller prior to the expiration of~~  
25 ~~the term of office while the General Assembly is not in session, the Governor shall~~  
26 ~~appoint a State Controller to serve on an interim basis pending confirmation by the~~  
27 ~~General Assembly.~~

28 (c) The salary of the State Controller shall be set by the General Assembly in the  
29 Current Operations Appropriations Act."

30  
31 ~~–UTILITIES COMMISSION (CONFORMING CHANGES)~~

32 (t) G.S. 62-10 reads as rewritten:

33 **"§ 62-10. Number; appointment; terms; qualifications; chairman; vacancies;**  
34 **compensation; other employment prohibited.**

35 (a) The North Carolina Utilities Commission shall consist of seven commissioners  
36 who shall be appointed by the Governor subject to confirmation by the General Assembly  
37 ~~by joint resolution as provided by G.S. 147-16.4.~~ ~~The names of commissioners to be~~  
38 ~~appointed by the Governor shall be submitted by the Governor to the General Assembly~~  
39 ~~for confirmation by the General Assembly on or before May 1, of the year in which the~~  
40 ~~terms for which the appointments are to be made are to expire. Upon failure of the~~  
41 ~~Governor to submit names as herein provided, the Lieutenant Governor and Speaker of~~  
42 ~~the House jointly shall submit the names of a like number of commissioners to the~~  
43 ~~General Assembly on or before May 15 of the same year for confirmation by the General~~

1 ~~Assembly. Regardless of the way in which names of commissioners are submitted,~~  
2 ~~confirmation of commissioners must be accomplished prior to adjournment of the then~~  
3 ~~current session of the General Assembly.—This subsection shall be subject to the~~  
4 ~~provisions of subsection (c) of this section.~~

5 (b) The terms of the commissioners now serving shall expire at the conclusion of  
6 the term for which they were appointed which shall remain as before with two regular  
7 eight-year terms expiring on July 1 of each fourth year after July 1, 1965, and the fifth  
8 term expiring on July 1 of each eighth year after July 1, 1963. The terms of office of  
9 utilities commissioners thereafter shall be eight years commencing on July 1 of the year  
10 in which the predecessor terms expired, and ending on July 1 of the eighth year  
11 thereafter.

12 (c) In order to increase the number of commissioners to seven, the names of two  
13 additional commissioners shall be submitted to the General Assembly on or before May  
14 27, 1975, for confirmation by the General Assembly as provided in G.S. 62-10(a). The  
15 commissioners so appointed and confirmed shall serve new terms commencing on July 1,  
16 1975, one of which shall be for a period of two years (with the immediate successor  
17 serving for a period of six years), and one of which shall be for a period of two years.

18 Thereafter, the terms of office of the additional commissioners shall be for eight years  
19 as provided in G.S. 62-10(b).

20 (d) A commissioner in office shall continue to serve until his successor is duly  
21 confirmed and qualified but such holdover shall not affect the expiration date of such  
22 succeeding term.

23 (e) On July 1, 1965, and every four years thereafter, one of the commissioners  
24 shall be designated by the Governor to serve as chairman of the Commission for the  
25 succeeding four years and until his successor is duly confirmed and qualifies. Upon death  
26 or resignation of the commissioner appointed as chairman, the Governor shall designate  
27 the chairman from the remaining commissioners and appoint a successor as hereinafter  
28 provided to fill the vacancy on the Commission.

29 ~~(f) In case of death, incapacity, resignation or vacancy for any other reason in the~~  
30 ~~office of any commissioner prior to the expiration of his term of office, the name of his~~  
31 ~~successor shall be submitted by the Governor within four weeks after the vacancy arises~~  
32 ~~to the General Assembly for confirmation by the General Assembly. Upon failure of the~~  
33 ~~Governor to submit the name of the successor, the Lieutenant Governor and Speaker of~~  
34 ~~the House jointly shall submit the name of a successor to the General Assembly within~~  
35 ~~six weeks after the vacancy arises. Regardless of the way in which names of~~  
36 ~~commissioners are submitted, confirmation of commissioners must be accomplished prior~~  
37 ~~to the adjournment of the then current session of the General Assembly.~~

38 (g) ~~If a vacancy arises or exists pursuant to either subsection (a) or (c) or (f) of this~~  
39 ~~section when the General Assembly is not in session, and the appointment is deemed~~  
40 ~~urgent by the Governor, the commissioner may be appointed and serve on an interim~~  
41 ~~basis pending confirmation by the General Assembly.~~

42 (h) The salary of each commissioner and that of the commissioner designated as  
43 chairman shall be set by the General Assembly in the Current Operations Appropriations

1 Act. In lieu of merit and other increment raises paid to regular State employees, each  
2 commissioner, including the commissioner designated as chairman, shall receive as  
3 longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual  
4 salary set forth in the Current Operations Appropriations Act payable monthly after five  
5 years of service, and nine and six-tenths percent (9.6%) after 10 years of service.  
6 "Service" means service as a member of the Utilities Commission.

7 (i) The standards of judicial conduct provided for judges in Article 30 Chapter 7A  
8 of the General Statutes shall apply to members of the Commission. Members of the  
9 Commission shall be liable to impeachment for the causes and in the manner provided for  
10 judges of the General Court of Justice in Chapter 123 of the General Statutes. Members  
11 of the Commission shall not engage in any other employment, business, profession, or  
12 vocation while in office.

13 (j) Members of the Commission shall be reimbursed for travel and subsistence  
14 expenses at the rates allowed to State officers and employees by G.S. 138-6(a)."

15  
16 –EXECUTIVE DIRECTOR OF UTILITIES COMMISSION (CONFORMING  
17 CHANGES)

18 (u) G.S. 62-15(a) reads as rewritten:

19 "(a) There is established in the Commission the office of executive director, whose  
20 salary shall be the same as that fixed for members of the Commission. The executive  
21 director shall be appointed by the ~~Governor subject to confirmation by the General~~  
22 ~~Assembly by joint resolution.~~ Governor, subject to confirmation by the General  
23 Assembly as provided by G.S. 147-16.4. ~~The name of the executive director appointed~~  
24 ~~by the Governor shall be submitted to the General Assembly on or before May 1 of the~~  
25 ~~year in which the term of his office begins.~~ The term of office for the executive director  
26 shall be six years, and the initial term shall begin July 1, 1977. The executive director  
27 may be removed from office by the Governor in the event of his incapacity to serve; and  
28 the executive director shall be removed from office by the Governor upon the affirmative  
29 recommendation of a majority of the Commission, after consultation with the Joint  
30 Legislative Utility Review Committee of the General Assembly. ~~In case of a vacancy in~~  
31 ~~the office of executive director for any reason prior to the expiration of his term of office,~~  
32 ~~the name of his successor shall be submitted by the Governor to the General Assembly,~~  
33 ~~not later than four weeks after the vacancy arises. If a vacancy arises in the office when~~  
34 ~~the General Assembly is not in session, the executive director shall be appointed by the~~  
35 ~~Governor to serve on an interim basis pending confirmation by the General Assembly."~~

36  
37 –STATE PERSONNEL COMMISSION (CONFORMING CHANGES)

38 (v) G.S. 126-2(b), as amended by subsection (cc) of this section, reads as  
39 rewritten:

40 "(b) The Commission shall consist of seven members who shall be appointed by the  
41 ~~Governor~~ Governor, subject to confirmation by the General Assembly as provided by  
42 G.S. 147-16.4, as follows:

- 1 (1) Two members shall be chosen from employees of the State subject to  
2 the provisions of this Chapter, one of whom shall be a member of the  
3 political party having the greatest number of registered voters in the  
4 State, and one of whom shall be a member of the political party having  
5 the second highest number of registered voters in the State. At least one  
6 of these two members must be knowledgeable of personnel issues but  
7 may not be a personnel officer for an agency.
- 8 (2) Two members shall be appointed from a list of individuals nominated  
9 by the North Carolina Association of County Commissioners, one of  
10 whom shall be a member of the political party having the greatest  
11 number of registered voters in the State, and one of whom shall be a  
12 member of the political party having the second highest number of  
13 registered voters in the State. Of these two members, one must also be  
14 an employee of a local government subject to this Chapter.
- 15 (3) One member shall be appointed who is actively engaged in the  
16 management of a private business or industry.
- 17 (4) Two members shall be appointed from the public at large, one of whom  
18 shall be an attorney licensed to practice law in North Carolina who is  
19 neither a State nor local government employee.

20 Of the initial members of the Commission, two shall be appointed to serve for terms  
21 of two years, two shall be appointed to serve for terms of four years, and three shall be  
22 appointed to serve for terms of six years. Their successors shall be appointed by the  
23 Governor for terms of six years. Any vacancy occurring prior to the expiration of a term  
24 shall be filled by appointment for the unexpired ~~term~~-term, subject to confirmation by the  
25 General Assembly as provided by G.S. 147-16.4."

26 (w) G.S. 126-2(c) is repealed.

27  
28 -BOARD OF AGRICULTURE

29 (x) G.S. 106-2 reads as rewritten:

30 "**§ 106-2. Department of Agriculture, Immigration, and Statistics established;  
31 Board of Agriculture, membership, terms of office, etc.**

32 The Department of Agriculture, Immigration, and Statistics is created and established  
33 and shall be under the control of the Commissioner of Agriculture, with the consent and  
34 advice of a board to be styled 'The Board of Agriculture.' The Board of Agriculture shall  
35 consist of the Commissioner of Agriculture, who shall be ex officio a member and  
36 chairman thereof and shall preside at all meetings, and of ~~10~~11 other members from the  
37 State at large, so distributed as to reasonably represent the different sections and  
38 agriculture of the State. In the appointment of the members of the Board the Governor  
39 shall also take into consideration the different agricultural interests of the State, and shall  
40 appoint one member who shall be a practical tobacco farmer to represent the tobacco  
41 farming interest, one who shall be a practical cotton grower to represent the cotton  
42 interest, one who shall be a practical truck farmer or general farmer to represent the truck  
43 and general farming interest, one who shall be a practical dairy farmer to represent the

1 dairy and livestock interest of the State, one who shall be a practical poultryman to  
2 represent the poultry interest of the State, one who shall be a practical peanut grower to  
3 represent the peanut interests, one who shall be a hog farmer to represent the interest of  
4 hog farmers, one who shall be a ~~man~~-experienced in marketing to represent the marketing  
5 of products of the State. The members of such Board shall be appointed by the Governor  
6 by and with the consent of the Senate, when the terms of the incumbents respectively  
7 expire. The term of office of such members shall be six years and until their successors  
8 are duly appointed and qualified. The terms of office of the five members constituting the  
9 present Board of Agriculture shall continue for the time for which they were appointed.  
10 In making appointments for the enlarged Board of Agriculture, the Governor shall make  
11 the appointments so that the term of three members will be for two years, three for four  
12 and four for six years. Thereafter the appointments shall be made for six years. The  
13 initial appointment of the hog farmer required by this section shall be for a term  
14 beginning August 1, 1996 and expiring June 30, 2002. Vacancies ~~in such~~ on the Board  
15 shall be filled by the Governor for the unexpired term. The Commissioner of Agriculture  
16 and the members of the Board of Agriculture shall be practical farmers engaged in their  
17 profession."  
18

19 –GOVERNOR'S CRIME COMMISSION

20 (y) G.S. 143B-478(a)(1) reads as rewritten:

21 "(1) The voting members shall be:

- 22 a. The Governor, the Chief Justice of the Supreme Court of North  
23 Carolina (or his alternate), the Attorney General, the Director of  
24 the Administrative Office of the Courts, the Secretary of the  
25 Department of Human Resources, the Secretary of the  
26 Department of Correction, and the Superintendent of Public  
27 ~~Instruction;~~ Instruction.
- 28 b. A judge of superior court, a judge of district court specializing in  
29 juvenile matters, a chief district court judge, and a district  
30 ~~attorney;~~ attorney. Of these appointees, two shall be members of  
31 the political party having the largest number of registered voters  
32 in the State, and two shall be members of the political party  
33 having the second largest number of registered voters in the  
34 State.
- 35 c. A defense attorney, three sheriffs (one of whom shall be from a  
36 'high crime area'), three police executives (one of whom shall be  
37 from a 'high crime area'), six citizens (two with knowledge of  
38 juvenile delinquency and the public school system, two of whom  
39 shall be under the age of 21 at the time of their appointment, one  
40 representative of a "private juvenile delinquency program," and  
41 one in the discretion of the Governor), three county  
42 commissioners or county officials, and three mayors or municipal  
43 ~~officials;~~ officials.

1 d. Two members of the North Carolina House of Representatives  
2 Representatives, one of whom is a member of the political party  
3 having the greatest number of members in the House of  
4 Representatives and one of whom is a member of the political  
5 party having the second highest number of members in the House  
6 of Representatives, and two members of the North Carolina  
7 Senate. Senate, one of whom is a member of the political party  
8 having the greatest number of members in the Senate and one of  
9 whom is a member of the political party having the second  
10 highest number of members in the Senate."

11 (y1) G.S. 143B-478(b)(3) reads as rewritten:

12 "(3) The following members shall be appointed by the Governor from a list  
13 submitted by the Chief Justice of the Supreme Court, ~~which list shall~~  
14 ~~contain no less than three nominees for each position and which list~~  
15 ~~must be submitted within 30 days after the occurrence of any vacancy in~~  
16 ~~the judicial membership:~~ Court: the judge of superior court, the judge of  
17 district court specializing in juvenile matters, and the chief district court  
18 judge. The Chief Justice shall submit a list of at least three nominees  
19 for each position within 30 days after a vacancy in the judicial  
20 membership. Of the three or more nominees for each position, at least  
21 one shall be a member of the political party having the largest number  
22 of registered voters in the State, and at least one shall be a member of  
23 the political party having the second largest number of registered voters  
24 in the State."

25  
26 –ENVIRONMENTAL MANAGEMENT COMMISSION

27 (z) G.S. 143B-283 reads as rewritten:

28 "**§ 143B-283. Environmental Management Commission – members; selection;**  
29 **removal; compensation; quorum; services.**

30 (a) The Environmental Management Commission shall consist of 13 members  
31 appointed by the ~~Governor.~~ Governor and four members appointed by the General  
32 Assembly in accordance with subsection (d) of this section. The Governor shall select  
33 the members so that the membership of the Commission shall consist of:

- 34 (1) One who shall be a licensed physician with specialized training and  
35 experience in the health effects of environmental pollution;
- 36 (2) One who shall, at the time of appointment, be actively connected with  
37 the Commission for Health Services or local board of health or have  
38 experience in health sciences;
- 39 (3) One who shall, at the time of appointment, be actively ~~connected with~~  
40 ~~or have had experience in agriculture;~~ practicing as a farmer;
- 41 (4) One who shall, at the time of appointment, be a registered engineer with  
42 specialized training and experience in water supply or water or air  
43 pollution control;



- 1 (5) One who shall, at the time of appointment, be actively connected with  
2 or have had experience in the fish and wildlife conservation activities of  
3 the State;
- 4 (6) One who shall, at the time of appointment, have special training and  
5 scientific expertise in hydrogeology or groundwater hydrology;
- 6 (7) ~~Three~~ Two members interested in water and air pollution control,  
7 appointed from the public at large;
- 8 (8) One who shall, at the time of appointment, be actively connected with  
9 industrial production or have had experience in the field of industrial air  
10 and water pollution control;
- 11 (9) One who shall, at the time of appointment, be actively connected with  
12 or have had experience in pollution control problems of municipal or  
13 county government;
- 14 (9a) One who shall be an active realtor who is not a developer or builder;
- 15 (10) One who shall, at the time of appointment, have special training and  
16 scientific expertise in air pollution control and the effects of air  
17 pollution; and
- 18 (11) One who shall, at the time of appointment, have special training and  
19 scientific expertise in freshwater, estuarine, marine biological, or  
20 ecological sciences.

21 (b) Members so appointed shall serve terms of office of six years. Any  
22 appointment to fill a vacancy on the Commission created by the resignation, dismissal,  
23 death or disability of a member shall be for the balance of the unexpired term. At the  
24 expiration of each member's term, the Governor shall replace the member with a new  
25 member of like qualifications. The initial members of the Environmental Management  
26 Commission shall be those members of the present Board of Water and Air Resources  
27 who shall meet the above standards for membership on the Environmental Management  
28 Commission and who shall serve on the Environmental Management Commission for a  
29 period equal to the remainder of their current terms on the Board of Water and Air  
30 Resources, four of whose appointments expire June 30, 1975, five of whose appointments  
31 expire June 30, 1977, and four of whose appointments expire June 30, 1979. Any initial  
32 appointment to replace a member of the present Board of Water and Air Resources who  
33 does not meet the above standards for membership on the Environmental Management  
34 Commission shall be for a period equal to the replaced member's unexpired term. The  
35 initial appointment for category (9a) shall be for a term commencing August 1, 1996, and  
36 expiring June 30, 2000. Successors shall be appointed for six-year terms.

37 The Governor shall have the power to remove any member of the Commission from  
38 office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of  
39 G.S. 143B-13 of the Executive Organization Act of 1973.

40 The members of the Commission shall receive per diem and necessary travel and  
41 subsistence expenses in accordance with the provisions of G.S. 138-5.

42 A majority of the Commission shall constitute a quorum for the transaction of  
43 business.

1 All clerical and other services required by the Commission shall be supplied by the  
2 Secretary of Environment, Health, and Natural Resources.

3 (c) Nine of the members appointed by the Governor under this section shall be  
4 persons who do not derive any significant portion of their income from persons subject to  
5 permits or enforcement orders under this Chapter. The Governor shall require adequate  
6 disclosure of potential conflicts of interest by members. The Governor, by executive  
7 order, shall promulgate criteria regarding conflicts of interest and disclosure thereof for  
8 determining the eligibility of persons under this section, giving due regard to the  
9 requirements of federal legislation, and for this purpose may promulgate rules,  
10 regulations or guidelines in conformance with those established by any federal agency  
11 interpreting and applying provisions of federal law.

12 (d) In addition to the members designated by subsection (a), the General Assembly  
13 shall appoint four members, two upon the recommendation of the Speaker of the House  
14 of Representatives, and two upon the recommendation of the President of the Senate.  
15 Appointments by the General Assembly shall be made in accordance with G.S. 120-121,  
16 and vacancies in those appointments shall be filled in accordance with G.S. 120-122. The  
17 terms of initial appointees by the General Assembly shall expire on June 30, 1983.  
18 Thereafter, these members shall serve two-year terms."

19  
20 –POST-RELEASE SUPERVISION AND PAROLE COMMISSION

21 (aa) G.S. 143B-267 reads as rewritten:

22 **"§ 143B-267. Post-Release Supervision and Parole Commission – members;**  
23 **selection; removal; chairman; compensation; quorum; services.**

24 The Post-Release Supervision and Parole Commission shall consist of ~~five~~three full-  
25 time members. The ~~five~~three full-time members shall be appointed by the Governor  
26 from persons whose recognized ability, training, experience, and character qualify them  
27 for service on the Commission. The terms of office of the five members presently  
28 serving on the Commission shall expire on June 30, 1993. The terms of three members  
29 appointed effective July 1, 1993, shall be for three ~~years~~years, but only one successor  
30 shall be appointed for terms commencing on or after July 1, 1996. The terms of two  
31 members appointed effective July 1, 1993, shall be for four years. Thereafter, the terms  
32 of office of persons appointed by the Governor as members of the Commission shall be  
33 for four years or until their successors are appointed and qualify. Any appointment to fill  
34 a vacancy on the Commission created by the resignation, removal, death or disability of a  
35 full-time member shall be for the balance of the unexpired term only.

36 The Governor shall have the authority to remove any member of the Commission  
37 from office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of  
38 G.S. 143B-13. The Governor shall designate a full-time member of the Commission to  
39 serve as chairman of the Commission at the pleasure of the Governor.

40 With regard to the transaction of the business of the Commission the following  
41 procedure shall be followed: The chairman shall designate panels of two voting  
42 Commission members and shall designate a third commissioner to serve as an alternate  
43 member of a panel. Insofar as practicable, the chairman shall assign the members to

1 panels in such fashion that each commissioner sits a substantially equal number of times  
2 with each other commissioner. Whenever any matter of business, such as the granting,  
3 denying, revoking or rescinding of parole, or the authorization of work-release privileges  
4 to a prisoner, shall come before the Commission for consideration and action, the  
5 chairman shall refer such matter to a panel. Action may be taken by concurring vote of  
6 the two sitting panel members. If there is not a concurring vote of the two panel  
7 members, the matter will be referred to the alternate member who shall cast the deciding  
8 vote. However, no person serving a sentence of life imprisonment shall be granted parole  
9 or work-release privileges except by majority vote of the full Commission.

10 The full-time members of the Commission shall receive the salary fixed by the  
11 General Assembly in the Current Operations Appropriations Act and shall receive  
12 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-  
13 6.

14 All clerical and other services required by the Commission shall be supplied by the  
15 Secretary of Correction."  
16

17 ~~STATE PERSONNEL COMMISSION~~

18 (bb) G.S. 126-2(b) reads as rewritten:

19 "(b) The Commission shall consist of seven members who shall be appointed by the  
20 Governor ~~on July 1, 1965, or as soon thereafter as is practicable.~~ as follows:

21 (1) ~~Two members of the Commission shall be chosen from employees of~~  
22 ~~the State subject to the provisions of this Chapter; Chapter, one of~~  
23 ~~whom shall be a member of the political party having the greatest~~  
24 ~~number of registered voters in the State, and one of whom shall be a~~  
25 ~~member of the political party having the second highest number of~~  
26 ~~registered voters in the State. At least one of these two members must~~  
27 ~~be knowledgeable of personnel issues but may not be a personnel officer~~  
28 ~~for an agency.~~

29 (2) ~~two~~ Two members shall be appointed, ~~of which one shall be an~~  
30 ~~employee of local government subject to the provisions of this Chapter,~~  
31 ~~appointed from a list of individuals nominated by the North Carolina~~  
32 ~~association of county commissioners; Association of County~~  
33 ~~Commissioners, one of whom shall be a member of the political party~~  
34 ~~having the greatest number of registered voters in the State, and one of~~  
35 ~~whom shall be a member of the political party having the second highest~~  
36 ~~number of registered voters in the State. Of these two members, one~~  
37 ~~must also be an employee of a local government subject to this Chapter.~~

38 (3) ~~two members~~ One member shall be ~~individuals~~ appointed who is  
39 actively engaged in the management of a private business or ~~industry;~~  
40 ~~and industry.~~

41 (4) ~~one member~~ Two members shall be appointed from the public at ~~large.~~  
42 ~~large, one of whom shall be an attorney licensed to practice law in~~  
43 ~~North Carolina who is neither a State nor local government employee.~~

1 Of the initial members of the Commission, two shall be appointed to serve for terms  
2 of two years, two shall be appointed to serve for terms of four years, and three shall be  
3 appointed to serve for terms of six years. Their successors shall be appointed by the  
4 Governor for terms of six years. Any vacancy occurring prior to the expiration of a term  
5 shall be filled by appointment for the unexpired term."  
6

7 ~~ZOOLOGICAL PARK COUNCIL~~

8 (cc) G.S. 143B-336 reads as rewritten:

9 **"§ 143B-336. North Carolina Zoological Park Council – members; selection;  
10 removal; chairman; compensation; quorum; services.**

11 The North Carolina Zoological Park Council of the Department of Environment,  
12 Health, and Natural Resources shall consist of ~~15~~13 members: four members appointed  
13 by the Governor, ~~one of whom shall be~~ the Chairman of the Board of Directors of the  
14 North Carolina Zoological Society. Society ex officio, four members appointed by the  
15 General Assembly upon the recommendation of the Speaker of the House of  
16 Representatives in accordance with G.S. 120-121, and four members appointed by the  
17 General Assembly upon the recommendation of the President Pro Tempore of the Senate  
18 in accordance with G.S. 120-121. ~~The initial members of the Council shall be the~~  
19 members of the Board of Directors of the North Carolina Zoo Authority who shall serve  
20 for a period equal to the remainder of their current terms on the Board of Directors of the  
21 North Carolina Zoological Authority, all of whose terms expire July 15, 1975. At the end  
22 of the respective terms of office of the initial members of the Council, the Governor, to  
23 achieve staggered terms, shall appoint five members for terms of two years, five  
24 members for terms of four years and five members for terms of six years. ~~The Governor~~  
25 shall appoint four members for terms commencing August 1, 1996 and expiring June 30,  
26 1998. The General Assembly upon the recommendation of the Speaker of the House of  
27 Representatives shall appoint four members for terms commencing August 1, 1996 and  
28 expiring June 30, 2000. The General Assembly upon the recommendation of the  
29 President Pro Tempore of the Senate shall appoint four members for terms commencing  
30 August 1, 1996 and expiring June 30, 2000. Thereafter, the appointment of their  
31 successors shall be for terms of ~~six~~four years and until their successors are appointed and  
32 qualify. Any appointment to fill a vacancy on the Council created by the resignation,  
33 dismissal, death or disability of a member shall be for the balance of the unexpired term.

34 The Governor shall have the power to remove any member of the Council from office  
35 in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of  
36 1973.

37 The Governor shall designate a member of the Council to serve as chairman at his  
38 pleasure.

39 Members of the Council shall receive per diem and necessary travel and subsistence  
40 expenses in accordance with the provisions of G.S. 138-5.

41 A majority of the Council shall constitute a quorum for the transaction of business.

42 All clerical and other services required by the Council shall be supplied by the  
43 Secretary of Environment, Health, and Natural Resources."

1 (cc1) The terms of all positions on the North Carolina Zoological Park Council  
2 as of the effective date of subsection (cc) of this section expire July 31, 1996.

3  
4 ~~–UNC HOSPITALS AT CHAPEL HILL/REORGANIZATION~~

5 (dd) G.S. 116-37 reads as rewritten:

6 **"§ 116-37. University of North Carolina Hospitals at Chapel Hill.**

7 (a) Composition. ~~—The Board of Governors of the University of North Carolina is~~  
8 ~~hereby directed to create a board of directors for the~~ The University of North Carolina  
9 Hospitals at Chapel Hill is hereby created. The Hospitals shall be governed by a board of  
10 directors consisting of 12 members of which nine shall be appointed by the Board of  
11 Governors, eight shall be appointed by the General Assembly and one by the Governor.  
12 Of the eight members appointed by the General Assembly, four shall be appointed upon  
13 the recommendation of the Speaker of the House of Representatives in accordance with  
14 G.S. 120-122 and four shall be appointed upon the recommendation of the President Pro  
15 Tempore of the Senate in accordance with G.S. 120-122. Three members ex officio of  
16 said board shall be the University of North Carolina at Chapel Hill Vice-Chancellor for  
17 Health Affairs, University of North Carolina at Chapel Hill Vice-Chancellor for Business  
18 and Finance, and the Dean of the University of North Carolina at Chapel Hill Medical  
19 School, or successors to these offices under other titles with similar responsibilities. ~~Nine~~  
20 The nine appointed members shall be appointed from the business and professional  
21 public-at-large, none of whom shall be Governors of the University, and, thereafter, the  
22 nine appointive members shall select one of their number to serve as chairman. Members  
23 of this board shall include, but not be limited to, persons with special competence in  
24 business management, hospital administration, and medical practice not affiliated with  
25 University faculty. The Governors may remove any member for cause. Board members,  
26 other than ex officio members, shall each receive such per diem and necessary travel and  
27 subsistence expenses while engaged in the discharge of their official duties as is provided  
28 by law for members of State boards and commissions generally.

29 (a1) Appointment to Board. ~~—Each of the nine persons who, as of June 30, 1989, is~~  
30 ~~servng as an appointed member of the Board shall be reassigned by the Governors, each~~  
31 ~~to a different term, ending June 30, 1989, June 30, 1990, June 30, 1991, June 30, 1992,~~  
32 ~~June 30, 1993, June 30, 1994, June 30, 1995, June 30, 1996, or June 30, 1997. After July~~  
33 ~~1, 1989, the term of office for new appointments shall commence on July 1, and all~~  
34 ~~members shall serve for four-year terms; provided, however, that no Members shall be~~  
35 ~~appointed for terms commencing August 1, 1996. Of the initial four appointees of the~~  
36 ~~General Assembly that are made upon the recommendation of the Speaker of the House~~  
37 ~~of Representatives, two shall serve terms ending June 30, 1998, and two shall serve terms~~  
38 ~~ending June 30, 2000. Of the initial four appointees of the General Assembly that are~~  
39 ~~made upon the recommendation of the President Pro Tempore of the Senate, two shall~~  
40 ~~serve terms ending June 30, 1998, and two shall serve terms ending June 30, 2000. The~~  
41 ~~initial appointee of the Governor shall serve a term ending June 30, 1999. Thereafter,~~  
42 ~~their successors shall serve four-year terms. No person may be appointed to (i) more than~~  
43 ~~three full four-year terms in succession, or (ii) a four-year term if preceded immediately~~

1 by 12 years of service. Resignation from a term of office shall not constitute a break in  
2 service for the purpose of this subsection. Board member vacancies shall be filled by the  
3 ~~Governors~~appointing authority for the remainder of the unexpired term.

4 (a2) Administrative Location. – Effective October 1, 1996, the University of North  
5 Carolina Hospitals at Chapel Hill is administratively assigned to the University of North  
6 Carolina at Chapel Hill. The board of directors shall exercise all powers prescribed in  
7 this section, subject to the review and approval of the University of North Carolina at  
8 Chapel Hill.

9 (b) Meetings and Powers of Board. – The board of directors shall meet at least  
10 every 60 days and may hold special meetings at any time and place within the State at the  
11 call of its chairman. The board of directors shall make rules, regulations, and policies  
12 governing the management and operation of the University of North Carolina Hospitals at  
13 Chapel Hill, consistent with basic State statutes and procedures, to meet the goals of  
14 education, research, patient care, and community service. The board's action on matters  
15 within its jurisdiction is final, except that appeals may be made, in writing, to the ~~Board~~  
16 ~~of Governors~~board of trustees of the University of North Carolina at Chapel Hill with a  
17 copy of the appeal to the University of North Carolina at Chapel Hill administration. The  
18 board of directors shall elect and may remove the executive director of the University of  
19 North Carolina Hospitals at Chapel Hill. The board of directors may enter into formal  
20 agreements with the University of North Carolina at Chapel Hill, Division of Health  
21 Affairs, with respect to the provision of clinical experience for students and may also  
22 enter into formal agreements with the University of North Carolina at Chapel Hill for the  
23 provision of maintenance and supporting services.

24 (c) Executive Director. – The chief administrative officer of the University of  
25 North Carolina Hospitals at Chapel Hill shall be the executive director, who shall be  
26 appointed by the board of directors to serve at its pleasure. The executive director shall  
27 administer the affairs of the University of North Carolina Hospitals at Chapel Hill subject  
28 to the duly adopted policies, rules, and regulations of the board of directors, including the  
29 appointment, promotion, demotion, and discharge of all personnel. The executive director  
30 shall report to the board of directors quarterly or more often as required. The executive  
31 director will serve as secretary to the board of directors.

32 (d) Personnel. – The University of North Carolina Hospitals at Chapel Hill shall  
33 maintain a personnel office for personnel administration. Notwithstanding the provisions  
34 of Chapter 126 of the General Statutes to the contrary, the Board of Directors of the  
35 University of North Carolina Hospitals at Chapel Hill shall establish policies and rules  
36 governing the study and implementation of competitive position classification and  
37 compensation plans for registered and licensed practical nurse positions that have been  
38 approved by the Board of Directors. These plans shall provide for minimum, maximum,  
39 and intermediate rates of pay, and may include provisions for range revisions and shift  
40 premium pay and for salary adjustments to address internal inequities, job performance,  
41 and market conditions. The Office of State Personnel shall review the classification and  
42 compensation plans on an annual basis. All changes in compensation plans for these

1 registered and licensed practical nurse positions shall be submitted to the Office of State  
2 Personnel upon implementation.

3 (e) Finances. – The University of North Carolina Hospitals at Chapel Hill shall be  
4 subject to the provisions of the Executive Budget Act. There shall be maintained a  
5 business and budget office to administer the budget and financial affairs of the University  
6 of North Carolina Hospitals at Chapel Hill. The executive director, subject to the board of  
7 directors, shall be responsible for all aspects of budget preparation, budget execution, and  
8 expenditure reporting. Subject to the approval of the Director of the Budget: All  
9 operating funds of the University of North Carolina Hospitals at Chapel Hill may be  
10 budgeted and disbursed through a special fund code, all receipts of the University of  
11 North Carolina Hospitals at Chapel Hill may be deposited directly to the special fund  
12 code; and general fund appropriations for support of the University of North Carolina  
13 Hospitals at Chapel Hill may be budgeted in a general fund code under a single purpose,  
14 'Contribution to University of North Carolina Hospitals at Chapel Hill Operations' and be  
15 transferable to the special fund operating code as receipts. Prior to taking any action  
16 under this subsection, the Director of the Budget may consult with the Advisory Budget  
17 Commission.

18 (e1) Finances – Patient/Hospital Benefit. – The Executive Director of the  
19 University of North Carolina Hospitals at Chapel Hill or the Director's designee, may  
20 expend operating budget funds, including State funds, of the University of North Carolina  
21 Hospitals at Chapel Hill for the direct benefit of a patient, when, in the judgment of the  
22 Executive Director or the Director's designee, the expenditure of these funds would result  
23 in a financial benefit to the University of North Carolina Hospitals at Chapel Hill. Any  
24 such expenditures are declared to result in the provision of medical services and create  
25 charges of the University of North Carolina Hospitals at Chapel Hill for which the  
26 hospitals may bill and pursue recovery in the same way as allowed by law for recovery of  
27 other hospitals' charges for services that are unpaid.

28 These expenditures shall be limited to no more than seven thousand five hundred  
29 dollars (\$7,500) per patient per admission and shall be restricted (i) to situations in which  
30 a patient is financially unable to afford ambulance or other transportation for discharge;  
31 (ii) to afford placement in an after-care facility pending approval of third party  
32 entitlement benefits; (iii) to assure availability of a bed in an after-care facility after  
33 discharge from the hospitals; (iv) to secure equipment or other medically appropriate  
34 services after discharge; (v) or to pay health insurance premiums. The Executive Director  
35 or the Director's designee shall reevaluate at least once a month the cost-effectiveness of  
36 any continuing payment on behalf of a patient.

37 To the extent that the University of North Carolina Hospitals at Chapel Hill advance  
38 anticipated government entitlement benefits for a patient's benefit, for which the patient  
39 later receives a lump sum 'backpay' award from an agency of the State, whether for the  
40 current admission or subsequent admission, the State agency shall withhold from this  
41 backpay an amount equal to the sum advanced on the patient's behalf by the University of  
42 North Carolina Hospitals at Chapel Hill, if, prior to the disbursement of the backpay, the

1 applicable State program has received notice from the University of North Carolina  
2 Hospitals at Chapel Hill of the advancement.

3 (f) Purchases. – The University of North Carolina Hospitals at Chapel Hill shall  
4 be subject to all provisions of Articles 3 and 3A of Chapter 143 of the General Statutes  
5 relating to the Department of Administration, Purchase and Contract Division. There  
6 shall be maintained a purchasing office to handle all purchasing requirements of the  
7 University of North Carolina Hospitals at Chapel Hill. The Purchase and Contract  
8 Division may enter into such arrangements with the board of directors as the Division  
9 may deem necessary in consideration of the special requirements of the University of  
10 North Carolina Hospitals at Chapel Hill for procurement of certain supplies, materials,  
11 equipments and services.

12 (g) Property. – The board of directors shall be responsible to the University ~~Board~~  
13 ~~of Governors of North Carolina at Chapel Hill~~ for the maintenance, operation, and  
14 control of the University of North Carolina Hospitals at Chapel Hill and grounds.

15 (h) Patient Information. – The University of North Carolina Hospitals at Chapel  
16 Hill shall, at the earliest possible opportunity, specifically make a verbal and written  
17 request to each patient to disclose the patient's Social Security number, if any. If the  
18 patient does not disclose that number, the University of North Carolina Hospitals at  
19 Chapel Hill shall deny benefits, rights and privileges of the University of North Carolina  
20 Hospitals at Chapel Hill to the patient as soon as practical, to the maximum extent  
21 permitted by federal law or federal regulations. The University of North Carolina  
22 Hospitals at Chapel Hill shall make the disclosure to the patient required by Section 7(b)  
23 of P.L. 93-579. This subsection is supplementary to G.S. 105A-3(c)."  
24

#### 25 –EFFECTIVE DATES AND OTHER CHANGES

26 (ee) G.S. 120-19.4A reads as rewritten:

#### 27 "§ 120-19.4A. Requests to State Bureau of Investigation for background 28 investigation of a person who must be confirmed by legislative action.

29 The President Pro Tempore of the Senate or the Speaker of the House may request  
30 that the State Bureau of Investigation perform a background investigation on a person  
31 who must be appointed or confirmed by the General Assembly, the Senate, or the House  
32 of Representatives. The person being investigated shall be given written notice by  
33 regular mail at least 10 days prior to the date that the State Bureau of Investigation is  
34 requested to perform the background investigation by the ~~presiding~~ officer of the body  
35 from which the request originated. There is a rebuttable presumption that the person  
36 being investigated received the notice if the presiding officer has a copy of the notice.  
37 The State Bureau of Investigation shall perform the requested background investigation  
38 and shall provide the information, including criminal records, to the ~~presiding~~ officer of  
39 the body from which the request originated. A copy of the information also shall be  
40 provided to the person being investigated. The term 'background investigation' shall be  
41 limited to an investigation of a person's criminal record, educational background,  
42 employment record, records concerning the listing and payment of taxes, and credit  
43 record, and to a requirement that the person provide the information contained in the



1 statements of economic interest required to be filed by persons subject to Executive  
2 Order Number 1, filed on January 31, 1985, as contained on pages 1405 through 1419 of  
3 the 1985 Session Laws (First Session, 1985)."

4 (ff) Subsections (a) through (w) of this section shall become effective only if  
5 the constitutional amendments proposed in Chapter 5 of the 1995 Session Laws, AN  
6 ACT TO PROVIDE FOR A REFERENDUM TO AMEND THE CONSTITUTION TO  
7 PROVIDE FOR A GUBERNATORIAL VETO, are approved by the qualified voters of  
8 this State in the referendum held pursuant to Chapter 5 of the 1995 Session Laws. If  
9 those constitutional amendments are approved, then those subsections shall become  
10 effective upon the certification by the State Board of Elections to the Secretary of State  
11 that those amendments have been approved and shall apply to terms of office and  
12 vacancies occurring on or after that certification. The remainder of this act is effective  
13 upon ratification, and applies, except as provided in subsections (cc) and (dd) of this  
14 section, to terms of office and vacancies occurring on or after that date.

## 15 16 **PART 9. OFFICE OF STATE BUDGET AND MANAGEMENT**

17  
18 Requested by: Representatives Holmes, Creech, Esposito

### 19 **RESERVE FOR MOVING EXPENSE/STATE AGENCIES**

20 Sec. 9. Funds appropriated in this act to the Reserve for State Agency Moving  
21 Expense shall be used to pay for expenses involved in the relocation of State agencies.  
22 The Office of State Budget and Management shall solicit requests for allocations from  
23 this reserve from all agencies moving into the Old Education Building, the New  
24 Education Building, the Old Revenue Building, and any other new building for which  
25 construction will be completed during the 1996-97 fiscal year. The Office of State  
26 Budget and Management shall first allocate funds needed to pay moving expenses and  
27 other costs associated with moving, including telephone lines, data communication lines,  
28 and related equipment. No funds may be expended to furnish new conference rooms,  
29 reception areas, open space, and to add centralized filing systems until all agencies  
30 scheduled to be moved have been relocated.

## 31 32 **PART 10. DEPARTMENT OF ADMINISTRATION**

33  
34 Requested by: Representatives Ives, Lemmond

### 35 **DOA TO EVALUATE UTILIZATION OF "STATE-OWNED SPACE"**

36 Sec. 10. The Department of Administration shall study and evaluate the  
37 utilization of space in the facilities owned by the State. In its study the Department shall  
38 consider the following: whether prime State office space is being used for storage  
39 purposes rather than offices; which uses of State space do not need to be located in the  
40 Capitol complex and could be located at other less expensive sites; and the merit, if any,  
41 of consolidating agency offices currently sited in various locations into either a single  
42 location or locations that are closer to each other in proximity. The Department shall

1 also develop a priority list that indicates which uses it is most important to locate in State-  
2 owned space. Cost-effectiveness shall be a major criteria in establishing the priorities.

3 The Department of Administration shall develop a long-term plan to reduce the  
4 State's dependency on leased office space and shall report to the General Assembly no  
5 later than January 1, 1997, regarding the Department's findings, recommendations, and  
6 the proposed long-term plan. The report shall also include the priority list developed by  
7 the Department in accordance with this section.

8  
9 Requested by: Representatives Ives, Lemmond

10 **DIRECTOR OF THE BUDGET AND STATE CONSTRUCTION MAY TIME**  
11 **SELECTION OF DESIGNERS AND RELEASE OF DESIGN AND**  
12 **CONSTRUCTION FUNDS TO AVOID INFLATION DUE TO MARKET PRICES**  
13 **BEING INCREASED BY THE NUMBER OF CONTRACTS**

14 Sec. 10.1. G.S. 143-135.26(1) reads as rewritten:

15 "(1) To adopt rules establishing standard procedures and criteria to assure  
16 that the designer selected for each State capital improvement project and  
17 the consultant selected for planning and studies of an architectural and  
18 engineering nature associated with a capital improvement project or a  
19 future capital improvement project has the qualifications and experience  
20 necessary for that capital improvement project or the proposed planning  
21 or study project. The rules shall provide that the State Building  
22 Commission, after consulting with the funded agency, is responsible  
23 and accountable for the final selection of the designer and the final  
24 selection of the consultant except when the General Assembly or The  
25 University of North Carolina is the funded agency. When the General  
26 Assembly is the funded agency, the Legislative Services Commission is  
27 responsible and accountable for the final selection of the designer and  
28 the final selection of the consultant, and when the University is the  
29 funded agency, it shall be subject to the rules adopted hereunder, except  
30 it is responsible and accountable for the final selection of the designer  
31 and the final selection of the consultant. All designers and consultants  
32 shall be selected within 60 days of the date funds are appropriated for a  
33 project by the General Assembly or the date of project authorization by  
34 the Director of the Budget; provided, however, the State Building  
35 Commission may grant an exception to this requirement upon written  
36 request of the funded agency if (i) no site was selected for the project  
37 before the funds were appropriated or (ii) funds were appropriated for  
38 advance planning ~~only~~ only; provided, further, the Director of the  
39 Budget, after consultation with the State Construction Office, may  
40 waive the 60-day requirement for the purpose of minimizing project  
41 costs through increased competition and improvements in the market  
42 availability of qualified contractors to bid on State capital improvement  
43 projects. The Director of the Budget also may, after consultation with

1           the State Construction Office, schedule the availability of design and  
2           construction funds for capital improvement projects for the purpose of  
3           minimizing project costs through increased competition and  
4           improvements in the market availability of qualified contractors to bid  
5           on State capital improvement projects.

6           The State Building Commission shall submit a written report to the  
7           Joint Legislative Commission on Governmental Operations on the  
8           Commission's selection of a designer for a project within 30 days of  
9           selecting the designer."

10  
11 Requested by: Representatives Ives, Lemmond

#### 12 **MOTOR FLEET MANAGEMENT MODIFICATIONS**

13           Sec. 10.2. G.S. 143-341(8)7a.vii is repealed.

14  
15 Requested by: Representative Ives

#### 16 **PROCEEDS OF TIMBER SALES MAY BE USED FOR VETERANS HOMES**

17           Sec. 10.3. Notwithstanding any other provision of law, the net proceeds  
18 derived from the sale of timber from land owned by or under the supervision and control  
19 of the Department of Administration, Division of Veterans Affairs, shall be deposited in  
20 the North Carolina Veterans Home Trust Fund and shall be used for the purposes set out  
21 in G.S. 165-48.

### 22 **PART 11. DEPARTMENT OF CULTURAL RESOURCES**

23  
24  
25 Requested by: Representative Culpepper

#### 26 **ROANOKE ISLAND HISTORICAL ASSOCIATION**

27           Sec. 11. G.S. 143-200 reads as rewritten:

##### 28 **"§ 143-200. Members of board of directors; terms; appointment.**

29           The governing body of said Association shall be a board of directors consisting of the  
30 Governor of the State, the Attorney General and the Secretary of Cultural Resources as  
31 ex officio members, and the following 21 members: J. Spencer Love, Greensboro; Miles  
32 Clark, Elizabeth City; Mrs. Richard J. Reynolds, Winston-Salem; D. Hiden Ramsey,  
33 Asheville; Mrs. Charles A. Cannon, Concord; Dr. Fred Hanes, Durham; Mrs. Frank P.  
34 Graham, Chapel Hill; Bishop Thomas C. Darst, Wilmington; W. Dorsey Pruden,  
35 Edenton; John A. Buchanan, Durham; William B. Rodman, Jr., Washington; J. Melville  
36 Broughton, Raleigh; Melvin R. Daniels, Manteo; Paul Green, Chapel Hill; Samuel  
37 Selden, Chapel Hill; R. Bruce Etheridge, Manteo; Theodore S. Meekins, Manteo; Roy L.  
38 Davis, Manteo; M. K. Fearing, Manteo; A. R. Newsome, Chapel Hill. The members of  
39 said board of directors herein named other than the ex officio members, shall serve for a  
40 term of two years and until their successors are appointed. Appointments thereafter shall  
41 be made by the membership of the Association in regular annual meeting or special  
42 meeting called for such ~~purpose, and in purpose.~~ purpose. In the event the Association through its  
43 membership should fail to make such appointments, then the appointments shall be made

1 by the Governor of the State. If a vacancy occurs between annual meetings, the board of  
2 directors may fill the vacancy until the next annual meeting. All vacancies ~~Vacancies~~  
3 occurring on the board of directors not filled by the board of directors within 30 days of  
4 the vacancy shall be filled by the Governor of the State."  
5

6 Requested by: Representatives Ives, Lemmond

7 **DEPARTMENT OF CULTURAL RESOURCES TO REVIEW ADMISSION**  
8 **RATES FOR HISTORIC SITES**

9 Sec. 11.1. The Department of Cultural Resources shall review the admission  
10 fees and concession prices charged at each historic site. The Department shall evaluate  
11 on a site-by-site basis whether those charges are competitive with the admission fees and  
12 concession prices charged at other historic sites and how an increase in prices would  
13 impact visitation of each site. The Department of Cultural Resources shall report its  
14 findings and recommendations to the 1997 General Assembly.  
15

16 Requested by: Representatives Lemmond, Ives, Culpepper

17 **RESERVE FUNDS MAY BE USED FOR MUSEUM OF THE ALBEMARLE OR**  
18 **OTHER ALBEMARLE AREA HISTORIC SITES**

19 Sec. 11.2. Of the funds appropriated in Section 2 of Chapter 324 of the 1995  
20 Session Laws to the Department of Cultural Resources, the sum of forty-seven thousand  
21 eight hundred eighty-seven dollars (\$47,887) which is in reserve in the budget of the  
22 Department of Cultural Resources for the 1996-97 fiscal year may be used either for the  
23 Museum of the Albemarle or for other Albemarle area historic sites.  
24

25 **PART 12. DEPARTMENT OF INSURANCE**  
26

27 Requested by: Representative Ives, Lemmond

28 **CONSTRUCTION CODE RECEIPTS**

29 Sec. 12. Section 13 of Chapter 324 of the 1995 Session Laws reads as  
30 rewritten:

31 "Sec. 13. Departmental receipts realized by the Department of Insurance in excess of  
32 amounts approved for expenditure by the General Assembly, as adjusted by the Office of  
33 State Budget and Management to reflect the distribution of statewide reserves, shall  
34 revert to the General Fund at the end of each fiscal year. This section shall not apply to  
35 receipts realized by the Department from the sale of copies of the State construction code  
36 if the receipts are used for the purchase of copies of the code for sale to the public, except  
37 that unspent construction code receipts shall revert to the General Fund at the end of each  
38 fiscal year."  
39

40 **PART 13. DEPARTMENT OF SECRETARY OF STATE**  
41

42 Requested by: Representatives Ives, Lemmond

43 **INVESTOR PROTECTION AND EDUCATION TRUST FUND**

1           Sec. 13. Article 4 of Chapter 147 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 147-54.5. Investor Protection and Education Trust Fund; administration;**  
4 **limitations on use of the Fund.**

5       (a) The Investor Protection and Education Trust Fund created in the Department of  
6 the Secretary of State as an expendable trust account to be used by the Secretary of State  
7 only for the purposes set forth in this section.

8       (b) The proceeds of the Investor Protection and Education Trust Fund shall be  
9 used by the Secretary of State to provide investor protection and education to the general  
10 public and to potential securities investors in the State through:

11           (1) The use of the media, including television and radio public service  
12 announcements and printed materials; and

13           (2) The sponsorship of educational seminars, whether live, recorded, or  
14 through other electronic means.

15       (c) The proceeds of the Investor Protection and Education Trust Fund shall not be  
16 used for:

17           (1) Travel expenses of the Secretary of State or staff of the Department of  
18 the Secretary of State, unless those expenses are directly related to  
19 specific investor protection and education activities performed in  
20 accordance with this section.

21           (2) General operating expenses of the Department of the Secretary of State,  
22 or to supplement General Fund appropriations to the Department of the  
23 Secretary of State for other than investor education and protection  
24 activities.

25           (3) Promoting the Secretary of State or the Department of the Secretary of  
26 State.

27       (d) Expenditures from the Investor Protection and Education Trust Fund shall be  
28 made in compliance with State purchasing and contracting requirements for competitive  
29 bidding in accordance with the provisions of Article 3 of Chapter 143 of the General  
30 Statutes.

31       (e) Revenues derived from consent orders resulting from negotiated settlements of  
32 securities investigations by the Secretary of State shall be credited to the Fund. The State  
33 Treasurer shall invest the assets of the Fund according to law. Any interest or other  
34 investment income earned by the Investor Protection and Education Trust Fund shall  
35 remain in the Fund. The balance of the Investor Protection and Education Trust Fund at  
36 the end of each fiscal year shall not revert to the General Fund.

37       (f) Beginning January 1, 1997, the Department of the Secretary of State shall  
38 report annually to the General Assembly's Fiscal Research Division and to the Joint  
39 Legislative Commission on Governmental Operations on the expenditures from the  
40 Investor Protection and Education Trust Fund and on the effectiveness of investor  
41 awareness education efforts of the Department of the Secretary of State."

42  
43 **PART 13A. STATE BOARD OF ELECTIONS**

1  
2 Requested by: Representative Ives

3 Sec. 13A. Notwithstanding G.S. 143-16.3, the State Board of Elections may  
4 use up to fifty thousand dollars (\$50,000) of funds available to purchase a copy machine.  
5

#### 6 **PART 14. OFFICE OF STATE CONTROLLER**

7  
8 Requested by: Representative Creech

#### 9 **NORTH CAROLINA INFORMATION HIGHWAY**

10 Sec. 14. (a) The funds appropriated in this act to the Office of the State  
11 Controller for the operation of the North Carolina Information Highway shall be used  
12 only for costs incurred by the Office of the State Controller related to the operations and  
13 support of the North Carolina Information Highway. No funds appropriated in this act  
14 shall be expended to pay Minimum Monthly usage charges for North Carolina  
15 Information Highway Services.

16 (b) Of the funds appropriated to the Office of the State Controller for the North  
17 Carolina Information Highway (NCIH), an amount not to exceed five hundred thousand  
18 dollars (\$500,000) shall be used to expand the long distance capacity and provide for the  
19 establishment of regional hubs in each of the seven LATAS in North Carolina. The  
20 remaining funds shall be used to help defray the costs of existing NCIH sites except those  
21 located at university sites other than East Carolina University academic affairs campus.  
22 Any savings accrued shall be placed in reserve in the Office of the State Controller for  
23 consideration by the 1997 General Assembly.

24 (c) Beginning October 1, 1996, the State Controller shall report quarterly to the  
25 Joint Legislative Commission on Governmental Operations regarding the costs incurred  
26 by the Office of the State Controller related to the operations and support of the North  
27 Carolina Information Highway and the savings placed in reserve in the Office of the State  
28 Controller.  
29

30 Requested by: Representatives Ives, Lemmond

#### 31 **RESERVE FOR THE YEAR 2000 CONVERSION OF THE STATE'S** 32 **COMPUTER SYSTEM**

33 Sec. 14.1. The Office of the State Controller shall include in its charges for  
34 data processing services costs of converting computer applications to operate properly at  
35 the turn of the century. The Office of the State Controller shall develop procedures for  
36 managing the year 2000 conversion.  
37

#### 38 **PART 14A. DEPARTMENT OF REVENUE**

39  
40 Requested by: Representatives Ives, Lemmond

#### 41 **DEPARTMENT OF REVENUE LAW-ENFORCEMENT OFFICERS**

42 Sec. 14A. (a) Article 9 of Chapter 105 of the General Statutes is amended by  
43 adding a new section to read:

1 **"§ 105-236.1. Enforcement of revenue laws by revenue law-enforcement officers.**

2 (a) General. – The Secretary may appoint employees of the Criminal  
3 Investigations Division to serve as revenue law-enforcement officers having the  
4 responsibility and subject-matter jurisdiction to enforce the criminal laws relating to tax  
5 administration and enforcement only. The Secretary may appoint employees of the  
6 Controlled Substances Tax Division to serve as revenue law-enforcement officers having  
7 the responsibility and subject-matter jurisdiction to enforce the excise tax on controlled  
8 substances as provided in Article 2D of this Chapter only. To be a revenue law-  
9 enforcement officer, an employee must be certified as a criminal justice officer under  
10 Chapter 17C of the General Statutes.

11 (b) Authority. – A revenue law-enforcement officer is a State officer with  
12 jurisdiction throughout the State within the officer's subject-matter jurisdiction. A  
13 revenue law-enforcement officer may serve and execute notices, orders, warrants, or  
14 demands issued by the Secretary or the General Court of Justice in connection with the  
15 enforcement of the officer's subject-matter jurisdiction as set forth in subsection (a) of  
16 this section only. A revenue law-enforcement officer has the full powers of arrest as  
17 provided by G.S. 15A-401 while executing the notices, orders, warrants, or demands."

18 (b) G.S. 17C-2 reads as rewritten:

19 **"§ 17C-2. Definitions.**

20 Unless the context clearly otherwise requires, the following definitions apply in this  
21 Chapter:

22 (a) ~~" Commission" means the~~ (1) Commission. – The North Carolina Criminal  
23 Justice Education and Training Standards Commission; Commission.

24 (b) ~~" Criminal justice agencies" means the~~ (2) Criminal justice agencies. – The  
25 State and local law-enforcement agencies, the State correctional agencies, other  
26 correctional agencies maintained by local governments, and the juvenile justice agencies,  
27 but shall not include deputy sheriffs, special deputy sheriffs, sheriffs' jailers, or other  
28 sheriffs' department personnel governed by the provisions of Chapter 17E of these  
29 General Statutes; Statutes.

30 (c) ~~" Criminal justice officer(s)" means and incorporates the~~ (3) Criminal justice  
31 officers. – The administrative and subordinate personnel of all the departments, agencies,  
32 units or entities comprising the "criminal justice agencies," as defined in subsection (b),  
33 criminal justice agencies who are sworn law-enforcement officers, both State and local,  
34 with the power of arrest; revenue law-enforcement officers; State correctional officers;  
35 State probation/parole officers; officers, supervisory and administrative personnel of local  
36 confinement facilities; State youth services officers; State probation/parole intake  
37 officers; State probation/parole officers-surveillance; State probation/parole intensive  
38 officers; and State parole case analysts.

39 (d) ~~" Entry level" means the~~ (4) Entry level. – The initial appointment or  
40 employment of any person by a criminal justice agency, or any appointment or  
41 employment of a person previously employed by a criminal justice agency who has not  
42 been employed by a criminal justice agency for the 12-month period preceding this

1 appointment or employment, or any appointment or employment of a previously certified  
2 criminal justice officer to a position which requires a different type of certification."

3 (c) G.S. 143-166.13(a) is amended by adding a new subdivision to read:

4 "(18) Sworn State Law-Enforcement Officers with the power of arrest,  
5 Department of Revenue."

6 (d) Of the funds appropriated to the Department of Revenue in this act for the  
7 1996-97 fiscal year, the sum of sixty-seven thousand dollars (\$67,000) shall be used to  
8 implement this section.

9  
10 Requested by: Representative Ives

### 11 **ASSESS REVENUE STAFF REQUIREMENTS**

12 Sec. 14A.1. The State Auditor and the State Budget Office, Management and  
13 Productivity Unit, shall work with the Department of Revenue to assess the Department's  
14 staff requirements. Specifically, they shall determine the variety of unit costs related to  
15 workload as influenced by existing laws and resulting policies and procedures adopted by  
16 the Department of Revenue.

17 The State Auditor, the State Budget Officer, and the Secretary of Revenue shall  
18 make a joint final report to the House and Senate Appropriations Subcommittees on  
19 General Government by February 1, 1997, on the results of this assessment.

### 21 **PART 15. COLLEGES AND UNIVERSITIES**

22  
23 Requested by: Representatives Grady, Preston

### 24 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES**

25 Sec. 15. Section 15 of Chapter 324 of the 1995 Session Laws reads as  
26 rewritten:

27 "Sec. 15. (a) Funds appropriated in this act to the Board of Governors of The  
28 University of North Carolina for aid to private colleges shall be disbursed in accordance  
29 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to  
30 ~~five hundred fifty dollars (\$550.00)~~ six hundred dollars (\$600.00) per full-time equivalent  
31 North Carolina undergraduate student enrolled at a private institution as of October 1  
32 each year.

33 These funds shall be placed in a separate, identifiable account in each eligible  
34 institution's budget or chart of accounts. All funds in this account shall be provided as  
35 scholarship funds for needy North Carolina students during the fiscal year. Each student  
36 awarded a scholarship from this account shall be notified of the source of the funds and  
37 of the amount of the award. Funds not utilized under G.S. 116-19 shall be for the tuition  
38 grant program as defined in subsection (b) of this section.

39 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition  
40 to all other financial assistance made available to private educational institutions located  
41 within the State, or to students attending these institutions, there is granted to each full-  
42 time North Carolina undergraduate student attending an approved institution as defined in  
43 G.S. 116-22, a sum, not to exceed ~~one thousand two hundred fifty dollars (\$1,250)~~ one



1 thousand three hundred dollars (\$1,300) per academic year, which shall be distributed to  
2 the student as hereinafter provided.

3 The tuition grants provided for in this section shall be administered by the State  
4 Education Assistance Authority pursuant to rules adopted by the State Education  
5 Assistance Authority not inconsistent with this section. The State Education Assistance  
6 Authority shall not approve any grant until it receives proper certification from an  
7 approved institution that the student applying for the grant is an eligible student. Upon  
8 receipt of the certification, the State Education Assistance Authority shall remit at such  
9 times as it shall prescribe the grant to the approved institution on behalf, and to the credit,  
10 of the student.

11 In the event a student on whose behalf a grant has been paid is not enrolled and  
12 carrying a minimum academic load as of the tenth classroom day following the beginning  
13 of the school term for which the grant was paid, the institution shall refund the full  
14 amount of the grant to the State Education Assistance Authority. Each approved  
15 institution shall be subject to examination by the State Auditor for the purpose of  
16 determining whether the institution has properly certified eligibility and enrollment of  
17 students and credited grants paid on the behalf of the students.

18 In the event there are not sufficient funds to provide each eligible student with a full  
19 grant:

- 20 (1) The Board of Governors of The University of North Carolina, with the  
21 approval of the Office of State Budget and Management, may transfer  
22 available funds to meet the needs of the programs provided by  
23 subsections (a) and (b) of this section; and
- 24 (2) Each eligible student shall receive a pro rata share of funds then  
25 available for the remainder of the academic year within the fiscal period  
26 covered by the current appropriation.

27 Any remaining funds shall revert to the General Fund.

28 (c) Expenditures made pursuant to this section may be used only for secular  
29 educational purposes at nonprofit institutions of higher learning. Expenditures made  
30 pursuant to this section shall not be used for any student who is incarcerated in a State or  
31 federal correctional facility.

32 (d) The State Education Assistance Authority shall document the number of full-  
33 time equivalent North Carolina undergraduate students that are enrolled in off-campus  
34 programs and the State funds collected by each institution pursuant to G.S. 116-19 for  
35 those students. The State Education Assistance Authority shall also document the  
36 number of scholarships and the amount of the scholarships that are awarded under G.S.  
37 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any  
38 program offered for degree credit away from the institution's main permanent campus.

39 The State Education Assistance Authority shall report to the Joint Legislative  
40 Commission on Governmental Operations by March 1, 1997, regarding its findings."

41  
42 Requested by: Representatives Grady, Preston

43 **DISTANCE LEARNING INITIATIVES**

1           Sec. 15.1. Of the funds appropriated by this act to The University of North  
2 Carolina Board of Governors, the sum of one million two hundred thousand dollars  
3 (\$1,200,000) in nonrecurring funds and the sum of five hundred thousand dollars  
4 (\$500,000) in recurring funds shall be allocated to North Carolina State University to  
5 furnish the Engineering Graduate Research Center and to operate distance learning  
6 programs. Engineering programs offered through this funding shall be a cooperative  
7 effort among North Carolina State University, North Carolina Agricultural and Technical  
8 State University, and the University of North Carolina at Charlotte.

9           An additional amount of two million two hundred fifty-five thousand dollars  
10 (\$2,255,000) appropriated by this act to the Board of Governors shall be allocated and  
11 used for distance learning and capacity enhancing alternatives, including expansion of the  
12 "2 + 2" engineering programs offered through North Carolina State University, incentives  
13 for summer school enrollments, and other initiatives planned by the Board of Governors.

14  
15 Requested by: Representatives Grady, Preston

16 **UNC EQUITY OF FUNDING**

17           Sec. 15.2 Notwithstanding G.S. 116-30.3, the five constituent institutions  
18 (Appalachian State University, East Carolina University, University of North Carolina at  
19 Charlotte, University of North Carolina at Greensboro, and University of North Carolina  
20 at Wilmington) cited in the study of equity of funding among the constituent institutions  
21 of The University of North Carolina as receiving lower than average per pupil funding in  
22 several comparisons, shall not be required to revert two percent (2%) of their General  
23 Fund appropriations for the 1996-97 fiscal year. These funds shall be used to improve  
24 areas of need that can be addressed with nonrecurring funds.

25  
26 Requested by: Representatives Grady, Preston

27 **CENTER FOR THE PREVENTION OF SCHOOL VIOLENCE**

28           Sec. 15.3 The General Assembly recommends that the Governor continue  
29 funding the Center for Prevention of School Violence from the current source of grant  
30 monies through the 1996-97 fiscal year.

31  
32 Requested by: Representatives Holmes, Creech, Esposito

33 **EVALUATE UNIVERSITY RESIDENCES FOR FIRE SAFETY AND REPORT**  
34 **ON ESTIMATED COST TO INSTALL ANY NEEDED FIRE DETECTION AND**  
35 **SAFETY EQUIPMENT**

36           Sec. 15.4. (a) The Board of Governors of The University of North Carolina shall  
37 survey each constituent institution and the North Carolina School of Science and  
38 Mathematics regarding its campus residential facilities and the fire detection and safety  
39 equipment currently installed in those facilities. Each constituent institution shall  
40 indicate whether each residential facility on its campus has an adequate fire alarm system  
41 including smoke detectors and fire sprinklers, and, if not, the estimated cost to install  
42 adequate fire detection and safety equipment. The Board of Governors shall report as  
43 soon as possible to the General Assembly regarding the findings of the survey.

1 (b) The Board of Governors of The University of North Carolina shall begin to  
2 address fire safety needs in campus residential facilities including the North Carolina  
3 School of Science and Mathematics during the 1996-97 fiscal year. The Board of  
4 Governors shall give top priority to those fire safety needs that are determined to be the  
5 most egregious and shall address those needs first. The Board of Governors shall use  
6 available reserves in institutional housing trust funds, as well as funds allocated to the  
7 Board from the Reserve for Repairs and Renovations to comply with this section. Should  
8 the Board of Governors allocate funds from the Reserve for Repairs and Renovations for  
9 fire safety improvements in campus residential facilities not supported from the General  
10 Fund, it shall first find that sufficient funds are not available from other sources. Any  
11 such finding shall be included in the Board's submission to the Joint Legislative  
12 Commission on Governmental Operations on the proposed allocation of funds.

13 (c) The Board of Governors of The University of North Carolina shall include  
14 in its budget requests for the 1997-99 biennium the estimated amount needed to address  
15 any remaining fire safety needs of the residential facilities located on its campuses  
16 including the North Carolina School of Science and Mathematics.

17  
18 Requested by: Representatives Holmes, Creech, Esposito

19 **SUPERCOMPUTER AND THE RESEARCH AND EDUCATION**  
20 **NETWORK/BOARD OF GOVERNORS TO MAINTAIN FUNDS**

21 Sec. 15.5. The Board of Governors of The University of North Carolina shall  
22 maintain the funds transferred by this act for the purchase of the Supercomputer and the  
23 Research and Education Network in a central identifiable budget purpose.

24  
25 Requested by: Representative Grady

26 **UNC OVERHEAD RECEIPTS**

27 Sec. 15.6. (a) The constituent institutions of The University of North Carolina may  
28 use overhead receipts collected as indirect costs on contracts and grants to enhance  
29 faculty salaries, to increase tuition remission budgets for graduate assistants, and to  
30 purchase health insurance for graduate assistants, among other uses.

31 (b) The Board of Governors of The University of North Carolina may use the  
32 portion of overhead receipts that it receives from North Carolina State University at  
33 Raleigh and from the University of North Carolina at Chapel Hill to enhance faculty  
34 salaries.

35  
36 **PART 16. COMMUNITY COLLEGES**

37  
38 Requested by: Representative Russell

39 **COMPUTATION OF FTE FOR COURSES TAUGHT IN PRISONS**

40 Sec. 16. Community colleges shall compute full-time equivalent (FTE) student  
41 hours on the bases of both contact hours and student membership hours for curriculum  
42 education programs that are taught in prison facilities and that are offered in compliance  
43 with the State Board of Community College's correctional course offering matrix. The

1 State Board of Community Colleges shall report both counts to the General Assembly by  
2 January 15, 1997.

3 The 1997 General Assembly shall consider the question of whether to compute  
4 FTE for these courses on the basis of contact hours or on the basis of student membership  
5 hours.

6  
7 Requested by: Representative Russell

### 8 **IN-STATE TUITION FOR FAMILIES TRANSFERRED INTO STATE**

9 Sec. 16.1. (a) G.S. 115D-39 reads as rewritten:

#### 10 **"§ 115D-39. Student tuition and fees.**

11 The State Board of Community Colleges shall fix and regulate all tuition and fees  
12 charged to students for applying to or attending any institution pursuant to this Chapter.

13 The receipts from all student tuition and fees, other than student activity fees, shall be  
14 State funds and shall be deposited as provided by regulations of the State Board of  
15 Community Colleges.

16 The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and  
17 G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this  
18 Chapter; provided, however, that when an employer other than the armed services, as that  
19 term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution  
20 operating pursuant to this Chapter and when the employee works at a North Carolina  
21 business location, the employer shall be charged the in-State tuition ~~rate~~-rate; provided  
22 further, however, a community college may charge in-State tuition to up to one percent  
23 (1%) of its out-of-state students, rounded up to the next whole number, to accommodate  
24 the families transferred by business and industry into the State. Notwithstanding these  
25 requirements, a refugee who lawfully entered the United States and who is living in this  
26 State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1)  
27 and as a State resident for community college tuition purposes as defined in G.S. 116-  
28 143.1(a)(2)."

29 (b) The State Board of Community Colleges shall adopt rules to implement this  
30 section, effective for the fall 1996 quarter.

31  
32 Requested by: Representatives Grady, Preston

### 33 **EXPENDITURE FOR NEW AND EXPANDING INDUSTRY/REPORT**

34 Sec. 16.2. G.S. 115D-5 is amended by adding a new subsection to read:

35 "(i) The State Board of Community Colleges shall report to the Joint Legislative  
36 Education Oversight Committee on March 1 and September 1 of each year on  
37 expenditures for the New and Expanding Industry Program each fiscal year. The report  
38 shall include, for each company or individual that receives funds for New and Expanding  
39 Industry:

- 40 (1) The total amount of funds received by the company or individual;  
41 (2) The amount of funds per trainee received by the company or individual;  
42 (3) The amount of funds received per trainee by the community college  
43 training the trainee;

1           (4)    The number of trainees trained, by company and by community college;  
2                    and  
3           (5)    The number of years the companies or individuals have been funded.  
4    The September 1, 1996, report shall include this information for the prior three fiscal  
5 years."

6  
7 Requested by: Representatives Grady, Preston

8 **ELIMINATION OF BARRIERS AMONG PUBLIC SCHOOLS, COMMUNITY**  
9 **COLLEGES, AND UNIVERSITIES/STUDY**

10       Sec. 16.3. (a)    The Education Cabinet shall study ways to eliminate barriers to  
11 cooperation among public schools, community colleges, and universities in the area of  
12 distance learning. The Education Cabinet shall develop a plan for sharing registration,  
13 credit hours, funding for full-time equivalent students (FTE), counseling and financial aid  
14 services, tuition receipts, and administrative responsibilities, and shall report to the  
15 General Assembly prior to January 31, 1997, on the plan it develops. The report shall  
16 include a list of any statutory or rule changes that are necessary prior to implementation  
17 of the plan and an explanation of why each change is necessary and appropriate.

18       (b)    The State Board of Community Colleges shall examine ways to encourage  
19 pilot projects for higher education two plus two programs while continuing to recognize  
20 the community college system's statutory role as primary lead agency for providing  
21 vocational and technical job training programs.

22  
23 Requested by: Representatives Grady, Preston, McMahan

24 **COMMUNITY COLLEGES FUNDING FORMULAS/STUDY**

25       Sec. 16.4.    The State Board of Community Colleges shall undertake a  
26 comprehensive study of the funding formula used to distribute funds to local community  
27 colleges and shall make any recommendations for changes to the General Assembly by  
28 January 31, 1997. The study shall include, but not be limited to, the development of a  
29 plan to increase the level of funding for occupational extension courses to the funding  
30 level for curriculum courses and the cost of such a plan. In developing the plan, the State  
31 Board shall consider whether one or more colleges receive a disproportionate share of the  
32 occupational extension formula funds, the appropriateness of such a distribution, and any  
33 recommendations for changes in that distribution. The State Board of Community  
34 Colleges shall use Board Reserve funds to hire an outside, independent consultant to  
35 study the funding formula.

36  
37 Requested by: Representatives Grady, Preston

38 **UNIFORM MEDICAL HISTORY FORM/POSTSECONDARY INSTITUTIONS**

39       Sec. 16.5.    The State Board of Community Colleges and the Board of  
40 Governors of The University of North Carolina shall adopt a uniform student medical  
41 history form for use by all institutions in the North Carolina Community College System  
42 and by all of the constituent institutions of The University of North Carolina. This form

1 shall be used for all new students enrolling after July 1, 1997, who are required to submit  
2 health forms.

3 The State Board of Community Colleges and the Board of Governors of The  
4 University of North Carolina shall report to the Joint Legislative Education Oversight  
5 Committee by December 15, 1996, on their progress in implementing the provisions of  
6 this section.

7  
8 Requested by: Representatives Grady, Preston

#### 9 **DEPARTMENT OF COMMUNITY COLLEGES/BUDGET REALIGNMENT**

10 Sec. 16.6. (a) The Department of Community Colleges may realign its budget in  
11 accordance with the departmental reorganization plan adopted by the State Board of  
12 Community Colleges, which is in place June 1, 1996.

13 (b) The Department of Community Colleges shall prepare a response to the State  
14 Auditor's Performance Audit Report of April 1996, on the concern raised about the  
15 creation of the new Division of System Affairs and on what steps it has taken to address  
16 the issue raised with regard to this Division. The Department shall present its response to  
17 the Senate and House Appropriations Subcommittees on Education prior to February 15,  
18 1997.

19  
20 Requested by: Representatives Grady, Preston

#### 21 **START-UP FUNDS FOR PROGRAMS IN PRISON FACILITIES**

22 Sec. 16.7. (a) The State Board of Community Colleges shall use four hundred  
23 thousand dollars (\$400,000) of the funds in the State Board Reserve to provide funds to  
24 enable colleges to start new programs in prison facilities.

25 (b) The State Board of Community Colleges shall use two hundred thousand  
26 dollars (\$200,000) of the funds in the State Board Reserve to provide funds to the two  
27 community college hosiery technology programs. These funds shall be equally  
28 distributed between the two hosiery technology programs.

29  
30 Requested by: Representatives Grady, Preston

#### 31 **INFORMATION HIGHWAY SITES/COMMUNITY ACCESS**

32 Sec. 16.8. It is the policy of the State to make all North Carolina Information  
33 Highway sites available to all public agencies for public use. The Education Cabinet  
34 shall adopt guidelines for ensuring public access to the university, community colleges,  
35 and public school information highway sites, and shall report these guidelines to the Joint  
36 Legislative Education Oversight Committee by January 2, 1997.

#### 37 38 **PART 17. PUBLIC SCHOOLS**

39  
40 Requested by: Representatives Grady, Preston

#### 41 **EXCEPTIONAL CHILDREN FUNDS**

42 Sec. 17.1. The funds appropriated for exceptional children in this act shall be  
43 allocated as follows:

- 1           (1) Each local school administrative unit shall receive for academically  
2 gifted children the sum of \$686.38 per child for three and nine-tenths  
3 percent (3.9%) of the 1995-96 actual average daily membership in the  
4 local school administrative unit, regardless of the number of children  
5 identified as academically gifted in the local school administrative unit.  
6 The total number of children for which funds shall be allocated pursuant  
7 to this subdivision is 45,861 for the 1996-97 school year.
- 8           (2) Each local school administrative unit shall receive for exceptional  
9 children other than academically gifted children the sum of \$2,059.14  
10 per child for the lesser of (i) all children who are identified as  
11 exceptional children other than academically gifted children or (ii)  
12 twelve and five-tenths percent (12.5%) of the 1995-96 actual average  
13 daily membership in the local school administrative unit. The maximum  
14 number of children for which funds shall be allocated pursuant to this  
15 subdivision is 137,449 for the 1996-97 school year.

16 The dollar amounts allocated under this subsection for exceptional children shall also  
17 increase in accordance with legislative salary increments for personnel who serve  
18 exceptional children.

19  
20 Requested by: Representatives Grady, Preston

21 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES/SMALL SCHOOL**  
22 **SYSTEM SUPPLEMENTAL FUNDING**

23       Sec. 17.2. (a) Funds for supplemental funding. – The General Assembly finds that  
24 it is appropriate to provide supplemental funds in low-wealth counties to allow those  
25 counties to enhance the instructional program and student achievement; therefore, of the  
26 funds appropriated to Aid to Local School Administrative Units, the sum of forty-six  
27 million four hundred eighty-three thousand eight hundred nine dollars (\$46,483,809) for  
28 the 1996-97 fiscal year shall be used for supplemental funds for schools. These funds  
29 shall be allocated and administered as provided in Section 17.1 of Chapter 507 of the  
30 1995 Session Laws.

31       (b) Funds for small school systems. – The State Board of Education shall allocate  
32 and administer funds appropriated for small school system supplemental funding as  
33 provided in Section 17.2 of Chapter 507 of the 1995 Session Laws.

34       (c) Reports. – The State Board of Education shall report to the Appropriations  
35 Committees of the Senate and the House of Representatives prior to May 1, 1996, on  
36 whether counties supplanted local funds with the funds received pursuant to this section.

37  
38 Requested by: Representatives Grady, Preston

39 **FUNDS TO REDUCE CLASS SIZE IN GRADE 2**

40       Sec. 17.3. The funds appropriated in this act to reduce class size in second  
41 grade shall be allocated by the State Board of Education to local school administrative  
42 units on the basis of one teacher for every 23 students in second grade. Local school  
43 administrative units shall use these funds (i) to reduce class size in second grade to 23 or

1 fewer students or (ii) to hire reading teachers within kindergarten through third grade or  
2 otherwise reduce the student-teacher ratio within kindergarten through third grade.

3 For the purpose of calculating the maximum allowable class size for second  
4 grade, the ratio of teachers to students shall be 1 to 26.

5  
6 Requested by: Representative Esposito

7 **FUNDS TO IMPLEMENT THE ABC'S OF PUBLIC EDUCATION PROGRAM**

8 Sec. 17.4. Of the funds appropriated to State Aid to Local School  
9 Administrative Units, the State Board of Education may use up to twenty-four million  
10 five hundred thousand dollars (\$24,500,000) for the 1996-97 fiscal year to provide  
11 incentive funding for schools with higher than projected levels of improvement in student  
12 performance, in accordance with the ABC's of Public Education Program, if enacted by  
13 the General Assembly. The State Board of Education may allocate up to twenty-one  
14 million dollars (\$21,000,000) of these funds on a per-teacher basis for each eligible  
15 school and up to three million five hundred thousand dollars (\$3,500,000) on a per-  
16 teacher assistant basis for each eligible school.

17 It is the intent of the General Assembly to fully fund this program for the 1997-  
18 98 and subsequent fiscal years.

19  
20 Requested by: Representative Holmes, Creech, Esposito

21 **ALLOCATION OF FUNDS FOR SCHOOL TECHNOLOGY**

22 Sec. 17.5. Funds appropriated in this act to the State School Technology Fund  
23 shall be allocated to local school administrative units on the basis of average daily  
24 membership.

25  
26 Requested by: Representatives Grady, Preston

27 **EXPENDITURES FOR SCHOOL RESOURCE OFFICERS**

28 Sec. 17.6 The State Board of Education shall modify the accounting system  
29 for State Aid to Local School Administrative Units so that it can account for State funds  
30 expended for school resource officers in each local school administrative unit.

31  
32 Requested by: Representatives Grady, Preston

33 **PUBLIC SCHOOL TEACHERS/LIABILITY PROTECTION**

34 Sec. 17.7 Of the funds appropriated to the Department of Public Education for  
35 the 1996-97 fiscal year, an amount equal to ten dollars (\$10.00) for each teacher paid  
36 from the General Fund shall be allocated by the State Board of Education to each local  
37 school administrative unit to provide comprehensive general liability protection,  
38 including coverage for errors and omissions, for teachers employed by the local school  
39 administrative unit for the 1996-97 school year.

40  
41 Requested by: Representatives Grady, Preston

42 **SUBSTITUTE PAY FOR TEACHER ASSISTANTS**

43 Sec. 17.8. G.S. 115C-12(8) reads as rewritten:



1           "(8) Power to Make Provisions for Sick Leave and for Substitute Teachers. –  
2           The Board shall provide for sick leave with pay for all public school  
3           employees in accordance with the provisions of this Chapter and shall  
4           promulgate rules and regulations providing for necessary substitutes on  
5           account of sick leave and other teacher absences.

6           The pay for a substitute shall be fixed by the Board. If a teacher  
7           assistant ~~assigned to a classroom in kindergarten through third grade~~  
8           acts as a substitute ~~teacher for that classroom,~~ teacher, the salary of the  
9           teacher assistant for the day shall be the same as the daily salary of an  
10          entry-level teacher with an "A" certificate.

11          The Board may provide to each local school administrative unit not  
12          exceeding one percent (1%) of the cost of instructional services for the  
13          purpose of providing substitute teachers for those on sick leave as  
14          authorized by law or by regulations of the Board, but not exceeding the  
15          provisions made for other State employees."  
16

17 Requested by: Representative Eddins

18 **SCHOOL BUDGETS AND SCHOOL IMPROVEMENT PLANS MADE**  
19 **AVAILABLE**

20           Sec. 17.9. G.S. 115C-288 is amended by adding the following new subsection  
21 to read:

22           "(h) To Make Available School Budgets and School Improvement Plans. – The  
23 principal shall be the custodian of the school's current budget and school improvement  
24 plan, including any amendments to the plan, and shall allow parents of students in that  
25 school and other interested persons to review and obtain copies in accordance with  
26 Chapter 132 of the General Statutes."  
27

28 **PART 18. DEPARTMENT OF TRANSPORTATION**  
29

30 Requested by: Representatives Barbee, Bowie

31 **USE OF FUNDS RESULTING FROM THE ELIMINATION OF POSITIONS IN**  
32 **DIVISION OF MOTOR VEHICLES**

33           Sec. 18. Funds in the amount of one hundred thirty-five thousand three  
34 hundred eighty-nine dollars (\$135,389) realized from the elimination of 11 positions in  
35 the Division of Motor Vehicles during the 1996-97 fiscal year shall be placed in a reserve  
36 and shall be used only to support the implementation of the State Titling and Registration  
37 System. Funds remaining in the reserve at the end of the 1996-97 fiscal year shall revert  
38 to the Highway Fund.  
39

40 Requested by: Representatives Barbee, Bowie

41 **DEPARTMENT OF TRANSPORTATION REPORT ON REORGANIZATION OF**  
42 **DIVISION OF MOTOR VEHICLES**

1           Sec. 18.1. The Department of Transportation shall report to the Joint  
2 Legislative Transportation Oversight Committee by December 15, 1996, concerning how  
3 it will implement the recommendations for the restructuring of the Division of Motor  
4 Vehicles through the elimination of positions, consolidation of offices and functions, and  
5 the transfer of functions within and from the Division, which were contained in the  
6 performance audit of the Division of Motor Vehicles presented to the Joint Legislative  
7 Commission on Governmental Operations in May 1996. This report shall discuss both  
8 short-term and long-term managerial actions necessary to implement the  
9 recommendations and contain detailed budgetary analyses of the short-term and long-  
10 term effects of these actions. This report shall also describe how the various proposals fit  
11 in a long-range plan for the modernization of the Division of Motor Vehicles and the  
12 functions it performs.

13  
14 Requested by: Representatives Barbee, Bowie

15 **DEPARTMENT OF TRANSPORTATION REPORTS TO THE JOINT**  
16 **LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE**

17           Sec. 18.2. The Department of Transportation shall make the following reports  
18 to the Joint Legislative Transportation Oversight Committee by the dates specified:

- 19           (1) By November 1, 1996, the Department shall report on any changes  
20 needed to be made to the vehicle salvage laws to minimize the number  
21 of salvage inspections without compromising the integrity of the  
22 salvage process. This report shall address how reductions in dedicated  
23 salvage inspection positions shall be made under the proposed system.
- 24           (2) By October 1, 1996, the Department shall provide plans for the study of  
25 the following issues, including a schedule for completion of the studies:
- 26           a. How the process by which licenses are modified, revoked, and  
27 suspended can be simplified.
- 28           b. How touch-tone technology and credit cards can be used in the  
29 motor vehicle registration process.
- 30           c. How credit cards can be used to increase customer payment  
31 options.
- 32           d. How collision reports can be entered directly into an automated  
33 system database by law enforcement officers.
- 34           (3) By December 1, 1996, the Department shall report how computer  
35 software used to register motor carriers under the International  
36 Registration Plan can be reconfigured so that it can be used more  
37 efficiently by staff and customers.
- 38           (4) By November 1, 1996, the Department shall:
- 39           a. Develop a formula to determine the number, location, and  
40 staffing of drivers license field offices within the State.
- 41           b. Use this formula to develop a five-year plan for changes in the  
42 number and sizes of drivers license field offices that recognizes  
43 the need for the development of larger, multi-functional drivers

license offices that provide a wider range of services at centralized locations and to provide a plan for the renovation of existing drivers license field offices that will be retained.

- (5) By December 1, 1996, the Department shall report on how it will maintain technical support for the vehicle registration and drivers license data systems for the 1997-99 biennium. This report shall estimate staffing needs for technical support in each year, address whether and how contract personnel will be used, and determine the feasibility of using more permanent personnel instead of contractors.

Requested by: Representatives Barbee, Bowie

### **DIVISION OF MOTOR VEHICLES ENFORCEMENT DUTIES**

Sec. 18.3. G.S. 20-4 reads as rewritten:

#### **"§ 20-4. Clarification of conflicts as to transfer of functions. Enforcement duties of the Division.**

~~In the event that there shall arise any conflict as to the transfer of any functions from the Department of Revenue to the Division of Motor Vehicles, the Governor of the State is hereby authorized to issue an executive order clarifying and making certain the issue thus arising.~~

(a) Primary Duty. – The primary enforcement duty of the Division is the enforcement of the vehicle weight restrictions set forth in G.S. 20-118. In performing this duty, the Division shall make maximum effective use of permanent weigh stations and portable scales.

(b) Secondary Duties. – The secondary enforcement duties of the Division are as follows and are listed in the order of importance:

- (1) Enforcement of the motor carrier safety regulations.
- (2) Enforcement of the emissions inspection program.
- (3) Inspection of salvage vehicles.
- (4) Provide security at rest areas.
- (5) Other duties set out in this Chapter.

(c) Restriction. – The Division shall not undertake an enforcement duty that is not listed in this section unless a law specifically authorizes the Division to do so or the duty is undertaken as a condition of receiving federal funds."

Requested by: Representatives Barbee, Bowie

### **DEPARTMENT OF TRANSPORTATION–CASH FLOW CONTRACT FUNDING**

Sec. 18.4. (a) G.S. 136-176(d) reads as rewritten:

"(d) A contract may be let for projects funded from the Trust Fund in anticipation of revenues pursuant to the cash-flow provisions of G.S. 143-28.1 only for the ~~biennium~~ two bienniums following the year in which the contract is let."

(b) G.S. 143-28.1 reads as rewritten:

#### **"§ 143-28.1. Highway Fund appropriation.**

1 Notwithstanding any other provisions of this Article, the appropriations made from  
2 the Highway Fund for highway construction and maintenance are subject to the following  
3 provisions.

4 (1) Cash Flow Funding for Highway Construction and Maintenance. –  
5 Highway maintenance and construction funds shall be budgeted,  
6 expended and accounted for on a 'cash flow' basis. Pursuant to this end,  
7 highway maintenance and construction contracts shall be planned and  
8 limited so payments due at any time will not exceed the cash available  
9 to pay them.

10 (2) Appropriations are for Payments and Contract Commitments to be  
11 Made in the Appropriation Fiscal Year. – The appropriations provided  
12 for by the Appropriations Act for highway maintenance and  
13 construction are for maximum payments estimated to be made during  
14 the appropriation fiscal year and for maximum contracting authority for  
15 future years. Highway maintenance and construction contracts shall be  
16 scheduled so that the total contract payments and other expenditures  
17 charged to projects in the fiscal year for each highway maintenance and  
18 construction appropriation item will not exceed the current  
19 appropriations provided by the General Assembly and unspent prior  
20 appropriations made by the General Assembly for the particular  
21 appropriation item.

22 (3) Payments Subject to Availability of Funds – Retainage Fully Funded –  
23 5% Cash Balance Required. – The annual appropriations for highway  
24 maintenance and construction provided for by the Appropriations Act  
25 shall be expended only to the extent that sufficient funds are available in  
26 the Highway Fund. The Department of Transportation shall fully fund  
27 retainage from maintenance and construction contracts in the year in  
28 which the work is performed, and in addition shall maintain an available  
29 cash balance at the end of each month equal to at least five percent (5%)  
30 of the unpaid balance of the total maintenance and construction contract  
31 obligations. In the event this cash position is not maintained, no further  
32 construction and maintenance contract commitments shall be entered  
33 into until the cash balance has been regained. For the purposes of  
34 awarding contracts involving federal-aid, any amount due from the  
35 federal government and the Highway Bond Fund as a result of  
36 unreimbursed expenditures may be considered as cash for the purposes  
37 of this provision.

38 (4) Anticipation of Revenues. – In awarding State highway construction  
39 and maintenance contracts requiring payments beyond a biennium, the  
40 Director of the Budget may anticipate revenues as authorized and  
41 certified by the General Assembly, to continue contract payments for up  
42 to seventy-five percent (75%) of the revenues which are estimated for  
43 the first fiscal year of the succeeding biennium and which are not

1 required for other budget items. Up to fifty percent (50%) of the  
2 revenues not required for other budget items may be anticipated for the  
3 second ~~and subsequent fiscal years'~~ year of the succeeding biennium's  
4 contract payments. Up to forty percent (40%) of the revenues not  
5 required for other budget items may be anticipated for the first year of  
6 the second succeeding biennium and up to twenty percent (20%) of the  
7 revenues not required for other budget items may be anticipated for the  
8 second year of the second succeeding biennium.

9 (5) Amounts Obligated – Payments Subject to the Availability of Funds –  
10 Termination of Contracts. – Highway maintenance and construction  
11 appropriations may be obligated in the amount of allotments made to the  
12 Department of Transportation by the Office of State Budget and  
13 Management for the estimated payments for maintenance and  
14 construction contract work to be performed in the appropriation fiscal  
15 year. The allotments shall be multi-year allotments and shall be based  
16 on estimated revenues and shall be subject to the maximum contract  
17 authority contained in subdivision (2) above. Payment for highway  
18 maintenance and construction work performed pursuant to contract in  
19 any fiscal year other than the current fiscal year will be subject to  
20 appropriations by the General Assembly. Highway maintenance and  
21 construction contracts shall contain a schedule of estimated completion  
22 progress and any acceleration of this progress shall be subject to the  
23 approval of the Department of Transportation provided funds are  
24 available. The State reserves the right to terminate or suspend any  
25 highway maintenance or construction contract and any highway  
26 maintenance or construction contract shall be so terminated or  
27 suspended if funds will not be available for payment of the work to be  
28 performed during that fiscal year pursuant to the contract. In the event  
29 of termination of any contract, the contractor shall be given a written  
30 notice of termination at least 60 days before completion of scheduled  
31 work for which funds are available. In the event of termination, the  
32 contractor shall be paid for the work already performed in accordance  
33 with the contract specifications.

34 (6) Provision Incorporated in Contracts. – The provisions of subdivision (5)  
35 of this section shall be incorporated verbatim in all highway  
36 construction and maintenance contracts.

37 (7) Existing Contracts Are Not Affected. – The provisions of this section  
38 shall not apply to highway construction and maintenance contracts  
39 awarded by the Department of Transportation prior to July 15, 1980."

40 (c) The Department of Transportation shall report quarterly beginning on October  
41 15, 1996, and then on the fifteenth of the month following the end of the fiscal quarter, to  
42 the Joint Legislative Transportation Oversight Committee on all projects to be built with  
43 funds obligated using the cash flow provisions of G.S. 143-28.1. The report shall contain

1 a list of the projects and the amount obligated in anticipation of revenues for each year of  
2 the project.

3  
4 Requested by: Representatives Barbee, Bowie

5 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**  
6 **APPROPRIATIONS**

7 Sec. 18.5. Section 18.9 of Chapter 324 of the 1995 Session Laws reads as  
8 rewritten:

9 "Sec. 18.9. (a) The General Assembly authorizes and certifies anticipated revenues  
10 of the Highway Fund as follows:

11	For Fiscal Year 1997-98	<del>\$1,075.6 Million</del>	<u>\$1,089.4 Million</u>
12	For Fiscal Year 1998-99	<del>\$1,093.1 Million</del>	<u>\$1,110.7 Million</u>
13	<u>For Fiscal Year 1999-00</u>		<u>\$1,146.7 Million</u>
14	<u>For Fiscal Year 2000-01</u>		<u>\$1,174.3 Million</u>

15 (b) The General Assembly authorizes and certifies anticipated revenues of the  
16 Highway Trust Fund as follows:

17	For Fiscal Year 1997-98	<del>\$ 775.8 Million</del>	<u>\$ 788.2 Million</u>
18	For Fiscal Year 1998-99	<del>\$ 799.8 Million</del>	<u>\$ 812.7 Million</u>
19	<u>For Fiscal Year 1999-00</u>		<u>\$839.3 Million</u>
20	<u>For Fiscal Year 2000-01</u>		<u>\$867.2 Million</u> .

21  
22 Requested by: Representatives Barbee, Bowie

23 **RADIO ISLAND RAILROAD TRESTLE**

24 Sec. 18.6. (a) Subsection (b) of Section 18.28 of Chapter 324 of the 1995 Session  
25 Laws reads as rewritten:

26 "(b) The Department of Transportation shall proceed with the planning and  
27 construction of the trestle, Project P-3100 in the 1996-2002 Transportation Improvement  
28 Program, and shall commence construction of the trestle during calendar year 1996. The  
29 Beaufort and Morehead Railroad Company, owner of the trestle, shall be conveyed to the  
30 Department of Transportation by the North Carolina Ports Railway Commission for  
31 construction of the replacement trestle and related purposes authorized by G.S. 136-  
32 44.36. The completed bridge shall be owned by the Department of Transportation and  
33 shall be added to the State System for maintenance purposes."

34 (b) Notwithstanding any other provision of law, the Department of Transportation  
35 may award a contract for Project 3100 in the 1996-2002 Transportation Improvement  
36 Program on a design-build basis, using any procurement process that the Department of  
37 Transportation determines will result in maximum efficiency in constructing this project.

38 (c) The Department of Transportation shall file a progress report every six months  
39 beginning on December 1, 1996, to the Joint Legislative Transportation Oversight  
40 Committee on the construction of this project.

41  
42 Requested by: Representatives McLaughlin, Bowie

43 **VISITOR CENTERS**

1       Sec. 18.7. (a) The Department of Transportation, with the assistance of the  
2 Department of Commerce, shall collect the necessary data to accurately estimate the  
3 extent and type of use the public makes of the visitor centers on the State highway  
4 system. The Department shall use this data to develop a formula for allocating State  
5 resources for the funding of these visitor centers.

6       (b) The Department shall study and make a recommendation to the General  
7 Assembly about requiring a local match for funds appropriated by the State for the  
8 operations of local visitor centers.

9       (c) Until the Department reports to the General Assembly no new visitor centers  
10 shall be approved for addition to the State highway system.

11       (d) The Department shall submit the report required by this section no later than  
12 December 31, 1996, to the Joint Legislative Transportation Oversight Commission.

13       (e) G.S. 20-79.7(c)(2) as amended by Section 18.7 of Chapter 507 of the 1995  
14 Session Laws reads as rewritten:

15       "(2) From the funds remaining in the Special Registration Plate Account  
16 after the deductions in accordance with subdivision (1) of this  
17 subsection, there is appropriated from the Special Registration Plate  
18 Account the sum of five hundred twenty-five thousand dollars  
19 (\$525,000) for ~~the 1995-96 fiscal~~ each year of the 1995-97 biennium to  
20 provide operating assistance for the Visitor ~~and Welcome~~ Centers:

- 21       a. on U.S. Highway 17 in Camden County, (\$75,000);
- 22       b. on U.S. Highway 17 in Brunswick County, (\$75,000);
- 23       c. on U.S. Highway 441 in Macon County, (\$75,000);
- 24       d. in the Town of Boone, Watauga County, (\$75,000);
- 25       e. on U.S. Highway 29 in Caswell County, (\$75,000);
- 26       f. on U.S. Highway 70 in Carteret County, (\$75,000); and
- 27       g. on U.S. Highway 64 in Tyrrell County, (\$75,000)."

28  
29 Requested by: Representatives Barbee, Bowie

### 30 **GREEN ROADS INITIATIVE**

31       Sec. 18.8. From funds available to the Department of Transportation, the  
32 Department of Correction, and the Division of Forest Resources, Department of  
33 Environment, Health, and Natural Resources, approximately 700 acres of land shall be  
34 planted with trees during the 1996-97 fiscal year as the start of a "Green Roads Initiative"  
35 of reforestation along highways across the State.

36       The Department of Transportation, in conjunction with the Department of  
37 Environment, Health, and Natural Resources, shall identify the locations where the  
38 reforestation can be accomplished through the use of seedlings provided by the Division  
39 of Forest Resources and prisoners allocated to the Department of Transportation by the  
40 Department of Correction.

41       To the extent possible the acreage identified for reforestation shall be equally  
42 distributed in the 14 transportation engineering divisions.

1 The goals of the initiative are to plant trees that will provide additional natural  
2 habitat for birds and other wildlife, to reduce expensive roadside maintenance by  
3 reducing the acreage requiring frequent mowing of grasses, to beautify the State's  
4 highways, and to maintain safety for the motoring public.

5 The Department of Transportation, the Department of Environment, Health,  
6 and Natural Resources, and the Department of Correction shall jointly report to the Joint  
7 Legislative Transportation Oversight Committee by December 31, 1996, on progress in  
8 implementing the Green Roads Initiative.

## 10 PART 19. DEPARTMENT OF CORRECTION

11  
12 Requested by: Representatives Holmes, Creech, Esposito

### 13 USE OF FACILITIES CLOSED UNDER GPAC

14 Sec. 19.1. In conjunction with the closing of small expensive prison units  
15 recommended for consolidation by the Government Performance Audit Committee, the  
16 Department of Correction shall consult with the county or municipality in which the unit  
17 is located or any private for-profit or nonprofit firm about the possibility of converting  
18 that unit to other use. Consistent with existing law, the Department may provide for the  
19 lease of any of these units to counties, municipalities, or private firms wishing to convert  
20 them to other use. The Department of Correction may also consider converting some of  
21 the units recommended for closing from medium security to minimum security, where  
22 that conversion would be cost-effective.

23 The Department of Correction shall report quarterly to the Joint Legislative  
24 Corrections Oversight Committee on the conversion of these units to other use.

25  
26 Requested by: Representatives Justus, Thompson

### 27 REIMBURSEMENT TO COUNTIES FOR HOUSING COSTS OF INMATES 28 AWAITING TRANSFER TO STATE PRISON SYSTEM

29 Sec. 19.2. (a) G.S. 148-29 reads as rewritten:

30 "**§ 148-29. Transportation of convicts to prison; reimbursement to counties;**  
31 **sheriff's expense affidavit; State not liable for maintenance expenses until**  
32 **convict received. affidavit.**

33 The sheriff having in charge any prisoner to be taken to the Central Prison at Raleigh  
34 shall send him to the Central Prison within five days after the adjournment of the court at  
35 which he was sentenced, if no appeal has been taken. Beginning on the sixth day after  
36 adjournment of the court in which the prisoner was sentenced and continuing through the  
37 day the prisoner is received by the Division of Prisons, the Department of Correction  
38 shall pay the county a standard sum set by the General Assembly in its appropriations  
39 acts for the cost of providing food, clothing, personal items, supervision, and necessary  
40 ordinary medical services to the prisoner awaiting transfer to the State prison system.

41 The sheriff shall file with the board of commissioners of his county a copy of his  
42 affidavit as to necessary guard, together with a copy of his itemized account of expenses,  
43 both certified to by him as true copies of those on file in his office. ~~The State is not~~



1 ~~liable for the expenses of maintaining convicts until they have been received by the State~~  
2 ~~Department of Correction authorities, nor shall any moneys be paid out of the treasury for~~  
3 ~~support of convicts prior to such reception."~~

4 (b) The Department of Correction may use funds available for the 1995-96 fiscal  
5 year to pay the sum of fourteen dollars and fifty cents (\$14.50) per day as reimbursement  
6 to counties for the cost of housing inmates convicted and awaiting transfer to the State  
7 prison system, as provided in G.S. 148-29.

8 (c) Of the funds appropriated to the Department of Correction for the 1996-97  
9 fiscal year, the sum of fourteen million six hundred thousand dollars (\$14,600,000) shall  
10 be used to raise the per diem reimbursement to counties from fourteen dollars and fifty  
11 cents (\$14.50) per day to forty dollars (\$40.00) per day for the cost of housing inmates  
12 convicted and awaiting transfer to the State prison system, as provided in G.S. 148-29. If  
13 these funds are depleted prior to the end of the fiscal year, the Department of Correction  
14 may use funds available, other than lapsed salaries and fringe benefits, to reimburse  
15 counties pursuant to this section.

16 (d) Subsections (a) and (b) of this section become effective January 1, 1996.

17  
18 Requested by: Representatives Justus, Thompson

19 **COMBINATION OF PAROLE PROBATION FIELD SERVICES AND PAROLE**  
20 **PRE- AND POST-RELEASE SERVICES PROGRAMS FOR BUDGETING**  
21 **PURPOSES**

22 Sec. 19.3. Notwithstanding any other provision of law, the Department of  
23 Correction may combine Parole Probation Field Services and Parole Pre- and Post-  
24 Release Services programs for budgeting purposes in order to reflect the actual operation  
25 in the field, since officers from each program are responsible for both parole and  
26 probation cases.

27  
28 Requested by: Representatives Justus, Thompson

29 **MODIFICATION OF FUNDING FORMULA FROM THE NORTH CAROLINA**  
30 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT**

31 Sec. 19.4. Notwithstanding the funding formula set forth in G.S. 143B-273.15,  
32 grants made through the North Carolina State-County Criminal Justice Partnership Act  
33 for the 1996-97 fiscal year shall be distributed to the counties as specified in G.S. 143B-  
34 273.15(2) only, and not as discretionary funds. Appropriations not claimed or expended  
35 by counties during the 1996-97 fiscal year shall be distributed pursuant to G.S. 143B-  
36 273.15(1).

37  
38 Requested by: Representatives Justus, Thompson

39 **DART AFTERCARE FUNDS SHALL NOT REVERT**

40 Sec. 19.5. (a) Funds appropriated in this act to the Department of Correction  
41 for the 1995-96 fiscal year for a Drug Alcohol Recovery Treatment (DART) aftercare  
42 program shall not revert at the end of the fiscal year but shall remain available to the  
43 Department during the 1996-97 fiscal year and be used to contract for up to three pilot

1 programs statewide to provide aftercare services, including counseling and job referral  
2 services, for DART DWI offenders and other offenders who have completed a DART  
3 program in the Division of Prisons.

4 The Department of Correction shall report on the pilot programs to the Chairs  
5 of the Senate and House Appropriations Committees and the Chairs of the Senate and  
6 House Appropriations Subcommittees on Justice and Public Safety by March 1, 1997.  
7 The report shall include information on the number of clients served, the quality of  
8 services, the cost-effectiveness of the services, and the benefits of the programs to  
9 offenders.

10 (b) This section becomes effective June 30, 1996.

11  
12 Requested by: Representatives Justus, Thompson

13 **DEPARTMENT OF CORRECTION/DEPARTMENT OF HUMAN RESOURCES**  
14 **JOINT PLAN/RESERVE FOR SUBSTANCE ABUSE TREATMENT PILOT**  
15 **PROGRAM FOR PAROLEES AND PROBATIONERS SHALL NOT REVERT**

16 Sec. 19.6. (a) The balance of the five hundred eighty-three thousand dollars  
17 (\$583,000) appropriated in Chapter 24 of the Session Laws of the 1994 Extra Session to  
18 the Department of Correction for the 1994-95 fiscal year and carried forward to the 1995-  
19 96 fiscal year by Section 19.8 of Chapter 507 of the 1995 Session Laws for an intensive  
20 out-patient substance abuse treatment pilot program for parolees and probationers with  
21 serious substance abuse histories shall not revert at the end of the fiscal year but shall  
22 remain available to the Department during the 1996-97 fiscal year to be used for the  
23 operation and evaluation of the Department of Correction/Department of Human  
24 Resources joint substance abuse program, the Drug Alcohol Recovery Treatment  
25 (DART) aftercare pilot program, and other prison-based or community corrections  
26 substance abuse programs in the Department of Correction, as determined by the  
27 Secretary of Correction.

28 The Department of Correction shall report quarterly to the Joint Legislative  
29 Corrections Oversight Committee on the use of these funds and any benefits realized.  
30 The Department of Human Resources shall participate in these reports as they relate to  
31 the joint project.

32 (b) This section becomes effective June 30, 1996.

33  
34 Requested by: Representatives Holmes, Creech, Esposito

35 **SALARY CONTINUATION BENEFITS FOR ALL DEPARTMENT OF**  
36 **CORRECTION EMPLOYEES INJURED BY DELIBERATE ACT OR WHILE**  
37 **PERFORMING SUPERVISORY DUTIES**

38 Sec. 19.7. (a) G.S. 143-166.13(b) reads as rewritten:

39 "(b) The following persons are entitled to benefits under this Article regardless of  
40 whether they are subject to the Criminal Justice Training and Standards Act:

- 41 (1) Driver License Examiners injured by accident arising out of and in the  
42 course of giving a road test, Division of Motor Vehicles, Department of  
43 ~~Transportation~~-Transportation;

1           (2) Employees of the Department of Correction injured by a direct and  
2           deliberate act of an offender supervised by the Department or while  
3           performing supervisory duties over offenders which place the  
4           employees at risk of such injury."

5           (b) This section applies to injuries occurring on or after the effective date of this  
6 section.

7  
8 Requested by: Representatives Justus, Thompson

9 **REPORT ON WOMEN AT RISK**

10           Sec. 19.8. The Women at Risk Program shall report by December 1, 1996, and  
11 by May 1, 1997, to the Joint Legislative Commission on Governmental Operations, the  
12 Chairs of the House and Senate Appropriations Committees, and the Chairs of the House  
13 and Senate Appropriations Subcommittees on Justice and Public Safety on the  
14 expenditure of State appropriations and on the effectiveness of the program, including  
15 information on the number of clients served, the number of clients who have had their  
16 probation revoked, and the number of clients who have successfully completed the  
17 program.

18  
19 Requested by: Representatives Justus, Thompson

20 **FEDERAL MATCHING FUNDS**

21           Sec. 19.9. Section 27.10A of Chapter 507 of the 1995 Session Laws reads as  
22 rewritten:

23           "Sec. 27.10A. Appropriations made ~~in this act for the 1995-97 biennium~~ to the Office  
24 of State Construction of the Department of Administration for construction of new prison  
25 beds, ~~excluding the sum of seven million five hundred thousand dollars (\$7,500,000) to~~  
26 ~~be used for the design and preliminary site work,~~ are to match federal funds available for  
27 prison construction in the ~~1995 or 1996~~ federal fiscal year or subsequent federal fiscal  
28 years. If the federal match is not made ~~available by January 1, 1996,~~ available, these  
29 State funds shall be made available to the Office of State Construction of the Department  
30 of Administration for construction of new prison beds, segregation units, and support  
31 buildings and ~~systems as specified in this act.~~ systems.

32           The Office of State Construction shall report to the Chairs of the Joint Legislative  
33 Commission on Governmental Operations, the Joint Legislative Corrections Oversight  
34 Committee, the Chairs of the Senate and House Appropriations Committees, and the  
35 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public  
36 Safety on the availability of federal prison construction matching funds."

37  
38 Requested by: Representatives Justus, Thompson

39 **USE OF PRISON MATCH FUNDS**

40           Sec. 19.10. Section 27.10A1 of Chapter 507 of the 1995 Session Laws is  
41 repealed. Any funds appropriated in Chapter 507 of the 1995 Session Laws for  
42 construction of new prison beds that are not needed to construct prisons for the 1995-97

1 fiscal biennium shall be placed in a reserve for appropriation by the 1997 General  
2 Assembly.

3  
4 Requested by: Representatives Justus and Thompson

5 **MODULAR HOUSING AT WATAUGA CORRECTIONAL CENTER**

6 Sec. 19.11. Funds appropriated to the Department of Correction for the 1996-  
7 97 fiscal year for modular housing units shall be used to place two of those units and the  
8 appropriate staff at Watauga Correctional Center. The Department of Correction shall  
9 not reduce the existing 1996-97 operating budget for the Watauga Correctional Center.

10

11 Requested by: Representatives Justus, Thompson

12 **AUDIT OF DIVISION OF ADULT PROBATION AND PAROLE**

13 Sec. 19.12. The Office of State Auditor shall conduct a performance audit of  
14 the Division of Adult Probation and Parole, Department of Correction, and shall report its  
15 findings to the Joint Legislative Corrections Oversight Committee and the Chairs of the  
16 House and Senate Appropriations Subcommittees on Justice and Public Safety by March  
17 1, 1997.

18

19 Requested by: Representatives Justus, Thompson

20 **ADDITIONAL PRIVATE PRISON BEDS**

21 Sec. 19.13. G.S. 148-37(g) reads as rewritten:

22 "(g) The Secretary of Correction may contract with private for-profit or nonprofit  
23 firms for the provision and operation of ~~two-four~~ or more confinement facilities totaling  
24 up to ~~4,000-2,000~~ beds in the State to house State prisoners when to do so would most  
25 economically and effectively promote the purposes served by the Department of  
26 Correction. This ~~4,000-bed-2,000-bed~~ limitation shall not apply to the 500 beds in private  
27 substance abuse treatment centers authorized by the General Assembly prior to July 1,  
28 1995. Whenever the Department of Correction determines that new prison facilities are  
29 required in addition to existing State-owned facilities, the Department may contract for  
30 any remaining beds authorized by this section before constructing State-operated  
31 facilities.

32 Contracts entered under the authority of this subsection shall be for a period not to  
33 exceed 10 years, shall be renewable from time to time for a period not to exceed 10 years,  
34 and ~~are subject to the approval of the Council of State and the Department of~~  
35 ~~Administration, after consultation with the Joint Legislative Commission on~~  
36 ~~Governmental Operations. Confinement facilities provided under the authority of this~~  
37 ~~subsection shall not be used for the purpose of consolidating existing State confinement~~  
38 ~~facilities.~~ years. The Secretary of Correction shall enter contracts under this subsection  
39 only if funds are appropriated for this purpose by the General Assembly. Contracts  
40 entered under the authority of this subsection may be subject to any requirements for the  
41 location of the confinement facilities set forth by the General Assembly in appropriating  
42 those funds.

1        Once the Department has made a determination to contract for additional private  
2 prison beds, it shall issue a request for proposals within 30 days of the decision. The  
3 request for proposals shall require bids to be submitted within three months, and the  
4 Department shall award contracts within three months of the submission of bids. The  
5 final award decision shall be made by the Secretary of Correction, in consultation with  
6 the Chairs of the Joint Legislative Correction Oversight Committee and the Chairs of the  
7 House and Senate Appropriations Subcommittees on Justice and Public Safety, and the  
8 contract shall then be subject to the approval of the Council of State after consultation  
9 with the Joint Legislative Commission on Governmental Operations.

10        Contracts made under the authority of this subsection may provide the State with an  
11 option to purchase the confinement facility or may provide for the purchase of the  
12 confinement facility by the State. Contracts made under the authority of this subsection  
13 shall state that plans and specifications for private confinement facilities shall be  
14 furnished to and reviewed by the Office of State Construction. The Office of State  
15 Construction shall inspect and review each project during construction to ensure that the  
16 project is suitable for habitation and to determine whether the project would be suitable  
17 for future acquisition by the State. ~~The Department of Correction may give preference to~~  
18 ~~facilities intended for joint county and State use where such facilities are developed by~~  
19 ~~public/private partnerships and financed by tax exempt bond issues, and where such~~  
20 ~~facilities offer general terms and conditions favorable to the State in the competitive~~  
21 ~~bidding process pursuant to Article 8 of Chapter 143 of the General Statutes.~~ All  
22 contracts for the housing of State prisoners in private confinement facilities shall require  
23 a minimum of ten million dollars (\$10,000,000) of occurrence-based liability insurance  
24 and shall hold the State harmless and provide reimbursement for all liability arising out of  
25 actions caused by operations and employees of the private confinement facility.

26        Prisoners housed in private confinement facilities pursuant to this subsection shall  
27 remain subject to the rules adopted for the conduct of persons committed to the State  
28 prison system. The Secretary of Correction may review and approve the design and  
29 construction of private confinement facilities before housing State prisoners in these  
30 facilities. The rules regarding good time, gain time, and earned credits, discipline,  
31 classification, extension of the limits of confinement, transfers, housing arrangements,  
32 and eligibility for parole shall apply to inmates housed in private confinement facilities  
33 pursuant to this subsection. The operators of private confinement facilities may adopt any  
34 other rules as may be necessary for the operation of those facilities with the written  
35 approval of the Secretary of Correction. Custodial officials employed by a private  
36 confinement facility are agents of the Secretary of Correction and may use those  
37 procedures for use of force authorized by the Secretary of Correction to defend  
38 themselves, to enforce the observance of discipline in compliance with confinement  
39 facility rules, to secure the person of a prisoner, and to prevent escape. Private firms  
40 under this subsection shall employ inmate disciplinary and grievance policies of the  
41 North Carolina Department of Correction."

42  
43 Requested by: Representatives Justus, Thompson

**PROBATION CONDITIONS**

Sec. 19.14. (a) G.S. 15A-1343 is amended by adding a new subsection to read:

"(b2) Special Conditions of Probation for Sex Offenders. – As special conditions of probation, a defendant who has been convicted of an offense which is a reportable conviction as defined in G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

- (1) Register as required by G.S. 14-208.7 if the offense is a reportable conviction as defined by G.S. 14-208.6(4).
- (2) Participate in such evaluation and treatment as is necessary to complete a prescribed course of psychiatric, psychological, or other rehabilitative treatment as ordered by the court.
- (3) Not communicate with, be in the presence of, or found in or on the premises of the victim of the offense.
- (4) Not reside in a household with any minor child if the offense is one in which there is evidence of sexual abuse of a minor.
- (5) Not reside in a household with any minor child if the offense is one in which there is evidence of physical or mental abuse of a minor, unless the court expressly finds that it is unlikely that the defendant's harmful or abusive conduct will recur and that it would be in the minor child's best interest to allow the probationer to reside in the same household with a minor child.
- (6) Satisfy any other conditions determined by the court to be reasonably related to his rehabilitation.

Defendants subject to the provisions of this subsection shall not be placed on unsupervised probation."

(b) This section becomes effective December 1, 1996.

**PART 19A. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

Requested by: Representatives Justus, Thompson

**REPORT ON STATE HIGHWAY PATROL PROMOTIONAL POLICY**

Sec. 19A. The Division of the State Highway Patrol, Department of Crime Control and Public Safety, shall report to the Crime Control and Public Safety Study Commission, the Chairs of the House and Senate Appropriations Committees, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on the promotional system adopted by the State Highway Patrol on May 15, 1996. The Department shall report on the criteria and qualifications used to rank troopers and supervisors in the system and on the progress of the training process of the system by January 1, 1997. By July 1, 1997, the Department shall report on the implementation of the promotional system, including the number of troopers and supervisors eligible for promotion, the number of troopers and supervisors promoted, and the criteria used to rank each trooper and supervisor promoted under the system.

1 Requested by: Representatives Justus, Thompson

2 **EXTEND DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
3 **STUDY COMMISSION**

4 Sec. 19A.1. (a) Section 20.4(d) of Chapter 324 of the 1995 Session Laws reads as  
5 rewritten:

6 "(d) The Study Commission shall make an interim report to the 1996 Regular  
7 Session of the 1995 General Assembly by May 1, 1996, and shall submit a final written  
8 report of its findings and recommendations to the ~~General Assembly by May 1, 1996.~~  
9 1997 General Assembly. All reports shall be filed with the Speaker of the House of  
10 Representatives and the President Pro Tempore of the Senate. Upon filing its final report,  
11 the Commission shall terminate."

12 (b) This section becomes effective April 30, 1996.

13

14 **PART 20. JUDICIAL DEPARTMENT**

15

16 Requested by: Representatives Justus, Thompson

17 **RESERVE FOR DRUG TREATMENT COURT PROGRAM**

18 Sec. 20. (a) Of the funds appropriated to the Judicial Department in the certified  
19 budget for the 1995-96 fiscal year to the Reserve for Court/Drug Treatment Program,  
20 established by Section 41 of Chapter 24 of the Session Laws of the 1994 Extra Session,  
21 as amended by Section 21.6 of Chapter 507 of the 1995 Session Laws, up to the sum of  
22 one hundred seventy-five thousand dollars (\$175,000) of any balance remaining in the  
23 reserve shall not revert, but may be used during the 1996-97 fiscal year for nonrecurring  
24 program items.

25 (b) This section becomes effective June 30, 1996.

26

27 Requested by: Representatives Justus, Thompson

28 **ANNUAL REPORT ON RECIDIVISM**

29 Sec. 20.1. The Judicial Department, through the North Carolina Sentencing  
30 and Policy Advisory Commission, and the Department of Correction shall jointly prepare  
31 an annual report on recidivism among criminal offenders. The findings of the report shall  
32 be based upon methodology similar to that employed in the May 1, 1996, Recidivism  
33 Study that was presented to the Chairs of the House and Senate Appropriations  
34 Committees and the Chairs of the House and Senate Appropriations Subcommittees on  
35 Justice and Public Safety. This methodology shall include tracking of all offenders  
36 assigned to community corrections programs or released from prison by fiscal year,  
37 beginning with the 1993-94 fiscal year for the first year's report, and then identifying  
38 those offenders rearrested within two years or more after assignment to a program or  
39 release from prison. Community correction programs to be included in the report are the  
40 Treatment Alternatives to Street Crime (TASC), the Community Penalties Program,  
41 Community Service, all supervised probation and parole programs, and all community  
42 correction programs supervised or funded by the Department of Correction.

1 As part of this joint project, the Department of Correction shall provide the  
 2 Sentencing and Policy Advisory Commission with a computerized list of offenders  
 3 released from prison and offenders entering supervised probation during the specified  
 4 time period. The list shall include specific offender-identifying information and clearly  
 5 identify offenders entering community corrections programs supervised or funded by the  
 6 Department of Correction. The Sentencing and Policy Advisory Commission shall be  
 7 responsible for matching offenders to Division of Criminal Information (DCI) criminal  
 8 records and for the production and printing of the final report.

9 Data collection and report preparation for the first year shall be funded from  
 10 the sum of four thousand dollars (\$4,000) appropriated to the Judicial Department for the  
 11 1996-97 fiscal year for that purpose, and grant funds available to the Department of  
 12 Correction for the 1996-97 fiscal year, up to the sum of twenty-five thousand dollars  
 13 (\$25,000). The report shall be due by April 1 of each year.

14  
 15 Requested by: Representatives Holmes, Creech, Esposito

16 **FUNDING FOR SUPERIOR COURT REPORTERS**

17 Sec. 20.2. It is the intent of the General Assembly that funding for superior  
 18 court reporters may remain a part of the continuation budget.

19  
 20 Requested by: Representatives Justus, Thompson

21 **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

22 Sec. 20.3 (a) G.S. 7A-60(a1) reads as rewritten:

23 "(a1) The counties of the State are organized into prosecutorial districts, and each  
 24 district has the counties and the number of full-time assistant district attorneys set forth in  
 25 the following table:

			No. of Full-Time Asst. District	
Prosecutorial District	Counties	Attorneys		
1	Camden, Chowan, Currituck,	8		<u>9</u>
	Dare, Gates, Pasquotank, Perquimans			
2	Beaufort, Hyde, Martin,	4	<u>5</u>	
	Tyrrell, Washington			
3A	Pitt	7	<u>8</u>	
3B	Carteret, Craven, Pamlico	6	<u>8</u>	
4	Duplin, Jones, Onslow,	10	<u>12</u>	
	Sampson			
5	New Hanover, Pender	9	<u>11</u>	
6A	Halifax	3	<u>4</u>	
6B	Bertie, Hertford,	3	<u>4</u>	
	Northampton			
7	Edgecombe, Nash, Wilson			<del>10</del> <u>12</u>
8	Greene, Lenoir, Wayne	8	<u>10</u>	



1	9	Franklin, Granville,	8	<u>9</u>	
2		Vance, Warren			
3	9A	Person, Caswell	<del>2</del>	<u>3</u>	
4	10	Wake			20 <u>24</u>
5	11	Harnett, Johnston, Lee	<del>10</del>	<u>11</u>	
6	12	Cumberland	<del>12</del>	<u>14</u>	
7	13	Bladen, Brunswick, Columbus	6	<u>7</u>	
8	14	Durham	9	<u>10</u>	
9	15A	Alamance	6	<u>7</u>	
10	15B	Orange, Chatham	5	<u>6</u>	
11	16A	Scotland, Hoke	3	<u>4</u>	
12	16B	Robeson	7	<u>8</u>	
13	17A	Rockingham	4	<u>5</u>	
14	17B	Stokes, Surry	4	<u>5</u>	
15	18	Guilford	<del>18</del>	<u>22</u>	
16	19A	Cabarrus	4	<u>5</u>	
17	19B	Montgomery, Randolph	5		
18	19C	Rowan	4	<u>5</u>	
19	20	Anson, Moore, Richmond,			12
20		Stanly, Union			
21	21	Forsyth	<del>12</del>	<u>13</u>	
22	22	Alexander, Davidson, Davie,	<del>11</del>	<u>14</u>	
23		Iredell			
24	23	Alleghany, Ashe, Wilkes,	4	<u>5</u>	
25		Yadkin			
26	24	Avery, Madison, Mitchell,	3	<u>4</u>	
27		Watauga, Yancey			
28	25	Burke, Caldwell, Catawba	<del>11</del>	<u>12</u>	
29	26	Mecklenburg	24	<u>28</u>	
30	27A	Gaston	8	<u>9</u>	
31	27B	Cleveland,	5	<u>6</u>	
32		Lincoln			
33	28	Buncombe	8	<u>9</u>	
34	29	Henderson, McDowell, Polk,	8	<u>9</u>	
35		Rutherford, Transylvania			
36	30	Cherokee, Clay, Graham,	6	<u>7</u>	
37		Haywood, Jackson, Macon,			
38		Swain."			

(b) This section becomes effective January 1, 1997.

Requested by: Representatives Justus, Thompson

**ADDITIONAL DISTRICT COURT JUDGES**

Sec. 20.4. (a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	4	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	3	Martin Beaufort Tyrrell Hyde Washington
3A	4	Pitt
3B	4	Craven Pamlico Carteret
4	6	Sampson Duplin Jones Onslow
5	6	New Hanover Pender
6A	2	Halifax
6B	3	Northampton Bertie Hertford
7	6	Nash Edgecombe Wilson
8	6	Wayne Greene Lenoir
9	4	Granville (part of Vance see subsection (b)) Franklin
9A	2	Person

1			Caswell
2	9B	1	Warren
3			(part of Vance
4			see subsection (b))
5	10	12	Wake
6	11	6	Harnett
7			Johnston
8			Lee
9	12	<del>7</del> 8	Cumberland
10	13	4	Bladen
11			Brunswick
12			Columbus
13	14	5	Durham
14	15A	3	Alamance
15	15B	3	Orange
16			Chatham
17	16A	<del>2</del> 3	Scotland
18			Hoke
19	16B	5	Robeson
20	17A	2	Rockingham
21	17B	3	Stokes
22			Surry
23	18	11	Guilford
24	19A	3	Cabarrus
25	19B	3	Montgomery
26			Randolph
27	19C	3	Rowan
28	20	7	Stanly
29			Union
30			Anson
31			Richmond
32			Moore
33	21	7	Forsyth
34	22	7	Alexander
35			Davidson
36			Davie
37			Iredell
38	23	3	Alleghany
39			Ashe
40			Wilkes
41			Yadkin
42	24	3	Avery
43			Madison

1				Mitchell
2				Watauga
3				Yancey
4	25	7	Burke	
5				Caldwell
6				Catawba
7	26	14	Mecklenburg	
8	27A	5	Gaston	
9	27B	4	Cleveland	
10				Lincoln
11	28	5	Buncombe	
12	29	5	Henderson	
13				McDowell
14				Polk
15				Rutherford
16				Transylvania
17	30	4	Cherokee	
18				Clay
19				Graham
20				Haywood
21				Jackson
22				Macon
23				Swain."

24 (b) The Governor shall appoint additional district court judges for District Court  
 25 Districts 12 and 16A as authorized by subsection (a) of this section. Those judges'  
 26 successors shall be elected in the 2000 general election for a four-year term commencing  
 27 on the first Monday in December 2000.

28 (c) Subsection (a) of this section becomes effective January 15, 1997, or 15 days  
 29 after the date upon which that subsection is approved under Section 5 of the Voting  
 30 Rights Act of 1965, whichever is later.

31  
 32 Requested by: Representatives Justus, Thompson  
 33 **AUTHORIZE ADDITIONAL MAGISTRATES**

34 Sec. 20.5. G.S. 7A-133(c) reads as rewritten:

35 "(c) Each county shall have the numbers of magistrates and additional seats of  
 36 district court, as set forth in the following table:

37	38	39	40	41	42	43	Additional Seats of
			County	Min.-Max.	Magistrates Court		
			Camden	1 2			
			Chowan	2 3			

1	Currituck	1	3		
2	Dare	3	8		
3	Gates	2	3		
4	Pasquotank		3	5	
5	Perquimans		2	3	
6	Martin	5	8		
7	Beaufort	4	8		
8	Tyrrell	1	3		
9	Hyde	2	4		
10	Washington		3	4	
11	Pitt	10	12	Farmville	
12					Ayden
13	Craven	7	10	Havelock	
14	Pamlico	2	3		
15	Carteret	5	8		
16	Sampson	6	8		
17	Duplin	9	11		
18	Jones	2	3		
19	Onslow	8	14		
20	New Hanover		6	11	
21	Pender	4	6		
22	Halifax	9	14	Roanoke	
23					Rapids,
24					Scotland Neck
25	Northampton		5	<del>6</del> <u>7</u>	
26	Bertie	4	<del>5</del> <u>6</u>		
27	Hertford	5	6		
28	Nash	7	10	Rocky Mount	
29	Edgecombe		4	6	Rocky Mount
30	Wilson	4	6		
31	Wayne	5	11	Mount Olive	
32	Greene	2	4		
33	Lenoir	4	10	La Grange	
34	Granville	3	7		
35	Vance	3	<del>5</del> <u>6</u>		
36	Warren	3	4		
37	Franklin	3	6		
38	Person	3	4		
39	Caswell	2	5		
40	Wake	12	20	Apex,	
41					Wendell,
42					Fuquay-
43					Varina,

1					Wake Forest
2	Harnett	7	11	Dunn	
3	Johnston	10	12	Benson,	
4					Clayton,
5					Selma
6	Lee	4	6		
7	Cumberland		10	17	
8	Bladen	4	6		
9	Brunswick		4	7	
10	Columbus	6	8	Tabor City	
11	Durham	8	12		
12	Alamance	7	10	Burlington	
13	Orange	4	11	Chapel Hill	
14	Chatham	3	8	Siler City	
15	Scotland	3	5		
16	Hoke	4	5		
17	Robeson	8	16	Fairmont,	
18					Maxton,
19					Pembroke,
20					Red Springs,
21					Rowland,
22					St. Pauls
23	Rockingham		4	9	Reidsville,
24					Eden,
25					Madison
26	Stokes	2	5		
27	Surry	5	9	Mt. Airy	
28	Guilford	20	26	High Point	
29	Cabarrus	5	9	Kannapolis	
30	Montgomery		2	4	
31	Randolph	5	8	10	Liberty
32	Rowan	5	10		
33	Stanly	5	6		
34	Union	4	6		
35	Anson	4	5		
36	Richmond		5	6	Hamlet
37	Moore	5	8	Southern	
38					Pines
39	Forsyth	3	15	Kernersville	
40	Alexander		2	3	
41	Davidson	7	10	Thomasville	
42	Davie	2	3		
43	Iredell	4	9	Mooresville	

1	Alleghany	1	2
2	Ashe 3 4		
3	Wilkes 4	6	
4	Yadkin 3	5	
5	Avery 3 4		
6	Madison 4	5	
7	Mitchell 3	4	
8	Watauga 4	6	
9	Yancey 2	4	
10	Burke 4 7		
11	Caldwell 4	7	
12	Catawba 6	10	Hickory
13	Mecklenburg	15	26
14	Gaston 11	20	
15	Cleveland 5	8	
16	Lincoln 4	6	
17	Buncombe	6	15
18	Henderson	4	<del>6</del> 7
19	McDowell	3	5
20	Polk 3 4		
21	Rutherford	6	8
22	Transylvania	2	4
23	Cherokee 3	4	
24	Clay 1 2		
25	Graham 2	3	
26	Haywood 5	7	Canton
27	Jackson 3	4	
28	Macon 3	4	
29	Swain 2 3."		

30  
31 Requested by: Representatives Justus, Thompson, Grady

32 **CLERK OF SUPERIOR COURT COMPENSATION STUDY**

33 Sec. 20.6. The Administrative Office of the Courts shall study the position  
34 classification and pay plan of the Office of the Clerk of Superior Court. The study shall  
35 provide recommendations on the appropriate qualifications and compensation of deputy  
36 and assistant clerks for the proper functioning of the Office of the Clerk of Superior  
37 Court, and shall include a review of current job classes and any potential new classes.  
38 The Administrative Office of the Courts shall report the results of this study and its  
39 recommendations to the Chairs of the House and Senate Appropriations Committees and  
40 the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public  
41 Safety by March 1, 1997.

42  
43 Requested by: Representatives Justus, Thompson

**NO FUNDS FOR GRANTS-IN-AID TO NORTH CAROLINA STATE BAR**

Sec. 20.7. Funds appropriated to the Judicial Department for the 1996-97 fiscal year may not be used to provide grants-in-aid to the North Carolina State Bar.

Requested by: Representatives Justus, Thompson

**ASSISTANT PUBLIC DEFENDERS**

Sec. 20.8. From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 1996-97 fiscal year, the Administrative Office of the Courts may use up to three hundred sixty-five thousand three hundred seventy-six dollars (\$365,376) for salaries, benefits, and related expenses to establish up to 11 new assistant public defenders.

**PART 20A. DEPARTMENT OF JUSTICE**

Requested by: Representatives Justus, Thompson

**AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION PLATES ON PUBLICLY OWNED MOTOR VEHICLES**

Sec. 20A. (a) G.S. 20-39(h) reads as rewritten:

"(h) The Commissioner, notwithstanding any other provision of this Chapter, may lawfully and to the extent necessary, provide local, State or federal law-enforcement officers on special undercover assignments with motor vehicle drivers licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. Such registration plates shall only be used on publicly owned or leased vehicles. Requests for these licenses and registration plates shall be made to the Commissioner by the head of the local, State or federal law-enforcement agency and be accompanied by approval in writing from the Director of the State Bureau of Investigation upon a specific finding by the Director that the request is justified and necessary. The Director shall keep a record of all such licenses, registration plates, assumed names, false or fictitious addresses, and law-enforcement officers using the licenses or registration plates, and shall request the immediate return of any license or registration plate that is no longer necessary. Licenses and registration plates provided under this subsection shall expire six months after initial issuance or subsequent validation after the request for extension has been approved in writing by the Director of the State Bureau of Investigation. The head of the local, State or federal law-enforcement agency shall be responsible for the use of the licenses and registration plates and shall return them immediately to the Commissioner for cancellation upon either (i) their expiration, (ii) request of the Director of the State Bureau of Investigation, or (iii) request of the Commissioner. Failure to return a license or registration plates issued pursuant to this subsection shall be punished as a Class 2 misdemeanor. At no time shall the number of valid licenses and registration plates issued under this act exceed ~~fifty~~, one hundred, and those issued shall be strictly monitored by the Director. All of the private registration plates issued to special agents of the State Bureau of Investigation under the Department of Justice and to alcohol law enforcement agents under the Department of Crime Control and Public Safety, pursuant to G.S. 14-



1 250, may be fictitious plates and shall not be counted in the total number of fictitious  
2 plates authorized by this subsection."

3 (b) The Joint Legislative Commission on Governmental Operations shall study the  
4 statutory authorization of the use of private license plates on State-owned motor vehicles  
5 and the administration and enforcement of the applicable statutes. The Commission shall  
6 report the results of its study to the 1997 General Assembly.

7 (c) Subsection (a) of this section expires June 30, 1997.  
8

9 Requested by: Representatives Justus, Thompson

### 10 **REPAIRS AND RENOVATIONS OF THE WESTERN JUSTICE ACADEMY**

11 Sec. 20A.1. (a) The Department of Justice, in consultation with the Office of State  
12 Construction of the Department of Administration, shall contract for and supervise all  
13 aspects of administration, technical assistance, design, construction, or demolition of  
14 facilities in order to implement the repairs and renovations of the Western Justice  
15 Academy under the provisions of this section without being subject to the following  
16 statutes and rules implementing those statutes: G.S. 143-135.26, 143-128, 143-129, 143-  
17 131, 143-132, 113A-1 through 113A-10, 113A-50 through 113A-66, and 133-1.1(g).  
18 The Department of Justice shall let contracts for all repairs and renovations of the  
19 Academy as soon as possible, but not later than December 1, 1996.

20 The Department of Justice shall have a verifiable ten percent (10%) goal for  
21 participation by minority and women-owned businesses. All contracts for the design,  
22 construction, or demolition of prison facilities shall include a penalty for failure to  
23 complete the work by a specified date.

24 (b) The Department of Justice shall provide quarterly reports to the Chairs of the  
25 Senate and House Appropriations Committees and the Chairs of the Senate and House  
26 Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative  
27 Commission on Governmental Operations, and the Fiscal Research Division on the  
28 repairs and renovations to the Western Justice Academy. The report shall include  
29 information on which contractors have been selected, what contracts have been entered  
30 into, and the projected and actual cost of each project.  
31

32 Requested By: Representatives Justus, Thompson

### 33 **JUVENILE DELINQUENT LAW CHANGES**

34 Sec. 20A.2. (a) G.S. 7A-524 reads as rewritten:  
35 **"§ 7A-524. Retention of jurisdiction.**

36 When the court obtains jurisdiction over a juvenile, jurisdiction shall continue until  
37 terminated by order of the court or until ~~he~~ the juvenile reaches his eighteenth birthday.  
38 the age of eighteen. When proceedings cannot be concluded before the juvenile reaches  
39 the age of eighteen, the court retains jurisdiction for the sole purpose of transferring the  
40 matter to the superior court pursuant to G.S. 7A-608. Any juvenile who is under the  
41 jurisdiction of the court and commits a criminal offense after ~~his~~ the juvenile's sixteenth  
42 birthday is subject to prosecution as an adult. Any juvenile who is transferred to and  
43 sentenced by the superior court for a felony offense shall be prosecuted as an adult for all

1 other crimes alleged to have been committed by ~~him~~ the juvenile while ~~he~~ the juvenile is  
2 under the active supervision of the superior court. Nothing herein shall be construed to  
3 divest the court of jurisdiction in abuse, neglect, or dependency proceedings."

4 (b) This section is effective upon ratification of this act and applies to all cases  
5 pending on that date.  
6

## 7 **PART 21. DEPARTMENT OF HUMAN RESOURCES**

8

9 Requested by: Representatives Gardner, Hayes

### 10 **MEDICAID**

11 Sec. 21. Section 23.14 of Chapter 324, 1995 Session Laws, reads as rewritten:  
12 "Sec. 23.14. (a) Funds appropriated in this act for services provided in accordance  
13 with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy  
14 and the medically needy. Funds appropriated for these services shall be expended in  
15 accordance with the following schedule of services and payment bases. All services and  
16 payments are subject to the language at the end of this subsection.

17 Services and payment bases:

- 18 (1) Hospital-Inpatient - Payment for hospital inpatient services will be  
19 prescribed in the State Plan as established by the Department of Human  
20 Resources. Administrative days for any period of hospitalization shall  
21 be limited to a maximum of three days.
- 22 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a  
23 prospective reimbursement plan as established by the Department of  
24 Human Resources.
- 25 (3) Nursing Facilities - Payment for nursing facility services will be  
26 prescribed in the State Plan as established by the Department of Human  
27 Resources. Nursing facilities providing services to Medicaid recipients  
28 who also qualify for Medicare, must be enrolled in the Medicare  
29 program as a condition of participation in the Medicaid program. State  
30 facilities are not subject to the requirement to enroll in the Medicare  
31 program.
- 32 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed  
33 in the State Plan as established by the Department of Human Resources.
- 34 (5) Drugs - Drug costs as allowed by federal regulations plus a professional  
35 services fee per month excluding refills for the same drug or generic  
36 equivalent during the same month. Reimbursement shall be available  
37 for up to six prescriptions per recipient, per month, including refills.  
38 Payments for drugs are subject to the provisions of subsection (f) of this  
39 section and to the provisions at the end of subsection (a) of this section,  
40 or in accordance with the State Plan adopted by the Department of  
41 Human Resources consistent with federal reimbursement regulations.  
42 Payment of the professional services fee shall be made in accordance  
43 with the Plan adopted by the Department of Human Resources,

- 1 consistent with federal reimbursement regulations. The professional  
2 services fee shall be five dollars and sixty cents (\$5.60) per prescription.  
3 Adjustments to the professional services fee shall be established by the  
4 General Assembly.
- 5 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified  
6 Nurse Midwife Services - Fee schedules as developed by the  
7 Department of Human Resources. Payments for dental services are  
8 subject to the provisions of subsection (g) of this section.
- 9 (7) Community Alternative Program, EPSDT Screens - Payment to be  
10 made in accordance with rate schedule developed by the Department of  
11 Human Resources.
- 12 (8) Home Health and Related Services, Private Duty Nursing, Clinic  
13 Services, Prepaid Health Plans, Durable Medical Equipment - Payment  
14 to be made according to reimbursement plans developed by the  
15 Department of Human Resources.
- 16 (9) Medicare Buy-In - Social Security Administration premium.
- 17 (10) Ambulance Services - Uniform fee schedules as developed by the  
18 Department of Human Resources.
- 19 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 20 (12) Rural Health Clinic Services - Provider-based - reasonable cost;  
21 nonprovider based - single cost reimbursement rate per clinic visit.
- 22 (13) Family Planning - Negotiated rate for local health departments. For  
23 other providers - see specific services, for instance, hospitals,  
24 physicians.
- 25 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as  
26 developed by the Department of Human Resources.
- 27 (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale  
28 cost of materials.
- 29 (16) Ambulatory Surgical Centers - Payment as prescribed in the  
30 reimbursement plan established by the Department of Human  
31 Resources.
- 32 (17) Medicare Crossover Claims - An amount up to the actual coinsurance or  
33 deductible or both, in accordance with the Plan, as approved by the  
34 Department of Human Resources.
- 35 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT  
36 eligible children. Payments are to be made only to ~~the Children's~~  
37 Special Health Services program-qualified providers at rates negotiated  
38 by the Department of Human Resources.
- 39 (19) Personal Care Services - Payment in accordance with Plan approved by  
40 the Department of Human Resources.
- 41 (20) Case Management Services - Reimbursement in accordance with the  
42 availability of funds to be transferred within the Department of Human  
43 Resources.

- 1 (21) Hospice - Services may be provided in accordance with Plan developed  
2 by the Department of Human Resources.
- 3 (22) Other Mental Health Services - Unless otherwise covered by this  
4 section, coverage is limited to agencies meeting the requirements of the  
5 rules established by the Commission for Mental Health, Developmental  
6 Disabilities, and Substance Abuse Services, and reimbursement is made  
7 in accordance with a Plan developed by the Department of Human  
8 Resources not to exceed the upper limits established in federal  
9 regulations.
- 10 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible  
11 Children - Reimbursement in accordance with Plan approved by the  
12 Department of Human Resources.
- 13 (24) Health Insurance Premiums - Payments to be made in accordance with  
14 the Plan adopted by the Department of Human Resources consistent  
15 with federal regulations.
- 16 (25) Medical Care/Other Remedial Care - Services not covered elsewhere in  
17 this section include related services in schools; health professional  
18 services provided outside the clinic setting to meet maternal and infant  
19 health goals; and services to meet federal EPSDT mandates. Services  
20 addressed by this paragraph are limited to those prescribed in the State  
21 Plan as established by the Department of Human Resources. Providers  
22 of these services must be certified as meeting program standards of the  
23 Department of Environment, Health, and Natural Resources.
- 24 (26) Pregnancy Related Services - Covered services for pregnant women  
25 shall include nutritional counseling, psychosocial counseling, and  
26 predelivery and postpartum home visits by maternity care coordinators  
27 and public health nurses.

28 Services and payment bases may be changed with the approval of the Director of the  
29 Budget.

30 Reimbursement is available for up to 24 visits per recipient per year to any one or  
31 combination of the following: physicians, clinics, hospital outpatient, optometrists,  
32 chiropractors, and podiatrists. Prenatal services, all EPSDT children, and emergency  
33 rooms are exempt from the visit limitations contained in this paragraph. Exceptions may  
34 be authorized by the Department of Human Resources where the life of the patient would  
35 be threatened without such additional care. Any person who is determined by the  
36 Department to be exempt from the 24-visit limitation may also be exempt from the six-  
37 prescription limitation.

38 (b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five  
39 percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all  
40 applicable services listed in this section.

41 (c) Copayment for Medicaid Services. The Department of Human Resources may  
42 establish copayment up to the maximum permitted by federal law and regulation.

(d) Medicaid and Aid to Families With Dependent Children Income Eligibility Standards. The maximum net family annual income eligibility standards for Medicaid and Aid to Families with Dependent Children, and the Standard of Need for Aid to Families with Dependent Children shall be as follows:

Family Size	Categorically Needy		Medically Needy	
	Standard of Need	AFDC Payment Level*	AA, AB, AD*	
1	\$ 4,344	\$ 2,172	\$ 2,900	
2	5,664	2,832	3,800	
3	6,528	3,264	4,400	
4	7,128	3,564	4,800	5 7,776 3,888 5,200
6	8,376	4,188	5,600	
7	8,952	4,476	6,000	
8	9,256	4,680	6,300	

\*Aid to Families With Dependent Children (AFDC); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Aid to Families With Dependent Children shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

(e) All Elderly, Blind, and Disabled Persons who receive Supplemental Security Income are eligible for Medicaid coverage.

(f) ICF and ICF/MR Work Incentive Allowances. The Department of Human Resources may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

Monthly Net Wages	Monthly Incentive Allowance
\$1.00 to \$100.99	Up to \$50.00
\$101.00 - \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

(g) Dental Coverage Limits. Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

(h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a prescription order for a drug designated by a trade or brand name shall be considered to

1 be an order for the drug by its established or generic name, except when the prescriber  
2 personally indicates, either orally or in his own handwriting on the prescription order,  
3 'dispense as written' or words of similar meaning. Generic drugs, when available in the  
4 pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather  
5 than trade or brand name drugs, subject to the prescriber's 'dispense as written' order as  
6 noted above.

7 As used in this subsection 'brand name' means the proprietary name the manufacturer  
8 places upon a drug product or on its container, label, or wrapping at the time of  
9 packaging; and 'established name' has the same meaning as in section 502(e)(3) of the  
10 Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

11 (i) Exceptions to Service Limitations, Eligibility Requirements, and Payments.  
12 Service limitations, eligibility requirements, and payments bases in this section may be  
13 waived by the Department of Human Resources, with the approval of the Director of the  
14 Budget, to allow the Department to carry out pilot programs for prepaid health plans,  
15 managed care plans, or community-based services programs in accordance with plans  
16 approved by the United States Department of Health and Human Services, or when the  
17 Department determines that such a waiver will result in a reduction in the total Medicaid  
18 costs for the recipient.

19 (j) Volume Purchase Plans and Single Source Procurement. The Department of  
20 Human Resources, Division of Medical Assistance, may, subject to the approval of a  
21 change in the State Medicaid Plan, contract for services, medical equipment, supplies,  
22 and appliances by implementation of volume purchase plans, single source procurement,  
23 or other similar processes in order to improve cost containment.

24 (k) Cost Containment Programs. The Department of Human Resources, Division  
25 of Medical Assistance, may undertake cost containment programs including  
26 preadmissions to hospitals and prior approval for certain outpatient surgeries before they  
27 may be performed in an inpatient setting.

28 (l) For all Medicaid eligibility classifications for which the federal poverty level is  
29 used as an income limit for eligibility determination, the income limits will be updated  
30 each April 1 immediately following publication of federal poverty guidelines.

31 ~~(m) The Department of Human Resources shall provide Medicaid to 19-, 20-, and~~  
32 ~~21-year olds in accordance with federal rules and regulations.~~

33 (n) The Department of Human Resources shall provide coverage to pregnant  
34 women and to children according to the following schedule:

35 (1) Pregnant women with incomes equal to or less than one hundred eighty-  
36 five percent (185%) of the federal poverty guidelines as revised each  
37 April 1 shall be covered for Medicaid ~~benefits;~~ benefits.

38 (2) Infants under the age of 1 with family incomes equal to or less than one  
39 hundred eighty-five percent (185%) of the federal poverty guidelines as  
40 revised each April 1 shall be covered for Medicaid ~~benefits;~~ benefits.

41 (3) Children aged 1 through 5 with family incomes equal to or less than one  
42 hundred thirty-three percent (133%) of the federal poverty guidelines as  
43 revised each April 1 shall be covered for Medicaid ~~benefits;~~ benefits.

1           (4) Children aged 6 through 18 with family incomes equal to or less than  
2           the federal poverty guidelines as revised each April 1 shall be covered  
3           for Medicaid benefits. ~~Services to pregnant women eligible under this~~  
4           ~~section continue throughout the pregnancy but include only those~~  
5           ~~related to pregnancy and to those other conditions determined by the~~  
6           ~~Department as conditions that may complicate pregnancy. In order to~~  
7           ~~reduce county administrative costs and to expedite the provision of~~  
8           ~~medical services to pregnant women, to infants, and to children eligible~~  
9           ~~under this section, no resources test shall be applied; and~~

10          (5) The Department of Human Resources shall provide Medicaid coverage  
11          for adoptive children with special or rehabilitative needs regardless of  
12          the adoptive family's income.

13 Services to pregnant women eligible under this subsection continue throughout the  
14 pregnancy but include only those related to pregnancy and to those other conditions  
15 determined by the Department as conditions that may complicate pregnancy. In order to  
16 reduce county administrative costs and to expedite the provision of medical services to  
17 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this  
18 subsection, no resources test shall be applied.

19          (o) The Department of Human Resources may use Medicaid funds budgeted from  
20          program services to support the cost of administrative activities to the extent that these  
21          administrative activities produce a net savings in services requirements. Administrative  
22          initiatives funded by this section shall be first approved by the Office of State Budget and  
23          Management.

24          (p) The Department of Human Resources shall submit a monthly status report on  
25          expenditures for acute care and long-term care services to the Fiscal Research Division  
26          and to the Office of State Budget and Management. This report shall include an analysis  
27          of budgeted versus actual expenditures for eligibles by category and for long-term care  
28          beds. In addition, the Department shall revise the program's projected spending for the  
29          current fiscal year and the estimated spending for the subsequent fiscal year on a  
30          quarterly basis. Reports for the preceding month shall be forwarded to the Fiscal  
31          Research Division and to the Office of State Budget and Management no later than the  
32          third Thursday of the month.

33          (q) The Division of Medical Assistance, Department of Human Resources, may  
34 provide incentives to counties that successfully recover fraudulently spent Medicaid  
35 funds by sharing State savings with counties responsible for the recovery of the  
36 fraudulently spent funds.

37          (r) If first approved by the Office of State Budget and Management, the Division  
38 of Medical Assistance, Department of Human Resources, may use funds that are  
39 identified to support the cost of development and acquisition of equipment and software  
40 through contractual means to improve and enhance information systems that provide  
41 management information and claims processing.

42          (s) The Division of Medical Assistance, Department of Human Resources, may  
43 administer Medicaid estate recovery mandated by the Omnibus Budget Reconciliation

1 Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5 using temporary  
 2 rules pending approval of final rules promulgated pursuant to Chapter 150B of the  
 3 General Statutes.

4 (t) The Department of Human Resources may adopt temporary rules according to  
 5 the procedures established in G.S. 150B-21.1 when it finds that such rules are necessary  
 6 to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce  
 7 fraud and abuse."

8  
 9 Requested by: Representatives Gardner, Hayes

10 **NONMEDICAID REIMBURSEMENT CHANGES**

11 Sec. 21.1. Subsection 23.16 of Chapter 324 of the 1995 Session Laws, as  
 12 amended by subsection 23.5 of Chapter 507, 1995 Session Laws, reads as rewritten:

13 "Providers of medical services under the various State programs, other than Medicaid,  
 14 offering medical care to citizens of the State shall be reimbursed at rates no more than  
 15 those under the North Carolina Medical Assistance Program. Hospitals that provide  
 16 psychiatric inpatient care for Thomas S. class members or adults with mental retardation  
 17 and mental illness may be paid an additional incentive payment not to exceed fifteen  
 18 percent (15%) of their regular daily per diem reimbursement.

19 The Department of Human Resources may reimburse hospitals at the full prospective  
 20 per diem rates without regard to the Medical Assistance Program's annual limits on  
 21 hospital days. When the Medical Assistance Program's per diem rates for inpatient  
 22 services and its interim rates for outpatient services are used to reimburse providers in  
 23 non-Medicaid medical service programs, retroactive adjustments to claims already paid  
 24 shall not be required.

25 Notwithstanding the provisions of paragraph one, the Department of Human  
 26 Resources may negotiate with providers of medical services under the various  
 27 Department of Human Resources programs, other than Medicaid, for rates as close as  
 28 possible to Medicaid rates for the following purposes: contracts or agreements for  
 29 medical services and purchases of medical equipment and other medical supplies. These  
 30 negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible  
 31 patients, residents, and clients who require such services which cannot be provided when  
 32 limited to the Medicaid rate.

33 Maximum net family annual income eligibility standards for services in these  
 34 programs shall be as follows:

35  
 36

37 <u>Family Size</u>	<u>Medical Eye</u>	<u>All</u>	<u>Other</u>
	<u>Care Adults</u>	<u>Rehabilitation</u>	
38 1	\$ 4,860	\$ 8,364	\$ 4,200
39 2	5,940	10,944	5,300
40 3	6,204	13,500	6,400
41 4	7,284	16,092	7,500
42 5	7,824	18,648	7,900
43 6	8,220	21,228	8,300



1	7	8,772	21,708	8,800
2	8	9,312	22,220	9,300

3  
 4 The eligibility level for children in the Medical Eye Care Program in the Division of  
 5 Services for the Blind and for adults in the ~~Clozaril~~ Atypical Antipsychotic Medication  
 6 Program in the Division of Mental Health, Developmental Disabilities, and Substance  
 7 Abuse Services shall be one hundred percent (100%) of the federal poverty guidelines, as  
 8 revised annually by the United States Department of Health and Human Services and in  
 9 effect on July 1 of each fiscal year. Additionally, those adults enrolled in the ~~Clozaril~~  
 10 Atypical Antipsychotic Medication Program who become gainfully employed may  
 11 continue to be eligible to receive State support, in decreasing amounts, for the purchase  
 12 of ~~Clozaril~~ atypical antipsychotic medication and related services up to three hundred  
 13 percent (300%) of the poverty level.

14 State financial participation in the ~~Clozaril~~ Atypical Antipsychotic Medication  
 15 Program for those enrollees who become gainfully employed is as follows:

16 Income State Participation Client Participation  
 17 (% of poverty)

18			
19	0-100%	100%	0%
20	101-120%	95%	5%
21	121-140%	85%	15%
22	141-160%	75%	25%
23	161-180%	65%	35%
24	<del>191-180%</del>	<del>65%</del>	<del>35%</del>
25	<u>181-200%</u>	<u>55%</u>	<u>45%</u>
26	201-220%	45%	55%
27	221-240%	35%	65%
28	241-260%	25%	75%
29	261-280%	15%	85%
30	281-300%	5%	95%
31	301%-over	0%	100%.

32  
 33 The Department of Human Resources shall contract at, or as close as possible to,  
 34 Medicaid rates for medical services provided to residents of State facilities of the  
 35 Department."

36  
 37 Requested by: Representative Gardner

38 **MEDICAID SUBROGATION CHANGE**

39 Sec. 21.1A. (a) G.S. 108A-57 reads as rewritten:

40 "**§ 108A-57. Subrogation rights; withholding of information a misdemeanor.**

41 (a) Notwithstanding any other provisions of the law, to the extent of payments  
 42 under this Part, the State, or the county providing medical assistance benefits, shall be  
 43 subrogated to all rights of recovery, contractual or otherwise, of the beneficiary of such

1 ~~this assistance, or of his—the beneficiary's personal representative, his—heirs, or the~~  
2 ~~administrator or executor of his—the estate, against any person. It shall be the~~  
3 ~~responsibility of the The county attorney—attorney, or an attorney retained by the county~~  
4 ~~and/or—the State or both, or an attorney retained by the beneficiary of the assistance if~~  
5 ~~such—this attorney has actual notice of payments made under this Part to—shall enforce this~~  
6 ~~section, and said—section. An attorney retained by the county or the State or both shall be~~  
7 ~~compensated for his—services in accordance with the attorneys' fee arrangements approved~~  
8 ~~by the Department; provided, however, that any—Department. Any attorney retained by~~  
9 ~~the beneficiary of the assistance shall be compensated for his services—distribute proceeds~~  
10 ~~obtained on behalf of the beneficiary by settlement with, judgment against, or otherwise~~  
11 ~~from a third party by reason of the injury or death in accordance with the following~~  
12 ~~schedule and in the following order of priority from any amount obtained on behalf of the~~  
13 ~~beneficiary by settlement with, judgment against, or otherwise from a third party by~~  
14 ~~reason of such injury or death: priority:~~

- 15 (1) First to the payment of any court costs taxed by the judgment;
- 16 (2) Second to the payment of the fee of the attorney representing the  
17 beneficiary making the settlement or obtaining the judgment, but this  
18 fee shall not exceed one-third of the gross amount obtained or recovered  
19 to which the right of subrogation applies; recovered;
- 20 (3) Third to the payment to the Department of the amount of assistance  
21 received by the ~~beneficiary as prorated with other claims against the~~  
22 ~~amount obtained or received from the third party to which the right of~~  
23 ~~subrogation applies, but the amount shall not exceed one third of the~~  
24 ~~amount obtained or recovered to which the right of subrogation applies;~~  
25 beneficiary; and
- 26 (4) Fourth to the payment of any amount remaining to the beneficiary or ~~his~~  
27 the beneficiary's personal representative.

28 The United States and the State of North Carolina ~~shall be is~~ entitled to shares in each  
29 net recovery under this section. Their shares shall be promptly paid under this section  
30 and their proportionate parts of ~~such—the~~ sum shall be determined in accordance with the  
31 matching formulas in use during the period for which assistance was paid to the recipient.

32 (b) ~~It shall be is~~ a Class 1 misdemeanor for any person seeking or having obtained  
33 assistance under this Part for himself or another to willfully fail to disclose to the county  
34 department of social services or its attorney the identity of any person or organization  
35 against whom the recipient of assistance has a right of recovery, contractual or  
36 otherwise."

37 (b) This section becomes effective October 1, 1996.

38  
39 Requested by: Representative Gardner

#### 40 VOCATIONAL REHABILITATION SUBROGATION CHANGE

41 Sec. 21.1B. (a) G.S. 143-547 reads as rewritten:

42 "**§ 143-547. Subrogation rights; withholding of information a misdemeanor.**

1 (a) Notwithstanding any other provisions of law, to the extent of payments under  
2 this Article, the State Vocational Rehabilitation program shall be subrogated to all rights  
3 of recovery, contractual or otherwise, of the beneficiary of the assistance, or ~~his~~ the  
4 beneficiary's personal representative, ~~his~~ heirs, or the administrator or executor of ~~his~~ the  
5 estate, against any ~~person; provided, however, that any person.~~ Any attorney retained by  
6 the beneficiary of the assistance shall be compensated for his services distribute proceeds  
7 obtained on behalf of the beneficiary by settlement with, judgment against, or otherwise  
8 from a third party by reason of injury or death in accordance with the following schedule  
9 and in the following order of ~~priority from any amount obtained on behalf of the~~  
10 ~~beneficiary by settlement with, judgment against, or otherwise from a third party by~~  
11 ~~reason of such injury or death:~~ priority:

12 (1) First to the payment of any court costs taxed by the judgment;

13 (2) Second to the payment of the fee of the attorney representing the  
14 beneficiary making the settlement or obtaining the judgment, but this  
15 fee shall not exceed one-third of the gross amount obtained or ~~recovered~~  
16 ~~to which the right of subrogation applies;~~ recovered;

17 (3) Third to the payment of the amount of assistance received by the  
18 beneficiary as prorated with other claims against the amount obtained or  
19 received from the third party ~~to for which the~~ a right of subrogation  
20 applies, but the amount shall not exceed one-third of the amount  
21 obtained or ~~recovered to which the right of subrogation applies;~~  
22 recovered; and

23 (4) Fourth to the payment of any amount remaining to the beneficiary or ~~his~~  
24 the beneficiary's personal representative.

25 The United States and the State ~~of North Carolina shall be~~ is entitled to shares in each net  
26 recovery under this section. Their shares shall be promptly paid under this section and  
27 their proportionate parts of ~~such~~ the sum shall be determined in accordance with the  
28 matching formulas in use during the period for which assistance was paid to the recipient.

29 (b) In furnishing a person rehabilitation services, including medical case services  
30 under this Chapter, the Division of Vocational Rehabilitation Services is subrogated to  
31 the person's right of recovery from:

32 (1) Personal insurance;

33 (2) Worker's Compensation;

34 (3) Any other person or personal injury caused by the other person's  
35 negligence or wrongdoing; or

36 (4) Any other source.

37 (c) The Division of Vocational Rehabilitation Services' right to subrogation is  
38 limited to the cost of the rehabilitation services provided by or through the Division for  
39 which a financial needs test is a condition of the service provisions. Those services that  
40 are provided without a financial needs test are excluded from these subrogation rights.

41 (d) The Division of Vocational Rehabilitation Services may totally or partially  
42 waive subrogation rights when the Division finds that enforcement would tend to defeat

1 the client's process of rehabilitation or when client assets can be used to offset additional  
2 Division costs.

3 (e) The Division of Vocational Rehabilitation Services may adopt rules for the  
4 enforcement of its rights of subrogation.

5 (f) It is a Class 1 misdemeanor for a person seeking or having obtained assistance  
6 under this Part for himself or another to willfully fail to disclose to the Division of  
7 Vocational Rehabilitation Services or its attorney the identity of any person or  
8 organization against whom the recipient of assistance has a right of recovery, contractual  
9 or otherwise."

10 (b) This section becomes effective October 1, 1996.

11  
12 Requested by: Representatives Gardner, Hayes

### 13 **SSI/MEDICAID LIMITS**

14 Sec. 21.2. Aged, blind, or disabled individuals who meet the income and  
15 resource requirements for Supplemental Security Income (SSI) shall not qualify for  
16 Medicaid assistance as aged, blind, or disabled unless they are determined eligible for  
17 both SSI and Medicaid by the Social Security Administration.

18 Individuals currently financially eligible for SSI but not receiving it as of the  
19 effective date of this act shall be given written notice to apply for SSI at least 30 days  
20 before losing Medicaid coverage.

21  
22 Requested by: Representatives Gardner, Hayes

### 23 **THOMAS S.**

24 Sec. 21.2A. Section 23.21 of Chapter 324 of the 1995 Session Laws reads as  
25 rewritten:

26 "Sec. 23.21. (a) Funds appropriated to the Department of Human Resources in this  
27 act for the 1995-96 fiscal year and the 1996-97 fiscal year for members of the Thomas S.  
28 Class as identified in Thomas S., et al. v. Britt, formerly Thomas S., et al. v. Flaherty,  
29 shall be expended only for programs serving Thomas S. Class members or for services  
30 for those clients who are:

- 31 (1) Adults with mental retardation, or who have been treated as if they had  
32 mental retardation, who were admitted to a State psychiatric hospital on  
33 or after March 22, 1984, and who are included on the Division of  
34 Mental Health, Developmental Disabilities, and Substance Abuse  
35 Services' official list of prospective Class members;
- 36 (2) Adults with mental retardation who have a documented history of State  
37 psychiatric hospital admissions regardless of admission date and who,  
38 without funding support, have a good probability of being readmitted to  
39 a State psychiatric hospital;
- 40 (3) Adults with mental retardation who have never been admitted to a State  
41 psychiatric hospital but who have a documented history of behavior  
42 determined to be of danger to self or others that results in referrals for

1 inpatient psychiatric treatment and who, without funding support, have a  
2 good probability of being admitted to a State psychiatric hospital; or

- 3 (4) Adults who are included on the Division of Mental Health,  
4 Developmental Disabilities, and Substance Abuse Services' official list  
5 of prospective Class members and have yet to be confirmed as Class  
6 members, who currently reside in the community, and who have a good  
7 probability of being admitted to a facility licensed as a 'home for the  
8 aged and disabled'.

9 No more than five percent (5%) of the funds appropriated in this act for the Thomas S.  
10 program shall be used for clients meeting subdivisions (2), (3), or (4) of this subsection.

11 (b) To ensure that Thomas S. Class members are appropriately served, no State  
12 funds shall be expended on placement and services for Thomas S. Class members except:

- 13 (1) Funds specifically appropriated by the General Assembly for the  
14 placement and services of Thomas S. Class members; and  
15 (2) Funds for placement and services for which Thomas S. Class members  
16 are otherwise eligible.

17 (b1) Thomas S. funds may be expended to support services for Thomas S. Class  
18 members in adult care homes when the service needs of individual Class members in  
19 these homes cannot be met via the established maximum adult care home rate.

20 (c) The Department of Human Resources shall continue to implement a  
21 prospective unit cost reimbursement system and shall ensure that unit cost rates reflect  
22 reasonable costs by conducting cost center service type rate comparisons and cost center  
23 line item budget reviews as may be necessary.

24 (d) Reporting requirements. The Department of Human Resources shall submit by  
25 April 1 of each fiscal year a report to the General Assembly on the progress achieved in  
26 serving members and prospective members of the Thomas S. Class. The report shall  
27 include the following:

- 28 (1) The number of Thomas S. clients confirmed as Class members;  
29 ~~(2) The number of prospective Class members evaluated;~~  
30 ~~(3) The number of prospective Class members awaiting evaluation;~~  
31 (3a) The number of individuals identified as prospective Class members;  
32 (4) The number of Class members or prospective Class members added in  
33 the preceding 12 months due to their admission to a State psychiatric  
34 hospital;  
35 (5) A description of the types of treatment services provided to Class  
36 members; and  
37 (6) An analysis of the use of funds appropriated for the Class.

38 (e) Notwithstanding any other provision of law, if the Department of Human  
39 Resources determines that a local program is not providing minimally adequate services  
40 to members of the Class identified in Thomas S., et al. v. Britt, formerly Thomas S., et al.  
41 v. Flaherty, or does not show a willingness to do so, the Department may ensure the  
42 provision of these services through contracts with public or private agencies or by direct  
43 operation by the Department of these programs."

1  
2 Requested by: Representatives Holmes, Creech, Esposito

3 **THOMAS S. FUNDS**

4 Sec. 21.2A. If Thomas S. funds are not sufficient, then notwithstanding G.S.  
5 143-16.3 and G.S. 143-23, the Director of the Budget may use funds available to the  
6 Department in an amount not to exceed twelve million eight hundred thousand dollars  
7 (\$12,800,000).  
8

9 Requested by: Representatives Gardner, Hayes

10 **EXTENSION OF TASK FORCE TO DETERMINE A MINIMUM**  
11 **REIMBURSEMENT RATE FOR ADULT DEVELOPMENTAL ACTIVITY**  
12 **PROGRAMS (ADAP)**

13 Sec. 21.3. Section 1 of Chapter 481 of the 1995 Session Laws reads as  
14 rewritten:

15 "Section 1. The Secretary of the Department of Human Resources shall establish in  
16 the Office of the Secretary a special task force to determine a minimum reimbursement  
17 rate for Adult Developmental Activity Programs (ADAP). In addition, this task force  
18 shall review the current funding stream to ensure that it is the most effective way possible  
19 to provide day services to adults with developmental disabilities, including which  
20 division within the Department is most appropriate for this program. The task force shall  
21 report to the Legislative Study Commission on Mental Health, Developmental  
22 Disabilities, and Substance Abuse Services the results of its study in time for these results  
23 to be included in the Commission's report to the ~~1995 General Assembly, Regular~~  
24 ~~Session 1996-1997~~ General Assembly. The task force shall terminate after the  
25 presentation of its report to the Commission.

26 At a minimum, the task force shall consist of:

- 27 (1) Two representatives from community rehabilitation programs;  
28 (2) A representative from the Department of Human Resources;  
29 (3) A representative from the Division of Mental Health, Developmental  
30 Disabilities, and Substance Abuse Services;  
31 (4) A representative from the Division of Vocational Rehabilitation; and  
32 (5) A representative from the Association for Retarded Citizens.

33 This task force shall be funded by funds available to the Department."  
34

35 Requested by: Representatives Gardner, Hayes

36 **CONSOLIDATION OF JOHN UMSTEAD HOSPITAL AND THE ADATC-**  
37 **BUTNER OPERATING FUND**

38 Sec. 21.4. As the administrative and programmatic functions of John Umstead  
39 Hospital and the ADATC-Butner (Alcohol and Drug Abuse Treatment Center at Butner)  
40 have been consolidated in an effort to streamline administrative costs, the Division of  
41 Mental Health, Developmental Disabilities, and Substance Abuse Services may  
42 consolidate the operating budget of these two institutions.  
43

1 Requested by: Representatives Gardner, Hayes

2 **IMPROVEMENT OF OPERATING EFFICIENCIES IN COLLOCATED**  
3 **INSTITUTIONS**

4 Sec. 21.5. The Department of Human Resources' colocated institutions shall  
5 create operating efficiencies in support functions through increased service coordination  
6 across facilities. The Department shall ensure that annual savings in salary and supplies  
7 of at least one hundred thousand dollars (\$100,000) are achieved in the 1996-97 fiscal  
8 year and in every fiscal year thereafter. These institutions' managers shall be included in  
9 the process and in the determination of the methods for achieving the required savings.

10  
11 Requested by: Representatives Gardner, Hayes, Alexander

12 **LEGISLATIVE STUDY COMMISSION ON MENTAL HEALTH,**  
13 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

14 Sec. 21.5A. (a) Chapter 120 of the General Statutes is amended by adding a new  
15 Article to read:

16 **"ARTICLE 23.**

17 **"THE LEGISLATIVE STUDY COMMISSION ON MENTAL HEALTH,**  
18 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.**

19 **"§ 120-204. Commission created; purpose.**

20 There is established in the General Assembly a Legislative Study Commission on  
21 Mental Health, Developmental Disabilities, and Substance Abuse Services. This  
22 commission shall study systemwide issues affecting the development, administration, and  
23 delivery of mental health, developmental disabilities, and substance abuse services,  
24 including issues relating to the governance, accountability, and quality of services  
25 delivered.

26 **"§ 120-205. Commission membership; meetings; terms; vacancies.**

27 (a) This commission shall be composed of 15 members appointed as follows:

28 (1) Four members of the House of Representatives at the time of their  
29 appointment, appointed by the Speaker of the House of Representatives;

30 (2) Four members of the Senate at the time of their appointment, appointed  
31 by the President Pro Tempore of the Senate;

32 (3) One member who is a  
33 representative of  
34 Coalition 2001,  
35 appointed by the  
36 Governor;

37 (4) Two members of the public, appointed by the Speaker of the House of  
38 Representatives;

39 (5) Two members of the public, appointed by the President Pro Tempore of  
40 the Senate; and

41 (6) Two members of the public, appointed by the Governor.

1 (b) The Speaker of the House of Representatives and the President Pro Tempore of  
2 the Senate shall each select a legislative member from their appointments to serve as  
3 cochair of the commission. Meetings shall be called at the will of the cochairs.

4 (c) All members shall serve at the will of their appointing officer. Unless removed  
5 or unless resigning, members shall serve for two-year terms. Members may be  
6 reappointed. Vacancies in membership shall be filled by the appropriate appointing  
7 officer.

8 **"§ 120-206. Powers; per diem, subsistence, and travel allowances.**

9 (a) The commission may contract for consulting services as provided by G.S. 120-  
10 32.02. Upon approval of the Legislative Services Commission, the Legislative Services  
11 Officer shall assign professional and clerical staff to assist in the work of the commission.  
12 The professional staff shall include the appropriate staff from the Fiscal Research,  
13 Research, and Legislative Drafting Divisions of the Legislative Services Office of the  
14 General Assembly. Clerical staff shall be furnished to the commission through the  
15 offices of the House of Representatives and Senate Supervisors of Clerks. The expenses  
16 of employment of the clerical staff shall be borne by the commission. The commission  
17 may meet in the Legislative Building or the Legislative Office Building upon the  
18 approval of the Legislative Services Commission. The commission, while in the  
19 discharge of official duties, may exercise all powers provided under the provisions of  
20 G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents,  
21 agencies, and departments of the State to provide any information and any data within  
22 their possession or ascertainable from their records, and the power to subpoena witnesses.

23 (b) Members of the commission shall receive per diem, subsistence, and travel  
24 allowances as follows:

25 (1) Commission members who are members of the General Assembly, at  
26 the rate established in G.S. 120-3.1;

27 (2) Commission members who are officials or employees of the State or of  
28 local government agencies, at the rate established in G.S. 138-6; and

29 (3) All other commission members, at the rate established in G.S. 138-5.

30 **"§ 120-207. Reporting.**

31 The commission shall report the results of its study, together with any legislative  
32 proposals and costs analyses, to every regular session of the General Assembly within a  
33 week of its convening."

34 (b) Part XIII, Sections 13.1 through 13.4 of Chapter 542 of the 1995 Session  
35 Laws, is repealed.

36  
37 Requested by: Representatives Gardner, Hayes

38 **AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**  
39 **SUBSTANCE ABUSE SERVICES PROGRAMS**  
40 **REDUCTIONS/SPECIFICATIONS**

41 Sec. 21.6. The Division of Mental Health, Developmental Disabilities, and  
42 Substance Abuse Services shall ensure that reductions in its State appropriations for the  
43 1996-97 fiscal year that are allocated to area mental health, developmental disabilities,



1 and substance abuse programs are applied by the area authorities only to those services  
2 and programs in which additional increased federal TITLE IVA-Emergency Assistance  
3 and Medicaid revenues are anticipated.

4  
5 Requested by: Representatives Gardner, Hayes

6 **CAROLINA ALTERNATIVES EXPANSION LIMITS**

7 Sec. 21.6A. The Department of Human Resources shall not expand Carolina  
8 Alternatives beyond the 10 area authorities that currently participate in the Carolina  
9 Alternatives/Medicaid Waiver/Managed Care Program prior to the Office of State Budget  
10 and Management's report to the 1997 General Assembly identifying the new area  
11 authorities selected to participate and projected costs, and prior to approval by the 1997  
12 General Assembly.

13  
14 Requested by: Representatives Gardner, Hayes

15 **CLINICAL SOCIAL WORKER EXEMPTION**

16 Sec. 21.6B. Section 8 of Chapter 732 of the 1991 Session Laws reads as  
17 rewritten:

18 "Sec. 8. This act becomes effective January 1, 1992. G.S. 90B-10(b)(3)a. is repealed  
19 effective January 1, ~~1997-1999.~~ The term of the additional Board position for clinical  
20 social worker created by this act shall commence upon the expiration of the term of the  
21 public member whose term expires first."

22  
23 Requested by: Representatives Gardner, Hayes

24 **FOSTER CARE REPORTING REPEALED**

25 Sec. 21.7. Section 23.22 of Chapter 324 of the 1995 Session Laws is repealed.

26  
27 Requested by: Representatives Holmes, Creech, Esposito, Gardner, Hayes

28 **CHILD SUPPORT RESERVE SHALL NOT REVERT**

29 Sec. 21.8. (a) Any funds appropriated to the Reserve for Child Support  
30 Legislation for the 1995-96 fiscal year but not expended as of June 30, 1996, shall not  
31 revert but shall remain available for the 1996-97 fiscal year to implement the provisions  
32 contained in Chapter 538 of the 1995 Session Laws.

33 (b) This section is effective June 30, 1996.

34  
35 Requested by: Representatives Gardner, Hayes

36 **AFDC EMERGENCY ASSISTANCE RULES CLARIFIED**

37 Sec. 21.8A. The Social Services Commission shall ensure that Aid to Families  
38 With Dependent Child Emergency Assistance (AFDC-EA) cash is provided only to those  
39 with verifiable emergencies by:

40 (1) Ensuring that the applicant produce documented verification of the  
41 emergency for which AFDC-EA cash is requested;

- 1 (2) Ensuring that the documented emergency is one that would threaten the  
2 health, safety, or well-being of the child or children in the care or  
3 custody of the applicant; and  
4 (3) Ensuring that the applicant demonstrates that the emergency was  
5 unavoidable and not the result of any act or willful omission of the  
6 applicant.  
7

8 Requested by: Representatives Gardner, Hayes

9 **REVIEW OF AUTOMATED COLLECTION AND TRACKING SYSTEM**

10 Sec. 21.8B. The Information Resource Management Commission shall  
11 conduct a quarterly review of the Automated Collection and Tracking System (ACTS)  
12 project being developed by the Department of Human Resources. The review shall  
13 include an analysis of the problems encountered and progress achieved, identify critical  
14 issues to be resolved, and estimate the final cost and date of completion. The review  
15 shall be submitted through the Office of the State Controller to the chairs of the House  
16 and Senate Appropriations committees, the chairs of the House and Senate Human  
17 Resources Appropriations subcommittees, and to the Director of the Fiscal Research  
18 Division of the Legislative Services Office of the General Assembly no later than the last  
19 day of each quarter.  
20

21 Requested by: Representatives Gardner, Hayes

22 **EXTEND CABARRUS COUNTY AFDC AND FOOD STAMP WORKFARE**  
23 **PILOT PROGRAM**

24 Sec. 21.8C. Chapter 368 of the 1995 Session Laws reads as rewritten:

25 "Section 1. Notwithstanding any law to the contrary, the Department of Human  
26 Resources shall designate Cabarrus County as a pilot county for the purpose of  
27 conducting a demonstration Workfare Program for certain Aid to Families with  
28 Dependent Children (AFDC) and Food Stamp recipients. Immediately upon the  
29 ratification of this act, the Department shall seek all federal waivers necessary to allow  
30 this demonstration program. To the extent that this act or the program established  
31 pursuant to it conflicts with any State law, the program supersedes that law.

32 Sec. 2. (a) The Cabarrus County demonstration Workfare Program for certain  
33 AFDC and Food Stamp recipients shall:

- 34 (1) Provide job opportunities to all able-bodied AFDC and Food Stamp  
35 recipients who:  
36 a. Are not eligible for the JOBS program;  
37 b. Are between the ages of 18 and 64;  
38 c. Are not caring for a child under one year of age;  
39 d. Are working less than 30 hours per week; and  
40 e. Are not full-time high school students or the equivalent;  
41 (2) Create job opportunities in the public, the private, nonprofit, and the  
42 private, for-profit sector, primarily in the human services areas by  
43 allowing Cabarrus County to use grant diversions, consisting of the

- 1 AFDC benefits and the cash value of Food Stamps that would be paid to  
2 otherwise eligible recipients to match employer funds, to subsidize the  
3 employment of these recipients. Human service area jobs will meet  
4 such socially necessary needs as day care work, nursing home aide  
5 work, and in-home aide work;
- 6 (3) Allow wages paid to these recipients, which contain grant-diverted  
7 funds, to be exempt from income for purposes of determining eligibility  
8 for assistance;
- 9 (4) Structure payment of wages to these recipients such that they will be  
10 considered income, in order to make recipients eligible for the federal  
11 earned income tax credit;
- 12 (5) Create work experience opportunities in the private sector more  
13 realistically to reflect the world of work;
- 14 (6) Require these recipients to participate in the development of an  
15 opportunity contract, outlining the responsibilities of the recipient and  
16 agency, as well as the incentives for compliance and the sanctions for  
17 noncompliance;
- 18 (7) Require all these recipients who participate in the program to pursue and  
19 accept employment, full or part time, subsidized or unsubsidized, as a  
20 condition for continued eligibility for AFDC and Food Stamp  
21 assistance;
- 22 (8) Require job search training of all participants;
- 23 (9) Require monitored job search of all participants until employment is  
24 found or until other work activities of up to 40 hours per week are in  
25 place;
- 26 (10) Provide child care by allowing Cabarrus County to use grant diversions,  
27 consisting of the Family Support Act child day care subsidies that  
28 would be paid to otherwise eligible recipients, and transportation as  
29 required;
- 30 (11) Create a positive work incentive by providing wage incentives to  
31 participants who are in compliance with the program, equal to the first  
32 thirty dollars (\$30.00) and one-third of the remainder of monthly gross  
33 income for a period of up to two years;
- 34 (12) Provide enhanced Food Stamp benefits after participants are employed  
35 and are in program compliance by using the thirty dollar (\$30.00) and  
36 one-third of the remainder wage incentive as an income exemption;
- 37 (13) Provide time-limited sanctions, or withholding of benefits for the adult  
38 members of the household of all AFDC and Food Stamp benefits for  
39 noncompliance, beginning with the first sanction period equal to the  
40 time necessary to come into compliance, second sanction period – four  
41 months, third and subsequent sanctions – eight months; and
- 42 (14) Provide automatic Medicaid coverage for children and pregnant adults  
43 of sanctioned families by transferring the children administratively to

1 the Medicaid for Indigent Children (MIC) Program and by transferring  
2 the pregnant adults administratively to the Medicaid for Pregnant  
3 Women (MPW) Program.

4 (b) An adjunct program to the demonstration program prescribed in subsection (a)  
5 of this section shall:

- 6 (1) Require AFDC recipients who are mandated JOBS participants to  
7 pursue and accept employment, full or part time, subsidized or  
8 unsubsidized, as part of their job plan. The maximum number of hours  
9 delegated to job activities, including employment, shall be 40 hours per  
10 week. AFDC recipients who are JOBS eligible and who are caring for  
11 children under five years of age shall, in this program, not be limited to  
12 20 hours per week;
- 13 (2) Require AFDC recipients who are potential JOBS participants to engage  
14 in job search until either employment is found or they become JOBS  
15 eligible; and
- 16 (3) Ensure that sanctions for noncompliance and provision of Medicaid  
17 coverage shall be as provided in subdivisions (13) and (14) of  
18 subsection (a) of this section.

19 Sec. 3. This act shall be funded by Cabarrus County using the grant diversions  
20 and administrative transfers prescribed in Section 2 of this act, together with federal and  
21 State administrative funding allocated to Cabarrus County for the public assistance and  
22 JOBS programs.

23 Sec. 4. The Department of Human Resources shall evaluate the Cabarrus  
24 County Demonstration Project and report to the General Assembly on or before ~~March 1,~~  
25 1997-May 1, 1998.

26 Sec. 5. This act becomes effective July 1, 1995 and shall expire on ~~July 1,~~  
27 1997-January 1, 1999."

28  
29 Requested by: Representatives Gardner, Hayes

#### 30 **MEDICAL DATA PROCESSING FUNDS**

31 Sec. 21.8D. The sum of one hundred fifty thousand dollars (\$150,000) for the  
32 1996-97 fiscal year is transferred from the Insurance Regulatory Fund established  
33 pursuant to G.S. 58-6-25 to the Division of Facility Services, Department of Human  
34 Resources, to certify statewide data processors pursuant to Article 11A of Chapter 131E  
35 of the General Statutes, to purchase data from statewide data processors, and to process  
36 and analyze the data.

37  
38 Requested by: Representatives Gardner, Hayes, Howard, Berry

#### 39 **AFDC FRAUD CONTROL PROGRAM/DEBT SETOFF**

40 Sec. 21.8E. (a) The Department of Human Resources, immediately, shall elect  
41 the optional Aid to Families with Dependent Children (AFDC) Fraud Control Program  
42 pursuant to 45 CFR 235.112. This program is deemed to apply to Work First Cash

1 Assistance, effective July 1, 1996, as well as to AFDC, pursuant to the federal waivers  
2 received by the Department of Human Resources on February 5, 1996.

3 (b) The Department of Human Resources shall award incentive bonuses to  
4 each county for each of the county's AFDC fraud and Work First Cash Assistance claims  
5 recouped pursuant to the AFDC Fraud Control Program. Each incentive bonus shall  
6 equal one-half of the State's distributive share of the total AFDC and Work First Cash  
7 Assistance benefit amount that was determined fraudulent and recouped pursuant to the  
8 AFDC Fraud Control Program.

9 (c) The Department of Human Resources, Division of Social Services, shall  
10 develop and implement a statewide automated system to track AFDC and Work First  
11 Cash Assistance fraud claims and collect such claims by any appropriate method,  
12 including debt setoff pursuant to Chapter 105A of the General Statutes.

13 (d) G.S. 105A-2(1)(r) reads as rewritten:

14 "r. The North Carolina Department of Human Resources when in  
15 the performance of its ~~intentional program violation~~ collection  
16 duties for intentional program violations and violations due to  
17 inadvertent household error under the Food Stamp Program  
18 enabled by Chapter 108A, Article 2, Part 5, and any county  
19 operating the same Program at the local level, when and only to  
20 the extent such a county is in the performance of Food Stamp  
21 Program ~~intentional program violation~~ collection functions.

22 The North Carolina Department of Human Resources when, in  
23 the performance of its duties under the Aid to Families with  
24 Dependent Children Program or the Aid to Families with  
25 Dependent Children – Emergency Assistance Program provided  
26 in Part 2 of Article 2 of Chapter 108A or the Work First Cash  
27 Assistance Program established pursuant to the federal waivers  
28 received by the department on February 5, 1996, or under the  
29 State-County Special Assistance for Adults Program provided in  
30 Part 3 of Article 2 of Chapter 108A, it seeks to collect public  
31 assistance payments obtained through an intentional false  
32 statement, intentional misrepresentation, ~~or~~ intentional failure to  
33 disclose a material ~~fact; fact, or~~ inadvertent household error."

34  
35 Requested by: Representatives Gardner, Hayes

36 **REDUCE DHR FUNDS IN ANTICIPATION OF RECEIPT OF FEDERAL FUNDS**

37 Sec. 21.9. Section 23 of Chapter 324 of the 1995 Session Laws reads as  
38 rewritten:

39 "Sec. 23. (a) Funds appropriated to the Department of Human Resources for the  
40 1995-96 fiscal year have been reduced by fourteen million thirteen thousand three  
41 hundred ninety-six dollars (\$14,013,396) in anticipation of the receipt of federal funds  
42 from the Title IV A - Emergency Assistance Program and the Social Services Block  
43 Grant. If these federal funds are not received or if only a portion of these funds are

1 received, notwithstanding G.S. 143-15.3, the Director of the Budget may use funds  
2 available to the Department, not to exceed fourteen million thirteen thousand three  
3 hundred ninety-six dollars (\$14,013,393). The Director of the Budget shall report to the  
4 Joint Legislative Commission on Governmental Operations prior to any such transfer.

5 (b) Funds appropriated to the Department of Human Resources for the 1996-97  
6 fiscal year have been reduced by sixteen million six hundred twenty-five thousand  
7 fourteen dollars (\$16,625,014) in anticipation of the receipt of federal funds from the  
8 Title IV A - Emergency Assistance Program. If these federal funds are not received or if  
9 only a portion of these funds are received, notwithstanding G.S. 143-15.3, the Director of  
10 the Budget may use funds available to the Department, not to exceed sixteen million six  
11 hundred twenty-five thousand fourteen dollars (\$16,625,014). The Director of the  
12 Budget shall report to the Joint Legislative Commission on Governmental Operations  
13 prior to any such transfer."

14  
15 Requested by: Representatives Gardner, Hayes

16 **RURAL COMMUNITY AND MIGRANT HEALTH CENTERS'**  
17 **PARTICIPATION IN STATE CONTRACT PURCHASING**

18 Sec. 21.10. G.S. 143-49(6) reads as rewritten:

19 "(6) To make available to nonprofit corporations operating charitable  
20 hospitals, to local nonprofit community sheltered workshops or centers  
21 that meet standards established by the Division of Vocational  
22 Rehabilitation of the Department of Human Resources, to private  
23 nonprofit agencies licensed or approved by the Department of Human  
24 Resources as child placing ~~agencies or agencies~~, residential child-care  
25 facilities, private nonprofit rural, community, and migrant health centers  
26 designated by the Office of Rural Health and Resource Development,  
27 and to counties, cities, towns, governmental entities and other  
28 subdivisions of the State and public agencies thereof in the expenditure  
29 of public funds, the services of the Department of Administration in the  
30 purchase of materials, supplies and equipment under such rules,  
31 regulations and procedures as the Secretary of Administration may  
32 adopt. In adopting rules and regulations any or all provisions of this  
33 Article may be made applicable to such purchases and contracts made  
34 through the Department of Administration, and in addition the rules and  
35 regulations shall contain a requirement that payment for all such  
36 purchases be made in accordance with the terms of the contract. Prior to  
37 adopting rules and regulations under this subdivision, the Secretary of  
38 Administration may consult with the Advisory Budget Commission."

39  
40 Requested by: Representatives Gardner, Hayes

41 **DHR RESOURCE STUDIES EXTENDED**

42 Sec. 21.11. Section 23.6B of Chapter 324 of the 1995 Session Laws reads as  
43 rewritten:

1 "Sec. 23.6B. The Department shall study the following two issues and shall report  
2 these two issues, together with any recommendations, to the ~~1995 General Assembly,~~  
3 ~~Regular Session 1996, within one week of convening.~~ General Assembly by December 1,  
4 1996:

- 5 (1) The average staff vacancy rate by division over the last five fiscal years,  
6 to determine its effect on lapsed salaries; and  
7 (2) An analysis of unbudgeted revenues in excess of revenues in the  
8 certified budget as amended by the General Assembly received by the  
9 Department in the last two fiscal years, including:  
10 a. Indirect cost receipts; and  
11 b. Prior year earned revenue."  
12

13 Requested by: Representatives Gardner, Hayes

14 **PLAN FOR REORGANIZATION OF THE DEPARTMENT OF HUMAN**  
15 **RESOURCES**

16 Sec. 21.12. (a) The General Assembly intends to examine the issue of reorganizing  
17 the Department of Human Resources in consultation with the Department of Human  
18 Resources to provide an alternative and improved approach to the organization and  
19 delivery of human services in North Carolina.

20 (b) With funds provided from the Department of Human Resources pursuant to  
21 subsection (e) of this section, the Joint Legislative Commission on Governmental  
22 Operations, after consultation with the Department of Human Resources, shall contract  
23 with an independent management consulting firm to develop a reorganization plan,  
24 including an implementation component. The firm receiving the contract shall present  
25 the plan to the Commission by February 1, 1997.

26 (c) The contract shall provide that the plan shall be designed to meet the following  
27 goals:

- 28 (1) The achievement of family-centered services;  
29 (2) The identification of gaps in services across special needs groups;  
30 (3) The improvement of access to and the reduction of fragmentation of  
31 services and programs;  
32 (4) The enhancement of accountability;  
33 (5) The provision of leadership at the State level for local government; and  
34 (6) The definition of and delineation between State and local roles and  
35 responsibilities.

36 (d) The contract shall provide that the plan propose an organizational structure  
37 designed around the following guiding principles:

- 38 (1) The facilitation of a holistic approach to the delivery of services and  
39 programs;  
40 (2) The provision of a core set of programs and services common to all  
41 special needs groups;  
42 (3) The effective delivery of programs and services, including:  
43 a. Coordinated planning;

- 1                   b.     Evaluation of results;  
2                   c.     Independent regulatory and licensing functions;  
3                   d.     Centralized administrative support; and  
4           (4)    The inclusion of consideration of funding sources in decision making  
5                   regarding programs and services.

6           (d)    The Joint Legislative Commission on Governmental Operations shall provide  
7                   any additional contract specifications and directives it considers necessary.

8           (e)    Of the funds appropriated to the Department of Human Resources for the  
9                   1996-97 fiscal year in this act, up to three hundred fifty thousand dollars (\$350,000) shall  
10                  be transferred to the General Assembly, Joint Legislative Commission on Governmental  
11                  Operations, to fund the contract required by this section.

12  
13   Requested by: Representatives Gardner, Hayes

14   **DHR REPORT ON PLANS FOR IMPLEMENTING DYS COMPREHENSIVE**  
15   **STUDY RECOMMENDATIONS**

16           Sec. 21.13. The Department of Human Resources shall report to the Joint  
17                   Legislative Commission on Governmental Operations by October 1, 1996, on its plans  
18                   for implementing the recommendations of the Comprehensive Study of the Division of  
19                   Youth Services.

20  
21   Requested by: Representatives Gardner, Hayes

22   **S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS**  
23   **ADMINISTRATIVE COSTS LIMITS**

24           Sec. 21.14. Section 23.6 of Chapter 324 of the 1995 Session Laws reads as  
25                   rewritten:

26           "Sec. 23.6. (a) Of the funds appropriated to the Department of Human Resources in  
27                   this act, the Department may use up to a total of three hundred fifty thousand dollars  
28                   (\$350,000) ~~each fiscal year of the biennium for the 1995-96 fiscal year and two hundred~~  
29                   fifty thousand dollars (\$250,000) for the 1996-97 fiscal year to administer the S.O.S.  
30                   Program, to provide technical assistance to applicants and to local S.O.S. programs, and  
31                   to evaluate the local S.O.S. programs. The Department may contract with appropriate  
32                   public or nonprofit agencies to provide the technical assistance, including training and  
33                   related services.

34           (b)    Of the funds appropriated in this act to the Department of Human Resources  
35                   for the Family Resource Center Grant Program, the Department may use up to three  
36                   hundred thousand dollars (\$300,000) ~~each fiscal year of the biennium for the 1995-96~~  
37                   fiscal year and two hundred fifty thousand dollars (\$250,000) for the 1996-97 fiscal year  
38                   to administer the Program."

39  
40   Requested by: Representatives Gardner, Hayes

41   **OFFICE OF ECONOMIC OPPORTUNITY, SUPPORT OUR STUDENTS**  
42   **PROGRAMS' LOCATION**



1           Sec. 21.14A. The Department of Human Resources shall ensure that the  
2 Office of Economic Opportunity remains in the Office of the Secretary and that the  
3 Support Our Students Program remains in the Division of Youth Services.

4  
5 Requested by: Representatives Russell, Pate, Pulley, Sherrill

6 **DHR POSITION ELIMINATION SPECIFICATIONS**

7           Sec. 21.15. (a) The Department of Human Resources shall ensure that the  
8 elimination of positions, other than those that are mental health institutionally based, in  
9 the 1996-97 fiscal year, targeted by the Department, as referenced in the Current  
10 Operations Appropriations Act of 1996, or in the Conference Report incorporated into the  
11 Act, be effected as follows:

12           (1) All vacant positions targeted for elimination shall be eliminated  
13           effective July 1, 1996; and

14           (2) All filled positions targeted for elimination shall be eliminated effective  
15           November 1, 1996.

16           The Department of Human Resources shall not eliminate any position  
17 prescribed by this subsection that it targeted but that was not referenced as eliminated in  
18 the Current Operations Appropriations Act of 1996 or in the Conference Report  
19 incorporated into the Act.

20           (b) The Department of Human Resources shall further ensure that the  
21 elimination of the 130.5 mental health institutionally based positions be effected  
22 according to the following priority:

23           (1) First, from vacant, noncritical positions, which positions shall be  
24           eliminated effective July 1, 1996;

25           (2) Then, from vacant, critical positions, which positions shall be  
26           eliminated effective July 1, 1996; and

27           (3) Then, from filled, noncritical positions, which positions shall be  
28           eliminated effective November 1, 1996.

29           The Department shall not eliminate any mental health institutionally based filled, critical  
30 position. For purposes of this subsection, a critical position is one that provides or is  
31 engaged in direct contact with clients on an ongoing basis and a noncritical position is  
32 any other position.

33  
34 Requested by: Representatives Gardner, Hayes, Howard, Berry

35 **FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS**  
36 **SPECIFICATION**

37           Sec. 21.16. Funds appropriated to the Controller's Office, Department of  
38 Human Resources for the Food Stamp Electronic Benefits Transfer Program (EBT) shall  
39 remain in the Controller's Office and shall not be transferred to any other office or  
40 division within the Department.

41           The Controller's Office, Department of Human Resources, may proceed with  
42 statewide implementation of the Food Stamp EBT Program.

1 Requested by: Representatives Gardner, Hayes

2 **IN-HOME AIDE FUNDS**

3 Sec. 21.17. Section 23.11D of Chapter 507 of the 1995 Session Laws reads as  
4 rewritten:

5 "Sec. 23.11D. Of the funds appropriated to the Division of Aging, Department of  
6 Human Resources, in this act, the sum of five hundred thousand dollars (\$500,000) for  
7 the 1995-96 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ five  
8 million five hundred thousand dollars (\$5,500,000) for the 1996-97 fiscal year shall be  
9 allocated via the Home and Community Care Block Grant ~~and used to fund in-home aide~~  
10 ~~services and caregiver support services.~~ These funds shall be used only for direct  
11 services for home and community care services for older persons who are not eligible for  
12 Medicaid and who are on the waiting list for these services. Service recipients shall pay  
13 for services based on their income in accordance with G.S. 143B-181.1(a)(10)."  
14

15 Requested by: Representatives Holmes, Creech, Esposito

16 **ADULT CARE HOME REIMBURSEMENT RATE/ADULT CARE HOME**  
17 **ALLOCATION OF NONFEDERAL COST OF MEDICAID PAYMENTS**

18 Sec. 21.18. (a) Section 23.10 of Chapter 507 of the 1995 Session Laws reads as  
19 rewritten:

20 "Sec. 23.10. (a) Effective July 1, 1995, the maximum monthly rate for residents in  
21 adult care home facilities shall be nine hundred seventy-five dollars (\$975.00) per month  
22 for ambulatory residents and one thousand seventeen dollars (\$1,017) per month for  
23 semiambulatory residents.

24 (b) Effective August 1, 1995, the maximum monthly rate for residents in adult care  
25 home facilities shall be eight hundred forty-four dollars (\$844.00) per month per resident.

26 (c) Effective August 1, 1995, the Department of Human Resources may use the  
27 remaining funds available from the State/County Special Assistance appropriation to  
28 provide:

29 (1) Needed Medicaid-covered services, specifically one hour of personal  
30 care services per day to all Medicaid-eligible residents and a maximum  
31 of 50 additional hours per month of personal care services for residents  
32 who require heavy care;

33 (2) Funds to the area mental health authorities to provide wraparound  
34 services for adult home care residents with mental health conditions;

35 (3) Funds for the implementation of the provisions of G.S. 131D-4.1 and  
36 G.S. 131D-4.2, including funds for necessary additional staff.

37 (d) The eligibility of Special Assistance recipients residing in adult care homes on  
38 August 1, 1995, shall not be affected by an income reduction in the Special Assistance  
39 eligibility criteria resulting from adoption of the Rate Setting Methodology Report and  
40 Related Services, providing these recipients are otherwise eligible.

41 (e) Effective August 1, 1995, the State shall pay fifty percent (50%) and the  
42 county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services paid to  
43 adult care home facilities. As Medicaid personal care requirements increase, the county

1 matching share shall be capped until it equals fifteen percent (15%) of the nonfederal  
2 Medicaid personal care requirements.

3 (f) To maximize Medicaid funding, the Department of Human Resources may  
4 take the temporary measures necessary to implement Medicaid funding during the period  
5 from August 1, 1995, through September 30, 1995. This authorization includes  
6 authorization to continue payment of State/County Assistance at the July 1995 rates until  
7 the Health Care Financing Administration approval of Medicaid personal care services  
8 with future recoupment from providers of an amount equal to the difference between the  
9 July 1995 rates and the August 1995 rates.

10 (g) Effective October 1, 1996, the maximum monthly rate for residents in adult  
11 care home facilities shall be eight hundred seventy dollars (\$870,00) per month per  
12 resident.

13 (h) Of the funds appropriated in this act to the Division of Social Services,  
14 Department of Human Resources, for State/County Special Assistance, for the 1996-97  
15 fiscal year the sum of one million two hundred ninety-nine thousand one hundred ninety-  
16 two dollars (\$1,299,192) shall be used to make staffing grants, effective January 1, 1997,  
17 to (i) those adult care homes licensed under Chapter 131D of the General Statutes and (ii)  
18 those combination homes licensed under Chapter 131E of the General Statutes, which  
19 facilities are required to add staff on the night shift to increase the staffing ration from  
20 one staff for fifty residents to one staff for thirty residents. These grants shall be based on  
21 an equivalency formula developed by the Department. State grant of each staffing grant  
22 and county funds shall pay fifty percent (50%). The Department shall determine  
23 eligibility for these staffing grants, using criteria including licensed capacity as of May 1,  
24 1996, occupancy rate, and percentage of residents receiving State/County Special  
25 Assistance. The Department shall ensure that adult care homes and combination homes  
26 that receive these grants document that these funds are expended for additional staff  
27 required to meet the new staffing ratio and that any funds not expended for this purposes  
28 are refunded to the State and county. The Department shall study the options available to  
29 incorporate these staffing grants into the existing payment methodology for State/County  
30 Special Assistance and report back to the General Assembly by March 1, 1998.

31 It is the intent of the General Assembly to continue these staffing grants until it acts  
32 on the report presented to it by March 1, 1998."

33 (b) Chapter 131D of the General Statutes is amended by adding a new section to  
34 read:

35 **"§ 131D-5.1. Adult care homes staffing requirements.**

36 Adult care homes shall have one aide on duty for every fifty residents during the third  
37 or night shift."

38 (c) This section becomes effective January 1, 1997.

39  
40 Requested by: Representatives Gardner, Hayes

41 **CONSIDERATION OF PRIVATIZATION OF RICHMOND COUNTY**  
42 **BOUND OVER DETENTION FACILITY**

1           Sec. 21.18A. The Department of Human Resources may solicit bids to  
2 determine whether privatization of the operation of the Richmond County Boundover  
3 Unit, designed to serve a small but special population of juveniles being held for trial in  
4 superior court as adults, would result in savings to the State. If the Department considers  
5 that it is in the best interest of the State to do so, the Department may proceed with the  
6 privatization.

7           If the Department does proceed with the privatization, the Department shall  
8 request that the contractor give priority employment opportunity to the State employees  
9 in the current filled 15 positions scheduled to be reassigned to Richmond from the Pitt  
10 Detention Center.

11  
12 Requested by: Representatives Gardner, Hayes, Shubert

### 13 **CHILD DAY CARE SUBSIDIES**

14           Sec. 21.18B. (a) The maximum gross annual income for initial eligibility, adjusted  
15 biennially, for subsidized child care services shall be seventy-five percent (75%) of the  
16 State median income, adjusted for family size.

17           (b) Parents who receive child care subsidy to work, look for work, attend work-  
18 related training or education activities, or meet the special developmental needs of their  
19 child, shall share in the cost of child care. No fees shall be charged to the client when  
20 child day care services are provided to the individuals in the following circumstances:

- 21           (1) When children are receiving day care services in conjunction with  
22 protective services as described in 10 NCAC 35E.0106, up to a  
23 maximum of 12 months from the time protective services are initiated;
- 24           (2) When day care services are provided as a support to a child receiving  
25 Child Welfare Services as described in the North Carolina Division of  
26 Social Services Family Services Manual, Volume 1, Chapter II; or
- 27           (3) When a child with no income is living with someone other than the  
28 child's biological or adoptive parent or is living with someone who does  
29 not have court-ordered financial responsibility.

30           (c) The amount of the fees charged to the client shall be in accordance with the fee  
31 determination process established schedules adopted by the Social Services Commission  
32 and published by the Division of Child Development. Fees shall be established based on  
33 a percent of gross family income and adjusted for family size. Fees shall be determined  
34 as follows:

35           FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
36           1-3	9%
37           4-5	8%
38           6 or more	7%

39           (d) The monthly schedule of payments for the purchase of child day care  
40 services for low-income children from providers who have fifty percent (50%) or more  
41 children receiving child care subsidized with State or federal funds include:

- 42           (1) Provision of payment rates for child care that are tied to the provider's  
43 regulatory status as follows:

- 1 a. Registered homes and "A"licensed centers receive the market  
2 rate or the rate they charge their full fee-paying parents,  
3 whichever is lower;
- 4 b. "AA"licensed centers receive one hundred ten percent (110%) of  
5 the market rate or the rate they charge their full fee-paying  
6 parents, whichever is lower; and
- 7 c. Unregistered providers receive fifty percent (50%) of the market  
8 rate or the rate they charge their full fee-paying parents,  
9 whichever is lower.

10 (2) Provision of payment rates for child care providers in counties who do  
11 not have at least 75 children in each age group for center-based and  
12 home-based care as follows:

- 13 a. Payment rates shall be set at the statewide market rate for  
14 registered homes and "A"licensed centers.
- 15 b. If it can be demonstrated that the application of the statewide  
16 market rate to a county with fewer than 75 children in each age  
17 group is lower than the county market rate and would inhibit the  
18 ability of the county to purchase child care for low-income  
19 children, then the county market rate may be applied.

20 (e) Payment rates described in subdivision (1) of subsection (d) of this section  
21 shall be applied to all licensed child care centers, including Head Start, that have more  
22 than fifty percent (50%) of enrolled children receiving child care subsidies, and to  
23 registered family child care homes and unregulated providers that enroll subsidized  
24 children.

25 (f) The Department may seek the necessary waivers to extend the Family  
26 Support Act Transitional Child Care to two-year coverage in order to maximize federal  
27 funds.

28  
29 Requested by: Representatives Gardner, Hayes

30 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**  
31 **PROGRAM/1996**

32 Sec. 21.19. (a) Notwithstanding any provision of Part 10B of Article 3 of Chapter  
33 143B of the General Statutes or any other provision of law or policy, including Part 27A  
34 of Chapter 324 of the 1995 Session Laws, the Department of Human Resources and the  
35 North Carolina Partnership for Children, Inc., shall jointly ensure that all of the  
36 recommendations, together with any specific modification to any recommendations made  
37 in this subsection, contained in the State of North Carolina Smart Start Performance  
38 Audit prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995 Session Laws  
39 are implemented by July 1, 1997, together with any specific modification to any  
40 recommendations made in this subsection. The Partnership shall report quarterly to the  
41 Joint Legislative Commission on Governmental Operations on its progress towards full  
42 implementation. The Department shall report to the Commission by January 1, 1997, on  
43 any changes that must be made to Part 10B of Article 3 of Chapter 143B of the General

1 Statutes or to any other statutes or rules to make the implementation of the  
2 recommendations a permanent part of the law.

3 The following recommendations of the Smart Start Performance Audit are  
4 modified as follows:

- 5 (1) The Needs and Resources Assessments recommended to be performed  
6 by the Department of Human Resources every three years shall begin  
7 with the 1997-98 fiscal year;
- 8 (2) The recommended administrative start-up cost allowance allowed for  
9 local partnerships shall apply only in the first year each partnership  
10 provides direct services;
- 11 (3) The recommended regionalization shall be planned for by the  
12 Department and by the Partnership in a plan, including incentives for  
13 regionalization of existing local partnerships as well as for newly  
14 applying partnerships, that shall be submitted to the Joint Legislative  
15 Commission on Governmental Operations by January 1, 1997;
- 16 (4) The recommended transportation study shall be completed by the  
17 Department and by the Partnership and presented to the Joint  
18 Legislative Commission on Governmental Operations by January 1,  
19 1997;
- 20 (5) The recommended determination as to whether local partnerships'  
21 contractors that receive \$25,000 or more have complied with financial  
22 audit requirements shall be made by the Partnership rather than the State  
23 Auditor; and
- 24 (6) The recommendation that the Director of the Division of Child  
25 Development be an ex officio member of the Partnership shall not be  
26 implemented.

27 (b) The funds appropriated for the Early Childhood Education and  
28 Development Initiatives for the 1996-97 fiscal year shall be allocated as follows:

- 29 (1) For the 24 partnerships existing as of 1995-96, funds for direct services  
30 shall remain at their 1995-96 fiscal year funding levels;
- 31 (2) For the new partnerships planned for as of 1995-96, funding shall be  
32 increased \$2,150,000 above the planning level;
- 33 (3) For the new partnerships planned for as of 1996-97, funding shall be  
34 \$1,350,000 for planning; and
- 35 (4) All remaining appropriated funds shall be allocated to implement the  
36 Smart Start Performance Audit recommendations prescribed in  
37 subsection (a) of this section.

38 (c) Section 23.13 of Chapter 324 of the 1995 Session Laws reads as rewritten:  
39 "Sec. 23.13. Counties participating in the Early Childhood Education and  
40 Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the  
41 General Statutes may use the county's allocation of State and federal child care funds to  
42 subsidize child care according to the county's Early Childhood Education and  
43 Development Initiatives Plan as approved by the ~~Department of Human Resources~~. North

1 Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with  
2 the appropriate federal regulations. Day care providers shall, at a minimum, comply with  
3 the applicable requirements for State licensure or registration pursuant to Article 7 of  
4 Chapter 110 of the General Statutes, with other applicable requirements of State law or  
5 rule, including rules adopted for nonregistered day care by the Social Services  
6 Commission, and with applicable federal regulations."

7 (d) Notwithstanding any policy to the contrary, the Frank Porter Graham Child  
8 Development Center may use any method legally available to it to track children who are  
9 participating or who have participated in any Early Childhood Education and  
10 Development Initiative in order to carry out its on-going evaluation of the Early  
11 Childhood Education and Development Initiatives Program.

12 (e) This section is effective notwithstanding any contrary provisions in any  
13 provision of law or policy, including Part 10B of Article 3 of Chapter 143B of the  
14 General Statutes and Part 27A of Chapter 324 of the 1995 Session Laws, regardless of  
15 whether they are explicitly changed in this subsection. Section 27A of Chapter 324 of the  
16 1995 Session Laws reads as rewritten:

17 "Sec. 27A. Notwithstanding any other provision of law, the Early Childhood  
18 Education and Development Initiatives, under Part 10B of Article 3 of Chapter 143B of  
19 the General Statutes, are subject to the following terms and conditions for the 1995-97  
20 fiscal biennium:

21 (1) Accountability.

22 The intent of the General Assembly is to strengthen the  
23 accountability of the Department of Human Resources, the North  
24 Carolina Partnership for Children, Inc., and the local partnerships in the  
25 expenditure of public funds and achievement of Program goals for the  
26 Early Childhood Education and Development Initiatives Program, as  
27 authorized under Part 10B of Article 3 of Chapter 143B of the General  
28 Statutes. The importance of education as a part of all initiatives in this  
29 Program shall be emphasized.

30 In order to accomplish this level of accountability, the Joint  
31 Legislative Commission on Governmental Operations shall, consistent  
32 with current law, be the legislative oversight body for the Program. The  
33 President Pro Tempore of the Senate and the Speaker of the House of  
34 Representatives may appoint a subcommittee of the Joint Legislative  
35 Commission on Governmental Operations to carry out this function.  
36 This subcommittee may conduct all initial reviews of plans, reports, and  
37 budgets relating to the Program and shall make recommendations to the  
38 Joint Legislative Commission on Governmental Operations.

39 a. Existing Partnerships - Local partnerships receiving State funds  
40 shall submit a Certification Annual Report on April 1 of each  
41 year to the North Carolina Partnership for Children, Inc., the  
42 Joint Legislative Commission on Governmental Operations, or  
43 any committee designated by Joint Legislative Commission on

1 Governmental Operations. Administrative costs pursuant to the  
2 Smart Start Performance Audit formula recommendation shall be  
3 equivalent to, on an average statewide basis for all local  
4 partnerships, not more than eight percent (8%) of the total  
5 statewide allocation to all local partnerships. Quality incentive  
6 grants as prescribed in the Smart Start Performance Audit  
7 recommendations shall be administered at the partnership level.  
8 A definition of administrative costs shall be determined by the  
9 independent firm selected under sub-subdivision b. of this  
10 subdivision.

11 b. Program Audit - The Joint Legislative Commission on  
12 Governmental Operations shall select an independent firm  
13 recognized in performance auditing to conduct an independent  
14 performance audit of the first two years of operations of the 24  
15 existing partnerships and of the administration of the Program by  
16 the Department of Human Resources. The audit's directives shall  
17 be determined by the Joint Legislative Commission on  
18 Governmental Operations and the independent firm. An interim  
19 program and performance audit report shall be submitted to the  
20 Joint Legislative Commission on Governmental Operations by  
21 January 1, 1996, and a final program and performance audit  
22 report shall be submitted to the Joint Legislative Commission on  
23 Governmental Operations by April 1, 1996. A definition of  
24 administrative costs shall be determined by the independent firm.  
25 Only in-kind contributions that are quantifiable, as determined by  
26 the independent firm, may be applied to the in-kind match  
27 requirement. The match requirement in subdivision (3) of this  
28 section shall be studied by the independent firm and  
29 recommendations for revision, if any, shall be reported to the  
30 Joint Legislative Commission on Governmental Operations.

31 c. The North Carolina Partnership for Children, Inc., shall continue  
32 to make quarterly reports to the Joint Legislative Commission on  
33 Governmental Operations as provided for in ~~G.S. 143B-~~  
34 ~~168.13(5).~~ G.S. 143B-168.13(5), and including progress towards  
35 implementation of the Smart Start Performance Audit  
36 recommendations.

37 d. New partnerships - In subsequent fiscal biennia, any new local  
38 partnership, before receiving State funds, shall be required to  
39 submit a detailed plan for expenditure of State funds for  
40 appropriate programs to the North Carolina Partnership for  
41 Children, Inc., and the Joint Legislative Commission on  
42 Governmental Operations for approval in April of the fiscal year  
43 in which the local partnership received planning funds. State



1 funds to implement the programs shall not be allocated to the  
2 local partnership until the program plan is approved by the North  
3 Carolina Partnership for Children, Inc., after consultation with  
4 the Joint Legislative Commission on Governmental Operations.  
5 After receipt of initial program funds, local partnerships shall  
6 then be required to submit annual Certification Reports as  
7 provided for in sub-subdivision a. of this subdivision.

8 e. Contracting for Services - The North Carolina Partnership for  
9 Children, Inc., and all local Partnerships shall use competitive  
10 bidding practices in contracting for goods and services on all  
11 contract amounts of \$1,500 and above, and where practicable, for  
12 amounts of less than \$1,500.

13 f. Role of North Carolina Partnership for Children, Inc. - The role  
14 of the North Carolina Partnership for Children, Inc., shall be  
15 expanded to incorporate all the aspects of the new role prescribed  
16 for the Partnership in the Smart Start Performance Audit  
17 recommendations and to provide technical assistance to local  
18 partnerships, assess outcome goals for children and families,  
19 ensure that statewide goals and legislative guidelines are being  
20 met, help establish policies and outcome measures, obtain non-  
21 State resources for early childhood and family services, and  
22 document and verify the cumulative contributions received by  
23 the partnerships.

24 (2) Funding.

25 a. Existing partnerships - All 24 local partnerships that received  
26 State funds during the 1993-95 biennium shall receive their State  
27 funds proposed for the 1995-96 fiscal year. Existing partnerships  
28 shall file budgets and plans for review by the North Carolina  
29 Partnership for Children, Inc. Funds for the 1996-97 fiscal year  
30 shall be available after the Joint Legislative Commission on  
31 Governmental Operations has reviewed the independent  
32 evaluation discussed in sub-subdivision (1)b. of this subdivision,  
33 and the Partnership has approved these plans and budgets in  
34 consultation with the Joint Legislative Commission on  
35 Governmental Operations. These 24 partnerships shall be  
36 required to submit a Certification Annual Report as provided in  
37 sub-subdivision a. of subdivision (1) of this ~~section~~, subsection  
38 beginning in April 1997. Funds for the 1996-97 fiscal year shall  
39 be allocated to provide direct services funding at the 1995-96  
40 level.

41 b. New 1995-96 partnerships - Funds for planning, up to a  
42 maximum of \$3,500,000, may be made available to the ~~12~~-new  
43 partnerships in the 1995-96 fiscal year out of the continuation

1 monies designated for the program. If the performance audit  
2 report is determined to be satisfactory to the Joint Legislative  
3 Commission on Governmental Operations, funding and other  
4 recommendations for expansion shall be made to the General  
5 Assembly by the Joint Legislative Commission on Governmental  
6 Operations for the 1996-97 fiscal year. Funds for the 1996-97  
7 fiscal year shall be increased to \$2,150,000 above the 1995-96  
8 planning level.

9 b1. New 1996-97 Partnerships - Funds of \$1,350,000 for planning  
10 shall be made available.

11 c. Department of Human Resources; State-level administrative  
12 funding in the 1995-96 fiscal year and the 1996-97 fiscal year -  
13 Of the funds appropriated to the Department of Human  
14 Resources for Early Childhood Education and Development  
15 Initiatives for the 1995-97 fiscal biennium:

- 16 1. No funds shall be used for State education technology;
- 17 2. The Department of Human Resources shall receive  
18 \$500,000 for the 1995-96 fiscal year and ~~\$250,000~~  
19 \$500,000 for the 1996-97 fiscal year for State  
20 administration;
- 21 3. The Joint Legislative Commission on Governmental  
22 Operations shall receive \$500,000 for the 1995-96 fiscal  
23 year for the independent performance audit contract; ~~and~~
- 24 4. Funding for the North Carolina Partnership for Children,  
25 Inc., shall be \$700,000 for ~~each fiscal year of the~~  
26 ~~biennium.~~ the 1995-96 fiscal year and shall be \$1,700,000  
27 for the 1996-97 fiscal year; and
- 28 5. Funding for the Frank Porter Graham Child Development  
29 Center's evaluation of the Early Childhood Education and  
30 Development Initiatives Program shall be increased to  
31 \$850,000 for the 1996-97 fiscal year.

32 (3) Matching requirement.

33 The North Carolina Partnership for Children, Inc., and all local  
34 partnerships shall, in the aggregate, be required to match no less than  
35 50% of the total amount budgeted for the Early Childhood Education  
36 and Development Initiatives in each fiscal year of the biennium as  
37 follows: contributions of cash equal to at least ten percent (10%) and  
38 in-kind donated resources equal to no more than ten percent (10%) for a  
39 total match requirement of twenty percent (20%) for each fiscal year.  
40 Only in-kind contributions that are quantifiable, as determined by the  
41 independent auditing firm, shall be applied to the in-kind match  
42 requirement.

1 Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year  
2 shall result in a proportionate reduction in the appropriation for the  
3 Early Childhood Education and Development Initiatives Program for  
4 the next fiscal year. The North Carolina Partnership for Children, Inc.,  
5 shall be responsible for compiling information on the private cash and  
6 in-kind contributions into a report that is submitted to the Joint  
7 Legislative Commission on Governmental Operations pursuant to G.S.  
8 143B-168.13(5) in a format that allows verification by the Department  
9 of Revenue. The same match requirements shall apply to any expansion  
10 funds appropriated by the General Assembly."

11 (f) Article 12I of Chapter 120 of the General Statutes is repealed.  
12

13 Requested by: Representative Esposito

#### 14 **MEDICAID STUDY EXTENSION**

15 Sec. 21.20. Section 23.5A(d) of Chapter 507 of the 1995 Session Laws reads  
16 as rewritten:

17 "(d) The task force shall report the results of its study, together with any legislative  
18 proposals and cost analyses, to the 1995 General Assembly, Regular Session 1996, within  
19 a week of its ~~convening or convening~~, to a special session of the 1995 General Assembly  
20 called to deal with federal block grant funding ~~issues~~ issues, or to the 1997 General  
21 Assembly within a week of its convening."  
22

#### 23 **PART 22. DEPARTMENT OF AGRICULTURE**

24  
25 Requested by: Representatives Mitchell, Weatherly, Miner

#### 26 **RELEASE THE STATE'S REVERSIONARY INTEREST IN THE PROPERTY** 27 **OF FUQUAY-VARINA AMERICAN LEGION POST 116**

28 Sec. 22. (a) The General Assembly finds:

- 29 (1) On April 28, 1941, the United States deeded to the State Board of  
30 Education a parcel of land north of Fuquay-Varina in Wake County, that  
31 deed being recorded at Book 868, page 171, Wake County Registry, and  
32 that deed had a right of termination by the United States if the property  
33 was not used for facilities which further the rehabilitation or education  
34 of the rural people of North Carolina;
- 35 (2) On April 1, 1949, as approved by the Council of State, the State of  
36 North Carolina deeded to trustees for the use and benefit of Fuquay  
37 Springs, North Carolina, Post 116 of the American Legion, the same  
38 parcel with the same covenant as to the use of the property, that deed  
39 being recorded at Book 1019, page 172, Wake County Registry; and
- 40 (3) The Congress of the United States, in Private Law 428, approved by  
41 President Eisenhower on June 21, 1954, directed the Secretary of  
42 Agriculture to convey to those trustees by quitclaim deed its remaining  
43 interest in the property; and

1 (4) By deed dated November 30, 1962, and recorded at Book 1533, page  
2 54, Wake County Registry, the United States conveyed its remaining  
3 interest in the property to the North Carolina Rural Development  
4 Corporation, an agency of the State of North Carolina under G.S. 137-  
5 31.1; and

6 (5) American Legion Post 116 of Fuquay-Varina desires to make  
7 improvements to the property, but financing such improvements is  
8 complicated by the restriction on the property.

9 (b) The State of North Carolina and the North Carolina Rural Rehabilitation  
10 Corporation shall convey to the grantees of the deed recorded at Book 1019, page 172,  
11 Wake County Registry, by quitclaim deed, all of the right, title, and interest they have  
12 retained in property deeded by the State of North Carolina, that deed being recorded at  
13 Book 1019, page 172, Wake County Registry.

14  
15 Requested by: Representatives Mitchell, Weatherly

#### 16 REMOVE SUNSET FOR GRAPE GROWERS' EXCISE TAX DISTRIBUTION

17 Sec. 22.1. (a) Section 3 of Chapter 836 of the 1987 Session Laws reads as  
18 rewritten:

19 "Sec. 3. This act shall become effective August 1, 1987, and shall terminate June 30,  
20 1997-1987."

21 (b) Section 12(b) of Chapter 1036 of the 1987 Session Laws, as amended by  
22 Section 176(b) of Chapter 900 of the 1991 Session Laws, is repealed.

23 (c) This section is effective upon ratification.

24  
25 Requested by: Representatives Mitchell, Weatherly

#### 26 TIMBER RECEIPTS FOR CERTAIN CAPITAL PROJECTS

27 Sec. 22.2. The sum of one million three hundred seventy-six thousand dollars  
28 (\$1,376,000) shall be transferred from the Department of Agriculture's timber sales  
29 capital improvement account, established pursuant to G.S. 146-30, to the Department of  
30 Agriculture for the 1996-97 fiscal year and shall be used for the following capital  
31 improvement projects at research stations and State farms:

- 32 (1) \$387,400 for an addition to the swine facility at the Cherry Farm Unit.
- 33 (2) \$126,700 for a farm equipment shelter at the Cherry Farm Unit.
- 34 (3) \$329,300 for a shop and storage facility at the Upper Coastal Plain  
35 Station.
- 36 (4) \$106,900 for a dairy milking parlor at the Caswell Farm Unit.
- 37 (5) \$132,300 for research plot land at the Upper Mountain Station.
- 38 (6) \$150,000 for an irrigation system at the Mountain Station.
- 39 (7) \$143,400 for an office building at the Oxford Station.

40  
41 Requested by: Representatives Mitchell, Weatherly

#### 42 CATTLE AND LIVESTOCK EXPOSITION FUNDS

1           Sec. 22.3. Section 40 of Chapter 769 of the 1993 Session Laws, as amended  
2 by subsection (b) of Section 24 of Chapter 507 of the 1995 Session Laws, reads as  
3 rewritten:

4       "Sec. 40. Any unencumbered funds that were appropriated to the Department of  
5 Agriculture for the 1994-95 fiscal year for planning the construction of the Cattle and  
6 Livestock Exposition Center ~~shall be and~~ placed in a reserve in the Department of  
7 Agriculture ~~until further allocated by the 1995 General Assembly, Regular Session 1996.~~  
8 shall be transferred to the Office of State Budget and Management to be used for land  
9 acquisition, planning, and construction of the Cattle and Livestock Exposition Center.  
10 The Center will house livestock shows and exhibits, educational programs, and a  
11 laboratory for embryo transfer research, semen evaluation, and livestock blood work."  
12

### 13 **PART 23. DEPARTMENT OF COMMERCE**

14  
15 Requested by: Representatives Mitchell, Weatherly, Nichols, Baker

#### 16 **GLOBAL TRANSPARK AUTHORITY/AUDIT BY STATE AUDITOR**

17       Sec. 23. G.S. 63A-23 reads as rewritten:

#### 18 **"§ 63A-23. Annual and quarterly reports.**

19       The Authority shall, promptly following the close of each fiscal year, submit an  
20 annual report of its activities for the preceding year to the Governor, the General  
21 Assembly, and the Local Government Commission. Each report shall be accompanied by  
22 an audit of its books and accounts. The audit shall be conducted by the State Auditor.  
23 ~~The costs of all audits, whether conducted by the State Auditor's staff or contracted with~~  
24 ~~a private auditing firm, audits shall be paid from funds of the Authority.~~

25       The Authority shall submit quarterly reports to the Joint Legislative Commission on  
26 Governmental Operations. The reports shall summarize the Authority's activities during  
27 the quarter and contain any information about the Authority's activities that is requested  
28 by the Commission."  
29

30 Requested by: Representatives Mitchell, Weatherly

#### 31 **MCNC**

32       Sec. 23.1. Section 25.9 of Chapter 324 of the 1995 Session Laws reads as  
33 rewritten:

34       "Sec. 25.9. (a) MCNC shall report on all of its programs including contractual  
35 services for Supercomputer and the Research and Education Network to the Joint  
36 Legislative Commission on Governmental Operations and the Fiscal Research Division  
37 on or before March 1 of each fiscal year, and more frequently as requested by the  
38 Commission. The reports shall include information on the activities and accomplishments  
39 during the past fiscal year, itemized expenditures during the past fiscal year with sources  
40 of funding, planned activities, and accomplishments for at least the next 12 months, and  
41 itemized anticipated expenditures with sources of funding for the next 12 months. The  
42 report on the activities of the Supercomputer and the Research and Education Network

1 ~~program programs~~ shall identify the users of the Supercomputer, ~~users,~~ the major projects  
 2 conducted by the users, and the ~~potential~~ benefits of the projects.

3 (b) MCNC shall provide a report containing detailed budget information to the  
 4 Office of State Budget and Management in the same manner as State departments and  
 5 agencies in preparation for biennium budget requests. Specific salary information will be  
 6 provided upon written request by the Chairs of the Joint Legislative Commission on  
 7 Governmental Operations or the Chairs of the House Appropriations Subcommittee on  
 8 Natural and Economic Resources and the Chairs of the Senate Appropriations Committee  
 9 on Natural and Economic Resources.

10 (c) The funds appropriated in this act to MCNC shall be used as follows:

	<u>FY 1995-96</u>	<u>FY 1996-97</u>
11 Microelectronics Program	\$5,362,523	<del>\$5,362,523</del> 4,966,721
12 Supercomputer	9,576,319	<del>9,576,319</del> 798,275
13 Telecommunications	4,826,158	<del>4,826,158</del> 0-

14 (d) Of the funds appropriated to MCNC for the Microelectronics Program, ~~five~~  
 15 ~~million three hundred sixty two thousand five hundred twenty three dollars (\$5,362,523)~~  
 16 ~~in each fiscal year~~ four million nine hundred sixty-six thousand seven hundred twenty-  
 17 one dollars (\$4,966,721) for the 1996-97 fiscal year is contingent upon a dollar-for-dollar  
 18 match in non-State funds.  
 19

20 (e) If MCNC finds it necessary to make changes in the program allocations  
 21 specified in subsection (c) of this section, MCNC shall report such changes to the Joint  
 22 Legislative Commission on Governmental Operations 30 days before the reallocation.

23 (f) ~~Funds appropriated in this act to MCNC for Migration of Current Network to~~  
 24 ~~the North Carolina Information Highway System (NCIHS) shall be used as follows:~~

- 25 ~~(1) To cover the costs of connecting and operating the North Carolina~~  
 26 ~~Research and Education Network through the North Carolina~~  
 27 ~~Information Highway so that universities and research centers will~~  
 28 ~~continue to have the capability currently available through the North~~  
 29 ~~Carolina Research and Education Network;~~
- 30 ~~(2) For program support, and~~
- 31 ~~(3) For MCNC to serve as gateway to the North Carolina Information~~  
 32 ~~Highway for the 18 sites. Funds transferred in this act from the~~  
 33 ~~Department of Commerce to the UNC Board of Governors shall be used~~  
 34 ~~for contracting the purchase of supercomputing and research and~~  
 35 ~~education networking services to continue the provision of these~~  
 36 ~~services at North Carolina universities and colleges."~~

37  
 38 Requested by: Representatives Mitchell, Weatherly

39 **WORLD TRADE CENTER FUNDS**

40 Sec. 23.2. Of the funds appropriated in this act to the Department of  
 41 Commerce, the sum of two hundred thousand dollars (\$200,000) for the 1996-97 fiscal  
 42 year shall be allocated to the World Trade Center North Carolina (WTCNC) to support  
 43 international trade education programs for small and medium-sized businesses. The

1 WTCNC shall report to the Joint Legislative Commission on Governmental Operations  
2 on the use of these funds on or before March 1 of each fiscal year, and more frequently as  
3 requested by the Commission.  
4

5 Requested by: Representatives Mitchell, Weatherly

6 **FUNDS FOR ECONOMIC DEVELOPMENT**

7 Sec. 23.3. Of the funds appropriated in this act to the Department of  
8 Commerce, the sum of one million one hundred twenty-five thousand dollars  
9 (\$1,125,000) for the 1996-97 fiscal year shall be allocated as follows:

- 10 (1) \$200,000 to the Land Loss Prevention Project, Inc., to provide free legal  
11 representation to low-income, financially distressed small farmers. The  
12 Land Loss Prevention Project, Inc., shall not use these funds to  
13 represent farmers who have income and assets that would make them  
14 financially ineligible for legal services pursuant to Title 45, Part 1611 of  
15 the Code of Federal Regulations. The Land Loss Prevention Project,  
16 Inc., shall report to the Joint Legislative Commission on Governmental  
17 Operations on October 1 and March 1 of each fiscal year, and more  
18 frequently as requested by the Commission, on the use of these funds;
- 19 (2) \$200,000 to the North Carolina Coalition of Farm and Rural Families,  
20 Inc., for its Small Farm Economic Development Project. These funds  
21 shall be used to foster economic development within the State's rural  
22 farm communities by offering marketing and technical assistance to  
23 small and limited resource farmers. The North Carolina Coalition of  
24 Farm and Rural Families, Inc., shall report to the Joint Legislative  
25 Commission on Governmental Operations on October 1 and March 1 of  
26 each fiscal year, and more frequently as requested by the Commission,  
27 on the use of these funds;
- 28 (3) \$500,000 to the North Carolina Institute for Minority Economic  
29 Development, Inc., to foster minority economic development within the  
30 State through policy analysis, information and technical assistance,  
31 resource expansion and support of community-based demonstration  
32 initiatives. The North Carolina Institute for Minority Economic  
33 Development, Inc., shall report to the Joint Legislative Commission on  
34 Governmental Operations on October 1 and March 1 of each fiscal year,  
35 and more frequently as requested by the Commission, on the use of  
36 these funds; and
- 37 (4) \$225,000 to the North Carolina Minority Support Center (formerly  
38 known as the Minority Credit Union Support Center) for technical  
39 assistance to community-based minority credit unions. The North  
40 Carolina Minority Support Center shall report to the Credit Union  
41 Division of the Department of Commerce and to the Joint Legislative  
42 Commission on Governmental Operations on October 1 and March 1 of

1 each fiscal year, and more frequently as requested by the Department or  
2 the Commission, on the use of these funds.

3  
4 Requested by: Representatives Mitchell, Weatherly

5 **ECONOMIC DEVELOPMENT FUNDS**

6 Sec. 23.4. Section 25.4 of Chapter 507 of the 1995 Session Laws reads as  
7 rewritten:

8 "Sec. 25.4. (a) Definition. – For purposes of this section, the term 'community  
9 development corporation' means a nonprofit corporation:

- 10 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 11 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code  
12 of 1986;
- 13 (3) Whose primary mission is to develop and improve low-income  
14 communities and neighborhoods through economic and related  
15 development;
- 16 (4) Whose activities and decisions are initiated, managed, and controlled by  
17 the constituents of those local communities; and
- 18 (5) Whose primary function is to act as deal-maker and packager of projects  
19 and activities that will increase their constituencies' opportunities to  
20 become owners, managers, and producers of small businesses,  
21 affordable housing, and jobs designed to produce positive cash flow and  
22 curb blight in the target community.

23 (b) Of the funds appropriated in this act to the Rural Economic Development  
24 Center, Inc., the sum of ~~three million eight hundred thousand dollars (\$3,800,000) for the~~  
25 ~~1995-96~~ one million twenty-five thousand dollars (\$1,025,000) for the 1996-97 fiscal  
26 year shall be placed in an Economic and Community Development Program Reserve.  
27 Funds shall be allocated from the Reserve by the Rural Economic Development Center,  
28 Inc. as follows:

- 29 (1) ~~\$1,350,000~~ \$675,000 for community development grants to support  
30 community development projects and activities within the State's  
31 minority communities. Any community development corporation as  
32 defined in this section is eligible to apply for funds. The Rural  
33 Economic Development Center shall establish performance-based  
34 criteria for determining which community development corporations  
35 will receive a grant and the grant amount. Funding will also be  
36 allocated to the North Carolina Association of Community  
37 Development Corporations, Inc. The Rural Economic Development  
38 Center, Inc., shall allocate these grant funds from the Economic and  
39 Community Development Program Reserve as follows:
  - 40 a. ~~\$900,000~~ \$450,000 for direct grants to the local community  
41 development corporations that have previously received State  
42 funds for this purpose to support operations and project activities,



- 1           b.     ~~\$250,000—\$125,000~~ for direct grants to local community  
2           development organizations that have not previously received  
3           State funds,  
4           c.     ~~\$150,000—\$75,000~~ to the North Carolina Association of  
5           Community Development Corporations, Inc. to provide training,  
6           technical assistance, resource development, project assistance,  
7           and support for local community development corporations  
8           statewide, and  
9           d.     ~~\$50,000—\$25,000~~ to the Rural Economic Development Center,  
10          Inc. to be used to cover expenses in administering this section;  
11        (2)   ~~\$275,000 to the Minority Credit Union Support Center for technical~~  
12        ~~assistance to community-based minority credit unions;~~  
13        (3)   ~~\$250,000—\$125,000~~ to the Microenterprise Loan Program to support the  
14        loan fund and operations of the Program;  
15        (4)   ~~\$100,000 allocated as follows:—\$25,000 to the Opportunities~~  
16        ~~Industrialization Center of Elizabeth City, Inc.~~  
17        a.     ~~\$25,000 to the Opportunities Industrialization Center of Wilson,~~  
18        ~~Inc., for its ongoing job training programs;~~  
19        b.     ~~\$25,000 to Opportunities Industrialization Center, Inc., in Rocky~~  
20        ~~Mount, for its ongoing job training programs;~~  
21        c.     ~~\$25,000 to Pitt Greenville Opportunities Industrialization Center,~~  
22        ~~Inc. for its ongoing job training programs; and~~  
23        d.     ~~\$25,000 to the Opportunities Industrialization Center of Lenoir,~~  
24        ~~Greene, and Jones Counties.~~  
25        Funds allocated pursuant to this subdivision shall be in addition to funds  
26        allocated pursuant to Section 25.12 of Chapter 324 of the 1995 Session  
27        Laws. Reporting requirements of that section shall apply to funds  
28        allocated under this subdivision;  
29        (5)   ~~\$400,000—\$200,000~~ shall be used for a program to provide supplemental  
30        funding for matching requirements for economic development in  
31        economically depressed areas. The Center shall use the funds to make  
32        grants to local governments and nonprofit corporations to provide funds  
33        necessary to match federal grants or other grants for necessary  
34        economic development projects and activities in economically  
35        depressed areas. The grant recipients shall be selected on the basis of  
36        need;  
37        (6)   ~~\$275,000 to the Land Loss Prevention Project, Inc., to provide free legal~~  
38        ~~representation to low income, financially distressed small farmers. The~~  
39        ~~Land Loss Prevention Project, Inc., shall not use these funds to~~  
40        ~~represent farmers who have income and assets that would make them~~  
41        ~~financially ineligible for legal services pursuant to Title 45, Part 1611 of~~  
42        ~~the Code of Federal Regulations. The Land Loss Prevention Project,~~  
43        ~~Inc., shall report to the Joint Legislative Commission on Governmental~~

- 1                    Operations on October 1 and March 1 of each fiscal year, and more  
2 frequently as requested by the Commission, on the use of these funds;  
3            (7)        \$245,000 to the North Carolina Coalition of Farm and Rural Families,  
4 Inc., for its Small Farm Economic Development Project. These funds  
5 shall be used to foster economic development within the State's rural  
6 farm communities by offering financial, marketing, and technical  
7 assistance to small and limited resource farmers. The North Carolina  
8 Coalition of Farm and Rural Families, Inc., shall report to the Joint  
9 Legislative Commission on Governmental Operations on October 1 and  
10 March 1 of each fiscal year, and more frequently as requested by the  
11 Commission, on the use of these funds;  
12            (8)        \$780,000 to the North Carolina Institute for Minority Economic  
13 Development, Inc., to foster minority economic development within the  
14 State through policy analysis, information and technical assistance,  
15 resource expansion and support of community-based demonstration  
16 initiatives. The North Carolina Institute for Minority Economic  
17 Development, Inc., shall report to the Joint Legislative Commission on  
18 Governmental Operations on October 1 and March 1 of each fiscal year,  
19 and more frequently as requested by the Commission, on the use of  
20 these funds;  
21            (9)        \$100,000 to the Lake Gaston Economic Development Corporation for  
22 planning and preliminary development of a conference center and  
23 related facilities for the Lake Gaston area; and  
24            (10)      \$25,000 to the Roanoke-Chowan Community College for its sheltered  
25 workshop program.

26            (c)        The Rural Economic Development Center, Inc. shall report to the Joint  
27 Legislative Commission on Governmental Operations on October 1 and March 1 of each  
28 fiscal year, and more frequently as requested by the Commission, on the uses of funds  
29 allocated pursuant to subdivisions (1), ~~(2)~~, ~~(3)~~, ~~(4)~~, ~~(5)~~, ~~(9)~~, and ~~(10)~~ (3), (4), and (5) of  
30 subsection (b) of this section."  
31

32 Requested by: Representatives Mitchell, Weatherly

### 33 FUNDS FROM WORKER TRAINING TRUST FUND

34            Sec. 23.5. Notwithstanding G.S. 96-5(f), there is appropriated from the  
35 Worker Training Trust Fund to the following agencies the following sums for the 1996-  
36 97 fiscal year for the following purposes:

- 37            (1)        \$218,500 to the Department of Commerce to be used for a computer  
38 system upgrade in the Division of Employment and Training in order to  
39 meet federal reporting requirements under the Job Training Partnership  
40 Act;  
41            (2)        \$210,000 to the Department of Labor for a computer upgrade in the  
42 apprenticeship tracking system in order to meet federal reporting  
43 requirements under the Federal Apprenticeship Program;

- 1           (3)   \$90,000 to the Department of Labor to establish nationally certified  
2           dietary managers pilot projects. These projects will offer training  
3           programs to meet new federal regulations requiring a certified dietary  
4           manager on-site at every residential care facility in the State; and  
5           (4)   \$100,000 to the Department of Community Colleges for a training  
6           program in entrepreneurial skills to be operated by North Carolina  
7           REAL Enterprises. Funds appropriated under this subdivision are in  
8           addition to those appropriated for the same purpose under Section  
9           25.9(d)(6) of Chapter 507 of the 1995 Session Laws.

10  
11 **PART 24. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL**  
12 **RESOURCES**

13  
14 Requested by: Representatives Mitchell, Weatherly, Nichols

15 **AGRICULTURE COST SHARE FUNDS FOR ANIMAL OPERATIONS**  
16 **LOCATED IN A RIVER BASIN OTHER THAN THE NEUSE RIVER BASIN**

17       Sec. 24.1. Of the funds appropriated in this act to the Department of  
18 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,  
19 for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the sum  
20 of six million dollars (\$6,000,000) for the 1996-97 fiscal year shall be used to assist  
21 existing animal operations in obtaining approved animal waste management plans for  
22 those animal operations located, in whole or in part, in a county in one of the State's 17  
23 river basins other than the Neuse River Basin and shall be used in accordance with G.S.  
24 143-215.74(b), as amended by this act. When implementing this section, the Department  
25 shall cooperate with the Cooperative Extension Service, the Natural Resource  
26 Conservation Service of the United States Department of Agriculture, and the local Soil  
27 and Water Conservation Districts. Any of these funds remaining at the end of the 1996-  
28 97 fiscal year shall not revert, but shall remain available for use pursuant to this section.

29  
30 Requested by: Representatives Mitchell, Weatherly, Nichols

31 **AGRICULTURE COST SHARE FUNDS FOR ANIMAL OPERATIONS**  
32 **LOCATED IN THE NEUSE RIVER BASIN**

33       Sec. 24.2. Of the funds appropriated in this act to the Department of  
34 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,  
35 for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the sum  
36 of two million dollars (\$2,000,000) for the 1996-97 fiscal year shall be used to assist  
37 existing animal operations in obtaining approved animal waste management plans and  
38 farm operations in installing best management practices for those agriculture operations  
39 located, in whole or in part, in a county in the Neuse River Basin and shall be used in  
40 accordance with G.S. 143-215.74(b), as amended by this act. When implementing this  
41 section, the Department shall cooperate with the Cooperative Extension Service, the  
42 Natural Resource Conservation Service of the United States Department of Agriculture,  
43 and the local Soil and Water Conservation Districts. Any of these funds remaining at the

1 end of the 1996-97 fiscal year shall not revert, but shall remain available for use pursuant  
2 to this section.

3  
4 Requested by: Representatives Mitchell, Weatherly, Nichols

5 **STATEWIDE TECHNICAL ASSISTANCE FOR ANIMAL WASTE**  
6 **MANAGEMENT PLANS**

7 Sec. 24.3. Of the funds appropriated in this act to the Department of  
8 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,  
9 the sum of one million three hundred sixty-seven thousand five hundred dollars  
10 (\$1,367,500) for the 1996-97 fiscal year shall be used to provide technical assistance to  
11 operators of animal operations in the process of obtaining approved animal waste  
12 management plans. When implementing this section, the Department shall cooperate  
13 with the Cooperative Extension Service, the Natural Resource Conservation Service of  
14 the United States Department of Agriculture, and the local Soil and Water Conservation  
15 Districts. Any of these funds remaining at the end of the 1996-97 fiscal year shall not  
16 revert, but shall remain available for use pursuant to this section.

17  
18 Requested by: Representatives Mitchell, Weatherly, Nichols

19 **ODOR CONTROL TECHNOLOGY STUDY**

20 Sec. 24.4. Of the funds appropriated to the Department of Environment,  
21 Health, and Natural Resources in this act, the sum of six hundred thousand dollars  
22 (\$600,000) for the 1996-97 fiscal year shall be used by the Department to contract with  
23 the Board of Governors of The University of North Carolina for the North Carolina  
24 Agricultural Research Service at North Carolina State University to conduct research into  
25 economically feasible odor control technologies and to provide detailed economic  
26 analysis of odor management alternatives; provided these funds are matched with an  
27 equal sum from private sources. No later than January 1, 1997, the Department shall  
28 report to the Environmental Review Commission and the Fiscal Research Division on  
29 progress under the research, including any findings and recommendations at that time.

30  
31 Requested by: Representatives Holmes, Creech, Esposito, Mitchell, Weatherly, Nichols

32 **WETLANDS RESTORATION PROGRAM/WETLANDS RESTORATION AND**  
33 **CLEAN WATER MANAGEMENT TRUST FUND**

34 Sec. 24.5. (a) Article 21 of Chapter 143 of the General Statutes is amended by  
35 adding the following new sections to read:

36 **"§ 143-214.8. Wetlands Restoration Program: established.**

37 The Wetlands Restoration Program is established within the Department of  
38 Environment, Health, and Natural Resources. The Wetlands Restoration Program shall be  
39 developed by the Department as a nonregulatory statewide wetlands restoration program  
40 for the acquisition, maintenance, restoration, enhancement, and creation of wetland and  
41 riparian resources, including riparian buffers and greenways, that contribute to the  
42 protection and improvement of water quality, flood prevention, fisheries, wildlife habitat,

1 and recreational opportunities. The Wetlands Restoration Program shall consist of the  
2 following components:

- 3 (1) Restoration and perpetual maintenance of wetlands.
- 4 (2) Development of restoration plans.
- 5 (3) Landowner contact and land acquisition.
- 6 (4) Evaluation of site plans and engineering studies.
- 7 (5) Oversight of construction and monitoring of restoration sites.
- 8 (6) Land ownership and management.
- 9 (7) Mapping, site identification, and assessment of wetlands functions.
- 10 (8) Oversight of private wetland mitigation banks to facilitate the  
11 components of the Wetlands Restoration Program.

12 **"§ 143-214.9. Wetlands Restoration Program: purposes.**

13 The purposes of the program are as follows:

- 14 (1) To restore wetlands functions and values across the State to replace  
15 critical functions lost through historic wetlands conversion and through  
16 current and future permitted impacts. It is not the policy of the State to  
17 destroy upland habitats unless it would further the purposes of the  
18 Wetlands Restoration Program.
- 19 (2) To provide a consistent and simplified approach to address mitigation  
20 requirements associated with permits or authorizations issued by the  
21 United States Army Corps of Engineers under 33 U.S.C. § 1344.
- 22 (3) To streamline the wetlands permitting process, minimize delays in  
23 permit decisions, and decrease the burden of permit applicants of  
24 planning and performing compensatory mitigation for wetlands losses.
- 25 (4) To increase the ecological effectiveness of compensatory mitigation.
- 26 (5) To achieve a net increase in wetland acres, functions, and values in each  
27 major river basin.
- 28 (6) To foster a comprehensive approach to environmental protection.

29 **"§ 143-214.10. Wetlands Restoration Program: development and implementation**  
30 **of basinwide restoration plans.**

31 Develop Basinwide Restoration Plans. – The Department shall develop basinwide  
32 plans for wetlands and riparian area restoration with the goal of protecting and enhancing  
33 water quality, flood prevention, fisheries, wildlife habitat, and recreational opportunities  
34 within each of the 17 major river basins in the State. Beginning July 1, 1997, the  
35 Department shall develop and begin implementing a basinwide restoration plan for each  
36 of the 17 river basins in the State in accordance with the basinwide schedule currently  
37 established by the Division of Water Quality.

38 **"§ 143-214.11. Wetlands Restoration Program: compensatory mitigation.**

39 (a) Definition. – For purposes of this section, the term 'compensatory mitigation'  
40 means the restoration, creation, enhancement, or preservation of wetlands or other areas  
41 required as a condition of a section 404 permit issued by the United States Army Corps of  
42 Engineers.

1       **(b) Department of Environment, Health, and Natural Resources to Coordinate**  
2 **Compensatory Mitigation.** – **All compensatory mitigation required by permits or**  
3 **authorizations issued by the United States Army Corps of Engineers under 33 U.S.C. §**  
4 **1344 shall be coordinated by the Department consistent with the basinwide plans for**  
5 **wetlands restoration and rules developed by the Environmental Management**  
6 **Commission. All compensatory wetlands mitigation, whether performed by the**  
7 **Department or by permit applicants, shall be consistent with the basinwide restoration**  
8 **plans.**

9       **(c) Mitigation Emphasis on Replacing Ecological Function Within Same River**  
10 **Basin.** – **The emphasis of mitigation is on replacing functions within the same river basin**  
11 **unless it is demonstrated that restoration of other areas would be more beneficial to the**  
12 **overall purposes of the Wetlands Restoration Program.**

13       **(d) Compensatory Mitigation Options Available to Applicant.** – **An applicant may**  
14 **satisfy compensatory wetlands mitigation requirements by the following actions, if those**  
15 **actions are consistent with the basinwide restoration plans and also meet or exceed the**  
16 **requirements of the United State Army Corps of Engineers:**

17           **(1) Payment of a fee established by the Department into the Wetlands**  
18 **Restoration Account established in G.S. 113-145.3.**

19           **(2) Donation of land to the Wetlands Restoration Program or to other public**  
20 **or private nonprofit conservation organizations as approved by the**  
21 **Department.**

22           **(3) Participation in a private wetlands mitigation bank.**

23           **(4) Preparing and implementing a wetlands restoration plan.**

24       **(e) Payment Schedule.** – **A standardized schedule of per-acre payment amounts**  
25 **shall be established by the Environmental Management Commission. The monetary**  
26 **payment shall be based on the ecological functions and values of wetlands permitted to**  
27 **be lost and on the cost of restoring or creating wetlands capable of performing the same**  
28 **or similar functions, including directly related costs of wetlands restoration planning,**  
29 **long-term monitoring, and maintenance of restored areas.**

30       **(f) Authorized Methods of Payment.** – **A person subject to a permit or**  
31 **authorization issued by the United States Army Corps of Engineers under 33 U.S.C. §**  
32 **1344, may contribute to the Wetlands Restoration Program, to comply with conditions to,**  
33 **or terms of, the permit or authorization, if participation in the Wetlands Restoration**  
34 **Program will meet the mitigation requirements of the United States Army Corps of**  
35 **Engineers. The Department shall, at the discretion of the applicant, accept payment into**  
36 **the Wetlands Restoration Account of the Wetland Restoration and Clean Water**  
37 **Management Trust Fund in lieu of other compensatory mitigation requirements of any**  
38 **authorizations issued by the United States Army Corps of Engineers under 33 U.S.C. §**  
39 **1344 if the contributions will meet the mitigation requirements of the United States Army**  
40 **Corps of Engineers. Payment may be made in the form of monetary contributions**  
41 **according to a fee schedule established by the Environmental Management Commission**  
42 **or in the form of donations of real property provided that the property is approved by the**  
43 **Department as a suitable site consistent with the basinwide wetlands restoration plan.**

1 (g) Mitigation Banks. – State agencies and private mitigation banking companies  
2 shall demonstrate that adequate, dedicated financial surety exists to provide for the  
3 perpetual land management and hydrological maintenance of lands acquired by the State  
4 as mitigation banks, or proposed to the State as privately operated and permitted  
5 mitigation banks.

6 (h) Accounting of Payments. – The Department shall provide an itemized  
7 statement that accounts for each payment into the Wetlands Restoration Account. The  
8 statement shall include the expenses and activities financed by the payment.

9 **"§ 143-214.12. Wetlands Restoration Program: reporting requirement.**

10 The Department of Environment, Health, and Natural Resources shall report annually  
11 to the Environmental Review Commission regarding its progress in implementing the  
12 Wetlands Restoration Program and its use of the funds in the Wetlands Restoration and  
13 Clean Water Management Trust Fund. The report shall document statewide wetlands  
14 losses and gains and compensatory mitigation performed under G.S. 143-214.8 through  
15 G.S. 143-214.12. The report shall also provide an accounting of receipts and  
16 disbursements of the Wetlands Restoration Account, an analysis of the per-acre cost of  
17 wetlands restoration, and a cost comparison on a per-acre basis between the State's  
18 Wetland Restoration Program and private mitigation banks. The cost comparison shall  
19 include direct and indirect costs on a per-acre basis. The Department shall also send a  
20 copy of its report to the Fiscal Research Division of the General Assembly."

21 (b) Chapter 113 of the General Statutes is amended by adding a new Article to  
22 read:

23 **"ARTICLE 13A.**

24 **"WETLANDS RESTORATION AND CLEAN WATER MANAGEMENT TRUST**  
25 **FUND.**

26 **"§ 113-145.1. Purpose.**

27 The General Assembly recognizes that a critical need exists in this State to clean up  
28 pollution in the State's surface waters and to protect and conserve those waters that are  
29 not yet polluted. The task of cleaning up polluted waters and protecting the State's water  
30 resources is multifaceted and requires different approaches that take into account the  
31 problems, the type of pollution, the geographical area, and the recognition that the  
32 hydrological and ecological values of each resource sought to be upgraded, conserved,  
33 and protected are unique.

34 It is the intent of the General Assembly that moneys from the Fund created under this  
35 Article shall be used to help finance the Wetlands Restoration Program created in G.S.  
36 143-214.8 and to help finance projects that specifically address water pollution problems  
37 and focus on upgrading surface waters, eliminating pollution, and protecting and  
38 conserving unpolluted surface waters, including urban drinking water supplies.

39 **"§ 113-145.2. Definitions.**

40 As used in this Article:

- 41 (1) Department. – The Department of Environment, Health, and Natural  
42 Resources.

1           (2) Economically Distressed Units of Local Government. – Counties  
2 designated as economically distressed by the Secretary of Commerce  
3 under G.S. 143B-437A and any cities located in those counties.

4           (3) Fund. – The Wetlands Restoration and Clean Water Management Trust  
5 Fund created pursuant to this Article.

6           (4) Land. – Real property and any interest in, easement in, or restriction on  
7 real property.

8 **"§ 113-145.3. Wetlands Restoration and Clean Water Management Trust Fund:**  
9 **established; Wetlands Restoration Account; Clean Water Management**  
10 **Trust Account.**

11           (a) Wetlands Restoration and Clean Water Management Trust Fund. – The  
12 Wetlands Restoration and Clean Water Management Trust Fund is established as a  
13 nonreverting fund within the Department. The Fund shall be treated as a special trust  
14 fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2  
15 and G.S. 147-69.3. The Fund shall be composed of two accounts: (i) the Wetlands  
16 Restoration Account and (ii) the Clean Water Management Trust Account.

17           (b) Wetlands Restoration Account. – The Wetlands Restoration Account shall  
18 provide a repository for monetary contributions and donations or dedications of interests  
19 in real property to promote projects for the restoration, enhancement, preservation, or  
20 creation of wetlands and riparian areas and for payments made in lieu of compensatory  
21 mitigation as described in G.S. 143-214.11. No funds shall be expended from this  
22 Account for any purpose other than those directly contributing to the acquisition,  
23 perpetual maintenance, enhancement, restoration, or creation of wetlands and riparian  
24 areas in accordance with the basinwide plan as described in G.S. 143-214.10.

25           (c) Clean Water Management Trust Account. – The Clean Water Management  
26 Trust Account shall be used to provide grants to finance projects to clean up or prevent  
27 surface water pollution in accordance with this Article.

28 **"§ 113-145.4. Wetlands Restoration and Clean Water Management Trust Fund:**  
29 **Purposes.**

30           Fund Purposes. – Moneys from the Fund may be used for any of the following  
31 purposes:

32           (1) To finance the Wetlands Restoration Program established by G.S. 143-  
33 214.8 through G.S. 143-214.13.

34           (2) To acquire land for riparian buffers for the purposes of providing  
35 environmental protection for surface waters and urban drinking water  
36 supplies.

37           (3) To acquire conservation easements or other interests in real property for  
38 the purpose of protecting and conserving surface waters and urban  
39 drinking water supplies.

40           (4) To repair failing waste treatment systems if: (i) an application has first  
41 been submitted to receive a loan or grant from the Clean Water  
42 Revolving Loan and Grant Fund and the application was denied during  
43 the latest review cycle; (ii) the repair is a reasonable remedy for



1 resolving an existing waste treatment problem; and (iii) the repair is not  
2 for the purpose of expanding the system to accommodate future  
3 anticipated growth of a community. Priority shall be given to  
4 economically distressed units of local government.

5 (5) To improve stormwater controls and management practices.

6 (6) To facilitate planning that targets reductions in surface water pollution.

7 (7) To restore previously degraded lands to reestablish their ability to  
8 protect water quality.

9 **"§ 113-145.5. Clean Water Management Trust Account: eligibility for grants;**  
10 **matching funds or property requirement; allocation of grant funds; grant**  
11 **criteria; rule-making authority.**

12 (a) Eligible Grant Applicants. – The Department of Environment, Health, and  
13 Natural Resources is not eligible to apply for or to receive a grant from the Clean Water  
14 Management Trust Account. Any of the following are eligible to apply for a grant from  
15 the Fund for the purpose of protecting and enhancing water quality:

16 (1) A State agency, other than the Department of Environment, Health, and  
17 Natural Resources.

18 (2) A local government or other political subdivision of the State or a  
19 combination of such entities.

20 (3) A nonprofit corporation whose primary purpose is the conservation,  
21 preservation, and restoration of our State's environmental and natural  
22 resources.

23 (b) Grant Matching Requirement. – The Department shall establish matching  
24 requirements for grants awarded under this Article. The Department may require a match  
25 of up to twenty percent (20%) of the amount of the grant awarded. This requirement may  
26 be satisfied by the donation of land to a public or private nonprofit conservation  
27 organization as approved by the Department. The Department may also waive the  
28 requirement to match a grant pursuant to guidelines adopted by the Department.

29 (c) Allocate Grant Funds. – The Department shall allocate moneys from the Clean  
30 Water Management Trust Account as grants. A grant may be awarded only for a project  
31 or activity that satisfies the criteria and furthers the purposes of this Article.

32 (d) Develop Grant Criteria. – The Department shall develop criteria for awarding  
33 grants under this Article. The criteria developed shall include consideration of the  
34 following:

35 (1) The significant enhancement and conservation of water quality in the  
36 State.

37 (2) The objectives of the basinwide management plans for the State's river  
38 basins and watersheds.

39 (3) The promotion of regional integrated ecological networks insofar as  
40 they affect water quality.

41 (4) The specific areas targeted as being environmentally sensitive.

42 (5) The geographic distribution of funds as appropriate.

1           (6) The preservation of water resources with significant recreational or  
2           economic value and uses.

3           (e) Adopt Rules. – The Department may adopt rules in addition to the grant  
4           criteria consistent with and as necessary to implement this Article."

5           (c) Article 1 of Chapter 143 of the General Statutes is amended by adding a  
6 new section to read:

7 **"§ 143-15.3B. The Wetlands Restoration and Clean Water Management Trust**

8           **Fund.**

9           (a) The Wetlands Restoration and Clean Water Management Trust Fund is  
10 established in G.S. 113-145.3. The State Controller shall reserve to the Wetlands  
11 Restoration and Clean Water Management Trust Fund three percent (3%) of any  
12 unreserved credit balance remaining in the General Fund at the end of each fiscal year;  
13 fifty percent (50%) of that balance shall be allocated to the Wetlands Restoration  
14 Account and fifty percent (50%) of that balance shall be allocated to the Clean Water  
15 Management Trust Account. As used in this section, the term 'unreserved credit balance'  
16 means the credit balance amount, as determined on a cash basis, before funds are  
17 reserved by the State Controller to the Savings Reserve Account, the Repairs and  
18 Renovations Reserve Account, or the Wetlands Restoration and Clean Water  
19 Management Trust Fund pursuant to this section, G.S. 143-15.3, and G.S. 143-15.3A.

20           (b) The funds in the Wetlands Restoration and Clean Water Management Trust  
21 Fund shall be used only in accordance with Article 13A of Chapter 113 of the General  
22 Statutes."

23           (d) G.S. 143B-282(a)(1) is amended by adding the following:

24           "u. To administer the State's authority under 33 U.S.C. § 1341 of the  
25           federal Clean Water Act."

26           (e) The Department of Environment, Health, and Natural Resources is directed  
27 to negotiate and enter into a Memorandum of Agreement with the United States Army  
28 Corps of Engineers regarding the restoration, creation, enhancement, and preservation of  
29 wetlands and the compensatory mitigation required of permit applicants under 33 U.S.C.  
30 § 1344. The purpose of the Memorandum of Agreement is to ensure that the State's  
31 implementation of the Wetlands Restoration Program with regard to mitigation of  
32 wetlands satisfies the United States Army Corps of Engineers and that the standards  
33 developed by the State to which the State's and other mitigation banks must adhere is  
34 acceptable to the Corps for purposes of section 404 mitigation requirements.

35           (f) The Department of Environment, Health, and Natural Resources shall report  
36 to the Environmental Review Commission beginning November 1, 1996, and annually  
37 thereafter on the implementation of this section and shall provide an accounting of the  
38 Clean Water Management Trust Account. A written copy of the report shall also be sent  
39 to the Fiscal Research Division of the General Assembly beginning November 1, 1996,  
40 and annually thereafter on implementation of this section.

41           (g) This section becomes effective June 30, 1996.

42  
43 Requested by: Representatives Mitchell, Weatherly, Nichols

**STUDY ALTERNATIVE ANIMAL WASTE TECHNOLOGIES**

Sec. 24.6. Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of five hundred thousand dollars (\$500,000) for the 1996-97 fiscal year shall be used by the Department to contract with the Board of Governors of The University of North Carolina for the North Carolina Agricultural Research Service at North Carolina State University to serve as focal points for experimentation with and testing of alternative animal waste disposal technologies for use in agriculture. No later than January 1, 1997, the Department shall report to the Environmental Review Commission and the Fiscal Research Division on progress under the research, including any findings and recommendations at that time.

Requested by: Representatives Mitchell, Weatherly, Nichols

**STUDY GROUNDWATER IMPACTS OF LAGOONS**

Sec. 24.7. Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of three hundred seventy-five thousand dollars (\$375,000) for the 1996-97 fiscal year shall be used by the Department to contract with the Board of Governors of The University of North Carolina for the North Carolina Agricultural Research Service at North Carolina State University to design and implement a scientifically based study for the purpose of determining the extent to which animal waste lagoons pose a threat, if any, to the groundwater of the State. Lagoons that are representative of soil types and hydrologic conditions in North Carolina shall be selected for this study. No later than January 1, 1997, the Department shall report to the Environmental Review Commission and the Fiscal Research Division on progress under the research, including any findings and recommendations at that time.

Requested by: Representatives Mitchell, Weatherly, Nichols

**FINANCIAL ASSISTANCE TO AID MUNICIPALITIES IN NEUSE RIVER BASIN ACHIEVE REDUCTIONS IN NITROGEN LEVELS**

Sec. 24.8. (a) Of the funds appropriated by this act to the Department of Environment, Health, and Natural Resources for the 1996-97 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated by the Department as grants to local government units in the Neuse River Basin. The grants shall be awarded by the Department for the purpose of reducing the nitrogen level in the Neuse River Basin through improved and more effective wastewater treatment and stormwater control measures. The criteria established by Chapter 159G of the General Statutes with regard to grants made for wastewater treatment works and wastewater collection system projects shall be the primary consideration in granting funds for those types of projects. The criteria established by the Department under G.S. 143-214.7 shall be the primary consideration in granting funds to a unit of local government for a project that addresses stormwater measures and controls. A grant made by the Department under this section to a unit of local government shall not exceed five hundred thousand dollars (\$500,000) or ten percent (10%) of the project cost, whichever is less.

1 (b) The Department of Environment, Health, and Natural Resources shall report by  
2 October 15, 1996, and quarterly thereafter to the Environmental Review Commission  
3 regarding the grants awarded and their effectiveness in achieving the goal of reducing the  
4 nitrogen level in the Neuse River Basin and shall also send a written copy of its report to  
5 the Fiscal Research Division of the General Assembly.

6  
7 Requested by: Representatives Mitchell, Weatherly, Nichols

8 **STUDY OF ATMOSPHERIC DEPOSITION OF NITROGEN IN NEUSE**  
9 **ESTUARY**

10 Sec. 24.9. Of the funds appropriated to the Department of Environment,  
11 Health, and Natural Resources in this act, the sum of four hundred fifty thousand dollars  
12 (\$450,000) for the 1996-97 fiscal year shall be used by the Department to contract with a  
13 research institution to research and perform computer modelling to identify the amount of  
14 atmospheric nitrogen reaching the Neuse estuary, to enable the development of strategies  
15 to reduce the most significant sources of nitrogen, and to improve water quality. If the  
16 expertise required for this research is available at a research institution in the State, the  
17 Department shall contract with a research institution in the State. No later than January  
18 1, 1997, the Department shall report to the Environmental Review Commission and the  
19 Fiscal Research Division on progress under the research, including any findings and  
20 recommendations at that time.

21  
22 Requested by: Representatives Mitchell, Weatherly

23 **TRANSFER THE GEODETIC SURVEY SECTION TO THE OFFICE OF STATE**  
24 **PLANNING**

25 Sec. 24.10. The twenty-two positions, support, and equipment in the Geodetic  
26 Survey Section of the Division of Land Resources, Department of Environment, Health,  
27 and Natural Resources, shall be moved to the Office of State Planning in the Office of the  
28 Governor.

29  
30 Requested by: Representatives Mitchell, Weatherly

31 **HAZARDOUS WASTE REPORTS**

32 Sec. 24.11. Beginning in 1997, the Department of Environment, Health, and  
33 Natural Resources shall report on the generation, storage, treatment, and disposal of  
34 hazardous waste in North Carolina no more often than it is required to report under  
35 federal law or federal regulation.

36  
37 Requested by: Representatives Mitchell, Weatherly

38 **DRINKING WATER WAIVER PROGRAM**

39 Sec. 24.12. The Department of Environment, Health, and Natural Resources,  
40 Division of Environmental Health, shall establish a drinking water waiver program that  
41 will enable the Division to seek and qualify for additional waivers from the drinking  
42 water regulations of the United States Environmental Protection Agency. The program  
43 shall include, but not be limited to, the collection and study of data on the State's drinking

1 water testing program to determine which contaminants do not present a significant  
2 health risk and which water systems are not susceptible to particular contaminants. The  
3 Division shall report its progress in establishing and implementing the drinking water  
4 waiver program not later than December 15, 1996, to the Fiscal Research Division, the  
5 Environmental Review Commission, and the Legislative Research Commission study  
6 committee on Water Issues.

7  
8 Requested by: Representatives Mitchell, Weatherly, Tolson, Nichols, H. Hunter

9 **STUDY ENVIRONMENTAL IMPACTS OF ABANDONED LAGOONS/ANIMAL**  
10 **FACILITIES**

11 Sec. 24.13. Of the funds appropriated to the Department of Environment,  
12 Health, and Natural Resources in this act, the sum of twenty-five thousand dollars  
13 (\$25,000) for the 1996-97 fiscal year shall be placed in a reserve in the Department for  
14 the General Assembly for a legislative study commission to study the environmental  
15 impacts of animal waste lagoons and animal facilities that have been closed or abandoned  
16 or are inactive in order to determine the extent and scope of the problems, if any,  
17 associated with these structures, to identify potential solutions for any existing problems,  
18 to identify scientifically and environmentally effective methods of closure for these  
19 structures in the future, and to determine the advisability of providing incentives for the  
20 proper management of abandoned animal waste lagoons and abandoned animal facilities.  
21 No later than January 1, 1997, this study commission shall report to the 1997 General  
22 Assembly, the Environmental Review Commission, and the Fiscal Research Division on  
23 its findings, recommendations, and any legislative proposals.

24  
25 Requested by: Representatives Mitchell, Weatherly, Nichols

26 **RESERVE FOR PERMITTING AND INSPECTING ANIMAL WASTE**  
27 **MANAGEMENT SYSTEMS**

28 Sec. 24.14. Of the funds appropriated in this act to the Department of  
29 Environment, Health, and Natural Resources, the sum of four hundred eighty-four  
30 thousand dollars (\$484,000) shall be placed in a reserve to be used to establish and  
31 support 16 positions in the Division of Water Quality to conduct permitting, inspection,  
32 and enforcement activities for animal waste management systems. When implementing  
33 this section, the Department shall cooperate with the Cooperative Extension Service, the  
34 Natural Resources Conservation Service of the United States Department of Agriculture,  
35 and the local Soil and Water Conservation Districts. Any funds remaining in the reserve  
36 at the end of the 1996-97 fiscal year shall not revert, but shall remain available for use  
37 pursuant to this section. In addition to funds appropriated under this section, fees  
38 collected pursuant to G.S. 143-215.10G shall be used by the Department to cover costs to  
39 implement this section.

40  
41 Requested by: Representatives Mitchell, Weatherly

42 **ACCOUNTABILITY FOR CERTAIN STATE AGRICULTURE COST SHARE**  
43 **FUNDING**

1       Sec. 24.15. (a) G.S. 143-215.74(b), as amended by Sections 9 and 10 of Chapter  
2 626 of the 1995 Session Laws, reads as rewritten:

3           "(b)       The program shall be subject to the following requirements and  
4 limitations:

5           (1)       The purpose of the program shall be to reduce the input of agricultural  
6 nonpoint source pollution into the water courses of the State.

7           (2)       The program shall initially include the present 16 nutrient sensitive  
8 watershed counties and 17 additional counties.

9           (3)       ~~Priority~~—Subject to subdivision (7) of this subsection, priority  
10 designations for inclusions in the program shall be under the authority  
11 of the Soil and Water Conservation Commission and the Commission.  
12 The Soil and Water Conservation Commission shall retain the authority  
13 to allocate the cost share funds.

14           (4)       Areas shall be included in the program as the funds are appropriated and  
15 the technical assistance becomes available from the local Soil and Water  
16 Conservation District.

17           (5)       Funding may be provided to assist practices including conservation  
18 tillage, diversions, filter strips, field borders, critical area plantings,  
19 sediment control structures, sod-based rotations, grassed waterways,  
20 strip-cropping, terraces, cropland conversion to permanent vegetation,  
21 grade control structures, water control structures, closure of lagoons,  
22 emergency spillways, riparian buffers or equivalent controls, odor  
23 control best management practices, insect control best management  
24 practices, and animal waste management systems and application.  
25 Funding for animal waste management shall be allocated for practices in  
26 river basins such that the funds will have the greatest impact in  
27 improving water quality.

28           (6)       State funding shall be limited to seventy-five percent (75%) of the  
29 average cost for each practice with the assisted farmer providing  
30 twenty-five percent (25%) of the cost (which may include in-kind  
31 support) with a maximum of seventy-five thousand dollars (\$75,000)  
32 per year to each applicant.

33           (7)       Priority designation for inclusion in the program for State funding shall  
34 be given to projects that improve water quality. To be eligible for cost  
35 share funds under this subdivision, a project shall be evaluated before  
36 funding is awarded and after the project is completed to determine the  
37 impact on water quality."

38       (b)       G.S. 143-215.74 is amended by adding a new subsection to read:

39       "(e)       The Soil and Water Conservation Commission shall report no later than  
40 January 31, 1997, and annually thereafter to the Environmental Review Commission and  
41 the Fiscal Research Division. This report shall include a list of projects that received  
42 State funding pursuant to the program, the results of the evaluations conducted pursuant  
43 to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of

1 each of these projects to accomplish its primary purpose, and any recommendations to  
2 assure that State funding is used in the most cost-effective manner and accomplishes the  
3 greatest improvement in water quality."

4 (c) The Division of Soil and Water Conservation, Department of Environment,  
5 Health, and Natural Resources, shall report to the Environmental Review Commission no  
6 later than January 1, 1997, regarding the desirability of requiring each applicant for State  
7 funding under the Agriculture Cost Share Program for Nonpoint Source Pollution Control  
8 under Part 9 of Article 21 of Chapter 143 of the General Statutes to submit a nutrient  
9 management plan.

10 (d) This section applies to projects that receive State cost share funds on or after  
11 the effective date of this act.

12  
13 Requested by: Representatives Mitchell, Weatherly, H. Hunter

#### 14 **HEALTHY START FOUNDATION FUNDS**

15 Sec. 24.16. Section 26.4 of Chapter 507 of the 1995 Session Laws reads as  
16 rewritten:

17 "Sec. 26.4. Of the funds appropriated in this act to the Department of Environment,  
18 Health, and Natural Resources, the sum of ~~two hundred six hundred fifty~~ thousand dollars  
19 ~~(\$200,000) (\$650,000)~~ for the ~~1995-96-1996-97~~ fiscal year shall be allocated to the North  
20 Carolina Healthy Start Foundation ~~to support the programs and activities of the~~  
21 ~~Governor's Commission on Reduction of Infant Mortality.~~ Foundation. Funds allocated  
22 pursuant to this section shall be expended first to support statewide planning, promotion,  
23 and coordination for the First Step Campaign. Funds remaining after allocation for First  
24 Step shall be used to support other programs and ~~activities.~~ activities aimed at reducing  
25 infant mortality. The Healthy Start Foundation shall report on all of its programs to the  
26 Joint Legislative Commission on Governmental Operations on or before March 1, ~~1996.~~  
27 1997. The report shall include information on the Foundation's activities and  
28 accomplishments during the past fiscal year, a list of the groups, organizations,  
29 communities, and other recipients of assistance from the Foundation in the last 12  
30 months, itemized expenditures during the past fiscal year with sources of funding,  
31 planned activities, and accomplishments for at least the next 12 months, and itemized  
32 anticipated expenditures with sources of funding for the next 12 months."

33  
34 Requested by: Representatives Holmes, Creech, Esposito

#### 35 **PROHIBIT TRANSFER OF POSITIONS FROM SOIL AND WATER** 36 **CONSERVATION TO DIVISION OF WATER QUALITY**

37 Sec. 24.17. The Department of Environment, Health, and Natural Resources  
38 shall not transfer any positions established in this act for the Division of Soil and Water  
39 Conservation to the Division of Water Quality.

40  
41 Requested by: Representatives Holmes, Creech, Esposito

#### 42 **WATER RESOURCES DEVELOPMENT PROJECTS FUNDS**

1 Sec. 24.18. (a) Of the funds appropriated in this act to the Department of  
2 Environment, Health, and Natural Resources for the 1996-97 fiscal year, the sum of eight  
3 million five thousand dollars (\$8,005,000) shall be used for water resources development  
4 projects. The Department shall allocate funds for the following projects whose estimated  
5 costs are as indicated:

6	(1)	Jordan Lake Water Supply Repayment	\$130,000
7	(2)	Wilmington Harbor Maintenance Dredging	575,000
8	(3)	Morehead City Harbor Maintenance	50,000
9		Dredging	
10	(4)	Wanchese Channel Maintenance Dredging	100,000
11	(5)	Aquatic Plant Control (statewide, 12 including Lake Gaston)	200,000
13	(6)	Wilmington Harbor Anchorage Basin Widener	400,000
14	(7)	Cape Fear - Northeast Cape Fear Deepening	530,000
15	(8)	North & Manteo Channel Maintenance	400,000
16		Dredging	
17	(9)	State - Local Projects	380,000
18	(10)	New Hanover County Spoil Disposal	125,000
19	(11)	Beaufort Harbor	80,000
20	(12)	Rollinson Channel Maintenance, Dare County	400,000
21	(13)	Far Creek Channel Maintenance, Hyde County	280,000
22	(14)	Currituck Sound Flow Study	100,000
23	(15)	Emergency Flood Control Projects	75,000
24		(Section 14)	
25	(16)	Corps of Engineers Feasibility Studies	100,000
26	(17)	Planning Assistance to Communities	75,000
27	(18)	Whittaker Creek Canal Dredging	425,000
28	(19)	Carolina Beach South (Kure Beach)	
29		Beach Protection	3,580,000
30		TOTAL	\$8,005,000

31 (b) Where the actual costs are different from the estimated costs under subsection  
32 (a) of this section, the Department may adjust the allocations among projects as needed.  
33 If any projects listed in subsection (a) of this section are delayed and the budgeted State  
34 funds cannot be used during the 1996-97 fiscal year, or if the projects listed in subsection  
35 (a) of this section are accomplished at a lower cost, the Department may use the resulting  
36 fund availability to fund any of the following:

- 37 (1) Corps of Engineers project feasibility studies.
- 38 (2) Corps of Engineers projects whose schedules have advanced and require  
39 State matching funds in fiscal year 1996-97.
- 40 (3) State-local Water Resources Development Projects.

41 Funds not expended or encumbered for these purposes shall revert to the  
42 General Fund at the end of the 1997-98 fiscal year.



1 (c) The Department shall make quarterly reports on the use of these funds to the  
2 Joint Legislative Commission on Governmental Operations, the Fiscal Research  
3 Division, and the Office of State Budget and Management. Each report shall include all  
4 of the following:

- 5 (1) All projects listed in this section.
- 6 (2) The estimated cost of each project.
- 7 (3) The date that work on each project began or is expected to begin.
- 8 (4) The date that work on each project was completed or is expected to be  
9 completed.
- 10 (5) The actual cost of each project.

11 The quarterly reports shall also show those projects advanced in schedule,  
12 those projects delayed in schedule, and an estimate of the amount of funds expected to  
13 revert to the General Fund.

14  
15 Requested by: Representatives Mitchell, Weatherly

#### 16 **1995-96 BEAVER DAMAGE CONTROL FUNDS REVERT**

17 Sec. 24.19. The sum of one hundred fifty thousand dollars (\$150,000) that was  
18 appropriated to the Wildlife Resources Commission for the 1995-96 fiscal year to provide  
19 the State share for beaver damage control pursuant to Section 27.3 of Chapter 769 of the  
20 1993 Session Laws and that was designated as recurring funds shall revert to the General  
21 Fund on June 30, 1996.

22  
23 Requested by: Representatives Mitchell, Weatherly, Culpepper

#### 24 **BEAVER DAMAGE CONTROL FUNDS**

25 Sec. 24.19A. (a) Subsection (b) of Section 69 of Chapter 1044 of the 1991 Session  
26 Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3  
27 of Chapter 769 of the 1993 Session Laws, and Section 26.6 of Chapter 507 of the 1995  
28 Session Laws, reads as rewritten:

29 "(b) The Beaver Damage Control Advisory Board shall develop a ~~pilot~~ program to  
30 control beaver damage on private and public lands. Anson, Bladen, Brunswick, Carteret,  
31 Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe, Franklin,  
32 Granville, Greene, Halifax, Harnett, Hertford, Johnston, Jones, Lee, Lincoln, Martin,  
33 Nash, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren,  
34 Washington, Wayne, and Wilson Counties shall participate in the ~~pilot~~ program. The  
35 Beaver Damage Control Advisory Board shall act in an advisory capacity to the Wildlife  
36 Resources Commission in the implementation of the program. In developing the  
37 program, the Board shall:

- 38 (1) Orient the program primarily toward public health and safety and  
39 toward landowner assistance, providing some relief to landowners  
40 through beaver control and management rather than eradication;
- 41 (2) Develop a priority system for responding to complaints about beaver  
42 damage;

- 1 (3) Develop a system for documenting all activities associated with beaver  
2 damage control, so as to facilitate evaluation of the program;
- 3 (4) Provide educational activities as a part of the program, such as printed  
4 materials, on-site instructions, and local workshops;
- 5 (5) Provide for the hiring of personnel necessary to implement beaver  
6 damage control activities, administer the ~~pilot~~ program, and set salaries  
7 of personnel;
- 8 (6) Evaluate the costs and benefits of the program that might be applicable  
9 elsewhere in North Carolina.

10 No later than ~~September 30, 1994 and again upon the conclusion of the pilot program~~  
11 ~~on June 30, 1996, January 15, 1997,~~ the Board shall issue a report to the Wildlife  
12 Resources Commission on the program to date, including recommendations on the  
13 feasibility of continuing the program in participating counties and the desirability of  
14 expanding the program into other counties. The Wildlife Resources Commission shall  
15 prepare a plan to implement a statewide program to control beaver damage on private and  
16 public lands. No later than ~~January 1, 1995, March 15, 1997,~~ the Wildlife Resources  
17 Commission shall present its plan in a report to the House Appropriations Subcommittee  
18 on Natural and Economic ~~Resources and Resources,~~ the Senate Appropriations  
19 Committee on Natural and Economic ~~Resources. Resources,~~ and the Fiscal Research  
20 Division."

21 (b) Subsection (c) of Section 69 of Chapter 1044 of the 1991 Session Laws reads  
22 as rewritten:

23 "(c) The Wildlife Resources Commission shall implement the ~~pilot~~ program, and  
24 may enter a cooperative agreement with the Animal Damage Control Division of the  
25 Animal and Plant Health Inspection Service, United States Department of Agriculture, to  
26 accomplish the ~~pilot~~ program."

27 (c) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as  
28 amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of  
29 Chapter 769 of the 1993 Session Laws, and Section 26.6 of Chapter 507 of the 1995  
30 Session Laws, reads as rewritten:

31 "(h) Subsections (a) through (d) of this section expire June 30, ~~1996-1997.~~"

32 (d) Subsection (d) of Section 26.6 of Chapter 507 of the 1995 Session Laws reads  
33 as rewritten:

34 "(d) Of the funds appropriated from the General Fund to the Wildlife Resources  
35 Commission for the 1995-96 fiscal ~~year, year~~ and the 1996-97 fiscal year, there is  
36 allocated the sum of three hundred seventy-two thousand six hundred ninety dollars  
37 (\$372,690) for the 1995-96 fiscal year and the sum of four hundred fifty thousand dollars  
38 (\$450,000) for the 1996-97 fiscal year to provide the State share necessary to continue  
39 the beaver damage control ~~pilot~~ program established by Section 69 of Chapter 1044 of  
40 the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session  
41 Laws and Section 27.3 of the 1993 Session Laws, in Anson, Bladen, Brunswick, Carteret,  
42 Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe, Franklin,  
43 Granville, Greene, Halifax, Harnett, Hertford, Johnston, Jones, Lee, Lincoln, Martin,

1 Nash, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren,  
2 Washington, Wayne, and Wilson Counties, provided the sum of twenty-five thousand  
3 dollars (\$25,000) in federal funds is available in each fiscal year to provide the federal  
4 share. These funds shall be matched by four thousand dollars (\$4,000) of local funds in  
5 each fiscal year from each of the 27-participating counties. Counties participating in this  
6 program shall make a commitment of their local matching funds to the Wildlife  
7 Resources Commission no later than September 30 of that fiscal year."  
8

9 Requested by: Representatives Mitchell, Weatherly

#### 10 **FOREST RESOURCES NURSERY PROGRAM FUNDS**

11 Sec. 24.20. The Division of Forest Resources, Department of Environment,  
12 Health, and Natural Resources, may retain and use any funds derived from the taking of  
13 nursery acreage at Claridge State Forest Nursery near Goldsboro in Wayne County due to  
14 the construction of the Highway 70 Bypass. These funds shall remain in a nonreverting  
15 fund in the Department to be used to cover the cost associated with relocating nursery  
16 fields and seed orchards.

17  
18 Requested by: Representatives Mitchell, Weatherly, Nichols

#### 19 **NEUSE RIVER ISOTOPE STUDY**

20 Sec. 24.21. Of the funds appropriated to the Department of Environment,  
21 Health, and Natural Resources in this act, the sum of eighty-six thousand dollars  
22 (\$86,000) for the 1996-97 fiscal year shall be used as matching funds to design and  
23 implement a scientifically valid study that uses available technology to identify the  
24 nonpoint sources of nitrogen in the surface waters of the Neuse River Basin. No later  
25 than January 1, 1997, the Department shall report to the Environmental Review  
26 Commission and the Fiscal Research Division on the progress of the research, including  
27 any findings and recommendations at that time.

28  
29 Requested by: Representatives Reynolds, Allred, Sexton, Baker

#### 30 **MULTI-COUNTY WATER CONSERVATION AND INFRASTRUCTURE** 31 **DISTRICT**

32 Sec. 24.22. G.S. 158-15.1 reads as rewritten:

#### 33 **"§ 158-15.1. Multi-County Water Conservation and Infrastructure District.**

34 (a) There is established the Multi-County Water Conservation and Infrastructure  
35 District, which is a public authority for the purpose of the Local Government Budget and  
36 Fiscal Control Act.

37 (b) The member counties of the Multi-County Water Conservation and  
38 Infrastructure District are Bertie, Caswell, Forsyth, Granville, Guilford, Halifax, Martin,  
39 Northampton, Person, Rockingham, Stokes, Surry, ~~Vance-Vance, and~~ Warren, and  
40 Washington.

41 (c) The governing body of the Multi-County Water Conservation and  
42 Infrastructure District is the Multi-County Water ~~Commission, which has eight members.~~

1 Commission. One member of this Commission shall be appointed for a three-year term  
 2 by the board of commissioners of each member county for a three-year term. county.

3 (d) All monies received by the State of North Carolina for sale of water under the  
 4 Roanoke River Basin Compact, if enacted, shall be paid to the Multi-County Water  
 5 Conservation and Infrastructure District.

6 (e) The District may accept for any of its purposes and functions any and all  
 7 donations, grants of money, equipment, supplies, materials and services (conditional or  
 8 otherwise) from any state or the United States or any subdivision or agency thereof, or  
 9 interstate agency, or from any political subdivision of this State or any other state, or  
 10 from any institution, person, firm or corporation, and may receive, utilize and dispose of  
 11 the same. The nature, amount and condition, if any, attendant upon any donation or grant  
 12 accepted pursuant to this subsection together with the identity of the donor or grantor,  
 13 shall be detailed in the annual audit of the District.

14 (f) At times specified by the Multi-County Water Commission, net revenues after  
 15 operating expenses of the District shall be paid to the member counties ~~according to the~~  
 16 ~~following formula: (i) one half pro-rata based on population of each member county; and~~  
 17 ~~(ii) one half pro-rata based on land area of each county based on the percentage of each~~  
 18 member county's land area within that part of the Roanoke River Basin that is located in  
 19 North Carolina.

20 (g) Member counties may use funds received under this section for public  
 21 purposes relating to infrastructure development, economic development, and water  
 22 conservation.

23 (h) The Commission may adopt such rules as may be needful for operation of its  
 24 affairs, and shall employ and terminate personnel as if it were a county."  
 25

## 26 **PART 25. SALARIES AND BENEFITS**

27  
 28 Requested by: Representatives Holmes, Creech, Esposito

### 29 **JUDICIAL BRANCH OFFICIALS**

30 Sec. 25.1 Section 7.4 of Chapter 507 of the 1995 Session Laws reads as  
 31 rewritten:

32 "Sec. 7.4. (a) The annual salaries, payable monthly, for specified judicial branch  
 33 officials for the ~~1995-96 and 1996-97~~ fiscal ~~years-year~~ are:

35 <u>Judicial Branch Officials</u>	36 <u>Annual Salary</u>
37 Chief Justice, Supreme Court	\$98,576
38 Associate Justice, Supreme Court	96,000
39 Chief Judge, Court of Appeals	93,600
40 Judge, Court of Appeals	92,000
41 Judge, Senior Regular Resident Superior Court	89,500
42 Judge, Superior Court	87,000
43 Chief Judge, District Court	79,000

1	Judge, District Court	76,500
2	District Attorney	80,600
3	Administrative Officer of the Courts	89,500
4	Assistant Administrative Officer of the Courts	75,160
5	Public Defender	80,600

6  
 7 (b) The district attorney or public defender of a judicial district, with the approval  
 8 of the Administrative Officer of the Courts, shall set the salaries of assistant district  
 9 attorneys or assistant public defenders, respectively, in that district such that the average  
 10 salaries of assistant district attorneys or assistant public defenders in that district do not  
 11 exceed ~~forty-nine thousand five hundred eighty dollars (\$49,580)~~, fifty-one thousand five  
 12 hundred sixty-three dollars (\$51,563), and the minimum salary of any assistant district  
 13 attorney or assistant public defender is at least ~~twenty-five thousand three hundred twelve~~  
 14 ~~dollars (\$25,312) effective July 1, 1995.~~ twenty-six thousand three hundred twenty-four  
 15 dollars (\$26,324) effective July 1, 1996.

16 (c) The salaries in effect for the ~~1994-95-1995-96~~ fiscal year for permanent, full-  
 17 time employees of the Judicial Department, except for those whose salaries are itemized  
 18 in this Part, shall be increased by ~~two percent (2%), commencing July 1, 1995.~~ four  
 19 percent (4%), commencing July 1, 1996.

20 (d) The salaries in effect for the ~~1994-95-1995-96~~ fiscal year for all permanent,  
 21 part-time employees of the Judicial Department shall be increased on and after ~~July 1,~~  
 22 ~~1995,~~ July 1, 1996, by pro rata amounts of the ~~two percent (2%).~~ four percent (4%)."

23  
 24 Requested by: Representatives Holmes, Creech, Esposito

25 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

26 Sec. 25.2. G.S. 7A-102(c1) reads as rewritten:

27 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time  
 28 deputy clerk serving as head bookkeeper per county, shall be paid an annual salary  
 29 subject to the following minimum and maximum rates:

31	Assistant Clerks and Head Bookkeeper	Annual Salary
32		
33	Minimum	<del>\$21,549</del> <u>\$22,411</u>
34	Maximum	<del>38,154</del> <u>39,680</u>
35		
36	Deputy Clerks	Annual Salary
37	Minimum	<del>\$17,229</del> <u>\$17,918</u>
38	Maximum	<del>29,389.</del> <u>30,565.</u> "

39  
 40 Requested by: Representatives Holmes, Creech, Esposito

41 **MAGISTRATES' PAY PLAN**

42 Sec. 25.3. (a) G.S. 7A-171.1(a)(1) reads as rewritten:

"(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

**TABLE OF SALARIES OF FULL-TIME MAGISTRATES**

<u>Step Level</u>	Annual Salary
Entry Rate	\$23,417
<u>\$24,354</u>	
Step 1	<del>25,767</del>
<u>26,798</u>	
Step 2	<del>28,325</del>
<u>29,458</u>	
Step 3	31,116
<u>32,361</u>	
Step 4	<del>34,173</del>
<u>35,540</u>	
Step 5	<del>37,533</del>
<u>39,034</u>	
Step 6	<del>41,228</del>
<u>42,877.</u> "	

(b) G.S. 7A-171.1(a1)(1) reads as rewritten:

"(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

<del>Less than 1 year of service</del>	<del>\$ 18,457</del>
1 or more but less than 3 years of service	19,406 <del>20,182</del>
3 or more but less than 5 years of service	<del>21,314</del> <u>\$22,167.</u> "

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a)."

Requested by: Representatives Holmes, Creech, Esposito

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

Sec. 25.4. G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid

1 an annual salary of ~~fifty-five thousand eighty dollars (\$55,080)~~ fifty-seven thousand two  
2 hundred eighty-three dollars (\$57,283) payable monthly. The Legislative Services  
3 Commission shall review the salary of the principal clerks prior to submission of the  
4 proposed operating budget of the General Assembly to the Governor and Advisory  
5 Budget Commission and shall make appropriate recommendations for changes in those  
6 salaries. Any changes enacted by the General Assembly shall be by amendment to this  
7 paragraph."  
8

9 Requested by: Representatives Holmes, Creech, Esposito

#### 10 **SERGEANT-AT-ARMS AND READING CLERKS**

11 Sec. 25.5. G.S. 120-37(b) reads as rewritten:

12 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary  
13 of ~~two hundred thirty seven dollars (\$237.00) per week,~~ two hundred forty-six dollars  
14 (\$246.00) per week, plus subsistence at the same daily rate provided for members of the  
15 General Assembly, plus mileage at the rate provided for members of the General  
16 Assembly for one round trip only from their homes to Raleigh and return. The sergeants-  
17 at-arms shall serve during sessions of the General Assembly and at such time prior to the  
18 convening of, and subsequent to adjournment or recess of, sessions as may be authorized  
19 by the Legislative Services Commission. The reading clerks shall serve during sessions  
20 only."  
21

22 Requested by: Representatives Holmes, Creech, Esposito

#### 23 **LEGISLATIVE EMPLOYEES**

24 Sec. 25.6. Section 7.11 of Chapter 507 of the 1995 Session Laws reads as  
25 rewritten:

26 "Sec. 7.11. The Legislative Administrative Officer shall increase the salaries of  
27 nonelected employees of the General Assembly in effect for fiscal year ~~1994-95 by two~~  
28 ~~percent (2%).~~ 1995-96 by four percent (4%). Nothing in this act limits any of the  
29 provisions of G.S. 120-32."  
30

31 Requested by: Representatives Holmes, Creech, Esposito

#### 32 **COMMUNITY COLLEGES PERSONNEL**

33 Sec. 25.7. Section 7.12 of Chapter 507 of the 1995 Session Laws reads as  
34 rewritten:

35 "Sec. 7.12. The Director of the Budget shall transfer from the Reserve for Salary  
36 Increases created in this act for fiscal year 1995-96 funds to the Department of  
37 Community Colleges necessary to provide an average annual salary increase of ~~two~~  
38 ~~percent (2%),~~ four percent (4%), including funds for the employer's retirement and social  
39 security contributions, commencing ~~July 1, 1995,~~ July 1, 1996, for all permanent full-  
40 time community college institutional personnel supported by State funds. The State  
41 Board of Community Colleges shall establish guidelines for providing their salary  
42 increases to community college institutional ~~personnel.~~ personnel to include  
43 consideration of increases based on performance. Salary funds shall be used to provide an

1 average annual salary increase of ~~two percent (2%)~~ four percent (4%) to all full-time  
2 employees and part-time employees on a pro rata basis."

3  
4 Requested by: Representatives Holmes, Creech, Esposito

5 **UNIVERSITY OF NORTH CAROLINA SYSTEM – EPA SALARY INCREASES**

6 Sec. 25.8. Section 7.13 of Chapter 507 of the 1995 Session Laws reads as  
7 rewritten:

8 "Sec. 7.13. The Director of the Budget shall transfer to the Board of Governors of  
9 The University of North Carolina sufficient funds from the Reserve for Salary Increases  
10 created in this act for fiscal year ~~1995-96-1996-97~~ to provide an annual average salary  
11 increase of ~~two percent (2%)~~, four percent (4%), including funds for the employer's  
12 retirement and social security contributions, commencing ~~July 1, 1995~~, July 1, 1996, for  
13 all employees of The University of North Carolina, as well as employees other than  
14 teachers of the North Carolina School of Science and Mathematics, supported by State  
15 funds and whose salaries are exempt from the State Personnel Act (EPA). These funds  
16 shall be allocated to individuals according to the rules adopted by the Board of  
17 Governors, or the Board of Trustees of the North Carolina School of Science and  
18 Mathematics, as appropriate, and may not be used for any purpose other than for salary  
19 increases and necessary employer contributions provided by this section. The Board of  
20 Governors shall include consideration of increases based on performance in its adoption  
21 of rules for the allocation of funds for salary increases."

22  
23 Requested by: Representatives Holmes, Creech, Esposito

24 **MOST STATE EMPLOYEES**

25 Sec. 25.9. Section 7.14 of Chapter 507 of the 1995 Session Laws reads as  
26 rewritten:

27 "Sec. 7.14. (a) The salaries in effect ~~June 30, 1995~~, June 30, 1996, of all permanent  
28 full-time State employees whose salaries are set in accordance with the State Personnel  
29 Act, and who are paid from the General Fund or the Highway Fund shall be increased, on  
30 or after ~~July 1, 1995~~, July 1, 1996, unless otherwise provided by this act, ~~by two percent~~  
31 ~~(2%)~~, pursuant to the Comprehensive Compensation System set forth in G.S. 126-7, as  
32 follows:

- 33 (1) Career growth recognition awards in the amount of two percent (2%);  
34 and  
35 (2) A cost-of-living adjustment in the amount of two percent (2%).

36 (b) Except as otherwise provided in this act, salaries in effect ~~June 30, 1995~~, June  
37 30, 1996, for permanent full-time State officials and persons in exempt positions that are  
38 recommended by the Governor or the Governor and the Advisory Budget Commission  
39 and set by the General Assembly shall be increased by ~~two percent (2%)~~, commencing  
40 July 1, 1995, four percent (4%), commencing July 1, 1996.

41 (c) The salaries in effect ~~June 30, 1995~~, June 30, 1996, for all permanent part-time  
42 State employees shall be increased on and after ~~July 1, 1995~~, July 1, 1996, by pro rata



1 amounts of the salary increases provided for permanent full-time employees covered  
2 under subsection (a) of this section.

3 (d) The Director of the Budget may allocate out of special operating funds or from  
4 other sources of the employing agency, except tax revenues, sufficient funds to allow a  
5 salary increase on and after ~~July 1, 1995~~, July 1, 1996, in accordance with subsections  
6 (a), (b), or (c) of this section, including funds for the employer's retirement and social  
7 security contributions, of the permanent full-time and part-time employees of the agency.

8 (e) Within regular Executive Budget Act procedures as limited by this act, all  
9 State agencies and departments may increase on an equitable basis the rate of pay of  
10 temporary and permanent hourly State employees, subject to availability of funds in the  
11 particular agency or department, by pro rata amounts salary increase provided for  
12 permanent full-time employees covered by the provisions of subsection (a) of this  
13 section, commencing ~~July 1, 1995~~, July 1, 1996.

14 (f) Except as provided by subsection (a) of this section, no ~~No~~ person may receive  
15 a salary increase under G.S. 126-7 during the ~~1995-96~~ 1996-97 fiscal year, and no State  
16 employee or officer shall receive a merit increment during the ~~1995-96 and~~ 1996-97  
17 ~~fiscal years~~ year except as otherwise provided by this act."  
18

19 Requested by: Representatives Holmes, Creech, Esposito

#### 20 **ALL STATE-SUPPORTED PERSONNEL**

21 Sec. 25.10. (a) Salaries and related benefits for positions that are funded partially  
22 from the General Fund or Highway Fund and partially from sources other than the  
23 General Fund or Highway Fund shall be increased from the General Fund or Highway  
24 Fund appropriation only to the extent of the proportionate part of the salaries paid from  
25 the General Fund or Highway Fund.

26 (b) The granting of the salary increases under this act does not affect the status of  
27 eligibility for salary increments for which employees may be eligible unless otherwise  
28 required by this act.

29 (c) The salary increases provided in this Part are to be effective July 1, 1996, do  
30 not apply to persons separated from State service due to resignation, dismissal, reduction  
31 in force, death, or retirement, whose last workday is prior to July 1, 1996, or to  
32 employees involved in final written disciplinary procedures. The employee shall receive  
33 the increase on a current basis when the final written disciplinary procedure is resolved.

34 Payroll checks issued to employees after July 1, 1996, which represent  
35 payment of services provided prior to July 1, 1996, shall not be eligible for salary  
36 increases provided for in this act. This subsection shall apply to all employees, subject to  
37 or exempt from the State Personnel Act, paid from State funds, including public schools,  
38 community colleges, and The University of North Carolina.

39 (d) The Director of the Budget shall transfer from the Reserve for Salary Increases  
40 in this act for fiscal year 1996-97 all funds necessary for the salary increases provided by  
41 this act, including funds for the employer's retirement and social security contributions.

42 (e) Nothing in this act authorizes the transfer of funds between the General  
43 Fund and the Highway Fund for salary increases.

1  
2 Requested by: Representatives Holmes, Creech, Esposito

3 **TEACHER SALARY SCHEDULES**

4 Sec. 25.11. (a) The Director of the Budget may transfer from the Reserve for Salary  
5 Increases for the 1996-97 fiscal year funds necessary to implement the teacher salary  
6 schedule set out in subsection (b) of this section, including funds for the employer's  
7 retirement and social security contributions and funds for annual longevity payments at  
8 one percent (1%) of base salary for 10 to 14 years of State service, one and one-half  
9 percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base  
10 salary for 20 to 24 years of State service, and two and one-half percent (2.5%) of base  
11 salary for 25 or more years of State service, commencing July 1, 1996, for all teachers  
12 whose salaries are supported from the State's General Fund. These funds shall be  
13 allocated to individuals according to rules adopted by the State Board of Education and  
14 the Superintendent of Public Instruction. The longevity payment shall be paid in a lump  
15 sum once a year.

16 (b)(1) Beginning July 1, 1996, the following monthly salary schedule shall  
17 apply to certified personnel of the public schools who are classified as  
18 "A"teachers. The schedule contains 30 steps with each step  
19 corresponding to one year of teaching experience.

20	Years of	1996-97
21	<u>Experience</u>	<u>Salary</u>
22	00	\$2,103
23	01	2,145
24	02	2,187
25	03	2,274
26	04	2,320
27	05	2,367
28	06	2,415
29	07	2,463
30	08	2,512
31	09	2,562
32	10	2,613
33	11	2,665
34	12	2,718
35	13	2,772
36	14	2,827
37	15	2,883
38	16	2,940
39	17	2,999
40	18	3,059
41	19	3,121
42	20	3,183
43	21	3,247

1	22	3,312
2	23	3,378
3	24	3,446
4	25	3,515
5	26	3,585
6	27	3,657
7	28	3,730
8	29	3,805
9	30+	3,805

10 (2) Beginning July 1, 1996, the following monthly salary schedule shall  
 11 apply to certified personnel of the public schools who are classified as  
 12 "G"teachers. The schedule contains 30 steps with each step  
 13 corresponding to one year of teaching experience.

14	Years of	1996-97
15	<u>Experience</u>	<u>Salary</u>
16	00	\$2,234
17	01	2,279
18	02	2,324
19	03	2,417
20	04	2,466
21	05	2,515
22	06	2,565
23	07	2,616
24	08	2,668
25	09	2,721
26	10	2,775
27	11	2,830
28	12	2,887
29	13	2,945
30	14	3,004
31	15	3,064
32	16	3,125
33	17	3,188
34	18	3,252
35	19	3,317
36	20	3,383
37	21	3,451
38	22	3,520
39	23	3,590
40	24	3,662
41	25	3,735
42	26	3,810
43	27	3,886

1	28	3,964
2	29	4,043
3	30+	4,043

4 (3) Certified public school teachers with certification based on academic  
5 preparation at the six-year degree level shall receive a salary supplement  
6 of one hundred twenty-six dollars (\$126.00) per month in addition to the  
7 compensation provided for certified personnel of the public schools who  
8 are classified as "G"teachers. Certified public school teachers with  
9 certification based on academic preparation at the doctoral degree level  
10 shall receive a salary supplement of two hundred fifty-three dollars  
11 (\$253.00) per month in addition to the compensation provided for  
12 certified personnel of the public schools who are classified as  
13 "G"teachers.

14 (c) The first step of the salary schedule for school psychologists shall be  
15 equivalent to Step 5, corresponding to five years of experience, on the salary schedule  
16 established in this section for certified personnel of the public schools who are classified  
17 as "G"teachers. Certified psychologists shall be placed on the salary schedule at an  
18 appropriate step based on their years of experience. Certified psychologists shall receive  
19 longevity payments based on years of State service in the same manner as teachers.

20 Certified psychologists with certification based on academic preparation at the  
21 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars  
22 (\$126.00) per month in addition to the compensation provided for certified psychologists.  
23 Certified psychologists with certification based on academic preparation at the doctoral  
24 degree level shall receive a salary supplement of two hundred fifty-three dollars  
25 (\$253.00) per month in addition to the compensation provided for certified psychologists.

26 (d) Certified personnel of the public schools who are: (i) classified as  
27 "A"teachers; (ii) at the maximum of their pay range on June 30, 1996; and (iii) employed  
28 as teachers for the first three pay periods of the 1996-97 school year shall receive a one-  
29 time bonus of seven hundred fifty-three dollars (\$753.00), payable at the third payroll  
30 period of the 1996-97 school year. Certified personnel of the public schools who are: (i)  
31 classified as "G"teachers; (ii) at the maximum of their pay range on June 30, 1996; and  
32 (iii) employed as teachers for the first three pay periods of the 1996-97 school year, shall  
33 receive a one-time bonus of eight hundred one dollars (\$801.00), payable at the third  
34 payroll period of the 1996-97 school year. Certified personnel of the public schools who  
35 are: (i) certified based on academic preparation at the six-year degree level; (ii) at the  
36 maximum of their pay range on June 30, 1996; and (iii) employed as teachers for the first  
37 three pay periods of the 1996-97 school year shall receive a one-time bonus of eight  
38 hundred twenty-six dollars (\$826.00), payable at the third payroll period of the 1996-97  
39 school year. Certified personnel of the public schools who are: (i) certified based on  
40 academic preparation at the doctoral degree level; (ii) at the maximum of their pay range  
41 on June 30, 1996; and (iii) employed as teachers for the first three pay periods of the  
42 1996-97 school year shall receive a one-time bonus of eight hundred fifty-one dollars  
43 (\$851.00), payable at the third payroll period of the 1996-97 school year.

(e) Certified personnel of the public schools who are: (i) classified as psychologists with advanced degrees; (ii) at the maximum of their pay range on June 30, 1996; and (iii) employed as school psychologists for the first three pay periods of the 1996-97 school year, shall receive a one-time bonus of nine hundred ten dollars (\$910.00), payable at the third payroll period of the 1996-97 school year. Certified personnel of the public schools who are: (i) classified as psychologists with doctoral degrees; (ii) at the maximum of their pay range on June 30, 1996; and (iii) employed as school psychologists for the first three pay periods of the 1996-97 school year, shall receive a one-time bonus of nine hundred thirty-seven dollars (\$937.00), payable at the third payroll period of the 1996-97 school year.

(f) The Director of the Budget may transfer from the Reserve for Salary Increases for the 1996-97 fiscal year, funds necessary to provide a ten percent (10%) performance award to be paid monthly to twenty-five percent (25%) of public school teachers who have achieved career status. The award shall become effective April 1, 1997. The State Board of Education shall develop a plan for determining which career teachers shall receive a performance award. Future cost of living increases for teachers who receive a performance award under this section shall be based upon the performance award.

Requested by: Representatives Holmes, Creech, Esposito

**SCHOOL-BASED ADMINISTRATOR SALARIES**

Sec. 25.12. (a) Funds appropriated to the Reserve for Salary Increases shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1996-97 fiscal year is as follows:

Step	Asst.	Prin.	Prin.I	Prin.II	Prin.III	Prin.IV	Prin.V	Prin.VI	Prin. VII
0	—	—	—	—	—	—	—	—	—
1	—	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—	—
3	—	—	—	—	—	—	—	—	—
4	\$2,540	—	—	—	—	—	—	—	—
5	2,591	—	—	—	—	—	—	—	—
6	2,643	—	—	—	—	—	—	—	—
7	2,696	—	—	—	—	—	—	—	—
8	2,750	\$2,750	—	—	—	—	—	—	—
9	2,805	2,805	—	—	—	—	—	—	—

1	10	2,861	2,861	\$2,918	-	-	-	-	-
2	11	2,918	2,918	2,976	-	-	-	-	-
3	12	2,976	2,976	3,036	\$3,097	-	-	-	-
4	13	3,036	3,036	3,097	3,159	\$3,222	-	-	-
5	14	3,097	3,097	3,159	3,222	3,286	\$3,352	-	-
6	15	3,159	3,159	3,222	3,286	3,352	3,419	-	-
7	16	3,222	3,222	3,286	3,352	3,419	3,487	\$3,557	-
8	17	3,286	3,286	3,352	3,419	3,487	3,557	3,628	\$3,701
9	18	3,352	3,352	3,419	3,487	3,557	3,628	3,701	3,775
10	19	3,419	3,419	3,487	3,557	3,628	3,701	3,775	3,851
11	20	3,487	3,487	3,557	3,628	3,701	3,775	3,851	3,928
12	21	3,557	3,557	3,628	3,701	3,775	3,851	3,928	4,007
13	22	3,628	3,628	3,701	3,775	3,851	3,928	4,007	4,087
14	23	3,701	3,701	3,775	3,851	3,928	4,007	4,087	4,169
15	24	3,775	3,775	3,851	3,928	4,007	4,087	4,169	4,252
16	25	3,851	3,851	3,928	4,007	4,087	4,169	4,252	4,337
17	26	3,928	3,928	4,007	4,087	4,169	4,252	4,337	4,424
18	27	4,007	4,007	4,087	4,169	4,252	4,337	4,424	4,512
19	28	4,087	4,087	4,169	4,252	4,337	4,424	4,512	4,602
20	29	4,169	4,169	4,252	4,337	4,424	4,512	4,602	4,694
21	30	4,252	4,252	4,337	4,424	4,512	4,602	4,694	4,788
22	31	4,337	4,337	4,424	4,512	4,602	4,694	4,788	4,884
23	32	-	4,424	4,512	4,602	4,694	4,788	4,884	4,982
24	33	-	-	4,602	4,694	4,788	4,884	4,982	5,082
25	34	-	-	4,694	4,788	4,884	4,982	5,082	5,184
26	35	-	-	-	4,884	4,982	5,082	5,184	5,288
27	36	-	-	-	4,982	5,082	5,184	5,288	5,394
28	37	-	-	-	-	5,184	5,288	5,394	5,502
29	38	-	-	-	-	-	5,394	5,502	5,612
30	39	-	-	-	-	-	-	5,612	5,724
31	40	-	-	-	-	-	-	5,724	5,838
32	41	-	-	-	-	-	-	-	5,955.

(c) The appropriate classification for placement of principals and assistant principals on the salary schedule shall be determined in accordance with the following schedule:

	<b>Classification</b>	<b>Number of Teachers Supervised</b>
38	Assistant Principal	
39	Principal I	Less than 11 Teachers
40	Principal II	11-21 Teachers
41	Principal III	22-32 Teachers
42	Principal IV	33-43 Teachers
43	Principal V	44-54 Teachers

1	Principal VI	55-65 Teachers
2	Principal VII	More than 65 Teachers

3  
4 The number of teachers supervised includes teachers and assistant principals paid from  
5 State funds only; it does not include teachers or assistant principals paid from non-State  
6 funds or the principal or teacher assistants.

7 (d) A principal shall be placed on the step on the salary schedule that reflects total  
8 number of years of experience as a certificated employee of the public schools and an  
9 additional step for every three years of experience as a principal.

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

14 (f) There shall be no State requirement that superintendents in each local  
15 school unit shall receive in State-paid salary at least one percent (1%) more than the  
16 highest paid principal receives in State salary in that school unit: Provided, however, the  
17 additional State-paid salary a superintendent who was employed by a local school  
18 administrative unit for the 1992-93 fiscal year received because of that requirement shall  
19 not be reduced because of this subsection for subsequent fiscal years that the  
20 superintendent is employed by that local school administrative unit so long as the  
21 superintendent is entitled to at least that amount of additional State-paid salary under the  
22 rules in effect for the 1992-93 fiscal year.

23 (g) Longevity pay for principals and assistant principals shall be as provided  
24 for State employees.

25 (h) (1) If a principal is reassigned to a higher job classification because the  
26 principal is transferred to a school within a local school administrative  
27 unit with a larger number of State-allotted teachers, the principal shall  
28 be placed on the salary schedule as if the principal had served the  
29 principal's entire career as a principal at the higher job classification.

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

36 This subdivision applies to all transfers on or after the  
37 ratification date of this act, except transfers in school systems  
38 that have been created, or will be created, by merging two or  
39 more school systems. Transfers in these merged systems are  
40 exempt from the provisions of this subdivision for one calendar  
41 year following the date of the merger.

42 (i) Except as provided in subsection (h) of this section, the salary of a principal  
43 or assistant principal shall not be less for the 1996-97 fiscal year than it was for the 1993-

1 94 fiscal year solely as a result of placement on the salary schedule established in this  
2 section.

3  
4 Requested by: Representatives Holmes, Creech, Esposito

5 **SCHOOL CENTRAL OFFICE SALARIES**

6 Sec. 25.13. (a) The following monthly salary ranges apply to public school  
7 superintendents, assistant superintendents, associate superintendents,  
8 directors/coordinators, supervisors, and finance officers for the 1996-97 fiscal year:

9	(1)	School Administrator I:	\$2,804
10		- \$4,511	
11	(2)	School Administrator II:	\$2,976
12		- \$4,788	
13	(3)	School Administrator III:	
14		\$3,158 - \$5,081	
15	(4)	School Administrator IV:	\$3,286
16		- \$5,287	
17	(5)	School Administrator V:	\$3,418
18		- \$5,501	
19	(6)	School Administrator VI:	\$3,627
20		- \$5,838	
21	(7)	School Administrator VII:	
22		\$3,774 - \$6,074	

23 The local board of education shall determine the appropriate category and placement for  
24 each assistant superintendent, associate superintendent, director/coordinator, supervisor,  
25 or finance officer, within the salary ranges and within funds appropriated by the General  
26 Assembly for central office administrators and superintendents. The category in which  
27 an employee is placed shall be included in the contract of any employee hired on or after  
28 July 1, 1996.

29 (b) The following monthly salary ranges apply to public school superintendents  
30 for the 1996-97 fiscal year:

31	(1)	Superintendent I (Up to 2,500 ADM):	\$4,006 - \$6,446
32	(2)	Superintendent II (2,501 - 5,000 ADM):	\$4,251 - \$6,840
33	(3)	Superintendent III (5,001 - 10,000 ADM):	\$4,511 - \$7,259
34	(4)	Superintendent IV (10,001 - 25,000 ADM):	\$4,788 - \$7,704
35	(5)	Superintendent V (Over 25,000 ADM):	\$5,081 - \$8,175

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

40 Notwithstanding the provisions of this subsection, a local board of education  
41 may pay an amount in excess of the applicable range to a superintendent who is entitled  
42 to receive the higher amount under Section 28.11(f) of this act.



1 (c) Longevity pay for superintendents, assistant superintendents, associate  
2 superintendents, directors/coordinators, supervisors, and finance officers shall be as  
3 provided for State employees.

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

13 (e) The State Board shall not permit local school administrative units to  
14 transfer State funds from other funding categories for salaries for public school central  
15 office administrators.

16 (f) The Director of the Budget shall transfer from the Reserve for Salary  
17 Increases for fiscal year 1996-97 funds necessary to provide an average annual salary  
18 increase of four percent (4%), including funds for the employer's retirement and social  
19 security contributions, commencing July 1, 1996, for all permanent full-time personnel  
20 paid from the Central Office Allotment. The State Board of Education shall allocate these  
21 funds to local school administrative units. The local boards of education shall establish  
22 guidelines for providing their salary increases to these personnel.

23  
24 Requested by: Representatives Holmes, Creech, Esposito

#### 25 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

26 Sec. 25.14. (a) The Director of the Budget may transfer from the Reserve for Salary  
27 Increases created in this act for fiscal year 1996-97 funds necessary to provide a salary  
28 increase of four percent (4%), including funds for the employer's retirement and social  
29 security contributions, commencing July 1, 1996, for all noncertified public school  
30 employees, except school bus drivers, whose salaries are supported from the State's  
31 General Fund. These funds shall not be used for any purpose other than for the salary  
32 increases and necessary employer contributions provided by this subsection.

33 (b) The fiscal year 1995-96 pay rates adopted by local boards of education for  
34 school bus drivers shall be increased by at least four percent (4%) on and after July 1,  
35 1996, to the extent that such rates of pay are supported by the allocation of State funds  
36 from the State Board of Education. Local boards of education shall increase the rates of  
37 pay for all school bus drivers who were employed during fiscal year 1995-96 and who  
38 continue their employment for fiscal year 1996-97 by at least four percent (4%) on and  
39 after July 1, 1996. The Director of the Budget may transfer from the salary increase  
40 reserve fund created in this act for fiscal year 1996-97 funds necessary to provide the  
41 salary increases for school bus drivers whose salaries are supported from the State's  
42 General Fund in accordance with the provisions of this subsection.

1 Requested by: Representatives Holmes, Creech, Esposito

2 **STUDY COMMISSION ON THE COMPREHENSIVE COMPENSATION**  
3 **SYSTEM**

4 Sec. 25.15. (a) The Study Commission on the Comprehensive Compensation  
5 System is created. The Commission shall consist of nine members: three Representatives  
6 appointed by the Speaker of the House of Representatives, three Senators appointed by  
7 the President Pro Tempore of the Senate, and three members appointed by the Governor.  
8 The Speaker of the House of Representatives shall designate one Representative as  
9 cochair and the President Pro Tempore of the Senate shall designate one Senator as  
10 cochair. Vacancies in the membership of the Commission shall be filled by the same  
11 appointing officer who made the initial appointment.

12 (b) The Commission shall:

- 13 (1) Evaluate the Comprehensive Compensation System established  
14 in Article 2 of Chapter 126 of the General Statutes; and  
15 (2) Determine a methodology for funding the pay plan for State  
16 employees at varying levels of appropriations to fund State pay  
17 increases.

18 The Commission shall submit a final report of its findings and recommendations to the  
19 General Assembly on or before the first day of the 1997 Session by filing the report with  
20 the Speaker of the House of Representatives and the President Pro Tempore of the  
21 Senate. Upon filing its final report, the Commission shall terminate.

22 (c) The Commission, while in the discharge of official duties, may exercise all  
23 the powers provided for under the provisions of G.S. 120-19, and G.S. 120-19.1 through  
24 G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs.  
25 The Commission may meet in the Legislative Building or the Legislative Office  
26 Building.

27 (d) Members of the Commission who are legislators shall receive subsistence  
28 and travel expenses at the rates set forth in G.S. 120-3.1. Other members of the  
29 Commission shall receive reimbursement for travel expenses at the rates allowed by G.S.  
30 138-6.

31 (e) The Commission may contract for professional, clerical, or consultant  
32 services as provided by G.S. 120-32.02. The Legislative Services Commission, through  
33 the Legislative Services Officer, shall assign professional staff to assist in the work of the  
34 Commission. The House of Representatives' and the Senate's Supervisors of Clerks shall  
35 assign clerical staff to the commission upon the direction of the Legislative Services  
36 Commission. The expenses relating to clerical employees shall be borne by the  
37 Commission.

38 (f) All State departments and agencies shall furnish the Commission with any  
39 information in their possession or available to them.

40  
41 Requested by: Representatives Holmes, Creech, Esposito

42 **POSTRETIREMENT BENEFIT INCREASES**

43 Sec. 25.16. (a) G.S. 135-5 is amended by adding a new subsection to read:

1       "(bbb) From and after July 1, 1996, the retirement allowance to or on account of  
2 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased  
3 by four percent (4%) of the allowance payable on July 1, 1995, in accordance with G.S.  
4 135-5(o). Furthermore, from and after July 1, 1996, the retirement allowance to or on  
5 account of beneficiaries whose retirement commenced after July 1, 1995, but before June  
6 30, 1996, shall be increased by a prorated amount of four percent (4%) of the allowance  
7 payable as determined by the Board of Trustees based upon the number of months that a  
8 retirement allowance was paid between July 1, 1995, and June 30, 1996."

9       (b) G.S. 135-65 is amended by adding a new subsection to read:

10       "(q) From and after July 1, 1996, the retirement allowance to or on account of  
11 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased  
12 by four percent (4%) of the allowance payable on July 1, 1995. Furthermore, from and  
13 after July 1, 1996, the retirement allowance to or on account of beneficiaries whose  
14 retirement commenced after July 1, 1995, but before June 30, 1996, shall be increased by  
15 a prorated amount of four percent (4%) of the allowance payable as determined by the  
16 Board of Trustees based upon the number of months that a retirement allowance was paid  
17 between July 1, 1995, and June 30, 1996."

18       (c) G.S. 120-4.22A is amended by adding a new subsection to read:

19       "(k) In accordance with subsection (a) of this section, from and after July 1, 1996,  
20 the retirement allowance to or on account of beneficiaries whose retirement commenced  
21 on or before January 1, 1996, shall be increased by four percent (4%) of the allowance  
22 payable on January 1, 1996. Furthermore, from and after July 1, 1996, the retirement  
23 allowance to or on account of beneficiaries whose retirement commenced after January 1,  
24 1996, but before June 30, 1996, shall be increased by a prorated amount of four percent  
25 (4%) of the allowance payable as determined by the Board of Trustees based upon the  
26 number of months that a retirement allowance was paid between January 1, 1996, and  
27 June 30, 1996."

28       (d) G.S. 128-27 is amended by adding a new subsection to read:

29       "(rr) From and after July 1, 1996, the retirement allowance to or on account of  
30 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased  
31 by four percent (4%) of the allowance payable on July 1, 1995, in accordance with G.S.  
32 128-27(k). Furthermore, from and after July 1, 1996, the retirement allowance to or on  
33 account of beneficiaries whose retirement commenced after July 1, 1995, but before June  
34 30, 1996, shall be increased by a prorated amount of four percent (4%) of the allowance  
35 payable as determined by the Board of Trustees based upon the number of months that a  
36 retirement allowance was paid between July 1, 1995, and June 30, 1996."

37  
38 Requested by: Representatives Holmes, Creech, Esposito

### 39 SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

40       Sec. 25.17. Section 7.1(b) of Chapter 324 of the 1995 Session Laws, as  
41 amended by Section 7.22A of Chapter 507 of the 1995 Session Laws, reads as rewritten:

42       "(b) ~~Effective July 1, 1995, July 1, 1996,~~ the State's employer contribution rates  
43 budgeted for retirement and related benefits as a percentage of covered salaries for the

1 1995-96 fiscal year are (i) ten and eighty-three hundredths percent (10.83%) - Teachers  
2 and State Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State  
3 Law Enforcement Officers; (iii) nine and eighteen hundredths percent (9.18%) -  
4 University Employees' Optional Retirement Program; (iv) twenty-two and sixty-five  
5 hundredths percent (22.65%) - Consolidated Judicial Retirement System; and (v) ~~twenty-~~  
6 ~~three and twenty seven hundredths percent (23.27%)~~ twenty-four and forty-three  
7 hundredths percent (24.43%) - Legislative Retirement System. Each of the foregoing  
8 contribution rates includes two percent (2%) for hospital and medical benefits. The rate  
9 for State Law Enforcement Officers includes five percent (5%) for the Supplemental  
10 Retirement Income Plan. The rates for Teachers and State Employees, State Law  
11 Enforcement Officers, and for the University Employees' Optional Retirement Program  
12 includes fifty-two hundredths percent (0.52%) for the Disability Income Plan."

13  
14 Requested by: Representatives Holmes, Creech, Esposito, Dockham

15 **STATE EMPLOYEE HEALTH BENEFIT PLAN/PREEXISTING HEALTH**  
16 **CONDITIONS**

17 Sec. 25.18. (a) G.S. 135-40.1(15) reads as rewritten:

18 "(15) Preexisting Condition. – A condition, disease, illness or injury ~~which~~  
19 ~~existed or had its beginning to any degree, whether diagnosed or not,~~  
20 diagnosed and treated within six months prior to the effective date of  
21 coverage."

22 (b) G.S. 135-40.3(b) is amended by adding a new subdivision to read:

23 "(5) To administer the 12-month waiting period for preexisting conditions  
24 under this Article, the Plan must give credit against the 12-month period  
25 for the time that a person was covered under a previous plan if the  
26 previous plan's coverage was continuous to a date not more than 60 days  
27 before the effective date of coverage. As used in this subdivision, a  
28 'previous plan' means any policy, certificate, contract, or any other  
29 arrangement provided by any accident and health insurer, any hospital  
30 or medical service corporation, any health maintenance organization,  
31 any preferred provider organization, any multiple employer welfare  
32 arrangement, any self-insured health benefit arrangement, any  
33 governmental health benefit or health care plan or program, or any other  
34 health benefit arrangement."

35 (c) This section is effective July 1, 1995.

36  
37 **PART 26. SCHOOL BONDS TECHNICAL CORRECTION**

38  
39 Requested by: Representatives Holmes, Creech, Esposito

40 **SCHOOL BONDS TECHNICAL CORRECTION**

41 Sec. 26. Section 4 of Chapter 631 of the 1995 Session Laws reads as rewritten:

42 "Sec. 4. Authorization of Bonds and Notes. – Subject to a favorable vote of a  
43 majority of the qualified voters of the State who vote on the question of issuing Public

1 School Building Bonds in the election held as provided in this act, the State Treasurer is  
2 authorized, by and with the consent of the Council of State, to issue and sell, at one time  
3 or from time to time, general obligation bonds of the State to be designated "State of  
4 North Carolina Public School Building Bonds", with any additional designations as may  
5 be determined to indicate the issuance of bonds from time to time, or notes of the State as  
6 provided in this act, in the aggregate principal amount not exceeding one billion eight  
7 hundred million dollars (\$1,800,000,000) for the purposes authorized in this act. The  
8 principal amounts of bonds or notes issued in any 12-month period shall not exceed four  
9 hundred fifty million dollars (\$450,000,000). In determining whether this limit has been  
10 reached, the issuance of a note or bond to pay an outstanding note or bond is not  
11 considered an issuance."

12 Sec. 26.1. Section 6(d) of Chapter 631 of the 1995 Session Laws reads as  
13 rewritten:

14 "(d) Match. – A county is not required to match bond proceeds allocated under  
15 subsection (b) of this section. A county is not required to match the Low-Wealth  
16 Allocation of bond proceeds under subsection (c) of this section. A county must match  
17 both the ADM Allocation and the Growth Allocation of bond proceeds under subsection  
18 (c) of this section. These two allocations must be matched at the rate of matching funds  
19 equal to three cents (3¢) times the county's ability to pay rank for every one dollar (\$1.00)  
20 of allocated bond proceeds. A county's ability to pay rank is its rank in the ranking of  
21 counties from lowest to highest county wealth as a percentage of State average wealth  
22 made by the State Board of Education for the 1995-96 fiscal year pursuant to Section  
23 17.1 of Chapter 507 of the 1995 Session Laws. The match requirement may be satisfied  
24 by non-State expenditures for public school facilities made on or after January 1, 1992.  
25 ~~A non-State expenditure has been made for the purpose of the match if funds, including~~  
26 ~~funds expended for debt service, have been budgeted, earmarked, or committed for the~~  
27 ~~general purpose of public school facilities. If a debt has been authorized or incurred since~~  
28 ~~January 1, 1992, for the general purpose of public school facilities, then the face amount~~  
29 ~~of the debt shall be considered as a non-State expenditure for public school facilities for~~  
30 ~~the purpose of the match. Non-state expenditures are defined as follows:~~

- 31 (1) With respect to debt authorized for public school facilities before  
32 January 1, 1992, non-State expenditures include amounts expended on  
33 or after January 1, 1992, for debt service for the debt.  
34 (2) With respect to debt authorized for public school facilities on or after  
35 January 1, 1992, non-State expenditures include only the face amount of  
36 the debt.  
37 (3) With respect to expenditures other than for debt service, non-State  
38 expenditures include funds budgeted, earmarked, or committed on or  
39 after January 1, 1992, for the general purpose of public school facilities.

40 As counties satisfy the match requirements of this section, they shall document  
41 the extent to which they have done so in periodic reports to the State Board of Education.  
42 These reports shall include any information and documentation required by the State  
43 Board of Education. The State Board of Education shall certify to the State Treasurer

1 from time to time the extent to which the match requirements of this section have been  
2 met with respect to each county; this certification shall be binding and conclusive. Bond  
3 proceeds shall be distributed for expenditure only as, and to the extent, the matching  
4 requirements of this section are satisfied, as certified by the State Board of Education.  
5 The State Board of Education shall also require counties to report annually on the impact  
6 of funds provided under this act on the property tax rate for that year. These reports shall  
7 be public documents and shall be furnished to any citizen upon request."  
8

## 9 **PART 27. MISCELLANEOUS PROVISIONS**

10  
11 Requested by: Representatives Holmes, Creech, Esposito

### 12 **EXECUTIVE BUDGET ACT APPLIES**

13 Sec. 27. The provisions of the Executive Budget Act, Chapter 143, Article 1 of  
14 the General Statutes, as amended by this act, are reenacted and shall remain in full force  
15 and effect and are incorporated in this act by reference.  
16

17 Requested by: Representatives Holmes, Creech, Esposito

### 18 **COMMITTEE REPORT**

19 Sec. 27.1. (a) The House Appropriations Committee Proposed Report on House  
20 Draft Bill DRH5276 Budget Modifications, dated July 10, 1996, together with any  
21 accompanying correction sheets, which was distributed in the House of Representatives  
22 and used to explain this act, shall indicate action by the General Assembly on this act and  
23 shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive  
24 Budget Act, and for these purposes shall be considered a part of this act.

25 (b) The budget enacted by the General Assembly for the maintenance of the  
26 various departments, institutions, and other spending agencies of the State for the 1995-  
27 97 fiscal biennium is a line item budget, in accordance with the Budget Code Structure  
28 and the State Accounting System Uniform Chart of Accounts set out in the  
29 Administrative Policies and Procedures Manual of the Office of the State Controller.  
30 This budget includes the appropriations made from all sources including the General  
31 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental  
32 receipts.

33 The General Assembly amended the itemized budget requests submitted to the  
34 General Assembly by the Director of the Budget and the Advisory Budget Commission,  
35 in accordance with the steps that follow and the line item detail in the budget enacted by  
36 the General Assembly may be derived accordingly:

- 37 (1) Negative reserves set out in the submitted budget were deleted and the  
38 totals were increased accordingly.
- 39 (2) The base budget was adjusted in accordance with the base budget cuts  
40 and additions that were set out in the House Appropriations Committee  
41 Proposed Report on House Draft Bill DRH5276 Budget Modifications,  
42 dated July 10, 1996, together with any accompanying correction sheets.

- 1           (3) Transfers of funds supporting programs were made in accordance with  
2           the House Appropriations Committee Proposed Report on House Draft  
3           Bill DRH5276 Budget Modifications, dated July 10, 1996, together with  
4           any accompanying correction sheets.

5           The budget enacted by the General Assembly shall also be interpreted in  
6           accordance with the special provisions in this act and in accordance with other  
7           appropriate legislation.

8           In the event that there is a conflict between the line item budget certified by the  
9           Director of the Budget and the budget enacted by the General Assembly, the budget  
10          enacted by the General Assembly shall prevail.

11  
12          Requested by: Representatives Holmes, Creech, Esposito

13          **MOST TEXT APPLIES ONLY TO 1996-97**

14          Sec. 27.2. Except for statutory changes or other provisions that clearly indicate  
15          an intention to have effects beyond the 1996-97 fiscal year, the textual provisions of this  
16          act apply only to funds appropriated for, and activities occurring during, the 1996-97  
17          fiscal year.

18  
19          Requested by: Representatives Holmes, Creech, Esposito

20          **1995-96 APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

21          Sec. 27.3. (a) Except where expressly repealed or amended by this act, the  
22          provisions of Chapters 324 and 507 of the 1995 Session Laws remain in effect.

23          (b) Notwithstanding any modifications by this act in the amounts appropriated,  
24          except where expressly repealed or amended, the limitations and directions for the 1995-  
25          96 fiscal year in Chapters 324 and 507 of the 1995 Session Laws that applied to  
26          appropriations to particular agencies or for particular purposes apply to the newly enacted  
27          appropriations and budget reductions of this act for those same particular purposes.

28  
29          Requested by: Representatives Holmes, Creech, Esposito

30          **EFFECT OF HEADINGS**

31          Sec. 27.4. The headings to the parts and sections of this act are a convenience  
32          to the reader and are for reference only. The headings do not expand, limit, or define the  
33          text of this act.

34  
35          Requested by: Representatives Holmes, Creech, Esposito

36          **SEVERABILITY CLAUSE**

37          Sec. 27.5. If any section or provision of this act is declared unconstitutional or  
38          invalid by the courts, it does not affect the validity of this act as a whole or any part other  
39          than the part so declared to be unconstitutional or invalid.

40  
41          Requested by: Representatives Holmes, Creech, Esposito

42          **EFFECTIVE DATE**

1                   Sec. 27.6. Except as otherwise provided, this act becomes effective July 1,  
2 1996.