

May 22, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. *TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO ENACT AN EARLY REDUCTION IN THE SALES TAX RATE AND AN EARLY REDUCTION IN THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO INCREASE THE MINIMUM WAGE, AND TO PROVIDE FOR THE FINANCING OF CONSTRUCTION OF PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.*

PART I. TITLE

The title of the act is the Current Operations and Capital Improvements Appropriations Act of 2006.

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Increases and (decreases) appropriations from the General Fund for operating expenditures as follows:

Current Operations – General Fund	FY 2006-2007
EDUCATION	
Community Colleges System Office	\$ 43,124,642
Department of Public Instruction	129,758,427
University of North Carolina – Board of Governors	
Appalachian State University	2,189
East Carolina University	
Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	0
Agricultural Research	65,287
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	
Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)
Western Carolina University	(735,491)
Winston-Salem State University	0
General Administration	0
University Institutional Programs	140,629,097
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total	\$ 131,249,554
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Office of the Secretary	\$ (65,275,120)
Division of Aging	3,000,000

Division of Blind Services/Deaf/HH		75,000
Division of Child Development		35,465,513
Division of Education Services		828,548
Division of Facility Services		0
Division of Medical Assistance		(149,850,000)
Division of Mental Health		77,589,934
NC Health Choice		0
Division of Public Health		19,085,242
Division of Social Services		12,799,153
Division of Vocational Rehabilitation Services		0
Total	\$	(66,281,730)
NATURAL AND ECONOMIC RESOURCES		
Department of Agriculture and Consumer Services	\$	3,676,261
Department of Commerce		
Commerce		20,222,483
Commerce State-Aid		500,000
NC Biotechnology Center		4,000,000
Rural Economic Development Center		(500,000)
Department of Environment and Natural Resources		
Environment and Natural Resources		14,895,997
Clean Water Management Trust Fund		0
Department of Labor		613,894
JUSTICE AND PUBLIC SAFETY		
Department of Correction	\$	33,281,348
Department of Crime Control and Public Safety		3,675,280
Judicial Department		27,095,425
Judicial Department – Indigent Defense		7,483,129
Department of Justice		5,038,339
Department of Juvenile Justice and Delinquency Prevention		2,527,679
GENERAL GOVERNMENT		
Department of Administration	\$	4,217,236
Office of Administrative Hearings		281,367
Department of State Auditor		38,500
Office of State Controller		0
Department of Cultural Resources		
Cultural Resources		5,130,562
Roanoke Island Commission		0
State Board of Elections		989,516
General Assembly		168,346
Office of the Governor		
Office of the Governor		100,000
Office of State Budget and Management		409,938
OSBM – Reserve for Special Appropriations		1,353,253
Housing Finance Agency		17,750,000
Department of Insurance		
Insurance		142,057
Insurance – Volunteer Safety Workers' Compensation		0
Office of Lieutenant Governor		88,433
Department of Revenue		1,108,392
Department of Secretary of State		553,067
Department of State Treasurer		

State Treasurer	281,784
State Treasurer – Retirement for Fire and Rescue Squad Workers	514,000

TRANSPORTATION

Department of Transportation	\$	0
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RESERVES, ADJUSTMENTS, AND DEBT SERVICE

Reserve for Compensation Increases	\$	692,188,373
Reserve for Teachers' and State Employees' Retirement Rate Adjustment		27,107,200
Retirement System Payback		30,000,000
Information Technology Fund		42,087,229
Reserve for Heating and Cooling Assistance		10,000,000
Reserve for Legal Expenses		1,065,710
Trust Fund for MH, DD, SAS, and Bridge Funding Needs		5,000,000
Establish State Emergency Response Fund		20,000,000
Debt Service		
General Debt Service		(50,000,000)
Federal Reimbursement		0

TOTAL CURRENT OPERATIONS – GENERAL FUND	\$	1,170,935,691
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GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2. Repeals the General Fund availability statement in the 2005 Appropriations Act and substitutes the following:

	FY 2006-2007
Unappropriated Balance from FY 2005-2006	\$ 113,386,988
Less: HB 1868 Emergency Appropriation for Department of Correction	(15,000,000)
Projected Reversions from FY 2005-2006	125,000,000
Projected Over Collections from FY 2005-2006	1,072,100,000
Year End Unreserved Credit Balance before Earmarkings	\$ 1,295,486,988
Less: Credit to Savings Reserve Account	\$ (323,871,747)
Less: Credit to Repairs and Renovations Reserve Account	(225,000,000)
Revised Year End Unreserved Credit Balance	\$ 746,615,241
Revenues Based on Existing Tax Structure	\$ 16,951,416,000
Nontax Revenues	
Investment Income	\$ 78,700,000
Judicial Fees	168,605,271
Disproportionate Share	100,000,000
Insurance	51,543,813
Other Nontax Revenues	455,382,930
Subtotal Nontax Revenues	\$ 854,232,014
Total General Fund Availability	\$ 18,552,263,255
Adjustments to Availability: 2006 Session	
Adjustment to Baseline Revenue Forecast	\$ 698,864,995
Reduce Sales Tax from 4.5% to 4.25% – January 1, 2007	(118,000,000)
Reduce Top Personal Income Tax Rate to 8.0% – January 1, 2007	(28,600,000)
Reserve for Other Tax Reductions	(78,400,000)
Redirect Portion of Alcohol Excise Tax to Mental Health Trust Fund	(9,390,000)
Redirect Court of Justice Fee for Legal Service Programs	(1,000,000)
Reduce Transfer from Highway Trust Fund	(195,176,407)
Subtotal Adjustments to Availability: 2006 Session	\$ 268,298,588
Revised General Fund Availability for the 2006-2007 Fiscal Year	\$ 18,283,964,667
Less: Total General Fund Appropriations	

2006-2007 Fiscal Year	(18,820,561,843)
Unappropriated Balance Remaining	\$ 0

Transfers \$225 million from the unreserved credit balance to the Repairs and Renovations Reserve Account in G.S. 143-15.3A, effective June 30, 2006.

Repeals provision in 2005 Appropriations Act providing intent regarding transfers between the General Fund and the Highway Trust Fund, effective June 30, 2006. Adjusts the amounts of highway use taxes to be transferred from the Highway Trust Fund to the General Fund pursuant to G.S. 105-187.9(b) for 2006-07 as follows: pursuant to GS 105-187.9(b)(1), \$55 million, and pursuant to G.S. 105-187.9(b)(2), \$2,486,602.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND
CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Increases and (decreases) appropriations from the Highway Fund for operating expenditures as follows:

Current Operations – Highway Fund	2006-2007
Department of Transportation	
Administration	\$ (2,500,000)
Division of Highways	
Administration	0
Construction	29,439,500
Maintenance	196,018,256
Planning and Research	0
OSHA Program	0
Ferry Operations	1,000,000
State Aid	
Municipalities	1,439,500
Public Transportation	(14,000,000)
Railroads	3,198,750
Governor's Highway Safety	0
Division of Motor Vehicles	1,886,701
Other State Agencies	13,069,364
Reserves and Transfers	25,279,000
TOTAL	
\$254,831,071	

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Sets out the following Highway Fund availability used in developing the budget:

Highway Fund Availability Statement	2006-2007
Beginning Credit Balance	0
Estimated Revenue	1,767,140,000
Estimated Reversions	26,600,000
Total Highway Fund Availability	\$ 1,793,740,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS
HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Increases and (decreases) appropriations from the Highway Trust Fund for various purposes as follows:

Current Operations – Highway Trust Fund	2006-2007
Intrastate System	97,860,379

Urban Loops	39,570,662
Aid to Municipalities	10,267,836
Secondary Roads	8,987,310
Program Administration	3,180,220
Transfer to General Fund	(195,176,407)

GRAND TOTAL CURRENT OPERATIONS AND EXPANSION (\$35,310,000)

PART V. BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 5.1. Sets out the following appropriations from federal block grant funds for 2006-07:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

Local Program Expenditures

Division of Social Services

01. Work First Family Assistance (Cash Assistance)	\$114,625,680
02. Work First County Block Grants	94,653,315
03. County Demonstration Grants	19,598,322
04. Child Protective Services – Child Welfare Workers for Local DSS	12,452,391
05. Work First – Boys and Girls Clubs	1,500,000
06. Work First – After-School Services for At-Risk Children	2,249,642
07. Work First – After-School Programs for At-Risk Youth in Middle Schools	500,000
08. Adoption Services – Special Children's Adoption Fund	3,000,000
09. Family Violence Prevention	2,200,000
10. Foster Care	2,000,000

Division of Child Development

11. Subsidized Child Care Program	36,563,266
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DHHS Administration

12. Division of Social Services	586,931
13. Office of the Secretary	65,836
14. Office of the Secretary/DIRM – TANF Automation Projects	592,500
15. Office of the Secretary/DIRM – NC FAST Implementation	1,800,000

Transfers to Other Block Grants

Division of Child Development

16. Transfer to the Child Care and Development Fund	81,292,880
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Division of Social Services

17. Transfer to Social Services Block Grant for Department of Juvenile Justice and Delinquency Prevention – Support Our Students	2,749,642
18. Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
19. Transfer to Social Services Block Grant for Maternity Homes	838,000
20. Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000

21.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
22.	Transfer to Social Services Block Grant for Foster Care Services	1,181,907
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$388,000,312

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging & Adult

01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	State In-Home Services Fund	2,101,113
03.	State Adult Day Care Fund	2,155,301
04.	Child Protective Services/CPS Investigative Services-Child Medical Evaluation Program	238,321
05.	Foster Care Services (Transfer from TANF – \$1,181,907)	1,706,063
06.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,550,000
07.	Maternity Homes (Transfer from TANF)	838,000
08.	Local DSS Services for Hurricane Victims	509,272
Division of Aging and Adult Services		
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
10.	Mental Health Services Program	422,003
11.	Developmental Disabilities Services Program	5,000,000
12.	Mental Health Services-Adult/Mental Health Services- Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
Division of Child Development		
13.	Subsidized Child Care Program	3,150,000
Division of Vocational Rehabilitation		
14.	Vocational Rehabilitation Services – Easter Seal Society/UCP	188,263
Office of the Secretary – Office of Economic Opportunity		
15.	Elderly Supplemental Grant Program	41,302
Division of Public Health		
16.	Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000

DHHS Program Expenditures

Division of Aging and Adult Services

17.	UNC-CARES Training Contract	247,920
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Division of Services for the Blind

18.	Independent Living Program	3,314,114
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Division of Facility Services

19.	Adult Care Licensure Program	411,897
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20.	Mental Health Licensure and Certification Program	205,668
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DHHS Administration

21.	Division of Aging and Adult Services	630,636
22.	Division of Social Services	869,058

23.	Office of the Secretary/Controller's Office	123,059
24.	Office of the Secretary/DIRM	82,009
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	18,098
27.	Division of Facility Services	62,986
28.	Office of the Secretary-NC Inter-Agency Council For Coordinating Homeless Programs	250,000
29.	Office of the Secretary-Housing Coalition	100,000
Transfers to Other State Agencies		
Department of Administration		
30.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Department of Juvenile Justice and Delinquency Prevention		
31.	Support Our Students (Transfer from TANF)	2,749,642
Transfers to Other Block Grants		
Division of Public Health		
32.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 64,765,609

LOW-INCOME ENERGY BLOCK GRANT

Local Program Expenditures

Division of Social Services

01.	Low Income Energy Assistance Program (LIHEAP)	\$ 28,684,494
02.	Crisis Intervention Program (CIP)	20,831,114
Office of the Secretary – Office of Economic Opportunity		
03.	Weatherization Program	9,431,545
04.	Heating Air Repair & Replacement Program (HARRP)	4,399,042

Local Administration

Division of Social Services

05.	County DSS Administration	2,057,992
Office of the Secretary – Office of Economic Opportunity		
06.	Local Residential Energy Efficiency Service Providers – Weatherization	257,185
07.	Local Residential Energy Efficiency Service Providers – HARRP	119,955

DHHS Administration

08.	Division of Social Services	319,774
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	7,146
10.	Office of the Secretary/DIRM	245,395
11.	Office of the Secretary/Controller's Office	11,211
12.	Office of the Secretary/Office of Economic Opportunity – Weatherization	257,185
13.	Office of the Secretary/Office of Economic Opportunity – HARRP	119,955

Transfers to Other State Agencies

14.	Department of Administration – N.C. State Commission of Indian Affairs	58,455
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TOTAL LOW-INCOME ENERGY BLOCK GRANT

\$ 66,800,448

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures	
Division of Child Development	
01. Subsidized Child Care Services	\$165,102,685
02. Subsidized Child Care Services (TANF to CCDF)	81,292,880
DHHS Program Expenditures	
Division of Child Development	
03. Quality and Availability Initiatives	34,951,707
Local Administrations	
Division of Child Development	
04. Administrative Expenses (Non-Direct Subsidy Services Support)	1,849,000
DHHS Administration	
05. DCD Administrative Expenses	6,028,354
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	\$289,224,626

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures	
01. Mental Health Services – Adult	\$ 7,184,481
02. Mental Health Services – Child	3,921,991
03. Comprehensive Treatment Service Program	1,500,000
Local Administration	
04. Division of Mental Health	100,000
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,706,472

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

Local Program Expenditures	
01. Substance Abuse Services – Adult	\$ 20,537,390
02. Substance Abuse Treatment Alternative for Women	8,069,524
03. Substance Abuse – HIV and IV Drug	4,816,378
04. Substance Abuse Prevention – Child	5,835,701
05. Substance Abuse Services – Child	4,940,500
06. Substance Abuse Strengthening Families – Prevention	851,156
Division of Public Health	
07. Risk Reduction Projects	383,980
08. Aid-to-Counties	209,576
09. Maternal Health	37,779
DHHS Administration	
10. Division of Mental Health	500,000
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	\$ 46,181,984

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures	
Division of Public Health	
01. Healthy Mothers/Healthy Children	9,359,236
02. Children's Health Services	4,114,216
03. Healthy Beginnings	404,559
04. Maternal Health	397,761

05.	Teen Pregnancy Prevention Initiatives	85,710
DHHS Program Expenditures		
Division of Public Health		
06.	Children's Health Services	3,149,826
07.	Maternal Health	185,488
08.	State Center for Health Statistics	29,432
09.	Local Technical Assistance & Training	47,424
10.	Injury and Violence Prevention	149,438
11.	Office of Minority Health	98,236
12.	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	22,856
13.	Immunization Program – Vaccine Distribution	414,175
DHHS Administration		
14.	Division of Public Health Administration	550,681
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 19,009,038

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures		
01.	NC Statewide Health Promotion	\$1,755,653
02.	Services to Rape Victims	197,112
03.	HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant)	145,819
DHHS Program Expenditures		
04.	NC Statewide Health Promotion	431,444
05.	Oral Health	114,251
06.	Osteoporosis Program	67,593
DHHS Administration		
07.	Division of Public Health	109,211
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$2,821,083

COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures		
Office of Economic Opportunity – Community Services Block Grant		
01.	Community Action Agencies	\$ 15,071,666
02.	Limited Purpose Agencies	823,261
DHHS Administration		
03.	Office of Economic Opportunity	823,261
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 16,718,188

Requires the Department of Health and Human Services (DHHS) to submit a separate plan for each Block Grant it receives and administers and sets out information to be included in each plan. Provides that if the federal fund availability for any of the Block Grants administered by DHHS is increased, DHHS must allocate the increase proportionally for that Block Grant. In the case of a decrease, DHHS must reduce state administration by at least the percentage of the decrease in federal funds and allocate the remaining decrease proportionally for that Block Grant. Requires prior approval by the Office of State Budget and Management (OSBM) and reporting to the General Assembly.

Requires DHHS to report to the General Assembly on positions funded from federal Block Grants by December 1, 2006.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

Allocates \$586,931 for administration of TANF-funded programs.

Allocates \$2 million to provide domestic violence services to Work First recipients, and requires county departments of social services and local domestic violence shelter programs to jointly develop plans for using the funds. Sets out a formula for allocating the funds to counties.

Allocates \$2,249,642 to expand after-school programs and services for at-risk children, using a grant program to be developed by DHHS.

Allocates \$12,452,391 to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and postadoption services for eligible families.

Allocates \$3 million to be used in accordance with Section 10.48 of [the 2005 Appropriations Act].

Allocates \$1.8 million to implement N.C. FAST (North Carolina Families Accessing Services through Technology).

Allocates \$500,000 to expand after-school programs for at-risk children attending middle school, pursuant to a grant program to be developed by DHHS.

Requires DHHS to review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives.

Allocates \$19,598,322 for Work First demonstration projects implemented by county departments of social services, subject to time limits, purpose, and administrative provisions set out in section.

SOCIAL SERVICES BLOCK GRANT

Exempts social services Block Grant funds appropriated to the NC Inter-Agency Council for Coordinating Homeless Programs from 10A NCAC 71R.0201(3).

Allocates \$2,749,642 (which the act transferred to the Department of Juvenile Justice and Delinquency Prevention (DJJDP)) for the Support Our Students Program, including gang prevention.

Allocates \$2,550,000 to support specified child welfare training projects.

Allocates \$838,000 to purchase services at maternity homes throughout the State.

Allocates \$1,706,063 to the State Private Child Caring Agencies Fund.

Provides that the \$1.5 million appropriated for Boys and Girls Clubs must be used to make grants to approved programs.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

Authorizes DHHS to allocate any additional emergency contingency funds received for Energy Assistance Payments or Crisis Intervention Payments without first consulting with the Joint Legislative Commission on Governmental Operations (Governmental Operations).

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Authorizes the use of up to \$400,000 for the operations of the Medical Child Care Pilot.

MENTAL HEALTH BLOCK GRANT

Authorizes the use of \$1.5 million in Mental Health Block Grant funds and \$422,003 in Social Services Block Grant funds to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.25 of the 2005 Appropriations Act. Requires DHHS to contract with the University of North Carolina at Chapel Hill for the purpose of providing psychology student stipends, with \$25,000 of the contract to be paid from the Mental Health Block Grant.

MATERNAL AND CHILD HEALTH BLOCK GRANT

Provides for the Department of Public Instruction (DPI) to use any funds that may be received for abstinence education.

Requires DHHS to ensure that there will be follow-up testing in the Newborn Screening Program.

NER BLOCK GRANTS

SECTION 5.2.(a) Sets out the following appropriations from federal block grant funds for 2006-07:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,000,000
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02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT		
	BLOCK GRANT – 2007 Program Year	\$ 45,000,000

Requires proportional adjustment of every program in the case of a decrease or increase of federal funds.

Sets various floors and ceilings on use of Community Development Block Grant funds for various purposes and requires proportional allocation of any increase or decrease in federal funds.

Directs the Department of Commerce (Commerce), in partnership with the Rural Economic Development Center, Inc., (Rural Center) to award up to \$2,250,000 in demonstration grants to local governments in very distressed rural areas, to address critical infrastructure and entrepreneurial needs and to provide small business assistance.

Requires Commerce to consult with Governmental Operations before reallocating Community Development Block Grant Funds, with specified exceptions.

PART VI. GENERAL PROVISIONS

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.1. Repeals the provision in the 2005 Appropriations Act allocating funds in the Contingency and Emergency Fund and instead provides for allocation of up to \$500,000 for undesignated purposes and requires that the remainder be used only as (1) required by a court, Industrial Commission, or administrative hearing officer's order; (2) required to call out the national guard; or (3) required to respond to an unanticipated disaster such as a fire, hurricane, or tornado (in the absence of available funds in the Reserve for Disaster Expenses).

AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS

SECTION 6.2. Notwithstanding G.S. 143-34.1(a1), authorizes state agencies to establish receipt-supported positions authorized in the 2006 appropriations act, upon approval by the Governor.

CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR INCREASING FEES PURSUANT TO THE EXECUTIVE BUDGET ACT

SECTION 6.3. Notwithstanding G.S. 12-3.1, provides that an agency is not required to consult with Governmental Operations before establishing or increasing a fee as authorized or anticipated in the 2006 appropriations act or related fiscal reports.

NO FEE INCREASES WHICH THE GENERAL ASSEMBLY HAS REJECTED

SECTION 6.4. Enacts new GS 143-16.7 as title indicates.

STATE EMERGENCY RESPONSE ACCOUNT

SECTION 6.5. Enacts a new GS 166A-6.02 creating the State Emergency Response Account (Account) as a General Fund reserve, which may be spent by the Governor for (1) start-up costs of State Emergency Response Team operations for emergencies that threaten to become a Type I, II, or III disaster and (2) the costs of first responders (including supplies and equipment) for a Type I, II, or III disaster. Requires the Governor to report to Government Operations on expenditures from the Account.

Amends GS 166A-6.01(b)(2), relating to eligibility of an entity for disaster assistance grants by increasing the amount of uninsurable losses an entity must suffer to be eligible, from one-half percent to one percent of its annual budget.

INFORMATION TECHNOLOGY FUND AVAILABILITY STATEMENT

SECTION 6.6. Modifies the 2005 appropriations act's information technology fund availability statement to (1) reflect a June 30, 2006, unencumbered balance of \$1.12 million and to reflect an increase of the 2006-07 General Fund appropriation to \$50,112, 229.

INFORMATION TECHNOLOGY APPROPRIATIONS

Adjusts the 2005 appropriations act's appropriations from the Information Technology Fund for 2006-07 to add \$298,826 for two attorney positions and to add funds to implement replacement of the state's human resources and payroll system with a new system, including integration and deployment of specified data warehousing projects.

REVIEW OF INFORMATION TECHNOLOGY CONTRACTS

Amends GS 147-33.103 to require the Chief Information Officer to retain private counsel for certain large contracts, to be paid from the Information Technology Fund.

AMEND CIVIL PENALTY AND FORFEITURE FUND AVAILABILITY

Adjusts the availability statement for, and appropriations from, the Civil Penalty and Forfeiture Fund in the 2005 appropriations act to show a decrease for 2006-07 from \$125.5 million to \$95.5 million. Amends GS 115C-457.2 to provide that each state agency's collection cost percentage must be established and approved by OSBM each year based on actual costs for the previous year.

Authorizes the State Board of Education (SBE) to use up to \$500,000 from the State Public School Fund for training for LEA staff and teachers to implement the Senior Project initiative, a graduation requirement approved by the SBE in 2004.

FUNDS FOR ENROLLMENT INCREASES

SECTION 6.10. Amends GS 143-11 to require the Governor to consider and fund student enrollment increases when developing the budget.

HOUSING ASSISTANCE FUNDS

SECTION 6.11. Clarifies that the Crisis Housing Assistance Fund (CHAF) is to provide assistance to persons who would otherwise qualify except that they failed to apply for federal assistance through FEMA.

PART VII. PUBLIC SCHOOLS

To be summarized in tomorrow's *Daily Bulletin*.

PART VIII. COMMUNITY COLLEGES

To be summarized in tomorrow's *Daily Bulletin*.

PART IX. UNIVERSITIES

To be summarized in tomorrow's *Daily Bulletin*.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

To be summarized in tomorrow's *Daily Bulletin*.

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSERVATION RESERVE ENHANCEMENT PROGRAM

SECTION 11.1. Specifies that funds appropriated to the Department (DENR) for fiscal 2006-07 for the Division of Soil and Water Conservation for the Conservation Reserve Enhancement Program for acquiring conservation easements and leases or for contracts under Program do not revert.

AQUARIUM FUNDS

SECTION 11.2. Provides that \$2.5 million of the funds appropriated in bill to DENR for fiscal 2006-07 are for the operations of DENR's Division of Aquariums. Specifies that these funds are in addition to the funding the Division of Aquariums receives from departmental receipts. Authorizes DENR to use these funds to shift funding for Division operations from receipt-support to General Fund support.

GRASSROOTS SCIENCE PROGRAM

SECTION 11.3. Makes following changes in SL 2005-276, Section 12.5, as amended by SL 2005-345. Adds appropriation of \$3,863,700 for fiscal 2006-07 to DENR for Grassroots Science Program, to be allocated as grants-in-aid as specified in section. Requires DENR to report to

Fiscal Research Division, no later than March 1, 2007, the following information for each museum receiving funds under section: its 2005-06 operating budget, its 2006-07 operating budget, and its total attendance during the 2006 calendar year. Makes technical corrections in names of some grant recipients.

MORATORIUM IMPOSED ON NEW LANDFILLS

Section 11.4. Creates a moratorium from July 1, 2006, to January 1, 2008, on consideration and issuance of permits for new landfills, in order for the state to study solid waste disposal issues. Sets out exceptions. Directs the Environmental Review Commission to study issues related to solid waste and report to 2007 regular session of the General Assembly.

PART XII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

SECTION 12.1. Amends Section 13.4(a) of the 2005 Appropriations Act to specify that the total funds from the Employment Security Commission (ESC) Reserve Fund that may be used to pay the administrative costs associated with the collection of the ESC surcharge may not exceed the total administrative costs paid in fiscal 2005-06 (was, 2004-05). Amends Section 13.4(b) to appropriate from the ESC Reserve Fund to the ESC for fiscal 2006-07 \$6.3 million for the purposes stated in that section, which remain unchanged.

ONE NORTH CAROLINA FUND

SECTION 12.2. Amends Section 13.6(a) of the 2005 Appropriations Act to extend for one year the authority to use funds appropriated to the One North Carolina Fund for administrative expenses.

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

SECTION 12.3. Amends SL 2003-425, Section 4, to change the sunset date from December 31, 2006, to December 31, 2008, on (1) the e-NC Authority created in that act and (2) GS Chapter 143B, Article 10, Part 2F and GS 120-123(77), enacted by that act.

SECTION 12.3. Amends Section 13.12 of the 2005 Appropriations Act to change the amount of funds appropriated to the Rural Center for fiscal 2006-07 from \$20 million to \$19.5 million. Also allocates \$500,000 of the funds appropriated in the bill to Commerce to the e-NC Authority (Authority). The Authority is to report to the 2007 General Assembly on providing technology-related assistance to those in distressed urban areas. Authority is to report quarterly, beginning Sept. 30, 2006, to the Joint Legislative Commission on Governmental Operations on program development and the evaluation of program activities.

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

SECTION 12.4. Amends Section 13.2(c) of the 2005 Appropriations Act to change dates by which funds appropriated under section are to be paid by electronic funds transfer. The first of two equal installments is to be paid no later than September 1, 2006 (was, September 1, 2005) and the second, after acceptable submission of the annual report due to Governmental Operations by January 15, 2007 (was, January 15, 2006).

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

SECTION 12.5.(a) Amends Section 13.8A(d) of the 2005 Appropriations Act to update reporting requirements imposed on the Advanced Vehicle Research Center, Inc. Specifies that funds appropriated to the Center Reserve for fiscal 2005-2006 for the Center that are unexpended and unencumbered as of June 30, 2006, do not revert to the General Fund, but remain available in the Reserve. Effective June 30, 2006.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 12.6. Amends Section 13.1(a) of the 2005 Appropriations Act to specify that funds appropriated to Commerce for fiscal 2005-06 (was, 2004-05) for the Wanchese Seafood Industrial Park do not revert, but remain available to Commerce to be spent by the Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital improvements in accordance with GS Chapter 113, Article 23C. Amends Section 13.1.(b) to provide for same non-

reversion of funds appropriated to Commerce for fiscal 2005-06 (was, 2004-05) for the Oregon Inlet Project. Both amendments become effective June 30, 2006.

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

SECTION 12.7. Requires Commerce to report on all funds available for companies or organizations designed to promote agribusiness in North Carolina. Requires Commerce to collaborate with the Department of Agriculture and Consumer Services, the Rural Center, and the University System, in preparing the report, which is to be submitted to General Assembly committees by May 1, 2007.

PART XIII. DEPARTMENT OF LABOR

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 13.1. Repeals GS 74-24.16(d), which authorizes the Commissioner of Labor to charge up to \$50 for each person participating in mine safety education and training programs.

PART XIV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 14.1. Authorizes the Judicial Department to use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2006, for the purchase or repair of office or information technology equipment during fiscal 2006-07, notwithstanding GS 7A-308(c), which calls for the money in the Fund to be used for worthless check collection programs. Before using any of these funds, Department is to report to legislative committees on the equipment to be purchased or repaired and the reasons for the purchases.

GRANT FUNDS

SECTION 14.2. Authorizes the Judicial Department to use up to \$1.25 million from available funds to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, Department is to report to General Assembly committees on the grants to be matched using these funds.

PROVIDE ADDITIONAL ASSISTANT DISTRICT ATTORNEYS

SECTION 14.3. Amends GS 7A-60(a1) to increase the number of assistant district attorneys in each of the state's judicial districts, as specified in bill. Effective January 1, 2007.

ADDITIONAL DISTRICT COURT JUDGESHIPS

SECTION 14.4. Amends GS 7A-133(a) to increase by 16 the total number of district court judges in the state. The numbers of judges are to be increased, as specified, in the following judicial districts: 3A (Pitt County), from 5 to 6; 3B (Craven, Pamlico, and Carteret) from 5 to 6; 6A (Halifax), from 2 to 3; 10 (Wake), from 15 to 17; 14 (Durham), from 6 to 7; 15B (Orange, Chatham), from 4 to 5; 18 (Guilford), from 12 to 13; 19B (Montgomery, Moore, Randolph), from 6 to 7; 19C (Rowan), from 4 to 5; 25 (Burke, Caldwell, Catawba), from 8 to 9; 26 (Mecklenburg), from 17 to 18; 27A (Gaston), from 6 to 7; 27B (Cleveland, Lincoln), from 4 to 5; 28 (Buncombe), from 6 to 7; and 30 (Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain), from 5 to 6.

Governor is to appoint these additional judges, with their successors to be elected in the 2008 election for four-year terms beginning on January 1, 2009. Effective January 15, 2007, except that as to any district court district subject to Section 5 of the federal Voting Rights Act of 1965, it becomes effective on the later of January 15, 2007 or the date on which the first part of the section is approved under that act.

PROVIDE ADDITIONAL MAGISTRATES/ELIMINATE MAXIMUM ALLOCATION OF MAGISTRATES

SECTION 14.5. Amends GS 7A-133(c) to eliminate the caps on the number of magistrates allowed in each county and to increase the minimum number of magistrates required in some counties, as specified in section.

INCREASE THE PORTION OF THE GENERAL COURT OF JUSTICE COURT FEE USED FOR LEGAL SERVICES PROGRAMS

SECTION 14.6 Amends GS 7A-304(a)(4) (costs for support of the General Court of Justice in criminal cases), GS 7A-305(a)(2) (court costs in civil cases), 7A-306(a)(2) (court costs in special proceedings), and 7A-307(a)(2) (court costs in administration of estates) to increase from

\$1.05 to \$2.05 the amount of each court fee that is remitted to the NC State Bar to provide the legal services described in GS 7A-474.4 (part of GS Chapter 7A, Article 37A, the Access to Civil Justice Act). Effective July 1, 2006.

COLLECTION OF OFFENDER FINES AND FEES ASSESSED BY THE GENERAL COURT OF JUSTICE

SECTION 14.7. Adds new GS 7A-321, authorizing the Judicial Department to accept payment by credit card, charge card, or debit card for the fines and fees owed to the court by offenders. Allows Department to pay any negotiated discount, processing fee, transaction fee, or other charge imposed by a card company or by a third-party merchant bank as a condition of contracting for the Department's acceptance of electronic payment. Authorizes the Department to impose the fee or charge as a surcharge on the amount paid by the offender using electronic payment.

Specifies actions the Department may take in attempting to collect the fines and fees owed by offenders to the Department, including referring an offender for credit counseling, assessing additional collection fees, assigning debt owed the Department to a collection agency, reporting the delinquency to credit agencies, and intercepting tax refunds under GS Chapter 105A, the Setoff Debt Collection Act.

JURY FEE WAIVER PROGRAM

SECTION 14.8. Amends G.S. 7A-312(a) to authorize jurors to waive payment of the per diem fees authorized by the statute. A juror waiving the fee may designate that it be used for any of various services provided in that judicial district, as designated by the senior resident superior court judge (judge).

Adds new GS 7A-312(b) authorizing judges to provide jurors with a range of these services. If the judge does not provide jurors with a choice or if jurors elect not to designate the fees to a particular service, the waived fees are to represent cost savings to the Judicial Department. Effective July 1, 2006.

ESTABLISH INTERMEDIATE DEFERRED PROSECUTION FOR THE DRUG TREATMENT COURT PROGRAM

SECTION 14.9. Amends GS 15A-1341(a2) to provide that a defendant who would be eligible for deferred prosecution under the Drug Treatment Court Program (Program), but for a prior criminal conviction, may participate in the Program by meeting specified requirements. Repeals Section 14.22 of the 2005 Appropriations Act, which specified that funds appropriated in that act for the Program could be used only to provide treatment and case coordination to offenders sentenced to intermediate punishment and to offenders sentenced to community punishment who were at risk of revocation.

Amends GS 7A-796 to specify that the local guidelines and procedures for drug courts to be developed by local drug treatment management committees (local committees) must be in accordance with the National Drug Court Institute's "Ten Key Components" for treatment courts and in consultation with the Director of the Administrative Office of the Courts (AOC) and the Drug Treatment Court Advisory Committee (Advisory Committee) Amends GS 7A-797(a) to require the AOC Director, in conjunction with the Advisory Committee and local committees to develop criteria for eligibility and other procedural and substantive guidelines for drug court operation in keeping with the "Ten Key Components."

Adds another provision to GS 7A-796 giving the senior resident superior court judge and the chief district court judge hiring and appointment authority over drug court personnel and over policy issues. Requires that the judges consult with the committees concerning the local drug court policies and procedures.

Adds new GS 7A-797(b) specifying that the amount of the allocation received in each judicial district for administration, case management, and treatment must be proportionate to the percentage of clients served throughout the State unless another agreement can be reached. Requires the senior resident superior court judge, chief district court judge, and district attorney in consultation with the local committee to determine the appropriate distribution of the allocation received. Specifies that limitations imposed by the Division of Mental Health, Developmental

Disabilities, and Substance Abuse Services on other public funds spent for substance abuse treatment do not apply to treatment provided for these Programs.

PERMANENCY MEDIATION

SECTION 14.10. Adds new GS 7B-202, "Permanency Mediation," requiring the AOC to provide statewide and uniform services to resolve issues in cases under the juvenile abuse, neglect, and dependency law (GS Chapter 7A, Subchapter I) in which a juvenile is alleged or has been adjudicated to be abused, neglected, or dependent, or in which a petition or motion to terminate a parent's rights has been filed. Specifies that participants in the mediation are to include the parties and their attorneys, including the guardian ad litem and attorney advocate for the child. Provides that the court may allow mediation to proceed without the participation of a parent in specified, limited instances. Allows others to participate by agreement of the parties, their attorneys, and the mediator, or by order of the court.

Mediation proceedings are to be held in private and be confidential. All verbal or written communications from participants in the mediation to the mediator or between or among the participants in the presence of the mediator are absolutely privileged and inadmissible in court, except as otherwise provided in section. Specifies that neither the mediator nor anyone else involved in mediation session is competent to testify to communications made during or in furtherance of mediation. Provides, however, there is no confidentiality or privilege as to communications made in furtherance of a crime or fraud, and specifies that testimonial limitation is not to be construed as permitting an individual to obtain immunity from prosecution for a crime or excusing one from the juvenile and adult abuse and neglect reporting requirements (GS Chapter 7B, Article 3, and GS 108A-102, respectively).

Directs court to incorporate any agreement in a court order, unless it finds good reason not to do so, and provides that the agreement is to be enforceable as such an order.

Requires AOC to establish the statewide Permanency Mediation Program in phases. Statewide program is to consist of local district programs (district programs) in all NC judicial districts. Specifies that AOC is to administer funds appropriated for these programs, and authorizes AOC to use funds available in fiscal 2006-07 to implement section.

COURT INTERPRETERS

SECTION 14.11. Rewrites GS 7A-314(f) to extend from criminal cases to all cases in which the Judicial Department is bearing the cost of representation of a party the requirement that the Department bear the costs of court-appointed language interpreters in certain circumstances. Clarifies language of statute and provides that the appointment and payment of the interpreter are to be made in accordance with new GS 7A-343(9b). Enacts new GS 7A-343(b), which specifies that the AOC Director is to prescribe uniform policies and procedures for appointment and payment in cases specified in GS 7A-314(f), in consultation with the Office of Indigent Defense Services. Authorizes Director, after consulting Governmental Operations, to convert contractual foreign language interpreter positions to permanent State positions, when Director determines that it is more cost-effective to do so. Amends G.S. 7A-450(a) to specify that a foreign language interpreter is a necessary expense for a party entitled to counsel under this subsection who does not speak or understand the English language. Makes conforming amendment to GS 8C-1, Evidence Rule 604, "Interpreters."

MONITORING OF COMMUNITY MEDIATION CENTERS

Amends GS 7A-38.6(a) to require the Mediation Network of North Carolina to submit a copy of its annual report to the AOC, in satisfaction of any program monitoring and related requirements imposed on the AOC by GS 143-6.2 (use of state funds by non-state entities) and any related rules.

COMMUNITY MEDIATION CENTER FUNDING

SECTION 14.13. Amends GS 7A-38.6(e) to specify that each community mediation center receiving State funds for six or more years must document that at least 25 percent (was, 50 percent) of total funding comes from non-State sources.

INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS

SECTION 14.14. Authorizes the Office of Indigent Defense Services to use up to \$50,000 from available funds to provide the State matching funds needed to receive grant funds. Office is

to report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds, before using them.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 14.15. Amends Section 14.11 of the 2005 Appropriations Act, to authorize the Office of Indigent Services to use up to \$2,118,580 in appropriated funds during fiscal 2006-07 to expand existing offices currently providing legal services to indigents under the Office's oversight, by creating up to 20 (was, 10) new attorney positions and 10 (now five) new support staff positions, subject to reporting requirements.

PART XV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION REPORTS ON CERTAIN PROGRAMS

SECTION 15.1. Revises Section 16.3 of the 2005 Appropriations Act, to require Project Challenge North Carolina, Inc. and the Juvenile Assessment Center to report by April 1 annually to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, in addition to the other persons to whom they report. Deletes requirement that Communities in Schools report to Governmental Operations (other reporting requirements remain).

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 15.2. Amends Section 16.5 of the 2005 Appropriations Act, to extend for another year the authorization for DJJDP to use funds as matching funds for Juvenile Accountability Incentive Block Grants, as well as the reporting and consulting requirements for federal funds.

WAIVER OF REVISED LICENSING STANDARDS FOR JUVENILE FACILITIES

SECTION 15.3. Authorizes DJJDP to operate, until January 1, 2008, seven wilderness camping programs in conjunction with Eckerd Youth Alternatives, Inc., pursuant to the mental health licensing standards of the Department of Health and Human Services, Division of Social Services, effective on July 1, 2006. Specifies that revisions or amendments to the State mental health licensing standards that become effective after July 1, 2006, do not apply to these programs from July 1, 2006, to July 1, 2008.

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 15.4. Amends Section 16.4 of the 2005 Appropriations Act, to require DJJDP to report its annual evaluation of specified programs by March 1 to the Joint Corrections, Crime Control, and Juvenile Justice Oversight Committee as well as to the other persons to whom it currently reports

ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME PREVENTION COUNCILS

SECTION 15.5. Amends Section 16.11 of the 2005 Appropriations Act, to specify that its requirements apply to all future allocations by DJJDP of the funds appropriated to it by that section and by SL 2004-124, Section 16.7, both dealing with alternatives to juvenile commitment and Juvenile Crime Prevention Councils.

REPORTS ON YOUTH DEVELOPMENT CENTERS

SECTION 15.6. Amends Section 16.6 of the 2005 Appropriations Act to add the Joint Corrections, Crime Control, and Juvenile Justice Oversight Committee to those to whom DJJDP must report quarterly during the 2005-07 biennium on the implementation of the treatment staffing model at Dobbs, Dillon, and Juvenile Evaluation Youth Development Center. Also requires Department to report to that Committee and to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by November 10, 2006, on the final recommended staffing plan for fiscal 2007-08. Specifies contents of the report. State the legislature's intent to consider appropriating funds for new treatment positions at youth development centers only when this report is receiving by the specified persons and committee.

PART XVI. DEPARTMENT OF CORRECTION

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS AND INMATE LAUNDRY SERVICES

Amends Section 17.6 of the 2005 Appropriations Act to require that the Department of Correction (DOC) report to various General Assembly committees if the cost of providing health

care (was, food and health care) to inmates housed in the Division of Prisons is expected to exceed the amounts allocated for that purpose in the continuation budget. Authorizes DOC to use available funds during the 2005-2007 biennium (was, 2005-06 fiscal year) for the purchase of laundry services (was, clothing and laundry services) and prescription drugs for inmates if expenditures are projected to exceed the amount budgeted for those purposes.

CONVERSION OF CONTRACTED MEDICAL POSITIONS

Requires that the DOC report to Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April of each year (was, April 1, 2006) on all conversions of contract medical positions to permanent State medical positions.

COMPUTER/DATA PROCESSING SERVICES FUNDS

Authorizes the DOC to use funds available during the 2005-2007 biennium (was 2005-06 fiscal year) for expenses for computer/data processing services if expenditures exceed the Department's continuation budget amount for those services.

REPORTS ON NONPROFIT PROGRAMS

Requires that Harriet's House, Summit House, and Women at Risk report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee (was, the Joint Legislative Commission on Governmental Operations) on the expenditure of State appropriations and on the effectiveness of the programs.

PAROLE ELIGIBILITY REPORT

Requires that the Post-Release Supervision and Parole Commission also issue the Parole Eligibility Report to various General Assembly Committees by April 1, 2007 (was, October 1, 2005).

PRETRIAL SERVICES PROGRAM

Requires that of the funds appropriated from the General Fund to the DOC, the sum of \$400,000 for 2006-07 be used for the Pretrial Services Program, to be managed by the Criminal Justice Partnership Program and allocated on a matching basis according to specified priorities

GPS MONITORING OF MOST SERIOUS SEX OFFENDERS

Enacts new Part 5 of Article 27A of GS Chapter 14 entitled "Sex Offender Monitoring." Requires that the DOC establish a sex offender monitoring program that uses a continuous satellite-based monitoring system to monitor the following two categories of sex offenders convicted of a reportable conviction: (1) any offender who is classified as a sexually violent predator or a recidivist, or who was convicted of an aggravated offense as those terms are defined by GS 14-208.6; and (2) any offender required to register as a sex offender for a ten-year period, who committed an offense involving the physical, mental, or sexual abuse of a minor, and who is recommended by DOC for the highest level of supervision and monitoring based on the Department's risk assessment program. Establishes program standards, lengths of required registration by offenders, the procedure for termination of monitoring, and establishes monitoring fees to be assessed against individuals enrolled in monitoring program and criminal penalties for failure to enroll in program when required and for tampering with devices. Makes conforming amendments to various provisions in GS Chapters 15A and 143B to refer to monitoring program. Requires that program be implemented by January 1, 2007.

PART XVII. DEPARTMENT OF ADMINISTRATION

EXAMINE FEASIBILITY OF COMBINING FUNDING SOURCES/NC COUNCIL FOR WOMEN AND DOMESTIC VIOLENCE COMMISSION

Requires that the Council and Commission consider the feasibility of combining funding sources to distribute domestic violence grants and sexual assault grants and report their findings to Governmental Operation by February 1, 2007.

PART XVIII. OFFICE OF ADMINISTRATIVE HEARINGS

CODIFIER'S AUTHORITY OVER THE REGISTER

Enacts new GS 150B-21.17(c) to permit the Codifier of Rules to authorize and license the private indexing, marketing, sales, reproduction, and distribution of the Register.

PART XIX. DEPARTMENT OF REVENUE
EXTENDED DOR CALL CENTER FEE USE

Amends Section 22.6(a) of SL 2002-126, as amended, by extending the availability of \$3 million in funds designated for the 2003-05 biennium to pay for a central taxpayer telecommunications service center from June 30, 2006, to June 30, 2007.

REVISED MAXIMUMS FOR COLLECTION ASSISTANCE FEES

Amends GS 105-243.1(e) to increase the maximum amount of fee proceeds that the Department of Revenue (DOR) may apply to taxpayer locator services from \$100,000 to \$141,000 per year and to limit the amount of those fees that may be applied towards postage or other delivery charges for correspondence related to collecting overdue tax debts to a maximum of \$353,000 per year (was, no limit).

CONSOLIDATE TAX PROJECTS REPORTS

Makes a conforming change to GS 105-243.1(f) to delete specific requirements as to DOR's semiannual report on tax debt collections. Amends GS 105-256(a) to make conforming changes and to require that by January 1 and July 1 of each year, the DOR report on its efforts to: (1) its efforts to increase compliance with tax laws, initiatives instituted to increase tax collections, and revenue expected to be recovered at a result of those initiatives; (2) its efforts to identify and address fraud; (3) its efforts to collect tax debts; and (4) the use of the proceeds of the collection assistance fee imposed by GS 105-243.1.

First report is due by January 1, 2007.

PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND

Authorizes the DOR to expend up to \$2,434,270.71 of unencumbered maintenance appropriations as of June 30, 2006, for the purpose of paying the Civil Penalty and Forfeiture Fund. Requires that funds come entirely from the Department of Revenue and provides that if unencumbered funds are insufficient, DOR may use anticipated unencumbered funds as of July 1, 2006. Also requires that DOR reduce succeeding distributions to a law enforcement agency under GS 105-113.113 by the amount that was improperly distributed to that agency.

PART XX. DEPARTMENT OF THE STATE TREASURER
CONSOLIDATE PUBLIC EMPLOYEE RETIREMENT PROGRAMS IN SINGLE AGENCY

Amends GS 143B-426.24(a) to transfer the Board of Trustees of the North Carolina Public Employee Deferred Compensation Plan to the Department of State Treasurer (was, Department of Administration) and to make conforming changes.

PART XXI. DEPARTMENT OF TRANSPORTATION
TRANSPORTATION OF WOOD RESIDUALS

Amends GS 20-118(c)(15)a. to exempt from the vehicle weight requirement set forth in GS 20-118(b) and (e) vehicles that are hauling wood residuals, including tree bark from any site (was, tree bark).

ONLINE DEALER REGISTRATION FUNDS

Prohibits the Division of Motor Vehicles from spending any funds appropriated to it for Online Dealer Registration enhancements for 2006-07. Effective June 30, 2006.

TRANSPORTATION IMPROVEMENT PLAN PILOT

Authorizes the Department of Transportation (DOT) to enter into agreements with units of local government for expediting transportation projects currently programmed in the Transportation Improvement Plan. Establishes requirements for those agreements and requires that DOT report to the Joint Legislative Transportation Oversight Committee by December 1, 2006, on any agreements executed with units of local government pursuant to section.

CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS

Authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2007-2008	\$1,798.0 million
For Fiscal Year 2008-2009	\$1,836.2 million
For Fiscal Year 2009-2010	\$1,859.2 million

For Fiscal Year 2010-2011	\$1,872.6 million
Authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:	
For Fiscal Year 2007-2008	\$1,128.9 million
For Fiscal Year 2008-2009	\$1,167.8 million
For Fiscal Year 2009-2010	\$1,203.0 million
For Fiscal Year 2010-2011	\$1,235.0 million

DEPARTMENT OF TRANSPORTATION TO PROVIDE REAL-TIME ACCESS TO ALL WEIGH-IN-MOTION DATA PRODUCED AND TRANSMITTED FROM WEIGH-IN-MOTION SITES THROUGHOUT THE STATE AND PROVIDE PERIODIC SUMMARIES OF DATA COLLECTED AT EXISTING DOT WEIGH-IN-MOTION SITES

As title indicates, requires access by October 1, 2006. Specifies the manner of providing access. Also requires that the State Highway Patrol (SHP) report the effectiveness of the access to weigh-in-motion sites, the collected data, and use of these sites as a vehicle weight screening technology to increase the effectiveness of Motor Carrier Enforcement activities to the Joint Legislative Transportation Oversight Committee by October 1, 2006.

FUNDS FOR ECONOMIC DEVELOPMENT, SPOT SAFETY, AND TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS

Requires that of the funds appropriated by the act to the DOT, \$28 million be allocated equally among the 14 Highway Divisions for economic development transportation projects recommended by the member of the Board of Transportation representing the Division in which the project is to be constructed in consultation with the Division Engineer and approved by the Board of Transportation. Requires that funds not needed for economic development projects be used on spot safety needs to enhance safety, reduce congestion, improve traffic flow, reduce accidents, and for system preservation, and that remaining funds be used on Transportation Improvement Program projects. Specifically directs the Secretary of Transportation not to prevent or delay the implementation of any projects approved by the Board of Transportation pursuant to this section.

CHANGE SUNSET OF OPEN CONTAINER LAW

Section 4 of SL 2000-155, as amended, amended GS 20-138.7 to prohibit passengers from possessing or consuming an open alcoholic beverage in the passenger area of a motor vehicle while the motor vehicle is on a highway or the highway right-of-way. Section 4 also listed exceptions to that prohibition and established penalties for its violation. Amends Section 21 of that act to postpone the expiration of the section from September 30, 2006, to September 30, 2010.

MAINTENANCE OF PERMANENT WEIGH STATIONS

Amends GS 20-183.9 to provide that DOT is responsible for the maintenance of all permanent weigh stations established under section.

VIPER RADIO PROGRAM

Requires that the SHP issue a request for a proposal for the maintenance of the existing Voice Interoperability Plan for Emergency Responders (VIPER). Also requires that the Criminal Justice Information Network (CJIN) prepare a cost allocation plan for the continued building and operation of the VIPER system that includes proposed shared costs for installation and use by all State government users. Also requires that the CJIN report to the Legislative Transportation Oversight Committee, the Chairs of both the Appropriations Subcommittees for Transportation and Justice and Public Safety, and the Fiscal Research Division by October 1, 2006.

ACCESS ROADS FOR ECONOMIC DEVELOPMENT

Requires that of funds appropriated to the DOT, it use up to \$1.7 million from the maintenance funds account for construction of access roads in municipalities that have populations greater than 500,000 persons. Authorizes DOT to contract with an approved developer to construct an access road and reimburse the developer from appropriate funds.

CONFORM SEAT BELT LAW TO FEDERAL LAW TO PREVENT A LOSS OF FEDERAL HIGHWAY FUNDS

Amends GS 20-135.2A(c) to clarify that a driver and the front seat occupant of a noncommercial motor vehicle (was, all motor vehicles) with a medical or physical condition that

prevents safety belt restraint or with a phobia against wearing vehicle restraints, and property-carrying vehicles being used for agricultural (was, agricultural and commercial purposes) in interstate commerce, are exempt from seat belt requirement.

UTILIZATION OF SMALL BUSINESS ENTERPRISES IN DEPARTMENT PROJECTS OR THE USE OF FULLY OPERATED RENTAL EQUIPMENT

Establishes a goal that of funds available to DOT, \$50 million per year be used for utilization of small business enterprises through contracts or the use of fully operated rental equipment.

CONSOLIDATION OF RURAL FUNDING PROGRAMS BY THE DEPARTMENT OF TRANSPORTATION'S PUBLIC TRANSPORTATION DIVISION

Authorizes the DOT Public Transportation Division to consolidate its rural funding programs into one large rural capital and operating program for funding of rural and small urban public transportation systems. Requires that the Division report on funding allocation no later than October 31, 2006, to the Chairs of the Appropriations Subcommittee for Transportation and the Fiscal Research Division.

FUNDS FOR STORMWATER PROJECTS

Requires that of funds available to DOT, \$15 million be transferred during 2006-07 to the Department of Environment and Natural Resources (DENR) for a stormwater pilot project to clean up State-maintained ocean outfalls and associated outlets through new and innovative technologies and filtering mechanisms.

ALLOWABLE LOADS IN AGRICULTURAL TRANSPORTING

Amends GS 20-51(6) to expand the list of trailers and semi-trailers to include those transporting all vegetables, fruits, greenhouse and nursery plants, flowers, and Christmas trees.

AN ACT TO PROMOTE PRESERVATION OF THE INTERSTATE HIGHWAY SYSTEM

Requires that the DOT annually allocate, of the funds available from the Interstate Maintenance Federal Funds authorization, \$30 million to the 14 Highway Divisions for Interstate resurfacing and preventive maintenance activities specifically for the purposes of pavement preservation, improving ride quality, and extending the life of the Interstate System.

DEVELOP AND IMPLEMENT A PLAN TO PLANT TREES AND OTHER VEGETATION ON THE RIGHT-OF-WAYS OF THE STATE'S ROADS AND HIGHWAYS AND TO PROVIDE FUNDING FOR THAT PLAN.

Requires that DENR, in collaboration with the Departments of Transportation and Correction, develop and implement a plan to plant the maximum number of trees and other natural and native vegetation feasible along State roads and highways in the DOT right-of-way. DENR must report to Governmental Operations and Fiscal Research by January 1, 2007, on the number of trees and the amount of native vegetation planted. Requires that DOT transfer \$25,000 to DENR during the 2006-07 fiscal year to implement section.

PART XXII. SALARIES AND EMPLOYEE BENEFITS

Modifies salary and benefits provisions, effective July 1, 2006, as follows.

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

Sets salary of Governor at \$130,010 and the Council of State at \$114,743.

NONELECTED DEPARTMENT HEADS/SALARY INCREASES

Sets salary of nonelected department heads at \$112,103.

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chair, Alcoholic Beverage Control Commission	\$102,034
State Controller	142,797
Commissioner of Motor Vehicles	102,034
Commissioner of Banks	114,743
Chair, Employment Security Commission	133,161
State Personnel Director	112,103
Chair, Parole Commission	93,170
Members of the Parole Commission	43,008
Chair, Utilities Commission	127,786

Members of the Utilities Commission	114,743
Executive Director, Agency for Public Telecommunications	86,017
Director, Museum of Art	104,552
Executive Director, North Carolina Agricultural Finance Authority	99,316
State Chief Information Officer	142,711

JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$130,010
Associate Justice, Supreme Court	126,612
Chief Judge, Court of Appeals	123,446
Judge, Court of Appeals	121,337
Judge, Senior Regular Resident Superior Court	118,040
Judge, Superior Court	114,743
Chief Judge, District Court	104,193
Judge, District Court	100,896
Administrative Officer of the Courts	118,040
Assistant Administrative Officer of the Courts	107,818

Establishes the minimum salary of Assistant District Attorney or Public Defender at \$34,529 and provides that average salaries of those positions will not exceed \$66,077 in each district. The annual salaries of permanent full-time and part-time employees of the Judicial Department whose salaries are not itemized in act are increased by five percent (5%).

CLERK OF SUPERIOR COURT/SALARY INCREASES

Amends GS 7A-101(a) to establish the annual salary of the clerk of the superior court in each county, based upon the population of that county, as follows:

Population	Annual Salary
Less than 100,000	\$76,747
100,000 to 149,999	86,122
150,000 to 249,999	95,500
250,000 and above	104,878.

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES

Amends GS 7A-102(c1) to establish salary ranges for assistant clerks and head bookkeepers from \$29,783 to \$51,008 and deputy clerks from \$25,636 to \$39,673.

MAGISTRATES' SALARY INCREASES

Amends GS 7A-171.1(a) to establish salary ranges for full-time magistrate judges from \$30,176 to 51,447 and a prorated amount for part-time magistrates. Further amends GS 7A-171.1(a1) to establish salary ranges for magistrates credited with less than five years of service as of June 30, 1994.

GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Amends GS 120-37(c) to establish salary of principal clerks at \$96,940.

SERGEANTS-AT-ARMS AND READING CLERKS

Amends GS 120-37(b) to set salary of sergeant-at-arms and reading clerk at \$343 per week.

LEGISLATIVE EMPLOYEES

Provides that the salaries of nonelected employees of the General Assembly will be increased by 5%.

COMMUNITY COLLEGE PERSONNEL/SALARY INCREASES

Directs the Director of the Budget to transfer from the Reserve for Compensation Increases, for 2006-07, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase for faculty and professional staff of 6%, plus a one-time 2% bonus, and an annual increase of 5% for all other community college employees supported by State funds.

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

Directs the Director of the Budget to transfer from the Reserve for Compensation Increases, for 2006-07, funds to the UNC Board of Governors necessary to provide an annual salary

increase of 6%, plus a one-time bonus 2%, for employees of The University of North Carolina, and employees other than teachers of the North Carolina School of Science and Mathematics, that are supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). Requires that this increase and bonus be made on an aggregated average basis, according to the rules adopted by the UNC Board of Governors or the Board of Trustees of the NC School of Science and Mathematics, and not be used for any purpose other than for salary increases and necessary employer contributions.

Also provides for an average annual salary increase of 8%, but no less than \$2,250, for all teaching employees of the North Carolina School of Science and Mathematics supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). Requires that funds be allocated to individuals according to the rules adopted by the Board of Trustees of the NC School of Science and Mathematics and not be used for any purpose other than for salary increases and necessary employer contributions.

MOST STATE EMPLOYEES/SALARY INCREASES

Increases the salaries of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or Highway Funds by 5%. Also requires a 5% increase in the compensation of permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly. Increases the salaries of all permanent part-time State employees by 5%. Authorizes State agencies and departments to increase by 5% on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department.

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

Provides that salary increases do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement prior to July 1, 2006. Requires that permanent full-time employees who work a nine-, ten-, or eleven-month work schedule also receive a 5% increase.

SALARY ADJUSTMENT FUND

Modifies 2005 appropriations act provision to require that the terms "salary range revision" and "reallocation" conform to the current State Personnel Manual definitions of those terms effective immediately prior to November 1, 2005. Requires that funding be given only to those salary range revisions previously approved by the State Personnel Commission and reallocations previously approved by the Office of State Personnel or its designee prior to January 1, 2006, and not be used for other purposes.

DIVISION OF WATER QUALITY SALARY INCREASES

Requires that DENR increase the salary of employees of the Division of Water Quality by 10%, calculated and awarded after any across-the-board salary increases authorized by act.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

Modifies 2005 appropriations act to change contribution rates for retirement and related benefits to 7.14% for Teachers and State Employees and to 12.14% for State Law Enforcement Officers.

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

Adopts retirement allowance increases of 3% effective June 1, 2006.

INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

Amends GS 58-86-55 to increase monthly pension to \$165.

INCREASE THE MAXIMUM MONTHLY PENSION BENEFITS FOR RETIRED MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD

Amends GS 127A-40(a) to increase to \$80 the monthly pension for 20 years' service and to \$8.00 for each additional year of service.

PART XXIII. CAPITAL APPROPRIATIONS.

CAPITAL APPROPRIATIONS/GENERAL FUND

Adds the following appropriations for capital improvements:

	2006-2007
Capital Improvements – General Fund	
Department of Agriculture and Consumer Services	
Rollins Laboratory – Bio Security Level 2 Lab Conversion	\$250,000
Department of Crime Control and Public Safety	
Emergency Management Operations Center	8,500,000
Department of Environment and Natural Resources	
Hickory Nut Gorge Expansion	15,000,000
Water Resources Development Projects	20,000,000
Office of the Governor	
Information Technology Services – State Data Center	24,841,300
University of North Carolina System	
University of North Carolina at Wilmington –	
School of Nursing	27,000,000
North Carolina State University – Engineering Complex III	61,000,000
University of North Carolina at Charlotte –	
Center City Classroom Building	45,827,400
Winston Salem State University – Center for Design	
Innovation	3,500,000
University of North Carolina at Chapel Hill –	
Genomics Science Building Design and Construction	
Preparation	35,000,000
UNC Hospitals at Chapel Hill – Master Facilities Plan	3,000,000
Western Carolina University – New School of Health and	
Gerontological Sciences Building Planning Funds	2,402,661
Dental Schools Planning Funds	7,000,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$253,321,361

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

Requires that DENR allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project	2006-2007
(1) Wilmington Harbor Deepening	\$ 5,275,000
(2) Morehead City Harbor Sand Management	1,200,000
(3) Manteo (Shallowbag) Bay Channel Maintenance	-
(4) Wilmington Harbor Maintenance Dredging	-
(5) Morehead City Harbor Maintenance Dredging	0
(6) Carolina Beach Renourishment	1,125,000
(7) Carolina Beach Renourishment (Kure Beach)	681,000
(8) Brunswick County Beaches Study	0
(9) Ocean Isle Beach Renourishment (Brunswick County)	435,000
(10) Beaufort Harbor Maintenance Dredging	300,000
(11) B. Everett Jordan Reservoir Water Supply Storage	100,000
(12) Aquatic Weed Control – Lake Gaston and Statewide	400,000
(13) Waterway Connecting Pamlico Sound to Beaufort Harbor (Carteret)	400,000
(14) John H. Kerr Reservoir Operations Evaluation	188,000
(15) Currituck Sound Water Management Study	386,000
(16) Surf City / North Topsail Beach Protection Study	-
(17) West Onslow Beach (Topsail) Study (Pender County)	85,000
(18) Hurricane Steam Restoration – Western NC (Phase II)	2,000,000
(19) Hurricane Isabel Emergency Management	
Stream Cleanup (Phase III)	850,000
(20) Bogue Banks Shore Protection Study (Carteret County)	-

(21)	Neuse River Basin Study	280,000
(22)	Beach and Inlet Management Study	500,000
(23)	Dredging Contingency Fund	2,295,000
(24)	State – Local Projects	3,500,000
	TOTALS	\$ 20,000,000

Requires that DENR make semiannual reports on the use of these funds to Governmental Operations, the Fiscal Research Division, and OSBM and specifies content of report.

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

Requires that of the funds in the Reserve for Repairs and Renovations for the 2006-07 fiscal year, 46% be allocated to the UNC Board of Governors for repairs and renovations under GS 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 54% to the Office of State Budget and Management for repairs and renovations under G.S. 143-15.3A. Directs the Board of Governors and the Office of State Budget and Management to consult with Governmental Operations prior to the allocation or reallocation of these funds.

INCLUDE IN THE SIX-YEAR CAPITAL IMPROVEMENT PLAN THE RECOMMENDED FUNDING SOURCES FOR THE PROJECTS PROPOSED

Amends GS 143-34.45 (Six-year capital improvement plan) to require that the plan identify individual projects in priority order by State agency, the proposed means of financing, and other project details as noted.

USE OF EXISTING PLANS FOR STATE CONSTRUCTION

Amends GS 143-31.1 and GS 116-31.11(a) to require that all State agencies and the UNC Board of Governors use existing plans and specifications for construction projects, where feasible and that agencies consult with the Department of Administration on the availability of appropriate existing plans and specifications and the feasibility of using them for a project prior to designing a project.

USE OF RECEIPTS OF THE AQUARIUMS

Requires that DENR use funds available in the NC Aquariums Fund to pay the debt service related to the construction of a one million gallon aquarium tank at the aquarium on Roanoke Island, a one million gallon tank at the Fort Fisher aquarium, and improvements to Jennette's pier in Nags Head and the Emerald Isle pier.

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS

Requires that \$1,033,100 be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account as those funds become available during 2006-07 and used by the Department for the following capital improvements projects at agricultural research stations and research farms:

- (1) \$378,000 for improvements at the swine facility at the Cherry Research Farm.
- (2) \$285,500 for renovation of dairy facilities at the Cherry Research Farm.
- (3) \$369,600 for land acquisition and development at the Tidewater Research Station.

TIMBER SALES RECEIPTS FOR LAND ACQUISITION AT PIEDMONT RESEARCH STATION

Requires that \$1.7 million be transferred from the Department of Agriculture and Consumer Services' timber sales capital improvement account as funds become available during 2006-07 and be used for land acquisition at the Piedmont Research Station in Rowan County.

PLANT CONSERVATION PROGRAM FUNDS

Requires that from funds deposited with the State Treasurer pursuant to GS 146-30 to the credit of the Department of Agriculture and Consumer Services in a capital improvement account, \$30,000 for 2006-07 be transferred to the Department of Agriculture and Consumer Services to be used by the Department for its plant conservation program under Article 19B of GS Chapter 106 for costs incidental to the acquisition of land, such as land appraisals, land surveys,

title searches, and environmental studies and for the management of plant conservation program preserves owned by the Department.

PART XXIV. TAX REDUCTIONS

REDUCE SALES TAX RATE EARLY

SECTION 24.1. In Section 9.1 of SL 2005-144 and in the 2005 Appropriations Act (SL 2005-276), the General Assembly extended until July 1, 2007, the sunset on the additional 0.5 percent state sales and use tax, which would have otherwise expired July 1, 2005. This section amends the 2005 Appropriations Act to delete the sunset and amends GS 105-164.4(a) to phase the state sales tax rate down from 4.5% to 4.25% effective January 1, 2007, and then to 4% effective July 1, 2007. Amends GS 105-164.44F to make a conforming change to the amount distributed to cities from the sales tax on telecommunications.

REDUCE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES EARLY

SECTION 24.2. The 2005 Appropriations Act delayed the sunset of the 8.25 percent individual income tax bracket from January 1, 2006, to January 1, 2008. This section amends the 2005 Appropriations Act to repeal the sunset and amends GS 105-134.2(a) to phase down the 8.25% rate to 8% effective January 1, 2007, and to 7.75% effective January 1, 2008. The current individual income tax brackets are as follows:

Tax Rate	Married filing jointly	Heads of household	Single filers	Married filing separately
6.0%	Up to \$21,250	Up to \$17,000	Up to \$12,750	Up to \$10,625
7.0%	Over \$21,250 and up to \$100,000	Over \$17,000 and up to \$80,000	Over \$12,750 and up to \$60,000	Over \$10,625 and up to \$50,000
7.75%	Over \$100,000	Over \$80,000	Over \$60,000	Over \$50,000
8.25%	Over \$200,000	Over \$160,000	Over \$120,000	Over \$100,000

PART XXV. MINIMUM WAGE INCREASE

INCREASE MINIMUM WAGE

SECTION 25.1. Amends GS 95-25.3(a) to increase the state minimum wage to \$6.15 an hour, effective September 1, 2006.

PART XXVI. SET REGULATORY FEES

SET UTILITIES REGULATORY FEE

SECTION 26.1. Retains the public utility regulatory fees in GS 62-302 at the current rates of 0.12% of each public utility's jurisdictional revenues and \$200,000 for electric membership corporations.

SET INSURANCE REGULATORY FEE

SECTION 26.2. Retains the insurance regulatory charge under GS 58-6-25 at 5.5% for the 2006 calendar year.

PART XXVII. SPECIAL INDEBTEDNESS PROJECTS

HOSPITAL AND MUSEUM SPECIAL INDEBTEDNESS

SECTION 27.1. Authorizes the issuance of \$205.5 million in special indebtedness under Article 9 of GS Chapter 142 for the following projects, listed in order of priority.

- | | |
|-----------------|--|
| \$20 million | Central Regional Psychiatric Hospital. |
| \$145.5 million | Eastern Regional Psychiatric Hospital. |
| \$40 million | North Carolina Museum of Art expansion (not including land acquisition). |

Also authorizes the issuance of \$162.8 million of special indebtedness for a new Western Regional Psychiatric Hospital. Delays issuance of this special indebtedness until July 1, 2008, unless the State Treasurer finds that earlier issuance is in the state's best interests.

PART XXVIII. MISCELLANEOUS PROVISIONS

EFFECTIVE DATE

SECTION 28.7. Except as otherwise provided, the act is effective July 1, 2006.

Intro. by Garrou.

GS 7A, 8C, 15A, 20, 58, 66, 90, 95, 105, 108A,
115C, 116, 126, 127A, 131E, 135, 143, 143B,
147, 150B, 166A, APPROP

May 23, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. *TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO ENACT AN EARLY REDUCTION IN THE SALES TAX RATE AND AN EARLY REDUCTION IN THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO INCREASE THE MINIMUM WAGE, AND TO PROVIDE FOR THE FINANCING OF CONSTRUCTION OF PSYCHIATRIC HOSPITALS AND OTHER CAPITAL PROJECTS.*

PART I. TITLE

The title of the act is the Current Operations and Capital Improvements Appropriations Act of 2006.

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Summarized in yesterday's *Daily Bulletin*.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Summarized in yesterday's *Daily Bulletin*.

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

Summarized in yesterday's *Daily Bulletin*.

PART V. BLOCK GRANTS

Summarized in yesterday's *Daily Bulletin*.

PART VI. GENERAL PROVISIONS

Summarized in yesterday's *Daily Bulletin*.

PART VII. PUBLIC SCHOOLS

TEACHER SALARY SCHEDULES

SECTION 7.1. Provides for longevity payments of between 1.5% for 10-14 years of service and 4.5% for 25 or more years of service. Adopts salary schedule for teachers as follows: "A" teachers, \$2,851 per month to \$4,884 per month; NBPTS certified "A" teachers, \$3,464 per month to \$5,470 per month; "M" teachers, \$3,136 per month to \$5,372 per month; NBPTS certified "M" teachers, \$3,810 per month to \$6,017 per month. Provides salary supplement of \$126 per month for certified teachers based on six-year degree level and \$253 for certified teachers based on doctoral degree level. Specifies salary schedules for school psychologists, speech pathologists, school nurses, and instructional support personnel. These funds are to be allocated to individuals according to rules adopted by the State Board of Education.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2. Adopts salary schedules for principals (\$4,053 to \$8,063 per month) and assistant principals (\$3,592 to \$5,646 per month) and classifies assistant principals and principals for salary purposes according to number of teachers supervised. Provides salary supplement of \$126 per month for principals and assistant principals based on six-year degree level and \$253 based on doctoral degree level.

CENTRAL OFFICE SALARIES

SECTION 7.3. Adopts salary ranges for school administrators (\$3,079 to \$8,075 per month) and superintendents (\$4,396 to \$10,844 per month) and provides for salary supplement of \$126 per month for six-year degree level and \$253 per month for doctoral degree. Provides that annual salary increase for all permanent full-time personnel paid from Central Office Allotment is

5%. Prohibits the State Board of Education (SBE) from allowing school districts to transfer State funds from other funding categories for administrator salaries.

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

SECTION 7.4. Provides for 5% salary increase for all full-time, noncertified school employees. Also establishes a minimum salary for permanent, full-time noncertified employees paid from state funds of \$20,112 per year, and a prorated amount for those employed for less than 12 months and those employed on a permanent, part-time basis.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Provides for one-time bonus of 1.55% for permanent certified personnel with at least 29 years of experience and employed on July 1, 2006, and paid on the teacher salary schedule and 2% for permanent personnel paid at the top of the principal and assistant principal salary schedule.

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6. Requires that SBE use funds appropriated in act to provide incentive funding for schools that met or exceeded projected levels of improvement as follows: schools that achieve higher than expected improvements—\$1,500 for teachers and certified personnel and \$500 for each teacher assistant; schools that meet expected improvements—\$750 for teachers and certified personnel and \$375 for each teacher assistant.

CHILDREN WITH DISABILITIES

SECTION 7.7. Requires that SBE allocate \$2,966.65 per child for a maximum of 172,040 children for 2006-07 school year and that school districts receive funds for lesser of all children identified with disabilities or 12.5% of the 2006-07 allocated average daily membership of district.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.8. Requires that SBE allocate \$961.60 per child to a maximum of 4% of district's 2006-07 allocated average daily membership, capped at 57,419 children.

LEA ASSISTANCE PROGRAM

SECTION 7.9. Directs that assistance provided by DPI to low-performing LEAs and to schools not meeting adequate yearly progress under the No Child Left Behind Act of 2001 must be consolidated into the LEA Assistance Program (LEAAP). Permits transfers of funds from within existing appropriations to the LEAAP, but not for the purpose of raising salaries of existing employees. Requires that SBE develop criteria for LEA Assistance Teams as outlined in act.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.10. Requires that beginning with the 2006-07 fiscal year, funds appropriated for disadvantaged student supplemental funding (DSSF) are to be allotted based on teacher-to-student ratios for the eligible DSSF population. LEAs in counties with wealth greater than 90% of the statewide average receive one teacher position per 20.5 DSSF population; 80% to 90%, one per 20; less than 80%, one per 19.5. LEAs receiving DSSF funds in 2005-06 receive one position per 16 DSSF population, and no less than the amount allotted in 2005-06.

LEARN AND EARN HIGH SCHOOLS

SECTION 7.11. Provides that funds appropriated for the Learn and Earn high school workforce development program may be used for enrollment fees and tuition at for UNC courses, laboratory fees, textbooks, and technology and course fees at community colleges.

NC WISE POSITIONS

SECTION 7.12. Permits SBE to use funds appropriated in the budget for NC WISE to create a maximum of 20 positions and incur expenditures necessary to transfer the maintenance and administration of the NC WISE system from the vendor to the Department of Public Instruction.

LITERACY COACHES

SECTION 7.13. Provides that \$4,767,400 are appropriated for 100 new literacy coaches, to be placed in 100 middle schools or other public schools with an eighth grade class. Sites must be approved by SBE to receive funds and are to include feeder schools to Learn and Earn schools, New Schools Project schools, Disadvantaged Student Supplemental Funding (DSSF) districts, or select schools with the lowest tier of reading scores in the most recent three years on end-of-grade tests. To be selected, schools must (i) contain an eighth grade class, and (ii) ensure that Literacy Coaches will have no administrative responsibilities in the schools in which they are placed.

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

SECTION 7.14. Directs SBE to identify LEAs to receive funds for purchasing licenses to EVAAS diagnostic software, based on criteria including (i) identified need, (ii) readiness, and (iii) county wealth, as defined in the Low-Wealth Supplemental Funding Formula.

CLARIFY DEFINITION: PUBLIC SCHOOL CAPITAL FUNDS

SECTION 7.15. GS 115C-546.2(d) specifies that a portion of funds from the School Capital Fund is to be allocated on the basis of average daily membership and a portion is to be allocated by a formula that takes into account the tax rate that the county has imposed upon itself compared with the statewide tax rate average. This section amends GS 115C-546.2(d)(2)a to make clear that the county tax rate for this purpose includes any countywide supplemental taxes levied for the benefit of the public schools.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.16. Provides that the North Carolina Virtual Public School (NCVPS) program is to report to the SBE and maintain an office at DPI. Requires program director to ensure that course quality standards are established and met and that all e-learning opportunities offered by State-funded entities to public school students are consolidated under the program, eliminating course duplication. E-learning course offerings for students residing in rural and low-wealth county LEAs, are to be a priority as courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

DISTANCE EDUCATION

SECTION 7.17. Provides that SBE may use monies from the State Public School Fund in 2006-2007 to pay for the additional costs associated with an increased number of registration fees for students enrolling in Distance Education courses.

TRANSFER MORE AT FOUR PROGRAM AND OFFICE OF SCHOOL READINESS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.18. Transfers the More at Four program and the Office of School Readiness from the Office of the Governor to DPI effective July 1, 2006. The Office of School Readiness is to provide oversight to More at Four and other related early childhood and prekindergarten education experiences. An Executive Director for the Office of School Readiness is to be appointed by the SBE. Deletes provision in SL 2005-276 that directed that \$66,646,653 of the amounts appropriated for 2006-07 to the Department of Health and Human Services (DHHS) be used for More at Four. Transfers responsibility for developing plans for moving highly-rated centers and schools into More at Four from DHHS to DPI. Provides that support of existing classrooms for four-year-olds is to be permitted when current funding is eliminated, reduced, or redirected as required to meet other specified federal or state educational mandates. Amends GS 115C-242(1) to make More at Four students and employees eligible to ride school buses.

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19. Amends GS 115C-363.23A(f) to raise the amount of money from the Teaching Fellows Program fund that may be used by the Public School Forum for administration expenses from \$150,000 per year to \$810,000 per year and to direct the OSBM to increase that amount as necessary to provide salary increases to program employees commensurate with legislative salary increases for state employees. The additional funding is to be used to meet current administrative expenses of the Program, expand minority recruitment initiatives, and expand the Program to up to four additional campuses using a merit-based selection process developed by the North Carolina Teaching Fellows Commission.

REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL ADMINISTRATIVE UNIT

SECTION 7.20. Amends GS.105-467(b) to allow school administrative units a refund of the local portion of sales tax on tangible personal property and services, other than electricity and telecommunications services. Includes taxes paid indirectly on building materials, supplies, fixtures, and equipment that become part of a building owned by the unit

SALARY SUPPLEMENT FOR MATH AND SCIENCE TEACHERS PILOT PROGRAM

SECTION 7.21. Provides that \$515,115 is appropriated for a pilot program providing for a salary supplement for newly hired teachers of mathematics or science at the middle or high school level in three local school administrative units. The funds are to be used to provide for a salary supplement of \$15,000 to up to 10 newly-hired teachers at the middle or high school level

who have nonprovisional certification in and are teaching within specified math and science certification areas.

PART VIII. COMMUNITY COLLEGES

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1. Adjusts minimum salary schedule for nine-month, full-time curriculum community college salary so it now provides for a minimum salary of \$31,728 for faculty with a vocational diploma or less, \$32,195 for an associate degree, \$34,220 for a bachelors degree, \$36,016 for a masters degree, and \$38,607 for a doctorate. Provides that the pro rata hourly rate of the minimum salary for each education level is to be used to determine the minimum salary for part-time faculty members.

USE OF FUNDS APPROPRIATED FOR ISOTHERMAL COMMUNITY COLLEGE

SECTION 8.2. Provides that funds appropriated for composite testing at Isothermal Community College and not used for that purpose may be used to purchase equipment for the Lifelong Learning Center located at Isothermal Community College.

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.3. Provides that funds appropriated to the Community Colleges System Office for the College Information System Project do not revert at the end of the 2005-06 fiscal year and may be used to create a maximum of 20 positions or incur expenditures necessary to transfer the maintenance and administration of the College Information System Project from the vendor to the System Office.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.4. Provides that the Community Colleges System Office may carry forward up to \$10 million of the operating funds that were not reverted in fiscal year 2005-06 to be reallocated to the State Board of Community Colleges' Equipment Reserve Fund.

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.5. Provides that the Community Colleges System Office may use state literacy funds for administration of the GED office. Federal funds previously so used are to be reallocated to the colleges.

REPORT ON THE NCCCS BIONETWORK

SECTION 8.6. Directs the Community Colleges System Office to report by November 1, 2006, to the Joint Legislative Education Oversight Committee, the OSBM, and the Fiscal Research Division on the implementation of the NCCCS BioNetwork.

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.7. Directs the OSBM to conduct a study to analyze and evaluate the New and Expanding Industry Training program of the Community College System. This study must examine the companies served, the number of times each company has been served, the number of jobs created, the length of time the company has remained in North Carolina after receiving New and Expanding Industry Training funds, and whether the company has maintained employment levels at the same level promised when training was received. The findings of the study must be reported to the Joint Legislative Education Oversight Committee by April 1, 2007.

MATCHING REQUIREMENT FOR BOND FUNDS

SECTION 8.8. SL 2000-3 made available funds for new construction at community colleges, to be matched by July 1, 2006, with funds raised by each community college. The statute provided that the State Board of Community Colleges was to report to the State Treasurer by October 1, 2006, on which colleges had not met their match obligations and directed that state funds not matched would then go into a special funds for specified uses. This section extends both deadlines by one year.

COMMUNITY COLLEGE LOW-WEALTH FUNDING

SECTION 8.9. GS 115D-31.3 provides for performance budgeting standards for community colleges and for the retention of some funds that would otherwise revert, if certain standards are met. This section adds to the statute a new section providing that these retained, nonreverted funds may be used by colleges in low-wealth counties for maintenance of plant purposes. Sets criteria for determining which counties qualify.

PART IX. UNIVERSITIES

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.1. Directs the University of North Carolina and Community Colleges System Office to report to the Joint Legislative Education Oversight Committee, the OSBM, and the Fiscal Research Division of the General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative.

TEACHER EDUCATION PROGRAM ENROLLMENT PLANS

SECTION 9.2. Directs the University of North Carolina General Administration to obtain plans from each constituent institution as to how they will maintain their current enrollment in the teacher education programs and achieve growth. Plans may include using enrollment growth funds for targeted admissions, enhanced student support, advising, recruiting, increases in faculty in necessary instructional areas that lead to certification, and other methods General Administration believes will achieve those results. General Administration is to report to the OSBM and the Joint Legislative Education Oversight Committee by December 30, 2006, on each constituent institution's plan. By March 31, 2007, General Administration is to submit a report on progress, explaining the distribution of enrollment growth funds by specific initiative.

NORTH CAROLINA IN THE WORLD PROJECT

SECTION 9.3. Directs the NC Center for International Understanding to develop a plan to ensure that public K-12 international education efforts, such as teacher and student exchanges and curriculum development, are focused on key countries and regions of strategic economic interest to North Carolina. Directs the center to report to the OSBM and the Joint Legislative Education Oversight Committee on the activities and accomplishments of the \$200,000 nonrecurring appropriation for North Carolina in the World Project no later than March 31, 2007.

STUDY THE FEASIBILITY OF ADDING NORTH CAROLINA WESLEYAN COLLEGE TO UNC SYSTEM

SECTION 9.4. Allocates \$50,000 to the UNC Board of Governors to study the feasibility of making North Carolina Wesleyan College a constituent institution of The University of North Carolina, looking at the mission to be served, the cost, facility needs, difficulties in asset transfers, potential liabilities, treatment of current students and employees, and necessary legislative action.

NORTH CAROLINA PROGRESS BOARD

SECTION 9.5. Amends GS 143B-372.1 to make the following changes in the governance structure of the North Carolina Progress Board: (1) Removes the Governor from Board membership; (2) Reduces the Governor's appointees to the board from eight to six; (3) Increases the appointees of the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the board itself from five each to six each. Provides that the Board itself names its chair (current law, the Governor or governor's designee) and that the Board or its supporting nonprofit entity hire or contract with all staff (current law, the Governor names the Executive Director who then hires staff).

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.6. Adds new Article 9H to GS Chapter 90 to create the Graduate Nurse Scholarship Program. Under the program, the Nursing Scholars Commission must select recipients for loans of \$15,000 for up to two years for nursing masters degree students and three years for doctorate students in fields that would permit the graduates to become nursing instructors in community colleges or universities. Provides for forgiveness of loans, year for year, for graduates who do in fact teach in a nursing education program at a public educational institution in the state.

MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS

SECTION 9.7. Directs the UNC General to reorganize budget code 16012, UNC Board of Governors Related Educational Programs, so that the budget reflects and segregates each specific program individually.

TRANSFERS OF APPROPRIATION

SECTION 9.8. Amends GS 116-30.2(a) to provide that UNC special responsibility constituent institutions may transfer appropriations between budget codes and that these transfers are to be considered certified even if they result from agreements between special responsibility constituent institutions.

NURSING SCHOLARS PROGRAM MODIFICATION

SECTION 9.9. Amends GS 90-171.61 regarding the Nursing Scholars Program, to delete the provisions by which scholarship loans are awarded of different values depending on whether the student was in an associate degree program, a bachelors degree program, or a masters degree program, making all scholarship loans worth \$6,500 per year. Expands the possibility of prorata loans for part-time students to include not only masters degree candidates but also students studying to become registered nurses. Makes clear that the loans are awarded year-by-year.

UNC BOARD OF GOVERNORS MEDICAL AND DENTAL SCHOLARSHIPS

SECTION 9.10. Amends Section 9.9 of the 2005 Appropriations Act (SL 2005-276) regarding the Board of Governors' Dental Scholarship Program and Section 9.10 regarding the Board of Governors' Medical Scholarship Program, both of which provide for loan forgiveness if the individual practices dentistry or medicine in North Carolina for four years within seven years of graduation. The amendment provides for extension of the seven-year period for extenuating circumstances, including participation in a residency program.

NC SCHOOL OF SCIENCE AND MATH/HIGH SCHOOL CONSTITUENT INSTITUTION

SECTION 9.11. Amends GS 116-2 to make the North Carolina School of Science and Mathematics a constituent institution of UNC. Provides that there are now 17 "constituent institutions", composed of 16 "institutions of higher education" and one "constituent high school." Changes the title of the chief official from "Director" to "Chancellor." Makes conforming changes to a number of statutes, including those related to the State Personnel Act and the Teachers and State Employees Retirement System. Amends GS 116-40.22 and 116-143 to provide that the UNC Board of Governors may not impose any tuition or mandatory fee at the School without the approval of the General Assembly.

EXPAND TUITION WAIVER PROGRAM FOR UNC FACULTY & STAFF

SECTION 9.12. Amends GS 116-143, which provides for waiver of tuition for university courses for university employees, to extend the benefit from one course per semester to three courses per year.

TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING

SECTION 9.13. Amends GS 116-19, 116-20, 116-21.1, 116-21.2, 116-21.3, 116-21.4, and 116-22, all of which concern the payment of state funds to private colleges that enroll North Carolina residents, to expand the programs to include not only full-time students but also part-time students who are enrolled in programs leading to licensure in nursing or teaching.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CHANGE REPORTING DATE OF AGING STUDY COMMISSION

SECTION 10.1. Extends reporting date from April 1, 2006 to January 1, 2007.

RATE SETTING FOR CHILD CARING INSTITUTIONS

SECTION 10.2. Deletes provision from 2005 Appropriations Act and General Statutes regarding standardized rates for child caring institutions. Amends GS 143B-153(2) to authorize Social Services Commission to establish standardized rates for child caring institutions effective July 1, 2007.

MEDICAID

SECTION 10.3. Reorganizes section on Medicaid funds without making substantive changes.

PROCEDURES FOR CHANGES TO DHHS MEDICAL POLICY

SECTION 10.4. Enacts GS 108-54.2 to establish procedures for changing medical coverage policy. Requires consultation with specified groups, notice of proposed policy, a 45-day comment period (with an additional 15-day comment period if modifications made in original proposal).

TRANSFER OF ASSETS REWRITE

SECTION 10.5. Repeals GS 108A-58 and enacts GS 108A-58.1 to update provisions on ineligibility for Medicaid assistance based on transfer of assets for less than fair market value. Incorporates provisions provided by federal law. Allows waiver of penalty if Department determines it would impose an undue hardship.

MEDICAID DUALY ELIGIBLE TO ENROLL IN MEDICARE PARTS A, B, C, D

SECTION 10.6. Amends GS 108A-55.1 (Medicare enrollment required) to incorporate reference to Medicare Parts A, B, C, and D.

MEDICAID RESERVE FUND TRANSFER

SECTION 10.7. Adds provision that of the funds transferred to DHHS for Medicaid programs under GS 143-23.2, \$5,004,504 for the 2006-2007 fiscal year shall be allocated for the implementation of the Medicaid Management Information System.

REQUIRED DATA SHARING BY PRIVATE HEALTH INSURERS

SECTION 10.8. Enacts GS 58-50-46 to require insurers to provide at no cost specified information to the Department of Health and Human Services (DHHS) regarding individuals who are covered by the insurer and also receiving medical assistance. Specifies requirements for insurers regarding coordination of coverage, including authorization for provision of services, rights of state recovery, denial of claims, and provision of information. Provides that insurer who complies is not liable in a civil or criminal action brought by a covered individual on account of the insurer's compliance.

TICKET TO WORK EFFECTIVE DATE CHANGE

SECTION 10.9. Sets effective date at July 1, 2007. Requires DHHS to study and develop a plan for implementation of the Ticket to Work Program, with a report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2007.

PUBLIC-PRIVATE LONG TERM CARE PARTNERSHIP PROGRAM

SECTION 10.10. Establishes Long-Term Care Partnership Program in DHHS. The program is to offer incentives to individuals to insure against the substantial costs of providing for long-term care needs.

STUDY MEDICAID PROVIDER RATE INCREASES

SECTION 10.11. Directs the Secretary of DHHS to study and develop a proposal for an equitable standard for providing inflationary and other cost-related increases to service providers in the Medicaid program. Allocates to support the study \$100,000 of the funds appropriated to DHHS, Division of Medical Assistance. Requires that by March 1, 2007 the Department report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the findings and recommendations of the study.

INCREASE HEALTH CARE ACCESS FOR UNINSURED PERSONS

SECTION 10.12. Directs Secretary of DHHS to develop a plan to expand health care access for uninsured North Carolinians. Specifies content of study and allocates for its support \$200,000 from funds appropriated to DHHS for 2006-07. Directs that the proposed plan be submitted to the General Assembly not later than March 1, 2007.

HEALTH INFORMATION SYSTEMS (HIS) FUNDS

SECTION 10.13. Appropriates \$9,835,795 from specified budget code for 2006-07 for the development and implementation of the Health Information Systems. Requires DHHS, Division of Public Health to report on the use of these funds to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by March 1, 2007.

REPEAL VISION CARE PROGRAM

SECTION 10.14. Repeals the vision care program created by the 2005 Appropriations Act, and its implementing statutes.

EARLY INTERVENTION SERVICES REPORT

SECTION 10.15. Requires DHHS, Division of Public Health, to report on Early Intervention services to the Senate Appropriations Committee on Health and Human Services, the House of Representative Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than February 1, 2007. Specifies content of report.

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.16. Amends the 2005 Appropriations Act to provide that health center grant applicants must provide after-hours access and directs DHHS to give preference to grant applicants demonstrating collaboration with the applicant's community hospital.

EDUCATION ON PREVENTION OF PRETERM BIRTHS

SECTION 10.17. Directs that of the funds appropriated to DHHS, Division of Public Health, \$150,000 for the 2006-2007 fiscal year be used to provide education to women on the benefits of progesterone for those who have had preterm births and to purchase medication for eligible minority and low-income women until the medication becomes readily available through the Medicaid Program. Requires the Division of Public Health to evaluate the impact of the use of these funds and report on the evaluation to the Division of Medical Assistance, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.18. Directs that of funds appropriated to DHHS, \$2 million for 2006-07 is allocated for the Community-Focused Eliminating Health Disparities Initiative Program is to provide grants to local public health departments, American Indian tribes, and faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to white persons. These funds are also to be used to support a position in DHHS to monitor, track, and evaluate grantees' progress.

CLARIFICATION OF CERTAIN AUDIT REQUIREMENTS

SECTION 10.19. Amends GS 143B-139.4(b) to require that those private, nonprofit organizations receiving assistance from employees of DHHS document all contributions received and compensation paid to state employees. Allows an organization with less than \$500,000 in annual income to submit an affidavit from its chief officer making this report. Requires organizations with more than \$500,000 in annual income to provide an audit by the State Auditor's Office or from a certified public accountant.

PRIVATE WELL WATER PROTECTION

SECTION 10.20. Amends GS 130A-5 to authorize charging a fee for analyzing private well water samples submitted by local health departments. Sets formula for determining fee amount.

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.21. Authorizes DHHS to increase the financial eligibility criterion for the AIDS Drug Assistance Program to 250% of the federal poverty level. Provides that if a waiting list develops, priority is to be given to persons at or below 125% of the federal poverty level.

TECHNICAL CORRECTION TO LICENSURE FEE LIMITS

SECTION 10.22. Amends GS 131E-267 to provide that the fee for the review of each care facility construction project may not exceed \$25,000.

CLARIFICATION OF FEES FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICE FACILITIES

SECTION 10.23. Amends GS 122C-23 (h) to provide that the base fee for facilities with no beds is \$175.

TRANSFER ADVOCACY AND CUSTOMER SERVICE SECTION TO OFFICE OF THE SECRETARY

SECTION 10.24. Transfers Advocacy and Customer Service Section of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to the Office of the Secretary of DHHS.

AUTHORIZE LOCAL MANAGEMENT ENTITIES TO TRANSFER FUNDS BETWEEN AGE AND DISABILITY CATEGORIES

SECTION 10.25. Allows an area authority or a county program to transfer from one age or disability category to a different age or disability category up to 15% of the funds initially allocated to the age or disability category. Requires that the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services verify that the transfer meets applicable federal requirements. Transfer authority expires July 1, 2007.

AREA AUTHORITY AND COUNTY PROGRAM CRISIS REGIONS

SECTION 10.26. Directs area authorities and county programs to organize themselves into no more than 21 crisis regions. Funds are to be allocated to each area authority or county programs on a per capita basis. Specifies purposes for which funds may be used. Of the funds appropriated for consultant services to aid local management entities and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, \$225,000 must be used for consulting services for this purpose. Funds not expended during the 2006-07 fiscal year do not

revert. Area authorities and county programs and crisis regions are to report monthly to the consultant and to the Division regarding the use of the funds, whether there has been a reduction in the use of State psychiatric hospitals for acute admissions, and remaining gaps in local and regional crisis services. The consultant must report regularly to the General Assembly, the Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services regarding each crisis region's and area authorities' and county programs' proposed and actual use of the funds.

EXTEND SUNSET FOR FIRST COMMITMENT PILOT PROGRAM

SECTION 10.27. Extends program from July 1, 2006, to October 1, 2007.

CHANGES TO THE STATE PLAN FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.28. Amends GS 122C-102 to provide that the State Plan is to be issued every three years, beginning July 1, 2007. Requires identification of specific goals and benchmarks. Requires consultation with and reports every six months to the Joint Legislative Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. Specifies tasks for consultants hired by DHHS for this purpose.

FACILITY LICENSURE REQUIREMENTS FOR OUTPATIENT SUBSTANCE ABUSE SERVICES CONSISTENT WITH FACILITY LICENSURE REQUIREMENTS FOR OUTPATIENT MENTAL HEALTH AND DEVELOPMENTAL DISABILITY SERVICES

SECTION 10.29. Amends GS 122C-3(14)(b) to combine day services provisions for mentally ill, developmentally disabled, and substance abusers.

INDEPENDENT- AND SUPPORTIVE-LIVING APARTMENTS INITIATIVE

SECTION 10.30. The independent and supportive living apartments for persons with disabilities constructed from appropriated funds are to be affordable to persons with incomes at the Supplemental Security Income level. If the Housing Finance Agency is able to finance the apartments for less than the amount appropriated, any remaining funds may be used to finance additional apartments, group homes, and transitional housing for individuals with disabilities.

LME FINANCIAL REPORTS TO COUNTY REVIEWED BY COUNTY FINANCE OFFICERS

SECTION 10.31. Amends GS 122C-117(c) and GS 153A-453 to provide that quarterly reports provided to the boards of county commissioners also be presented to county finance officers.

LOCAL MANAGEMENT ENTITY ADMINISTRATIVE FUNCTIONS

SECTION 10.32. Directs DHHS to recalculate local management entity (LME) systems management allocations for fiscal year 2006-07 to include funds for each LME to implement 24-hour, seven days a week screening, triage, and referral, and the review and approval of all person-centered plans.

PORTION OF PROCEEDS FROM ALCOHOL EXCISE TAX DEPOSITED TO TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE FUNDING NEEDS

SECTION 10.33. Enacts GS 105-113.82A to provide that after setting aside mandated distributions, 5% of the net proceeds of the excise taxes on malt beverages, unfortified wine, fortified wine, and spirituous liquor is to be distributed on a monthly basis to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. Effective July 1, 2006 and applicable to taxes collected on or after that date.

CHILD CARE ALLOCATION FORMULA

SECTION 10.34. Amends 2005 Appropriations Act to update references to fiscal years for allocation of up to \$22,000,000 in federal block grant funds and State funds appropriated for child care services to fiscal years 2005-2006 and 2006-2007.

CHILD CARE SUBSIDY RATES

SECTION 10.35. Amends provision in 2005 Appropriations Act regarding calculation of market rate for child care centers and homes to delete reference to unsubsidized privately paying parents.

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Summarized in yesterday's *Daily Bulletin*.

PART XII. DEPARTMENT OF COMMERCE

- Summarized in yesterday's *Daily Bulletin*.
- PART XIII. DEPARTMENT OF LABOR
Summarized in yesterday's *Daily Bulletin*.
- PART XIV. JUDICIAL DEPARTMENT
Summarized in yesterday's *Daily Bulletin*.
- PART XV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION
Summarized in yesterday's *Daily Bulletin*.
- PART XVI. DEPARTMENT OF CORRECTION
Summarized in yesterday's *Daily Bulletin*.
- PART XVII. DEPARTMENT OF ADMINISTRATION
Summarized in yesterday's *Daily Bulletin*.
- PART XVIII. OFFICE OF ADMINISTRATIVE HEARINGS
Summarized in yesterday's *Daily Bulletin*.
- PART XIX. DEPARTMENT OF REVENUE
Summarized in yesterday's *Daily Bulletin*.
- PART XX. DEPARTMENT OF THE STATE TREASURER
Summarized in yesterday's *Daily Bulletin*.
- PART XXI. DEPARTMENT OF TRANSPORTATION
Summarized in yesterday's *Daily Bulletin*.
- PART XXII. SALARIES AND EMPLOYEE BENEFITS
Summarized in yesterday's *Daily Bulletin*.
- PART XXIII. CAPITAL APPROPRIATIONS.
Summarized in yesterday's *Daily Bulletin*.
- PART XXIV. TAX REDUCTIONS
Summarized in yesterday's *Daily Bulletin*.
- PART XXV. MINIMUM WAGE INCREASE
Summarized in yesterday's *Daily Bulletin*.
- PART XXVI. SET REGULATORY FEES
Summarized in yesterday's *Daily Bulletin*.
- PART XXVII. SPECIAL INDEBTEDNESS PROJECTS
Summarized in yesterday's *Daily Bulletin*.
- PART XXVIII. MISCELLANEOUS PROVISIONS
- EFFECTIVE DATE

SECTION 28.7. Except as otherwise provided, the act is effective July 1, 2006.

Intro. by Garrou.

GS 7A, 8C, 15A, 20, 58, 66, 90, 95, 105, 108A,
115C, 116, 126, 127A, 131E, 135, 143, 143B,
147, 150B, 166A, APPROP

May 23, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. Senate amendments make the following changes to 1st edition. Amendment #1 amends Section 14.9.(d) to delete requirement in new GS 7A-797(b) that the amount allocated for drug treatment court operations be proportionate to the percentage of clients served throughout the State unless otherwise agreed. Amendment #2 deletes Section 7.9, which required that the State Board of Education implement a plan to provide assistance to low performing schools and assist schools not making adequate progress as measured by the federal No Child Left Behind Act. Amendment #3 adds new Section 10.11.(c) to require that the Department of Health and Human Services (DHHS) study the feasibility and effectiveness of adjusting and rebasing case-mix reimbursement rates using 2005 cost data for nursing facilities. Amendment #4 adds new Section 10.18A to authorize DHHS to use funds appropriated for 2006-07 to support one new position for the Healthy Carolinians Initiative. Amendment #5 amends Section 10.3 of act to: delete provisions concerning Medicaid coverage of infants and children that were effective January 1, 2006; delete provision

requiring that DHHS provide Medicaid benefits to individuals who are twenty-one; and designate that certain Medicaid services and payment bases are optional.

May 23, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. Senate amendments make the following changes to 2nd edition. Amendment #6 deletes Section 10.20, which amended GS 130A-5 to authorize the Secretary of Health and Human Services to charge a fee for analyzing Private Well Water samples. Amendment #7 adds new Section 24.3(a) to cap the variable wholesale component of the motor fuel tax rate at 12.4 cents a gallon for the period from July 1, 2006, through June 30, 2007. Also adds new Section 2.2.(g) to require that the State Treasurer transfer up to \$17.6 million of funds reserved to hold harmless the Highway Fund and the Highway Trust Fund if the variable wholesale component of the motor fuel excise tax rate would exceed 12.4 cents per gallon without the cap established by Section 24.3 of act. Makes conforming changes to title and the list of adjustments to availability set forth in Section 2.1 of act.

May 24, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. Senate amendments make the following changes to 2nd edition. Amendment # 1 revises new GS 58-50-46(b) regarding data sharing by private health insurers as follows: requires health insurers and pharmacy benefit managers to provide, on request of the Division of Medical Assistance, information about coverage of eligible individuals, spouses, and dependents; requires submission of various information to Division no more than twelve times a year (was, in timely manner); deletes provision requiring insurers to accept Division's authorization for medical services on behalf of recipient of medical assistance as insurer's authorization for provision of services; and requires insurer to respond to request for information within 90 (was, 30) working days after receipt of written proof of loss or claim for payment for health care services. Also revises new GS 58-50-46(c) to provide that insurer that complies with requirements is not liable on that account in any civil or criminal actions (was, civil or criminal actions brought by covered individual or beneficiaries).

Amendment # 2 requires General Assembly to contract for performance audit of executive branch and The University System. Requires that results of audit be reported by Feb. 1, 2008. Allocates \$1 million for audit for 2006-07, which remains available for expenditure in 2007-08.

Amendment # 3 adds several provisions on mental health, developmental disabilities, and substance abuse services, most drawn from pending bills. The effective dates of the provisions included in Amendment # 3 are all governed by the act, not by the original bills.

10.33A is a new provision that states that funds appropriated in the act for mental health and substance abuse services shall be allocated to local management entities (LMEs) such that each LME receives a percentage of the total allocation that is equal to that LME's percentage of the state's population that is below the federal poverty level.

10.33B amends GS 122C-112.1(9) in the same manner as in H 2081 (digested 5/17/06).

10.33C contains several provisions from H 2080 (digested 5/17/06). Only those provisions from H 2080 that were carried over to Amendment # 3 are noted; several provisions were not included in Amendment # 3, and the omitted provisions are not described here. New GS 122C-3(20b) gives the same definition of LME as in H 2080 except that it does not state that an LME is not a unit of local government. GS 122C-111, 122C-115.2, 122C-115.4, 122C-118.1, 122C-115.1(g), and 122C-112.1, and GS 153A-149(c)(22) and 153A-247, are amended in the same manner as in H 2080.

10.33D is identical to H 2083 (digested 5/17/06), except that it does not contain the appropriation from that bill.

10.33E amends GS 122C-242 in the same manner as H 2077 (digested 5/17/06).

10.33F is identical to H 2120 (digested 5/17/06).

June 13, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. House committee substitute, as amended by the appropriations committee and the finance committee, makes the following changes to the 3rd edition. Changes the title to *AN ACT TO MODIFY THE CURRENT*

OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005; TO SET THE PUBLIC UTILITIES REGULATORY FEE AND THE INSURANCE REGULATORY CHARGE; TO AUTHORIZE A PRIVATE WELL-WATER TESTING FEE; TO CLARIFY FEES FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICE FACILITIES; TO MAKE A TECHNICAL CORRECTION TO THE LICENSURE FEE CAP FOR REVIEW OF HEALTH CARE FACILITY CONSTRUCTION PROJECTS; TO REPEAL THE FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS; TO INCREASE THE PUBLIC WATER SYSTEMS ANNUAL OPERATING PERMIT FEES; TO IMPOSE PUBLIC WATER SYSTEM PLAN REVIEW FEES; TO LOWER THE STATE SALES AND USE TAX BY ONE-QUARTER PERCENTAGE POINT EFFECTIVE JANUARY 1, 2007; TO LOWER THE UPPER INCOME TAX RATE BY ONE-EIGHTH PERCENTAGE POINT EFFECTIVE FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 2007; TO PROVIDE FOR A HEALTH INSURANCE TAX CREDIT CAPPED AT \$200 PER ELIGIBLE EMPLOYEE; TO EXPAND THE DEFINITION OF A DEVELOPMENT ZONE TO INCLUDE AN ECONOMIC DEVELOPMENT AND TRAINING DISTRICT; TO EXTEND THE SUNSET ON AVIATION FUEL SOLD TO MOTORSPORTS RACING TEAMS; TO ENHANCE THE TAX BENEFITS RELATING TO ETHYL ALCOHOL AND BIODIESEL; TO PROVIDE FOR A SALES AND USE TAX BENEFIT FOR RESEARCH AND DEVELOPMENT COMPANIES; AND TO ELIMINATE SALES AND USE TAX REFUNDS FOR PURCHASES OF ALCOHOLIC BEVERAGES.

PART I. TITLE

The title of the act is the Current Operations and Capital Improvements Appropriations Act of 2006 (identical to 3rd edition).

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Increases and (decreases) appropriations from the General Fund for operating expenditures as follows:

Current Operations – General Fund	FY 2006-07
EDUCATION	
Community Colleges System Office	\$ 42,924,642
Department of Public Instruction	150,669,892
University of North Carolina System	
Appalachian State University	\$ 2,189
East Carolina University	
Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	65,287
Agricultural Research	0
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	
Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)

Western Carolina University	(7,325,381)
Winston-Salem State University	0
General Administration	(5,396,824)
University Institutional Programs	141,936,597
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total University of North Carolina Board of Governors	\$ 120,570,340
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Office of the Secretary	\$ (56,346,653)
Division of Aging	5,541,765
Division of Blind Services/Deaf/HH	0
Division of Child Development	25,561,908
Division of Education Services	996,783
Division of Facility Services	0
Division of Medical Assistance	(106,150,000)
Division of Mental Health	57,068,476
NC Health Choice	0
Division of Public Health	26,214,501
Division of Social Services	17,319,957
Division of Vocation Rehabilitation	0
Total Health and Human Services	\$ (29,793,263)
NATURAL AND ECONOMIC RESOURCES	
Department of Agriculture and Consumer Services	\$ 3,748,123
Department of Commerce	
Commerce	20,312,483
Commerce State-Aid	10,453,138
NC Biotechnology Center	4,000,000
Rural Economic Development Center	0
Department of Environment and Natural Resources	
Environment and Natural Resources	13,615,057
Clean Water Management Trust Fund	0
Department of Labor	613,894
JUSTICE AND PUBLIC SAFETY	
Department of Correction	\$ 36,877,659
Department of Crime Control and Public Safety	6,623,243
Judicial Department	26,734,418
Judicial Department – Indigent Defense	6,985,055
Department of Justice	4,728,270
Department of Juvenile Justice and Delinquency Prevention	3,554,520
GENERAL GOVERNMENT	
Department of Administration	\$ 4,208,759
Office of Administrative Hearings	281,367
Department of State Auditor	57,564
Office of State Controller	0
Department of Cultural Resources	
Cultural Resources	4,210,053
Roanoke Island Commission	0
State Board of Elections	634,791

General Assembly	168,346
Office of the Governor	
Office of the Governor	100,000
Office of State Budget and Management	409,938
OSBM – Reserve for Special Appropriations	1,353,253
Housing Finance Agency	17,125,000
Department of Insurance	
Insurance	388,398
Insurance – Volunteer Safety Workers' Compensation	0
Office of Lieutenant Governor	88,433
Department of Revenue	1,279,782
Department of Secretary of State	468,067
Department of State Treasurer	
State Treasurer	281,784
State Treasurer – Retirement for Fire and Rescue Squad Workers	514,000

TRANSPORTATION

Department of Transportation	\$	0
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RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for Compensation Increases	\$	693,676,935
Reserve for Teachers' and State Employees' Retirement Contributions		29,650,000
Retirement System Payback		30,000,000
Information Technology Fund		42,087,229
Reserve for Heating and Cooling Assistance		10,000,000
Trust Fund for MH/DD/SAS		24,205,000
State Emergency Response Account		20,000,000
Targeted County Medicaid Relief		35,000,000
Pending Ethics Legislation (HB 1843 & HB 1844)		422,871
Economic Development Initiatives		10,000,000
Higher Education and County Programs/Facilities		59,825,000
Debt Service		
General Debt Service		(50,000,000)
Federal Reimbursement		0

Adjustments To Appropriations – General Fund	\$	1,352,754,041
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GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2. Repeals the General Fund availability statement in the 2005 Appropriations

Act and substitutes the following:

	FY 2006-07
Unappropriated Balance from FY 2005-06, S.L. 2005-276	117,227,875
Net Adjustments - S.L. 2005-345	(4,148,833)
Net Adjustments - S.L. 2005-435, S.L. 2005-406, S.L. 2005-376, S.L. 2005-391	(5,826,000)
Adjustment From Estimated to Actual 2005-2006 Beginning Unreserved Balance	6,133,946
Revised Unappropriated Balance Remaining 2005-2006	\$ 113,386,988
Emergency Appropriation for	
Projected Reversions from FY 2005-2006	125,000,000
Projected Over Collections from FY 2005-2006	1,072,100,000
Year End Unreserved Credit Balance before Earmarkings	\$ 1,295,486,988
Credit to Savings Reserve	\$ (323,871,747)
Credit to Repairs and Renovation Reserve Account	(210,955,188)

Department

Revised Year End Unreserved Credit Balance	\$	760,660,053
Revenues Based on Existing Tax Structure	\$	16,951,416,000
Nontax Revenues		
Investment Income	\$	78,700,000
Judicial Fees		168,605,271
Disproportionate Share		100,000,000
Insurance		51,543,813
Other Nontax Revenues		202,719,921
Highway Trust Fund Transfer		252,663,009
Highway Fund Transfer		0
Subtotal Nontax Revenues	\$	854,232,014
Total General Fund Availability	\$	18,566,308,067
Adjustments to Availability: 2006 Session		
Baseline Revenue Forecast	\$	698,864,995
Reserve for Sales Tax Reduction from 4.5% to 4.25% – January 1, 2007		(118,000,000)
Reserve for Upper Income Tax from 8.25% to 8.125% – January 1, 2007		(14,300,000)
Reserve for Small Business Health Insurance Tax Credit		(10,800,000)
Reserve for 529 Plan Tax Deduction		(2,000,000)
IRC Update Conformance		(5,100,000)
Mill Rehabilitation Tax Credit		(2,800,000)
Taxation of Logging Machinery		(2,900,000)
Bill Lee Adjustments		(800,000)
Aviation Fuel Credit Sunset – January 1, 2007		(90,000)
Tax Incentive for Ethyl Alcohol Sales		(50,000)
Reserve for Joint Filing Options		(1,000,000)
Reserve for Research & Development Sales Tax Rate Change		(4,100,000)
Reduce Transfer to Highway Trust Fund		(195,176,407)
Adjust Transfer from Insurance Regulatory Fund		388,398
Adjust Transfer from Treasurer's Office		281,784
Transfer from Master Settlement Agreement Funds		6,300,000
Subtotal Adjustments to Availability: 2006 Session	\$	348,718,770
Revised General Fund Availability for 2006-2007 Fiscal Year	\$	18,915,026,837
Total General Fund Appropriations for 2006-2007 Fiscal Year		(18,915,026,837)
Unappropriated Balance Remaining	\$	0

Transfers \$210,955,188 (was, \$225 million in 3rd edition) from the unreserved credit balance to the Repairs and Renovations Reserve Account in G.S. 143-15.3A, effective June 30, 2006.

Repeals a provision in the 2005 Appropriations Act providing intent regarding transfers between the General Fund and the Highway Trust Fund, effective June 30, 2006. (Identical to 3rd edition.) Adjusts the amounts of highway use taxes to be transferred from the Highway Trust Fund to the General Fund pursuant to G.S. 105-187.9(b) for 2006-07 as follows: pursuant to GS 105-187.9(b)(1), \$55 million, and pursuant to G.S. 105-187.9(b)(2), \$2,486,602. (Identical to 3rd edition.)

Deletes section 2.2(g) of the 3rd edition, relating to a hold-harmless for the Highway Fund and the Highway Trust Fund for the gas cap ceiling that would have been established by Section 24.3 of the 3rd edition, also deleted by the committee substitute.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Increases and (decreases) appropriations from the Highway Fund for operating expenditures as follows:

Current Operations – Highway Fund	2006-2007
Department of Transportation	
Administration	\$ 0
Division of Highways	
Administration	0
Construction	39,439,500
Maintenance	188,824,200
Planning and Research	0
OSHA Program	0
Aeronautics	2,000,000
Ferry Operations	1,000,000
State Aid	
Municipalities	1,439,500
Public Transportation	(14,000,000)
Railroads	3,198,750
Governor's Highway Safety	0
Division of Motor Vehicles	1,386,701
Other State Agencies	1,462,420
Reserves and Transfers	30,080,000
TOTAL	\$ 254,831,071

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Sets out the following Highway Fund availability used in developing the budget:

Highway Fund Availability Statement	2006-2007
Beginning Credit Balance	26,600,000
Estimated Revenue	1,767,140,000
Total Highway Fund Availability	\$ 1,793,740,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Increases and (decreases) appropriations from the Highway Trust Fund for various purposes as follows:

Current Operations – Highway Trust Fund	2006-2007
Intrastate System	100,567,595
Urban Loops	40,665,346
Aid to Municipalities	10,551,886
Secondary Roads	9,271,360
Program Administration	(1,189,780)
Transfer to General Fund	(195,176,407)
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	(\$35,310,000)

PART V. BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 5.1. Sets out the following appropriations from federal block grant funds for 2006-07:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

Local Program Expenditures	
Division of Social Services	
01. Work First Family Assistance (Cash Assistance)	\$108,000,000
02. Work First County Block Grants	94,653,315
03. Child Protective Services – Child Welfare	

	Workers for Local DSS	12,452,391
04.	Work First – Boys and Girls Clubs	1,500,000
05.	Work First – After-School Services for At-Risk Children	2,249,642
06.	Work First – After-School Programs for At-Risk Youth in Middle Schools	500,000
07.	Child Welfare Collaborative	1,000,000
08.	Work First – Work Central	550,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Foster Care	2,000,000
12.	Child and Family Mental Health Services	4,000,000
13.	Emergency Housing Assistance	4,000,000
	Division of Child Development	
14.	Subsidized Child Care Program	53,237,268
	DHHS Administration	
15.	Division of Social Services	586,931
16.	Office of the Secretary	65,836
17.	Office of the Secretary/DIRM – TANF Automation Projects	592,500
18.	Office of the Secretary/DIRM – NC FAST Implementation	1,800,000
	Transfers to Other Block Grants	
	Division of Child Development	
19.	Transfer to the Child Care and Development Fund	81,292,880
	Division of Social Services	
20.	Transfer to Social Services Block Grant for Department of Juvenile Justice and Delinquency Prevention – Support Our Students	2,749,642
21.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,550,000
22.	Transfer to Social Services Block Grant for Maternity Homes	838,000
23.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
24.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
25.	Transfer to Social Services Block Grant for Foster Care Services	1,181,907
	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	\$388,000,312

SOCIAL SERVICES BLOCK GRANT – Identical to 3rd edition.

LOW-INCOME ENERGY BLOCK GRANT – Identical to 3rd edition.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT – Identical to 3rd edition.

MENTAL HEALTH SERVICES BLOCK GRANT – Identical to 3rd edition.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT – Identical to 3rd edition.

MATERNAL AND CHILD HEALTH BLOCK GRANT – Identical to 3rd edition.

PREVENTIVE HEALTH SERVICES BLOCK GRANT – Identical to 3rd edition.

COMMUNITY SERVICES BLOCK GRANT – Identical to 3rd edition.

Provisions relating to planning, changes in federal funds availability, reporting of changes, and reporting on positions are identical to subsections 5.1(b) through 5.1(e) of the 3rd edition.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

Subsections 5.1(f) through 5.1(m) are the same as in the 3rd edition, except that \$2.2 million (was \$2 million) is allocated to provide domestic violence services to Work First recipients in subsection 5.1(g) and a cross-reference is corrected in subsection 5.1(j). Renumbers subsection 5.1(t) of the 3rd edition as new subsection 5.1(o). Deletes subsection 5.1(n), which would have allocated \$19,598,322 for Work First demonstration projects implemented by county departments of social services to improve work participation rates, and adds new subsections 5.1(n) and 5.1(p) through (s) to (1) allocate \$550,000 to Work Central, Inc., with an evaluation report from DHHS to the General Assembly required by May 1, 2007; (2) allocate \$4 million to increase work participation rates by providing substance abuse and mental health services for families and children; (3) allocate \$4 million to increase work participation rates by providing targeted emergency housing assistance for families and children; (4) allocate \$1 million to provide service awards for students receiving social work degrees; and (5) require DHHS to implement a plan under which counties must use county funding beginning in 2007-08 to replace federal funds lost as a penalty for NC not meeting work participation rates.

SOCIAL SERVICES BLOCK GRANT – Same as the 3rd edition except that subsection 5.1(t) of the 3rd edition was moved to subsection 5.1(o) in TANF provisions above, and the subsections are renumbered to reflect the additional subsections added in the TANF provisions.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – Identical to the 3rd edition.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT – Identical to the 3rd edition.

MENTAL HEALTH BLOCK GRANT – Identical to the 3rd edition.

MATERNAL AND CHILD HEALTH BLOCK GRANT – Identical to the 3rd edition.

NER BLOCK GRANTS

SECTION 5.2. Same as the 3rd edition, except deletes provisions of subsection 5.2(f) of the third edition, (which would have directed the Department of Commerce (Commerce), in partnership with the Rural Economic Development Center, Inc. (Rural Center), to award up to \$2,250,000 in demonstration grants to local governments in very distressed rural areas for critical infrastructure and entrepreneurial needs and to provide small business assistance) and substitutes a provision requiring Commerce to create a small business/entrepreneurship program in coordination with micro-lending programs, with up to \$1 million in grants to be awarded to local governments to provide assistance to low-to-moderate income individuals for small business and entrepreneurship development.

PART VI. GENERAL PROVISIONS

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.1. – Identical to the 3rd edition.

AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS

SECTION 6.2. – Deleted.

CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR INCREASING FEES PURSUANT TO THE EXECUTIVE BUDGET ACT

SECTION 6.3. – Deleted.

NO FEE INCREASES WHICH THE GENERAL ASSEMBLY HAS REJECTED

SECTION 6.4. – Deleted.

STATE EMERGENCY RESPONSE ACCOUNT

SECTION 6.5. – Identical to the 3rd edition.

INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATIONS

SECTION 6.6. Modifies the 3rd edition's revisions of the 2005 appropriations act's information technology fund availability statement to (1) reflect an estimated June 30, 2006, Information Technology Fund balance of \$4,212,225 and to reflect an increase of the 2006-07

General Fund appropriation to \$59,324,454. Instead of the appropriations provided in section 6.7 of the 3rd edition, adjusts 2006-07 appropriations from the Information Technology Fund established in GS 147-33.72H as follows:

Appropriations based on S.L. 2005-276, Section 6.14	\$ 13,025,000
ITS Operating Expenses	\$ 3,108,326
BEACON	<u>\$ 43,191,129</u>
Total Appropriation 2006-07	\$ 59,324,454

INFORMATION TECHNOLOGY APPROPRIATIONS

SECTION 6.7. Revised and moved to section 6.6, above.

REVIEW OF INFORMATION TECHNOLOGY CONTRACTS

SECTION 6.8. – Deleted.

AMEND CIVIL PENALTY AND FORFEITURE FUND AVAILABILITY

SECTION 6.9. Same as 3rd edition, except deletes extraneous verbiage and deletes subsection 6.9(d), which would have authorized the State Board of Education (SBE) to use up to \$500,000 from the State Public School Fund for training for LEA staff and teachers to implement the Senior Project initiative.

FUNDS FOR ENROLLMENT INCREASES

SECTION 6.10. – Deleted.

HOUSING ASSISTANCE FUNDS

SECTION 6.11. – Deleted.

TARGETED COUNTY MEDICAID RELIEF

SECTION 6.12. From nonrecurring funds appropriated to the Office of State Budget and Management (OSBM), allocates \$35 million to reduce the county share of the nonfederal share of Medical Assistance Program expenditures, using a formula based on the percentage of each county's population that is eligible for Medicaid and each county's percentage of the total Medicaid budget.

ELIZABETH CITY AVIATION RESEARCH AND DEVELOPMENT COMMERCE PARK

SECTION 6.13. Similar to H 1810. From funds appropriated to OSBM, allocates \$4 million to the Elizabeth City/Pasquotank County Airport Authority for land acquisition and site development to establish the Elizabeth City Aviation Research and Development Commerce Park. Requires the Authority to transfer at least 20 acres of acquired land to Elizabeth City State University, upon request of the UNC Board of Governors, for an aviation educational center and programs at the Park.

COMMUNITY COLLEGE CAPITAL

SECTION 6.14. From funds appropriated to OSBM, allocates \$40 million to the Community Colleges System Office (CCSO) for a Community College Capital Fund. Requires the CCSO to develop a grant process and award grants based on merit. Caps grants at \$2 million and requires a local match of \$1 for every \$2 of state funds. Requires the CCSO to report quarterly to OSBM and Fiscal Research on projects that receive a grant.

EDUCATION LOTTERY FUND REVENUE AND APPROPRIATIONS

SECTION 6.15. Pursuant to G.S. 18C-164, transfers \$425 million from the State Lottery Fund and appropriates the funds for 2006-07 as follows:

Class Size Reduction	\$ 127,864,291
Prekindergarten Program	84,635,709
Public School Building Capital Fund	170,000,000
Scholarships for Needy Students	<u>42,500,000</u>
Total Appropriation	\$ 425,000,000

ECONOMIC DEVELOPMENT INITIATIVES

SECTION 6.16. Establishes the NC Economic Development Reserve Fund in the Department of Commerce (Commerce) and allocates to the Fund \$10 million to be used for grants for statewide economic development projects. Requires Commerce to develop a grant process and award grants based on merit. Caps the grants at \$1 million each. Requires Commerce to report quarterly to OSBM and Fiscal Research on projects that receive a grant.

PART VII. PUBLIC SCHOOLS

TEACHER SALARY SCHEDULES

SECTION 7.1. Same as 3rd edition, except adds a salary step of \$4,982 per month for "A" teachers with 30+ years of experience (\$5,580 for 30+ teachers with NBPTS certification) and a salary step of \$5,480 per month for "M" teachers with 30+ years of experience (\$6,138 for 30+ teachers with NBPTS certification).

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2. Identical to 3rd edition.

CENTRAL OFFICE SALARIES

SECTION 7.3. Same as 3rd edition, except (1) reduces the high end of the salary range for each position and (2) requires that the Director of the Budget transfer funds necessary to provide a one-time, lump-sum bonus of \$300 for all central office employees whose salaries are supported from the General Fund, were employed for all or part of 2005-06, and were employed by the public schools as of October 1, 2006. Requires that the bonus be paid at the end of the employee's first pay period after October 1, 2006, and that it be prorated for permanent part-time employees. Also requires that local boards of education provide a \$300 bonus under the same terms for all central office employees whose salaries are not supported by the General Fund.

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

SECTION 7.4. Same as 3rd edition, except provides for a \$300 bonus for all noncertified public school employees under the terms described above. Also makes a technical change by deleting a provision directing that the 5% salary increase be applied to part-time employees on a pro rata basis.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Same as 3rd edition, except deletes one-time bonus of 1.55% for permanent certified personnel paid on the teacher salary schedule with at least 29 years of experience. Retains 2% bonus for permanent personnel paid at the top of the principal and assistant principal salary schedule.

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6. Same as 3rd edition, except authorizes the State Board of Education to use funds appropriated to the Department of Public Instruction and the State Public School Fund (was, 3rd edition authorized use of funds only from the State Public School Fund) to establish a consolidated, comprehensive program to provide assistance to low-performing schools (was, 3rd edition authorized use of funds to provide assistance to low-performing schools). Authorizes the transfer of funds between certain personal service and nonpersonal service line items, but prohibits the use of funds to raise the salary of existing employees. Also requires that the State Board of Education report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations by January 15, 2007, on the restructuring of the assistance program. Adds new section 7.6(c) to require that the Committee review the incentive award structure described in the section and determine whether awards for teachers and teacher assistants are appropriate.

CHILDREN WITH DISABILITIES

SECTION 7.7. Identical to 3rd edition.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.8. Identical to 3rd edition.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.10. Deleted.

LEARN AND EARN HIGH SCHOOLS

SECTION 7.11. Identical to 3rd edition.

NC WISE POSITIONS

SECTION 7.12. Identical to 3rd edition.

21ST CENTURY LITERACY COACHES

SECTION 7.13. Completely rewrites section so that now it encourages local boards of education to (1) use available funds to hire literacy coaches for middle schools and other schools with an eighth grade and (2) contract with the NC Teacher Academy to train middle school

teachers in methods for supporting literacy and other student competencies. Requires the State Board of Education to report to the Joint Legislative Education Oversight Committee before January 15, 2007, on the use of funds for literacy coaches.

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

SECTION 7.14. Identical to 3rd edition.

CLARIFY DEFINITION: PUBLIC SCHOOL CAPITAL FUNDS

SECTION 7.15. Deleted.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.16. Same as 3rd edition, except deletes section 7.16(e), which authorized the carry over of unused funds to 2007-08.

DISTANCE EDUCATION

SECTION 7.17. Same as 3rd edition, except deletes provision urging the Office of State Budget and Management to include costs associated with enrollment increase in Distance Education courses in the 2007-08 continuation budget.

TRANSFER MORE AT FOUR PROGRAM AND OFFICE OF SCHOOL READINESS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.18. Deleted.

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19. Same as 3rd edition, except clarifies that the revolving fund may be used for Teaching Fellows Program costs upon prior approval of the General Assembly in the Current Operations Appropriation Act. Deletes provision requiring that 2006-07 appropriation of \$810,000 be increased in subsequent fiscal years in order to provide salary increases to Program employees commensurate with legislative salary increases for State employees. Requires that the Program report to the Joint Legislative Education Oversight Committee by March 15, 2007 (was, 3rd edition required that Program report by December 1, 2006), and specifies information to be included in that report.

REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL ADMINISTRATIVE UNIT

SECTION 7.20. Identical to 3rd edition.

SALARY SUPPLEMENT FOR MATH AND SCIENCE TEACHERS PILOT PROGRAM

SECTION 7.21. Deleted.

STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH NATIONAL CERTIFICATION (NEW)

Adds new Section 7.22 to requires that the State Board of Education study the adequacy of the compensation of school psychologists designated as Nationally Certified School Psychologists and report the results of its study to the Joint Legislative Education Oversight Committee before January 15, 2007. Specifies issues to be considered by study.

PART VIII. COMMUNITY COLLEGES

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1. Same as 3rd edition, except adds new Section 8.1(b) to amend Section 8.3(g) of SL 2005-276 (the 2005 budget) to require that funds appropriated for 2006-07 for salary increases for community college faculty and professional staff be used to increase the salaries of those individuals by 6%.

USE OF FUNDS APPROPRIATED FOR ISOTHERMAL COMMUNITY COLLEGE

SECTION 8.2. Deleted.

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.3. Identical to 3rd edition.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.4. Identical to 3rd edition.

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.5. Identical to 3rd edition.

REPORT ON THE NCCCS BIONETWORK

SECTION 8.6. Identical to 3rd edition.

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.7. Identical to 3rd edition.

MATCHING REQUIREMENT FOR BOND FUNDS

SECTION 8.8. Identical to 3rd edition.

COMMUNITY COLLEGE LOW-WEALTH FUNDING

SECTION 8.9. Deleted.

PART IX. UNIVERSITIES

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.1. Identical to 3rd edition.

TEACHER EDUCATION PROGRAM ENROLLMENT PLANS

SECTION 9.2. Identical to 3rd edition.

NORTH CAROLINA IN THE WORLD PROJECT

SECTION 9.3. Identical to 3rd edition.

A+ SCHOOLS – BUDGET TECHNICAL CORRECTION (NEW)

Adds new Section 9.3A to require that \$100,000 in recurring 2006-07 funds appropriated in SL 2005-276 to the Department of Public Instruction as A+ Schools pass-through funds be transferred to the UNC Board of Governors to provide support for the program that assists schools in implementing comprehensive school reform by integrating arts into the curriculum.

CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL EDUCATION – COACHING SCHOLARSHIP LOANS (NEW)

Adds new Section 9.3B amending GS 116-209.36(a) to require that Coaching Fellows be offered a curriculum and extracurricular activities (was, curriculum). Requires that the UNC Board of Governors, in consultation with specified organizations, study the curriculum and extracurricular activities appropriate for recipients of scholarship loans, and report study results to the Joint Education Oversight Committee before January 1, 2007.

STUDY THE FEASIBILITY OF ADDING NORTH CAROLINA WESLEYAN COLLEGE TO UNC SYSTEM

SECTION 9.4. Deleted.

NORTH CAROLINA PROGRESS BOARD

SECTION 9.5. Deleted.

GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION

SECTION 9.6. Deletes proposed new Article 9H of GS Chapter 90, which was substantively similar to H 2003, filed 5/5/06. Requires that of the funds appropriated by the act to the UNC Board of Governors for 2006-07, \$1.2 million be used to establish the Graduate Nurse Scholarship Program for Faculty Production if H 2003 is enacted. Provides that if H 2003 or substantially similar legislation is not enacted, the funds will revert to the General Fund.

MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS

SECTION 9.7. Identical to 3rd edition.

TRANSFERS OF APPROPRIATION

SECTION 9.8. Deleted.

NURSING SCHOLARS PROGRAM MODIFICATION

section 9.9. Deleted.

UNC BOARD OF GOVERNORS MEDICAL AND DENTAL SCHOLARSHIPS

SECTION 9.10. Deleted.

NC SCHOOL OF SCIENCE AND MATH/HIGH SCHOOL CONSTITUENT INSTITUTION

SECTION 9.11. Deleted.

EXPAND TUITION WAIVER PROGRAM FOR UNC FACULTY & STAFF

SECTION 9.12. Deleted.

TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING

SECTION 9.13. Same as 3rd edition, except deletes amendments to GS 116-19, 116-20, 116-21.1, 116-21.2, 116-21.3, 116-21.4, and 116-22, which are identical to H 1928, filed 5/11/06.

(H 1928 also appropriates \$1.5 million from the General Fund to the State Education Assistance Authority to implement that act). Requires that of the funds appropriated by the act to the UNC Board of Governors for 2006-07, \$1.5 million be used to implement H 1928 or substantially similar legislation that provides State Contractual Scholarship Fund grants and legislative tuition grants for students with bachelors degrees who are pursuing licensure as nurses or teachers. Provides that if H 1928 or substantially similar legislation is not enacted, the funds will revert to the General Fund.

NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS (NEW)

Adds new Section 9.14 to provide that the Director of the Office of State Budget and Management may not release funds appropriated in act to the UNC Board of Governors or to the NC Community Colleges System Office for the NC Research Campus at Kannapolis until the Presidents of the Community College and UNC systems certify that they have entered into a Memorandum of Understanding concerning the participation in and use of space at the NC Research Campus.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES CHANGE REPORTING DATE OF AGING STUDY COMMISSION

SECTION 10.1. Deleted.

RATE SETTING FOR CHILD CARING INSTITUTIONS

SECTION 10.2. Same as 3rd edition, except corrects name of Department of Health and Human Services (DHHS).

MEDICAID

SECTION 10.3. Deletes provision requiring state to pay 85% of nonfederal share of Medicaid costs and requiring counties to pay 15% of nonfederal share of Medicaid costs and provides that allocation of nonfederal shares of Medicaid costs will be as provided in this act (see summary of section 10.9E below). Deletes provision classifying Medicaid services as mandatory and optional. Provides that Medicaid reimbursements to any one or combination of specified health care providers (physicians, clinics, outpatient hospital facilities, optometrists, chiropractors, and podiatrists) may not exceed 24 visits per patient per year. This limitation does not apply to prenatal services, EPSDT children, emergency room visits, and mental health services that are subject to independent utilization review.

PROCEDURES FOR CHANGES TO DHHS MEDICAL POLICY

SECTION 10.4. Identical to 3rd edition.

TRANSFER OF ASSETS REWRITE

SECTION 10.5. Deleted.

MEDICAID DUALY ELIGIBLE TO ENROLL IN MEDICARE PARTS A,B,C, D

SECTION 10.6. Deleted.

MEDICAID RESERVE FUND TRANSFER

SECTION 10.7. Identical to 3rd edition, except increases from \$50 million to \$53 million the amount to be allocated for Medicaid programs.

PILOT PROJECTS TO CONTROL COST AND IMPROVE QUALITY OF CARE FOR AGED, BLIND, AND DISABLED MEDICAID RECIPIENTS

SECTION 10.7A. Adds new section amending section 10.17 of SL 2005-276 (the 2005 budget), regarding expanding the scope of the Community Care of NC care management model, to provide that the initiatives may include pilot projects to control costs and improve care for the aged, blind, and disabled recipients of Medicaid. Also amends section 10.14 of SL 2005-276 to authorize use of funds for grants through the Office of Rural Health and Community Care for cost containment programs.

REQUIRED DATA SHARING BY PRIVATE HEALTH INSURERS

SECTION 10.8. Deleted.

TICKET TO WORK EFFECTIVE DATE CHANGE

SECTION 10.9. Identical to 3rd edition.

MEDICAID/HEALTH CHOICE DENTAL ADMINISTRATIVE SERVICES STUDY

SECTION 10.9A. Requires DHHS to study costs and benefits of implementing a carve-out of dental administrative services provided by third-party administrators for Medicaid and Health Choice recipients and to report its findings to the Fiscal Research Division and the Senate and House appropriations committees for health and human services by March 1, 2007.

EXTEND EFFECTIVE DATE ON CHANGES TO LIENS ON REAL PROPERTY FOR PURPOSES OF ESTATE RECOVERY UNDER MEDICAID

SECTION 10.9B. Delays effective date of statutory changes regarding Medicaid estate recovery and liens (GS 108A-70.5 through 108A-70.9) by one year to July 1, 2007.

PILOT PROGRAM TO EVALUATE USE OF TELEMONITORING EQUIPMENT IN HOME CARE SERVICES

SECTION 10.9C. Authorizes DHHS Division of Medical Assistance to implement pilot program as title indicates. Requires DHHS to report to the NC Aging Study Commission, the Fiscal Research Division, and the Senate and House appropriations committees on health and human services by July 1, 2007, on implementation of the pilot program.

DHHS TO DEVELOP STRATEGIES TO OFFSET THE COST TO PHARMACISTS OF PROVIDING SERVICES TO MEDICAID RECIPIENTS ENROLLED IN MEDICARE PART D.

SECTION 10.9D. As title indicates. In developing strategies, DHHS must specifically address the needs of pharmacists serving long-term care facilities. Strategies considered must include a state-funded subsidy program. DHHS also must determine the impact of the Deficit Reduction Act of 2005 on payment of generic drugs under the Medicaid program. DHHS must report its findings to the Fiscal Research Division and to the Senate and House appropriations committees on health and human services by April 1, 2007.

CAP MEDICAID COUNTY SHARE

SECTION 10.9E. Provides that each county's share of the nonfederal share of Medicaid costs (excluding administrative costs) for 2006-07 and thereafter will not exceed the county's share of the nonfederal share of Medicaid costs (excluding administrative costs) for 2005-06 regardless of growth in Medicaid expenditures. Allocates \$18 million in recurring appropriated funds to pay the increased state Medicaid costs resulting from this cap.

STATE-COUNTY SPECIAL ASSISTANCE

SECTION 10.9F. Effective October 1, 2006, sets maximum monthly payment for adult care home residents at \$1,148.

PUBLIC-PRIVATE LONG TERM CARE PARTNERSHIP PROGRAM

SECTION 10.10. Deleted.

STUDY MEDICAID PROVIDER RATE INCREASES

SECTION 10.11. Deleted.

INCREASE HEALTH CARE ACCESS FOR UNINSURED PERSONS

SECTION 10.12. Deleted.

HEALTH INFORMATION SYSTEMS (HIS) FUNDS

SECTION 10.13. Identical to 3rd edition.

REPEAL VISION CARE PROGRAM

SECTION 10.14. Deleted.

EARLY INTERVENTION SERVICES REPORT

SECTION 10.15. Identical to 3rd edition.

GOLDEN LEAF FOUNDATION GRANT-IN-AID TO SUPPORT EARLY INTERVENTION PROGRAMS

SECTION 10.15A. Adds a new section transferring \$6.3 million to the State Controller to supplement General Fund appropriations for early intervention programs and services in tobacco dependent regions or areas receiving impact assistance under the Tobacco Litigation Master Settlement Agreement. The funds are to be transferred from the portion of the annual installment payment to the NC State Specific Account that would otherwise be assigned to the Golden L.E.A.F. Foundation. Appropriates the transferred funds to DHHS, Division of Public Health.

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.16. Increases funding for 2006-07 from \$2 million to \$5 million and provides that funding will be allocated to federally qualified health centers and those health centers that

meet the criteria for federally qualified health centers, state-designated rural health centers, free clinics, public health departments, and other nonprofit organizations that provide primary and preventive medical services to uninsured and medically indigent patients. Requires DHHS to consider the availability of other funds for the agency, the incidence of poverty or indigent clients served, arrangements for after-hours care, and collaboration with the applicant's community hospital and other safety net organizations.

EDUCATION ON PREVENTION OF PRETERM BIRTHS

SECTION 10.17. Deleted.

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.18. Deletes requirement that part of the allocated funds be used to support a position in DHHS to monitor, track, and evaluate grantees' progress in meeting performance-based standards and outcomes established by DHHS.

AUTHORIZE ONE NEW POSITION FOR HEALTHY CAROLINIANS INITIATIVE

SECTION 10.18A. Deleted.

CLARIFICATION OF CERTAIN AUDIT REQUIREMENTS

SECTION 10.19. Same as 3rd edition, except (1) allows nonprofits with less than \$500,000 annual income the option of submitting an annual audit rather than an affidavit from the nonprofit's chief officer and (2) clarifies that the audit or affidavit is due within six months after the end of the nonprofit's fiscal year.

FUNDS TO ASSIST RURAL HOSPITALS

SECTION 10.19A. Allocates \$3 million of appropriated funds to small rural hospitals for capital and operational needs and pilot demonstration programs that address issues critical to the long-term survivability of rural hospitals. Requires DHHS Office of Rural Health and Community Care to report by April 1, 2007, to Fiscal Research Division and Senate and House appropriations committees on health and human services regarding allocation of funds.

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.21. Same as 3rd edition, except requires Commission for Health Services to adopt temporary rules to implement adjustments in financial eligibility as soon as possible.

LONG TERM CARE OMBUDSMAN AND NC SOCIAL SERVICES CONSORTIUM COOPERATE ON QUALITY IMPROVEMENT PROGRAM IMPLEMENTATION

SECTION 10.21A. New section requires that from funds appropriated in the act for the Long Term Care Ombudsman Program, a sufficient number must be allocated to test the Quality Improvement Program in two pilot counties before statewide implementation.

TECHNICAL CORRECTION TO LICENSURE FEE LIMITS

SECTION 10.22. Moved to section 27A.3.

CLARIFICATION OF FEES FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICE FACILITIES

SECTION 10.23. Moved to section 27A.2.

TRANSFER ADVOCACY AND CUSTOMER SERVICE SECTION TO OFFICE OF THE SECRETARY

SECTION 10.24. Deleted.

AUTHORIZE LOCAL MANAGEMENT ENTITIES TO TRANSFER FUNDS BETWEEN AGE AND DISABILITY CATEGORIES

SECTION 10.25. Deleted.

AREA AUTHORITY AND COUNTY PROGRAM CRISIS REGIONS

SECTION 10.26. Rewrites section as follows. Provides that \$5,250,000 of appropriated funds be allocated on a per capita basis to area mental health authorities and county mental health programs for operational start-up, capital, or subsidies related to development and implementation of a plan for a continuum of regional crisis facilities and local crisis services. Unexpended funds do not revert. Allows up to 3% of these funds to be allocated to local management entities (LMEs) to assist them with the cost of developing their crisis services plans. Requires LMEs to submit their plans to DHHS by March 1, 2007. Requires that \$225,000 of appropriated funds be used to hire a consultant to provide technical assistance to local

management entities with respect to plan development and implementation. Specifies consultant's responsibilities.

EXTEND SUNSET FOR FIRST COMMITMENT PILOT PROGRAM

SECTION 10.27. Deleted.

MH/DD/SA SERVICES CONSULTANT TASKS/CHANGES TO THE STATE PLAN FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.28. Deletes provision amending GS 122C-102 (state mental health plan). Deletes provision requiring DHHS to produce a single document that contains a cumulative statement of the currently applicable provision of prior state mental health plans and making such document the state mental health plan until July 1, 2007. Deletes provisions requiring independent consultants hired by DHHS to provide ongoing and focused technical assistance to area authorities and county programs in the implementation of their administrative and management functions and the establishment and operation of community-based programs and to assist DHHS with implementing standard forms, contracts, processes, and procedures to be used by all area authorities and county programs with other public and private service providers.

FACILITY LICENSURE REQUIREMENTS FOR OUTPATIENT SUBSTANCE ABUSE SERVICES CONSISTENT WITH FACILITY LICENSURE REQUIREMENTS FOR OUTPATIENT MENTAL HEALTH AND DEVELOPMENTAL DISABILITY SERVICES

SECTION 10.29. Deleted.

INDEPENDENT- AND SUPPORTIVE-LIVING APARTMENTS INITIATIVE

SECTION 10.30. Identical to 3rd edition.

LME FINANCIAL REPORTS TO COUNTY REVIEWED BY COUNTY FINANCE OFFICERS

SECTION 10.31. Deleted.

LOCAL MANAGEMENT ENTITY ADMINISTRATIVE FUNCTIONS

SECTION 10.32. Expands the LME systems management allocations functions to include funds to implement provider endorsement, monitoring, technical assistance capacity development, and quality control; authorization of all state-funded services; care coordination; community collaboration and consumer affairs; and financial management and accountability and information management, as well as 24/7 screening, triage, and referral.

PORTION OF PROCEEDS FROM ALCOHOL EXCISE TAX DEPOSITED TO TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE FUNDING NEEDS

SECTION 10.33. Deleted.

DISTRIBUTION OF MENTAL HEALTH AND SUBSTANCE ABUSE AND CRISIS SERVICES FUNDS

SECTION 10.33A. Modifies section to apply to crisis services as well as mental health and substance abuse services. Adds provision allowing up to \$1.7 million of allocated funds to be used to replace lost federal funding for substance abuse services in drug treatment courts. Adds provision regarding selection of treatment provider for drug treatment courts. Adds provision requiring DHHS to study whether target population for substance abuse services needs to be expanded to include more participants of drug treatment courts and to report its findings to the Fiscal Research Division and to the Senate and House appropriations committees for health and human services by April 1, 2007.

DEPARTMENT'S DUTY TO PROVIDE TECHNICAL ASSISTANCE TO AREA AUTHORITIES AND COUNTY PROGRAMS

SECTION 10.33B. Deleted.

STRENGTHEN LOCAL MANAGEMENT ENTITIES

SECTION 10.33C. Deleted.

CONSUMER AND FAMILY ADVISORY COMMITTEES ESTABLISHED BY AREA AUTHORITIES AND COUNTY PROGRAMS

SECTION 10.33D. Deleted.

STRENGTHEN MH/DD/SA PRIVATE PROVIDERS

SECTION 10.33E. Deleted.

STRENGTHEN ROLE OF JOINT LEGISLATIVE COMMISSION ON MENTAL HEALTH,
DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.33F. Deleted.

ACCESS TO PSYCHIATRIC SERVICES

SECTION 10.33G. Adds new provision specifying that funds appropriated to increase access to psychiatric services may be used to cover non-fee-for-service billable functions performed by psychiatrists, to design graduate medical education incentives to produce more psychiatrists interested in working with public sector communities, and to design programs for loan forgiveness and recruitment incentives for new psychiatrists serving Medicaid recipients and other state-funded consumers.

PSYCHIATRIC HOSPITAL DEBT SERVICE

SECTION 10.33H. Adds new provision amending GS 143-15.3D(c), effective July 1, 2007, to delete provisions allowing use of recurring savings from closure of state psychiatric hospitals to be used for payment on debt service on financing contract indebtedness for construction of a new state psychiatric hospital. Provides that debt service for construction of a new state psychiatric hospital will be paid with funds appropriated from the General Fund and that any funds budgeted for debt service on the new psychiatric hospital before July 1, 2007, will be redirected for purposes authorized under GS 143-15.3D(b)(2) and (3).

USE OF FUNDS IN MENTAL HEALTH TRUST FUND

SECTION 10.33I. Adds new provision requiring that \$24,205,000 in nonrecurring appropriated funds be deposited in the mental health trust fund and specifies that \$9,205,000 of these funds be used as follows: \$1.5 million distributed to LMEs for mental health services; \$1.5 million distributed to LMEs for substance abuse services, \$1.5 million to LMEs for crisis services; \$2 million to increase access to psychiatric services; \$1,205,000 to provide one-time operating support for independent-living apartments.

SUBSTANCE ABUSE SERVICES FUNDS FOR TASC

SECTION 10.33J. New section requires that from funds appropriated to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, up to \$300,000 must be allocated to Treatment Accountability for Safer Communities (TASC).

CHILD CARE ALLOCATION FORMULA

SECTION 10.34. Identical to 3rd edition.

CHILD CARE SUBSIDY RATES

SECTION 10.35. Deleted.

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.36. Adds new provision requiring 25% local match for reallocated child care funds in excess of \$25,000 other than funds that are allocated because of a disaster.

REQUIRE MINIMUM OF SMART START FUNDS FOR CHILD CARE SUBSIDY

SECTION 10.37. Adds new provision requiring that 30% of the allocation for each local partnership be used for child care subsidies in addition to the direct services allocation for 2006-07.

SMART START ALLOCATIONS FOR MORE AT FOUR AND TO HOLD HARMLESS LOCAL PARTNERSHIPS

PART X-A. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

SECTION 10A.1. Adds new provision deleting provisions of section 11.2 of SL 2005-276 (the 2005 budget) regarding improvements to Cherry Research Farm swine facility and renovation of dairy facilities at Cherry Research Farm. Rewrites section 11.3 of SL 2005-276 to require that \$30,000 (was, \$20,000) of the funds deposited pursuant to GS 143-60 to the credit of the Department of Agriculture and Consumer Services in a capital improvement account for 2006-07 be transferred to the department and used for its plant conservation program and management of plant conservation program preserves owned by the department. Requires that funds be transferred from the department's timber sales capital improvement account for use by the

department for capital improvements to the grounds and facilities at the Eastern NC Agricultural Center at Williamston.

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
CONSERVATION RESERVE ENHANCEMENT PROGRAM

SECTION 11.1. Identical to 3rd edition.

AQUARIUM FUNDS

SECTION 11.2. Deleted

GRASSROOTS SCIENCE PROGRAM

SECTION 11.3. Reduces appropriation to DENR for Grassroots Science Program of \$3,863,700 to \$3,197,760 for fiscal 2006-07 and revises grants-in-aid specified in section. Adds requirement that DENR study the formula used for these grants-in-aid and report by January 15, 2007, its findings and any recommendations for revisions to the Appropriations Subcommittees on Natural and Economic Resources of the Senate and House of Representatives.

MORATORIUM IMPOSED ON NEW LANDFILLS

SECTION 11.4. Deleted.

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

SECTION 11.5. Provides that \$375,000 from receipts from coastal recreation fishing license fees be disbursed from the Marine Resources Fund to the General Fund to fund two positions in the Division of Marine Fisheries to implement this licensing program.

EMERGENCY DRINKING WATER FUND

SECTION 11.6. Enacts GS 143-215.74M to establish the Emergency Drinking Water Fund to pay for (1) notification of persons affected by wells near groundwater contamination, (2) testing private drinking water wells for contamination, and (3) providing alternative drinking water supplies to persons whose drinking water well is contaminated. Prohibits use of funds to remediate groundwater contamination.

PART XII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

SECTION 12.1. Identical to 3rd edition.

ONE NORTH CAROLINA FUND

SECTION 12.2. Identical to 3rd edition.

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

SECTION 12.3. Amends SL 2003-425, Section 4, to change the sunset date from December 31, 2006, to December 31, 2011 (was, 2008 in 3rd edition). Deletes provisions regarding amendments of appropriations to the Rural Center, allocation to Commerce to the e-NC Authority, and required Authority reports.

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

SECTION 12.4. Identical to 3rd edition.

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

SECTION 12.5. Amends Section 13.8A of the 2005 Appropriations Act to: (1) increase appropriation from \$7,500,000 to \$15,000,000 and (2) modify reporting requirements imposed on the Advanced Vehicle Research Center, Inc.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 12.6. Identical to 3rd edition.

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

SECTION 12.7. Identical to 3rd edition.

PART XIII. DEPARTMENT OF LABOR

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 13.1. Transferred to section 27B.1.

PART XIV. JUDICIAL DEPARTMENT
COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 14.1. Identical to 3rd edition.

GRANT FUNDS

SECTION 14.2. Identical to 3rd edition.

PROVIDE ADDITIONAL ASSISTANT DISTRICT ATTORNEYS

SECTION 14.3. Same as 3rd edition, except makes changes effective October 1, 2006, for existing districts and carries them forward for divided districts 20 and 29, effective January 1, 2007.

ADDITIONAL DISTRICT COURT JUDGESHIPS

SECTION 14.4. Revises amendment to GS 7A-133(a) to modify the increase in district court judges in the state as follows. Deletes one additional judge in each of the following judicial districts: 3A (Pitt County), 6A (Halifax), 10 (Wake), and 18 (Guilford). Adds judges in following judicial districts: 11 (Harnett, Johnston, Lee), from 8 to 9; 17A (Rockingham), from 2 to 3; 20B (Union), from 3 to 4.

PROVIDE ADDITIONAL MAGISTRATES/ELIMINATE MAXIMUM ALLOCATION OF
MAGISTRATES

SECTION 14.5. Identical to 3rd edition.

INCREASE THE PORTION OF THE GENERAL COURT OF JUSTICE COURT FEE USED FOR
LEGAL SERVICES PROGRAMS

SECTION 14.6 Deleted.

COLLECTION OF OFFENDER FINES AND FEES ASSESSED BY THE GENERAL COURT OF
JUSTICE

SECTION 14.7. Deleted.

JURY FEE WAIVER PROGRAM

SECTION 14.8. Deleted.

ESTABLISH INTERMEDIATE DEFERRED PROSECUTION FOR THE DRUG TREATMENT
COURT PROGRAM

SECTION 14.9. Deleted.

PERMANENCY MEDIATION

SECTION 14.10. Deleted.

COURT INTERPRETERS

SECTION 14.11. Deletes statutory amendments. Directs Administrative Office of Courts to develop proposed policies for appointment and payment of interpreters to be applied uniformly and recommendations for conversion of contractual interpreters to state positions. Report is to be made to Subcommittees on Justice and Public Safety of the Senate and House of Representatives by February 1, 2007.

MONITORING OF COMMUNITY MEDIATION CENTERS

SECTION 14.12. Identical to 3rd edition.

COMMUNITY MEDIATION CENTER FUNDING

SECTION 14.13. Deleted.

INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS

SECTION 14.14. Identical to 3rd edition.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 14.15. Identical to 3rd edition.

REVIEW OF OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 14.16. Directs State Auditor to conduct an analysis of fee payment process used by the Office of Indigent Defense Services. Report to be made to Appropriations Subcommittees on Justice and Public Safety of Senate and House of Representatives by March 1, 2007.

INCREASE THE UNIFORM FEES PAID TO JURORS

SECTION 14.17. Amends GS 7A-312 to increase fees paid to jurors as follows: for second through fifth day of service, from \$12 to \$20; for days beyond fifth day in a 24-month period, from \$30 to \$40; for grand juror, from \$12 to \$20.

FUNDING TO INCREASE THE MILEAGE REIMBURSEMENT

SECTION 14.18. Allows Administrative Office of Court to use up to \$500,000 in funds available for 2006-07 to increase mileage reimbursement rates to maximum allowed under GS 138-6(a)(1).

DIVIDE PROSECUTORIAL DISTRICT 19B INTO DISTRICTS 19B AND 19D

SECTION 14.19. Amends GS 71-60(a1) to remove Moore County from district 19B and make it district 19D, with an allocation of 4 full time assistant district attorneys (and reduces allocation to district 19B by 4). Provides that the district attorney for district 19B shall be filled by the 19B district attorney residing in Randolph county. The Governor is to appoint the district attorney for district 19D for a term expiring January 1, 2009, with the successor elected in the 2008 election for a four-year term commencing January 1, 2009. Allocates the existing assistant district attorneys in district 19B to the new districts based on the counties currently served. Effective January 15, 2007.

PART XV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION REPORTS ON CERTAIN PROGRAMS

SECTION 15.1. Identical to 3rd edition.

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 15.2. Identical to 3rd edition.

WAIVER OF REVISED LICENSING STANDARDS FOR JUVENILE FACILITIES

SECTION 15.3. Deleted.

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 15.4. Identical to 3rd edition.

ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME PREVENTION COUNCILS

SECTION 15.5. Identical to 3rd edition.

REPORTS ON YOUTH DEVELOPMENT CENTERS

SECTION 15.6. Identical to 3rd edition.

PART XVI. DEPARTMENT OF CORRECTION

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS AND INMATE LAUNDRY SERVICES

SECTION 16.1. Identical to 3rd edition.

CONVERSION OF CONTRACTED MEDICAL POSITIONS

SECTION 16.2. Same as 3rd edition, except clarifies that DOC requests to convert contract medical positions to permanent state positions must be submitted to the Office of State Budget and Management. Deletes requirement in 3rd edition that DOC convert such positions, where practical, by using existing vacancies in medical positions. Requires annual DOC report on converted positions to state overall savings generated (3rd edition required report of savings generated at each facility).

COMPUTER/DATA PROCESSING SERVICES FUNDS

SECTION 16.3. Identical to 3rd edition.

REPORTS ON NONPROFIT PROGRAMS

SECTION 16.4. Same as 3rd edition, except requires that Harriet's House, Summit House, and Women at Risk report to the chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety in addition to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the expenditure of State appropriations and on the effectiveness of the programs. Adds requirement that Our Children's Place report by February 1, 2007, to these same committees on the status of the planning, design, and construction of Our Children's Place, the proposed program components and evaluation measures, and the number of inmates and their children to be served. Requires the Our Children's Place report to account for the expenditure of State funds and to set forth all funding sources and amounts.

PAROLE ELIGIBILITY REPORT

SECTION 16.5. Same as 3rd edition, except limits Post-Release Supervision and Parole Commission's report to consideration of time served by inmates eligible for parole on or before July 1, 2007 (was, all parole-eligible inmates).

PRETRIAL SERVICES PROGRAM

SECTION 16.6. Deleted.

GPS MONITORING OF MOST SERIOUS SEX OFFENDERS

SECTION 16.7. Deleted.

PROPOSAL FOR JOINT USE OF SWANNANOVA PROPERTY/ADULT FEMALE CORRECTIONAL FACILITY AND JUVENILE YOUTH DEVELOPMENT CENTER

Adds new Section 16.8 requiring DOC and the Department of Juvenile Justice and Delinquency Prevention to prepare a joint report regarding their proposed joint use of the property currently used for the Swannanoa Valley Youth Development Center. Mandates that report address the feasibility of using the property for both an adult female correctional center and for the continued operation of a juvenile youth development center. Requires that report include the costs for the project over a five-year period; the number and type of positions to be transferred from the Department of Juvenile Justice and Delinquency Prevention to DOC; and the plan for DOC to employ existing staff of Swannanoa Valley Youth Development Center and to transfer employees from the Black Mountain Correctional Center. Bars the transfer of property or positions agencies until submission of report to Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, which must occur by November 10, 2006.

FEDERAL GRANT MATCHING FUNDS

Adds new Section 16.9 amending Section 17.9 of S.L. 2005-276 (the 2005 budget) to permit DOC to use up to \$1 million during the 2006-07 fiscal year of funds available to the department, including prison moneys and earnings, to provide the State match needed to receive federal grant funds.

GANG PREVENTION INITIATIVE

Adds new Section 16.10 requiring DOC to report on the Security Threat Group Program at Foothills Correctional Center to the Senate and House Appropriations Subcommittee on Justice and Public Safety by March 15, 2007. Requires that report (1) include information on the number of inmates in the program during 2005-06 and 2006-07 and program capacity in those years, (2) describe major program components, and (3) provide information on measures used to evaluate the program and analyze the program's performance.

PART XVI-A. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

GRANTS TO PREVENT GANG VIOLENCE

Adds new Section 16A.1 allocating \$1.5 million of the 2006-07 funds appropriated to the Governor's Crime Commission within the Department of Crime Control and Public Safety for two-year grants for community street gang violence prevention and intervention programs. Limits individual grant awards to \$100,000 and requires the Governor's Crime Commission to allocate grant funds using a competitive process that includes a 25 percent matching requirement, one-half of which may be met by in-kind contributions, and that requires the presentation of a written plan of the services to be provided. Requires Governor's Crime Commission to report by April 1, 2007, to the House and Senate Appropriations Committees and the House and Senate Appropriations Subcommittees on Justice and Public Safety the number of grants awarded, a description of each grantee's program, and the amount awarded to each grantee.

PART XVII. DEPARTMENT OF ADMINISTRATION

EXAMINE FEASIBILITY OF COMBINING FUNDING SOURCES/NC COUNCIL FOR WOMEN AND DOMESTIC VIOLENCE COMMISSION

Same as 3rd edition, except requires that the Council and Commission report their findings to the House and Senate Appropriations Subcommittees on General Government rather than to the Joint Legislative Commission on Governmental Operations.

ENERGY DIVISION NEEDS ASSESSMENT

Adds new Section 17.2 recognizing that federal funding (the sole source of funding) for the Energy Division of the Department of Administration will conclude on June 30, 2007. Directs the Energy Division and the Office of State Budget and Management to conduct a needs assessment to determine what Energy Division functions need to be performed in 2007-08. Requires

submission of needs assessment to House and Senate Appropriations Subcommittees on General Government by February 1, 2007.

HUB CONTRACTOR ACADEMY PROGRAM SPACE

Adds new Section 17.3 directing the Department of Administration to work with the University of North Carolina System to provide space for training sessions for the HUB Contractor Academy Program in 2006-07. Instructs department to determine whether HUB academies should hold training sessions in UNC System facilities or at other sites in future years.

OLD REVENUE BUILDING

Adds new Section 17.4 directing the Department of Administration to study the feasibility of reorganizing the Old Revenue Building to address security and space issues identified in a 2006 space utilization study. Requires that department report its findings and recommendations to the Joint Legislative Commission on Governmental Operations by November 1, 2006.

COMMISSION ON STATE PROPERTY TAX FUNDS

Adds new Section 17.5 allocating \$250,000 of 2006-07 funds appropriated to the Department of Administration to the Commission on State Property.

PART XVIII. OFFICE OF ADMINISTRATIVE HEARINGS

CODIFIER'S AUTHORITY OVER THE REGISTER

Same as 3rd edition, except permits the Codifier of Rules to authorize and license only *nonprofit* private indexing, marketing, sales, reproduction, and distribution of the Register.

PART XIX. DEPARTMENT OF REVENUE

EXTENDED DOR CALL CENTER FEE USE

SECTION 19.1. Deleted.

REVISED MAXIMUMS FOR COLLECTION ASSISTANCE FEES

SECTION 19.2. Same as 3rd edition, except increases the maximum amount of fee proceeds that the Department of Revenue (DOR) may apply to taxpayer locator services pursuant to GS 105-243.1(e)(3) from \$100,000 to \$150,000 per year (was, 141,000 in 3rd edition).

CONSOLIDATE TAX PROJECTS REPORTS

SECTION 19.3. Identical to 3rd edition.

PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND

SECTION 19.4. Same as 3rd edition, except deletes requirement that DOR reduce succeeding distributions to a law enforcement agency under GS 105-113.113 by the amount that was improperly distributed to that agency.

PART XX. DEPARTMENT OF THE STATE TREASURER

Deleted and designated as reserved.

PART XX-A. GENERAL ASSEMBLY

Deleted and designated as reserved.

PART XXI. DEPARTMENT OF TRANSPORTATION

TRANSPORTATION OF WOOD RESIDUALS

SECTION 21.1. Deleted.

ONLINE DEALER REGISTRATION FUNDS

SECTION 21.2. Identical to 3rd edition.

TRANSPORTATION IMPROVEMENT PLAN PILOT

SECTION 21.3. Deleted.

CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 21.4. Identical to 3rd edition.

DEPARTMENT OF TRANSPORTATION TO PROVIDE REAL-TIME ACCESS TO ALL WEIGH-IN-MOTION DATA PRODUCED AND TRANSMITTED FROM WEIGH-IN-MOTION SITES THROUGHOUT THE STATE AND PROVIDE PERIODIC SUMMARIES OF DATA COLLECTED AT EXISTING DOT WEIGH-IN-MOTION SITES

SECTION 21.5. Deleted.
FUNDS FOR ECONOMIC DEVELOPMENT, SPOT SAFETY, AND TRANSPORTATION
IMPROVEMENT PROGRAM PROJECTS
SECTION 21.6. Identical to 3rd edition.
CHANGE SUNSET OF OPEN CONTAINER LAW
SECTION 21.7. Same as 3rd edition, except removes expiration date for Section 4 of SL
2000-155 (was, September 30, 2010, in 3rd edition).
MAINTENANCE OF PERMANENT WEIGH STATIONS
SECTION 21.8. Deleted.
VIPER RADIO PROGRAM
SECTION 21.9. Same as 3rd edition, except permits cost allocation plan to consider leasing
of VIPER system in lieu of construction and operation of system. Requires that plan include
proposed shared costs for installation and use by all government users, including local agencies
(was, limited to State government).
ACCESS ROADS FOR ECONOMIC DEVELOPMENT
SECTION 21.10. Deleted.
CONFORM SEAT BELT LAW TO FEDERAL LAW TO PREVENT A LOSS OF FEDERAL
HIGHWAY FUNDS
SECTION 21.11. Identical to 3rd edition.
UTILIZATION OF SMALL BUSINESS ENTERPRISES IN DEPARTMENT PROJECTS OR THE
USE OF FULLY OPERATED RENTAL EQUIPMENT
SECTION 21.12. Identical to 3rd edition.
CONSOLIDATION OF RURAL FUNDING PROGRAMS BY THE DEPARTMENT OF
TRANSPORTATION'S PUBLIC TRANSPORTATION DIVISION
SECTION 21.13. Deleted.
FUNDS FOR STORMWATER PROJECTS
SECTION 21.14. Deleted.
ALLOWABLE LOADS IN AGRICULTURAL TRANSPORTING
SECTION 21.15. Deleted.
AN ACT TO PROMOTE PRESERVATION OF THE INTERSTATE HIGHWAY SYSTEM
SECTION 21.16. Deleted.
DEVELOP AND IMPLEMENT A PLAN TO PLANT TREES AND OTHER VEGETATION ON THE
RIGHT-OF-WAYS OF THE STATE'S ROADS AND HIGHWAYS AND TO PROVIDE
FUNDING FOR THAT PLAN.
SECTION 21.17. Deleted.
PART XXII. SALARIES AND EMPLOYEE BENEFITS
Modifies salary and benefits provisions, effective July 1, 2006, as follows.
GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES
Identical to 3rd edition.
NONELECTED DEPARTMENT HEADS/SALARY INCREASES
Identical to 3rd edition.
CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES
Identical to 3rd edition.
JUDICIAL BRANCH OFFICIALS/SALARY INCREASES
Identical to 3rd edition.
CLERK OF SUPERIOR COURT/SALARY INCREASES
Identical to 3rd edition.
ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES
Identical to 3rd edition.
MAGISTRATES' SALARY INCREASES
Identical to 3rd edition.
GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES
Identical to 3rd edition.
SERGEANTS-AT-ARMS AND READING CLERKS

Identical to 3rd edition.

LEGISLATIVE EMPLOYEES

Identical to 3rd edition.

COMMUNITY COLLEGE PERSONNEL/SALARY INCREASES

Same as 3rd edition, except provides for a one-time bonus of \$600 (was, 3rd edition included a one-time bonus of 2%) for all community college employees that are supported by State funds.

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

Same as 3rd edition, except deletes one-time bonus of 2% for employees of The University of North Carolina and non-teaching employees of the NC School of Science and Mathematics that are supported by State funds and whose salaries are exempt from the State Personnel Act.

MOST STATE EMPLOYEES/SALARY INCREASES

Identical to 3rd edition.

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

Identical to 3rd edition.

COMPENSATION BONUS FOR FISCAL YEAR 2006-2007 (NEW)

Provides for a one-time lump-sum bonus of \$300, payable in August 2006, for those employees whose salaries are set by the State Personnel Act or by the act and who are employed in a State-funded position on June 30, 2006, and are in service on August 1, 2006. Requires that the bonus be prorated for permanent part-time employees and employees working on a schedule requiring less than 12 months' service per year. Provides that the following employees supported by State funds are not eligible for the bonus: (1) those employees of the UNC system and employees of the NC School of Science and Mathematics who are exempt from the State Personnel Act; (2) all community college employees supported by state funds; and (3) any public school employee or State employee paid on the Teacher Salary schedule or the School Based Administrator Salary Schedule. Requires that the bonus be awarded to eligible employees without regard to an employee's placement within the salary range, including employees at the top of the salary range.

SALARY ADJUSTMENT FUND

Same as 3rd edition, except makes the following changes. Section 29.15 of SL 2005-276 specifically authorized the use of appropriations remaining in the General Fund Reserve for Compensation Increases allocated for employee salary increases to provide salary adjustments for positions supported by the General Fund. Committee substitute also allows the use of any remaining appropriations in the Highway Fund Reserves and Transfers allocated for employee salary increases to supplement the Highway Fund Salary Adjustment Fund to provide salary adjustments for positions supported by the Highway Fund. Requires that those funds be given only to salary range revisions previously approved by the State Personnel Commission and reallocations previously approved by the Office of State Personnel or its designee prior to May 1, 2006 (was, 3rd edition established deadline of January 1, 2006). Authorizes the Director of the Budget to transfer salary adjustment funds from the General Fund and the Highway Fund Salary Adjustment Funds in accordance with section, but caps the transfer from the General Fund Salary Adjustment Fund at \$18.9 million. Makes conforming changes.

SUSPEND CAREER BANDING INITIATIVE (NEW)

Requires that the State Personnel Commission, the Office of State Personnel, and each State department, agency, and institution suspend implementation of career banding pending action by the General Assembly.

DIVISION OF WATER QUALITY SALARY INCREASES

Deleted.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

Same as 3rd edition, except modifies 2005 appropriations act to change contribution rates for retirement and related benefits to 7.17% (was, 3rd edition established rate at 7.14%) for Teachers and State Employees and to 12.17% (was, 3rd edition established rate at 12.14%) for State Law Enforcement Officers.

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

Same as 3rd edition, except adopts retirement allowance increases of 3.1% (was, 3rd edition established increase at 3%), effective June 1, 2006.

INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

Identical to 3rd edition.

INCREASE THE MAXIMUM MONTHLY PENSION BENEFITS FOR RETIRED MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD

Identical to 3rd edition.

PART XXIII. CAPITAL APPROPRIATIONS.

CAPITAL APPROPRIATIONS/GENERAL FUND

Provides the following appropriations for capital improvements:

Department of Administration

Veterans Affairs Nursing Home \$8,773,300

Department of Agriculture and Consumer Services

Veterinary Laboratory System Study and Planning Funds 1,250,000

Rollins Laboratory – Bio Security Level 2 Lab Conversion 250,000

Oxford Complex Planning and Design Funds 1,000,000

Department of Commerce

NC Ports Authority Container Cranes 7,500,000

Department of Correction

Regional Medical Center and Mental Health Center 20,000,000

Department of Crime Control and Public Safety

Emergency Management Operations Center 8,500,000

Marion Transportation Center Motor Fleet Lot 222,700

Department of Cultural Resources

North Carolina History Education Center Planning Funds 3,000,000

Palmer Memorial Institute State Historic Site Renovations 2,800,000

Department of Environment and Natural Resources

Water Resources Development Projects 20,000,000

NC Zoo Storage Shed 452,800

Forest Resources District 9 Headquarters 2,164,500

Office of State Budget and Management

State Facilities Master Plan 1,000,000

University of North Carolina System

University of North Carolina at Wilmington –
School of Nursing 27,000,000

Appalachian State University College of Education

Building Planning Funds 1,820,000

Elizabeth City State University Parking Lots and

Street Repair 1,900,000

Fayetteville State University Science and Technology

Complex Planning Funds 1,144,000

North Carolina Agricultural and Technical State

University General Classroom Facility Planning Funds 1,040,000

North Carolina Central University

Biomanufacturing Research Institute and Technology

Enterprise (BRITE) 2,300,000

Repairs to Steam Lines 6,400,000

North Carolina School of the Arts Library Planning Funds

1,258,400

North Carolina State University

Engineering Complex III Planning and Design Funds	5,280,303
Veterinary Hospital Planning Funds	7,000,000
University of North Carolina at Asheville Rhodes Hall Renovation Planning Funds	416,000
University of North Carolina at Chapel Hill Genomics Science Building Planning and Design Funds	10,313,988
University of North Carolina at Charlotte Center City Classroom Building Planning and Design Funds	3,392,100
University of North Carolina at Greensboro Academic Classroom and Office Building Planning Funds	2,279,028
University of North Carolina at Pembroke Residence Hall Planning Funds	1,040,000
Western Carolina University School of Health and Gerontological Building Planning Funds	2,402,661
Winston Salem State University Student Activities Center Planning Funds	768,225
Dental Schools Study, Planning, and Design Funds	7,000,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$159,668,005

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

Identical to 3rd edition.

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

Identical to 3rd edition.

INCLUDE IN THE SIX-YEAR CAPITAL IMPROVEMENT PLAN THE RECOMMENDED
FUNDING SOURCES FOR THE PROJECTS PROPOSED

Deleted.

USE OF EXISTING PLANS FOR STATE CONSTRUCTION

Deleted.

USE OF RECEIPTS OF THE AQUARIUMS

Deleted.

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH
STATIONS AND FARMS

Deleted. A similar provision was added in Section 10A.1.

TIMBER SALES RECEIPTS FOR LAND ACQUISITION AT PIEDMONT RESEARCH STATION

Deleted.

PLANT CONSERVATION PROGRAM FUNDS

Deleted.

STATE FACILITIES MASTER PLAN (NEW)

From funds appropriated to the Office of State Budget and Management (OSBM), authorizes the use of up to \$1 million to contract with a consultant for the development of a new master plan for State facilities. Lists several issues to be addressed by the consultant related to State facilities within Wake County. Also requires that the master plan be expanded outside of Wake County if funds allow. Requires that OSBM deliver the facilities master plan to the Joint Legislative Oversight Committee on Capital Improvements by October 1, 2007.

UNC-CH/ECU DENTAL SCHOOLS

From funds appropriated to the UNC Board of Governors for 2006-07, requires that \$7 million be used to: (1) complete the plan and design for expanding the School of Dentistry at UNC-CH, (2) conduct a study regarding the feasibility of establishing a School of Dentistry at ECU and the impact that such a School would have on other UNC dental schools, and (3) provide advance funding for the School if the Board of Governors concludes that it is appropriate.

PART XXIV. TAX REDUCTIONS

REDUCE SALES TAX RATE EARLY

SECTION 24.1. Identical to 3rd edition.

REDUCE INDIVIDUAL UPPER INCOME TAX RATE EARLY

SECTION 24.2. Same as 3rd edition except that the upper rate in effect for 2007 will be 8.125% (was, 8% in 3rd edition).

CAP THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT ITS CURRENT RATE FOR ONE YEAR.

SECTION 24.3. Deleted.

SMALL BUSINESS HEALTH INSURANCE CREDIT

SECTION 24.4. Adds a new section enacting new GS 105-129.16E to allow a small business that provides health insurance to all of its eligible employees to take a tax credit for its costs in providing health insurance, up to \$200 per employee. If a taxpayer claims the credit, it must add back to taxable income the amount of any deduction taken for federal tax purposes for the same expenses. The tax credit is effective beginning with the 2007 tax year and expires beginning with the 2010 tax year.

EXPAND DEFINITION OF DEVELOPMENT ZONE

SECTION 24.5. Adds a new section amending GS 105-129.3(a) to provide that an economic development and training district as defined in GS 153A-317.12 is a development zone for the purposes of the Bill Lee Act, effective retroactively to January 1, 2004.

EXTEND SUNSET ON SALES AND USE TAX REFUND FOR AVIATION FUEL FOR MOTORSPORTS RACING TEAMS

SECTION 24.6. Recodifies and extends from January 1, 2007, to January 1, 2009, the sunset on the sales tax refund for aviation fuel for motorsports teams.

ETHYL ALCOHOL TAX CREDIT AND SALES TAX REFUND

SECTION 24.7. Adds a new section similar to parts of H 1978, filed 5/15/06. Recodifies GS 105-129.16D (25% tax credit for renewable fuel processing facility) as GS 105-129.71 with the following changes: (1) the 25% credit is limited to taxpayers that invest at least \$150 million in the facility, and a 35% credit is allowed for taxpayers who invest at least \$400 million in the facility; (2) the sunset is extended from 2008 until 2011; (3) the credit may be taken against both franchise and income tax (was, either franchise or income tax); (4) the amount of credit allowed is up to 100% (was, 50%) of both taxes due each tax year; (5) the excess may be carried forward for 25 (was, five) years; and (6) the credit is forfeited for failure to make the required minimum investment. Amends GS 105-164.14(j)(3) to give a manufacturer of nonpotable ethyl alcohol an annual sales tax refund for taxes paid on certain building materials, building supplies, fixtures, and equipment if the manufacturer will invest at least \$50 million in enterprise tier one, two, or three or at least \$100 million in another tier. Effective January 1, 2006.

TAX CREDIT FOR BIODIESEL PROVIDERS

Adds a new section 24.8 enacting new GS 105-449.103 allowing a person who imports or produces biodiesel to take motor fuels tax credit for the portion of the biodiesel that is derived in whole from agricultural products, animal fats, or waste from these products or fats. Requires the Secretary of Revenue to transfer funds from sales tax collections to hold harmless the Highway Fund and the Highway Trust Fund for the fiscal impact of the credit. The credit is effective January 1, 2008, and is sunset January 1, 2011.

SALES AND USE TAX RATE REDUCTION ON RESEARCH AND DEVELOPMENT EQUIPMENT

SECTION 24.9. Adds a new section providing that research and development (R&D) equipment purchased by an eligible R&D company is subject to the privilege tax under GS 105-187.51B at the rate of 1% capped at \$80 per article, in place of the sales tax. To be eligible, the company must fall within specified industry classifications. Effective for purchases made on or after January 1, 2008.

PART XXIV-A. SALES TAX CHANGE

NO SALES TAX REFUND FOR ALCOHOL PURCHASES

SECTION 24A.1. Adds a new section enacting new GS 105-164.14(d1) to provide that no sales tax refunds are allowed for purchases of alcoholic beverages.

PART XXV. MINIMUM WAGE INCREASE – DELETED.

PART XXVI. SET REGULATORY FEES

SET UTILITIES REGULATORY FEE

SECTION 26.1. Identical to the 3rd edition.

SET INSURANCE REGULATORY FEE

SECTION 26.2. Identical to the 3rd edition.

PART XXVII. SPECIAL INDEBTEDNESS PROJECTS – DELETED.

PART XXVII-A. HEALTH AND HUMAN SERVICES FEES

PRIVATE WELL WATER TESTING FEE

SECTION 27A.1. Adds a new section enacting GS 130A-5(16) to authorize the Secretary of the Department of Health and Human Services (DHHS) to charge a fee of up to \$55 for analyzing private well-water samples from newly constructed wells. Authorizes the Division of Public Health of DHHS to use funds available for 2006-07 to pay for positions, with those funds to be replaced by fee proceeds collected in 2006-07. Effective July 1, 2006.

CLARIFICATION OF FEES FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES FACILITIES

SECTION 27A.2. Identical to section 10.23 of the 3rd Edition.

TECHNICAL CORRECTION TO LICENSURE FEE LIMITS

SECTION 27A.3. Identical to section 10.22 of the 3rd Edition.

PART XXVII-B. NATURAL AND ECONOMIC RESOURCES FEES

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 27B.1. Identical to section 13.1 of the 3rd edition.

INCREASE CERTAIN PUBLIC WATER SYSTEMS ANNUAL OPERATING PERMIT FEES/IMPOSE FEES FOR REVIEW OF ENGINEERING PLANS AND SPECIFICATIONS FOR THE CONSTRUCTION OR ALTERATION OF PUBLIC WATER SYSTEMS

SECTION 27B.2. Adds a new section amending GS 130A-328 to set a base permit fee of \$150 for non-community public water systems. Revises the schedule of fees for community public water systems based on the number of persons served, with the lowest fee \$255 for systems serving 50 to 100 persons and the highest fee \$5950 for systems serving over 500,000 persons (was, \$150 for systems serving 100 or fewer to \$850 for systems serving over 50,000 persons). Establishes permit fees for construction and alteration of distribution systems, ground water systems, and surface water systems and for plan review for surface water systems. Authorizes an administrative fee of up to \$150 for failure to pay permit fees by January 31. Authorizes the Department of Environment and Natural Resources to create a schedule for phasing out the new fees. Effective January 1, 2007.

PART XXVIII. MISCELLANEOUS PROVISIONS

EFFECTIVE DATE

SECTION 28.7. Except as otherwise provided, the act is effective July 1, 2006.

June 14, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. House amendments make the following changes to 5th edition. (1) Amendment #3 adds new Section 16.11 to require that of the funds appropriated to the Department of Correction for the Criminal Justice Partnership Program, \$75,000 for 2006-07 will be used to increase funding for Women at Risk. (2) Amendment #4 adds new Section 22.15B to provide that of the \$1 million appropriated to the Department of Transportation for the purpose of making in-range adjustments, no funds will be available for expenditure for that purpose, but only for the purposes listed in Section 29.15 of SL 2005-276 (salary adjustment fund), as amended by Section 22.15 of the act. (3) Amendment #6 amends Section 24.4 to delete proposed GS 105-129.16E(d), which provided that a taxpayer

claiming the small business employee health benefits credit may not claim the credit if the taxpayer also claimed a deduction from State income taxes for the same expenses. Also makes conforming changes to GS 105-130.5(a) and GS 105-134.6(c). (4) Amendment #7 adds new Section 19A to establish the NC Health Insurance Risk Pool Reserve in the Department of Insurance. Of funds appropriated, transfers \$1 million in non-recurring funds from the Volunteer Safety Worker's Compensation Fund to the Reserve. Requires that the Reserve be used to implement the requirements of H 1895 (2nd edition adopted 6/12/06, establishing the NC Health Insurance High Risk Pool). Authorizes the Department to use the funds to establish a one full-time, time-limited position to assist in administering the Risk Pool. Makes transfer of the funds contingent upon an award of federal grant funds to implement the Risk Pool. (5) Amendment # 8 adds new Section 14.20 to require that the Director of the Administrative Office of the Courts (AOC) study and develop new methods for recommending the creation of additional district court judgeships. Lists the issues to be considered in the study. Requires that the AOC submit its report to specified House and Senate appropriations committees by March 1, 2007. (6) Amendment #9 adds new Section 10.33K to require that \$200,000 of those funds appropriated to the Department of Health and Human Services for the utility and fuel cost reserve be reallocated to the Division of Facility Services to provide funding for the State's Eight Regional Advisory Committees. Makes conforming amendments to Section 2.1 to reallocate those funds.

July 1, 2006

S 1741. MODIFY APPROPRIATIONS ACT OF 2005. Filed 5/22/06. Conference report recommends the following provisions to reconcile matters in controversy between the Senate budget (3rd edition) and the House budget (6th edition).

PART I. TITLE

The title of the act is the Current Operations and Capital Improvements Appropriations Act of 2006 (identical to Senate and House provisions).

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Increases and (decreases) appropriations from the General Fund for operating expenditures as follows:

Current Operations – General Fund	FY 2006-2007
EDUCATION	
Community Colleges System Office	\$ 64,160,027
Department of Public Instruction	139,944,021
University of North Carolina – Board of Governors	
Appalachian State University	2,189
East Carolina University	
Academic Affairs	(1,589,622)
Health Affairs	0
Elizabeth City State University	(28,887)
Fayetteville State University	42,675
NC Agricultural and Technical University	(223,690)
North Carolina Central University	(312)
North Carolina School of the Arts	29,159
North Carolina State University	
Academic Affairs	(3,908,353)
Agricultural Extension	65,287
Agricultural Research	0
University of North Carolina at Asheville	(569,398)
University of North Carolina at Chapel Hill	

Academic Affairs	(846,370)
Health Affairs	(795,501)
Area Health Education Centers	0
University of North Carolina at Charlotte	(471,439)
University of North Carolina at Greensboro	(1,138)
University of North Carolina at Pembroke	(299,992)
University of North Carolina at Wilmington	(100,910)
Western Carolina University	(735,491)
Winston-Salem State University	0
General Administration	0
University Institutional Programs	138,037,440
Related Educational Programs	0
North Carolina School of Science and Mathematics	52,250
UNC Hospitals at Chapel Hill	0
Total	\$ 128,657,897

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Office of the Secretary	\$ (55,163,236)
Division of Aging	5,535,886
Division of Blind Services/Deaf/HH	75,000
Division of Child Development	29,061,908
Division of Education Services	996,783
Division of Facility Services	200,000
Division of Medical Assistance	(107,550,000)
Division of Mental Health	60,238,357
NC Health Choice	0
Division of Public Health	18,135,242
Division of Social Services	15,682,564
Division of Vocation Rehabilitation	0
Total	\$ (32,787,496)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ 3,583,562
Department of Commerce	
Commerce	36,367,483
Commerce State-Aid	7,203,138
NC Biotechnology Center	2,500,000
Rural Economic Development Center	(500,000)
Department of Environment and Natural Resources	
Environment and Natural Resources	14,851,962
Clean Water Management Trust Fund	0
Department of Labor	613,894

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ 34,911,704
Department of Crime Control and Public Safety	5,954,280
Judicial Department	27,091,712
Judicial Department – Indigent Defense	6,683,129
Department of Justice	4,706,838
Department of Juvenile Justice and Delinquency Prevention	3,454,520

GENERAL GOVERNMENT

Department of Administration	\$ 3,374,539
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Office of Administrative Hearings	281,367
Department of State Auditor	57,564
Office of State Controller	0
Department of Cultural Resources	
Cultural Resources	5,421,016
Roanoke Island Commission	0
State Board of Elections	786,620
General Assembly	38,284
Office of the Governor	
Office of the Governor	100,000
Office of State Budget and Management	409,938
OSBM – Reserve for Special Appropriations	1,353,253
Housing Finance Agency	17,437,500
Department of Insurance	
Insurance	455,846
Insurance – Volunteer Safety Workers' Compensation	0
Office of Lieutenant Governor	88,433
Department of Revenue	1,279,782
Department of Secretary of State	468,067
Department of State Treasurer	
State Treasurer	281,784
State Treasurer – Retirement for Fire and Rescue Squad Workers	514,000

TRANSPORTATION

Department of Transportation	\$ 0
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RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for Compensation Increases	\$ 688,494,519
Reserve for Teachers' and State Employees' Retirement Rate Adjustment	27,107,200
Retirement System Payback	30,000,000
Information Technology Fund	42,087,229
Reserves for Heating and Cooling Assistance	10,000,000
Reserve for Legal Expenses	1,065,710
Trust Fund for MH/DD/SAS	14,390,000
State Emergency Response Account	20,000,000
Pending Ethics Legislation	422,871
Debt Service	
General Debt Service	(50,000,000)
Federal Reimbursement	0

TOTAL CURRENT OPERATIONS - GENERAL FUND \$ 1,263,312,193

SECTION 2.2. Repeals the General Fund availability statement in the 2005 Appropriations Act and substitutes the following:

	FY 2006-2007
Unappropriated Balance from FY 2005-2006 – S.L. 2005-276	\$ 117,227,875
Net Adjustments – S.L. 2005-345	(4,148,833)
Net Adjustments – S.L. 2005-435, S.L. 2005-406, S.L. 2005-376, S.L. 2005-391	(5,826,000)
Adjustment From Estimated to Actual 2005-2006	
Beginning Unreserved Balance	6,133,946
Revised Unappropriated Balance Remaining 2005-2006	\$ 113,386,988
Emergency Appropriation for	
Department of Correction, S.L. 2006-2	\$ (15,000,000)

Projected Reversions from FY 2005-2006	125,000,000
Projected Over Collections from FY 2005-2006	1,072,100,000
Year End Unreserved Credit Balance before Earmarkings	\$ 1,295,486,988
Less: Projected Credit to Savings Reserve	\$ (323,871,747)
Less: Credit to Repairs and Renovation Reserve Account	(222,229,189)
Revised Year End Unreserved Credit Balance	\$ 749,386,052
Revenues Based on Existing Tax Structure	\$ 16,951,416,000
Nontax Revenues	
Investment Income	\$ 78,700,000
Judicial Fees	168,605,271
Disproportionate Share	100,000,000
Insurance	51,543,813
Other Nontax Revenues	202,719,921
Highway Trust Fund Transfer	252,663,009
Highway Fund Transfer	0
Subtotal Nontax Revenues	\$ 854,232,014
Total General Fund Availability	\$ 18,555,034,066
Adjustments to Availability: 2006 Session	
Adjustment to Baseline Revenue Forecast	\$ 698,864,995
Reduce Sales Tax from 4.5% to 4.25% – December 1, 2006	(140,100,000)
Reduce Top Personal Income Tax Rate from 8.25% to 8.0% - January 1, 2007	(28,600,000)
Mill Rehabilitation Income Tax Credit	(2,800,000)
529 Savings Plan Income Tax Deduction	(1,000,000)
Logging Machinery Sales Tax Exemption	(2,870,000)
IRC Update	(5,100,000)
Joint Filing Options Under Personal Income Tax	(1,000,000)
Railroad Cars Tax Exemption	(400,000)
Bill Lee Act Wage Standard – Certain Manufacturers	(800,000)
Bill Lee Act Adjustment – Clayton Project	(800,000)
Extend Aviation Fuel Tax Credit	(90,000)
Extend Real Property Donation Tax Credit	(100,000)
Small Business Health Insurance Credit of \$250 – January 1, 2007	(7,200,000)
Internet Facility Sales Tax Exemption	(2,250,000)
Oyster Tax Credit	(23,000)
Gas Cap Reserve	(367,000)
Reduce Transfer to Highway Trust Fund	(195,176,407)
Adjust Transfer from Insurance Regulatory Fund	455,846
Adjust Transfer from Treasurer's Office	281,784
Subtotal Adjustments to Availability: 2006 Session	\$ 310,926,218
Revised General Fund Availability for 2006-2007 Fiscal Year	\$ 18,865,960,284
Less: Total General Fund Appropriations 2006-2007 Fiscal Year	(18,865,960,284)
Unappropriated Balance Remaining	\$ 0

Section 2.2(b) is a compromise provision that transfers \$222,229,189 from the unreserved credit balance to the Repairs and Renovations Reserve Account in G.S. 143-15.3A, effective June 30, 2006.

Sections 2.2(c) through 2.2(f) are the same as in the House budget.

Section 2.2(g) is the same as the 3rd edition except that the hold-harmless funds for the Highway Fund and the Highway Trust Fund come from not from the General Fund, but from a reserve to which \$22,933,000 was transferred from the Savings Reserve Account.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND
CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Increases and (decreases) appropriations from the Highway Fund for operating expenditures as follows:

Current Operations – Highway Fund	2006-2007
Department of Transportation	
Administration	\$ 0
Division of Highways	
Administration	0
Construction	39,439,500
Maintenance	179,731,200
Planning and Research	0
OSHA Program	0
Aeronautics	2,000,000
Ferry Operations	1,000,000
State Aid	
Municipalities	1,439,500
Public Transportation	(14,000,000)
Railroads	3,198,750
Governor's Highway Safety	0
Division of Motor Vehicles	1,886,701
Other State Agencies	11,612,420
Reserves and Transfers	28,523,000
TOTAL	\$254,831,071

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Identical to House provision, digested 6/13/06.

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Identical to House provision, digested 6/13/06.

PART V. BLOCK GRANTS – Moved to H 2351, digested 6/29/06.

PART VI. GENERAL PROVISIONS

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.1. Retains identical Senate and House provision, digested 5/22/06.

AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS

SECTION 6.2. Adopts Senate position, digested 5/22/06.

CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR INCREASING FEES
PURSUANT TO THE EXECUTIVE BUDGET ACT

SECTION 6.3. Adopts compromise provision to provide that consultation under GS 12-3.1 is not required before establishing or increasing a fee "as authorized or anticipated" in the 2006 budget act or the committee reports used to explain the act.

NO FEE INCREASES WHICH THE GENERAL ASSEMBLY HAS REJECTED

SECTION 6.4. Adopts Senate position, digested 5/22/06.

STATE EMERGENCY RESPONSE ACCOUNT

SECTION 6.5. Retains identical Senate and House provision, digested 5/22/06.

INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATIONS

SECTION 6.6. Adopts the House position on the availability statement but replaces designated appropriations with an undesignated appropriation of \$46,299,454 from the Information Technology Fund established in GS 147-33.72H.

INFORMATION TECHNOLOGY APPROPRIATIONS

SECTION 6.7. Moved to section 6.6, above.

REVIEW OF INFORMATION TECHNOLOGY CONTRACTS

SECTION 6.8. Adopts House position deleting Senate provision, digested 5/22/06.

AMEND CIVIL PENALTY AND FORFEITURE FUND AVAILABILITY

SECTION 6.9. Adopts House provision, digested 5/22/06 and 6/13/06.

FUNDS FOR ENROLLMENT INCREASES

SECTION 6.10. Adopts Senate position, digested 5/22/06.

HOUSING ASSISTANCE FUNDS

SECTION 6.11. Adopts House position deleting Senate provision, digested 5/22/06.

TARGETED COUNTY MEDICAID RELIEF

SECTION 6.12. See compromise provision in Section 10.9E, below.

ELIZABETH CITY AVIATION RESEARCH AND DEVELOPMENT COMMERCE PARK

SECTION 6.13. Deletes provision.

COMMUNITY COLLEGE CAPITAL

SECTION 6.14. Deletes provision.

EDUCATION LOTTERY FUND REVENUE AND APPROPRIATIONS

SECTION 6.15. Adopts House position, digested 6/13/06.

ECONOMIC DEVELOPMENT INITIATIVES

SECTION 6.16. Modified and moved to Section 12.8.

FUNDS FOR INCREASED FUEL COSTS.

SECTION 6.16. Authorizes the State Board of Education to use funds appropriated for State Aid to Local School Administrative Units for increases in fuel costs. Authorizes other agencies to transfer funds within their budgets to cover increases in fuel costs.

PART VII. PUBLIC SCHOOLS

TEACHER SALARY SCHEDULES

SECTION 7.1. Adopts House position, digested 6/13/06.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2. Retains identical House and Senate provisions digested 5/23/06, except for one modification to the calculation of the stipend provided in Section 7.2(h).

CENTRAL OFFICE SALARIES

SECTION 7.3. Adopts compromise provision to set salary range for School Administrators from \$3,093-\$7,801 and superintendents from \$4,417-\$10,477. Adopts identical Senate and House provisions digested 5/23/06 regarding longevity and salary supplement. Adopts compromise provisions to set 5.5% salary increase for personnel paid from the Central Office Allotment.

NONCERTIFIED PERSONNEL SALARY AND FAIR MINIMUM PAY

SECTION 7.4. Adopts compromise provision to set salary of 5.5%. Adopts identical Senate and House provisions digested 5/23/06 regarding minimum salary.

BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES

SECTION 7.5. Adopts House provision, digested 6/13/06.

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.6. Adopts House provision, digested 6/13/06. Adds provision requiring State Board of Education review of incentive reward structure and report by December 15, 2006 to the Joint Legislative Education Oversight Committee.

CHILDREN WITH DISABILITIES

SECTION 7. Retains House provision digested 6/13/06.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.8. Retains identical Senate and House provision, digested 5/23/06.

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING

SECTION 7.10. Adopts compromise provision to set appropriation of funds for DSSF to be allocated based on (i) the LEA's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and ratios as set out in the bill based on local wealth averages.

LEARN AND EARN HIGH SCHOOLS

SECTION 7.11. Retains identical Senate and House provision, digested 5/23/06.

NC WISE POSITIONS

SECTION 7.12. Retains identical Senate and House provision, digested 5/23/06.
21ST CENTURY LITERACY COACHES

SECTION 7.13. Adopts compromise provision which rewrites section to fund 100 literacy coaches and require State Board of Education to allocate positions to 100 schools with lowest average scores on 8th grade end-of-grade reading test over the most recent three years for which data is available.

EXPAND LEA ACCESS TO EDUCATION VALUE ADDED ASSESSMENT SYSTEM (EVAAS)

SECTION 7.14. Retains identical Senate and House provision, digested 5/23/06.

CLARIFY DEFINITION: PUBLIC SCHOOL CAPITAL FUNDS

SECTION 7.15. Adopts Senate position, digested 5/23/06.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

SECTION 7.16. Adopts identical Senate and House provisions, digested 5/23/06, but retains Senate provision authorizing carryover of unused funds to 2007-08.

DISTANCE EDUCATION

SECTION 7.17. Adopts House provision, digested 6/13/06.

TRANSFER MORE AT FOUR PROGRAM AND OFFICE OF SCHOOL READINESS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.18. Adopts Senate position, digested 5/23/06.

ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM

SECTION 7.19. Adopts House provision, digested 6/13/06.

REFUND OF LOCAL SALES AND USE TAXES TO A LOCAL SCHOOL ADMINISTRATIVE UNIT

SECTION 7.20. Retains identical Senate and House provision, digested 5/23/06.

SALARY SUPPLEMENT FOR MATH AND SCIENCE TEACHERS PILOT PROGRAM

SECTION 7.21. Adopts Senate position, digested 5/23/06.

STUDY THE COMPENSATION OF SCHOOL PSYCHOLOGISTS WITH NATIONAL CERTIFICATION

Section 7.22. Adopts House position, digested 6/13/06.

PART VIII. COMMUNITY COLLEGES

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION 8.1. Adopts House provision, digested 6/13/06.

USE OF FUNDS APPROPRIATED FOR ISOTHERMAL COMMUNITY COLLEGE

SECTION 8.2. Adopts Senate position, digested 5/23/06.

USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT

SECTION 8.3. Retains identical Senate and House provision, digested 5/23/06.

CARRYFORWARD FOR EQUIPMENT

SECTION 8.4. Retains identical Senate and House provision, digested 5/23/06.

NC COMMUNITY COLLEGE SYSTEM MAY USE STATE FUNDS IN LIEU OF FEDERAL FUNDS DUE TO FEDERAL MANDATES

SECTION 8.5. Retains identical Senate and House provision, digested 5/23/06.

REPORT ON THE NCCCS BIONETWORK

SECTION 8.6. Retains identical Senate and House provision, digested 5/23/06.

STUDY OF NEW AND EXPANDING INDUSTRY TRAINING

SECTION 8.7. Retains identical Senate and House provision, digested 5/23/06.

MATCHING REQUIREMENT FOR BOND FUNDS

SECTION 8.8. Retains identical Senate and House provision, digested 5/23/06.

COMMUNITY COLLEGE LOW-WEALTH FUNDING

SECTION 8.9. Adopts Senate position, digested 5/23/06.

COMMUNITY COLLEGE FACILITIES AND EQUIPMENT (NEW)

SECTION 8.10. Adopts new provision allocating \$15,000,000 to fund a competitive matching grant program for community college facilities and equipment to be administered by the State Board.

PART IX. UNIVERSITIES

UNC-NCCCS 2+2 E-LEARNING INITIATIVE

SECTION 9.1. Retains identical Senate and House provision, digested 5/23/06.
TEACHER EDUCATION PROGRAM ENROLLMENT PLANS
SECTION 9.2. Retains identical Senate and House provision, digested 5/23/06.
NORTH CAROLINA IN THE WORLD PROJECT
SECTION 9.3. Retains identical Senate and House provision, digested 5/23/06.
A+ SCHOOLS–BUDGET TECHNICAL CORRECTION
SECTION 9.3A. Adopts House position, digested 6/13/06.
CLARIFY REQUIREMENTS FOR STUDENTS RECEIVING PHYSICAL EDUCATION–
COACHING SCHOLARSHIP LOANS
SECTION 9.3B. Deletes provision.
STUDY THE FEASIBILITY OF ADDING NORTH CAROLINA WESLEYAN COLLEGE TO UNC
SYSTEM
SECTION 9.4. Adopts Senate position, digested 5/23/06.
NORTH CAROLINA PROGRESS BOARD
SECTION 9.5. Adopts House position deleting Senate provision, digested 5/23/06.
GRADUATE NURSE SCHOLARSHIP PROGRAM FOR FACULTY PRODUCTION
SECTION 9.6. Adopts Senate provision, digested 5/23/06. Modifies provision to specify loan
recipients must agree to teach in public *or private* nursing program.
MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012 UNC BOARD OF
GOVERNORS RELATED EDUCATIONAL PROGRAMS
SECTION 9.7. Retains identical Senate and House provision, digested 5/23/06.
TRANSFERS OF APPROPRIATION
SECTION 9.8. Adopts Senate position, digested 5/23/06.
NURSING SCHOLARS PROGRAM MODIFICATION
SECTION 9.9. Adopts Senate position, digested 5/23/06.
UNC BOARD OF GOVERNORS MEDICAL AND DENTAL SCHOLARSHIPS
SECTION 9.10. Adopts Senate position, digested 5/23/06.
NC SCHOOL OF SCIENCE AND MATH/HIGH SCHOOL CONSTITUENT INSTITUTION
SECTION 9.11. Adopts Senate position, digested 5/23/06, except for provisions relating to
the optional retirement program.
EXPAND TUITION WAIVER PROGRAM FOR UNC FACULTY & STAFF
SECTION 9.12. Adopts Senate position, digested 5/23/06.
TUITION AND CONTRACTUAL GRANTS FOR TEACHING/NURSING
SECTION 9.13. Adopts Senate provision, digested 5/23/06.
NORTH CAROLINA RESEARCH CAMPUS AT KANNAPOLIS
SECTION 9.14. Adopts House position, digested 6/13/06.
NC CENTER FOR THE ADVANCEMENT OF TEACHING (NEW)
SECTION 9.15. Modifies provisions in G.S. 116-74.6 and 74.7 regarding the director and
board of trustees of the NCCAT.
PRINCIPAL FELLOWS PROGRAM (NEW)
SECTION 9.16. Enacts new G.S. 116-74.42(c1) modifying the amount of the scholarship.
TEACHER ACADEMY TRANSFER (NEW)
SECTION 9.17. Amends G.S. 116-11(12b) and directs consolidation of funds appropriated for
the Principal's Executive Program, the Principal Fellows Program, NC TEACH, the Model
Teacher Education Consortium, and the Math Science Education Network into a unified
appropriation for the Center for School Leadership Development. Amends G.S. 115C-296.4 to
delete provisions relating to delegation of authority by the Board of Governors of The University of
North Carolina to the NC Teacher Academy Board of Trustees, and makes changes in the
composition the Teacher Academy Board of Trustees. Requires the Teacher Academy to report
annually to the Joint Legislative Education Oversight Committee beginning October 1, 2006.
PROGRESS BOARD FUNDS MUST BE MATCHED (NEW)
SECTION 9.18. Adds new provision to require expansion budget funds appropriated for the
Progress Board to be matched with private funds and to provide that unmatched funds will revert
at the end of the budget year.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES
CHANGE REPORTING DATE OF AGING STUDY COMMISSION

SECTION 10.1. Adopts Senate position, digested 5/21/06.

RATE SETTING FOR CHILD CARING INSTITUTIONS

SECTION 10.2. Adopts compromise provision to require the Social Services Commission take into consideration recommendations provided by the State Auditor in establishing standardized rates for child caring institutions. Senate and House provisions would have required the Commission to incorporate the recommendations of the State Auditor.

MEDICAID

SECTION 10.3. Adopts compromise provision requiring that, except as otherwise provided in the budget, the allocation of the nonfederal share of Medicaid costs between the state and the counties will be as provided in the Senate provision, digested 5/23/06. This provision is related to section 10.9E, summarized below (one-time cap on Medicaid county share). Revises section 10.3(e)(24) to clarify that providers of medically necessary prosthetics or orthotics must be licensed or certified by the entity that has authority over the provider's license or certification (was simply a requirement that the provider be board certified).

INFLATIONARY INCREASES FOR MEDICAID PROVIDERS

SECTION 10.3A. Adopts new provision requiring the Secretary of the Department of Health and Human Services to develop a plan for allocating funds available for inflationary increases among groups of Medicaid providers. The plan must be developed in accordance with the study of Medicaid provider rates authorized in section 10.11 (see below). Inflationary increases become effective January 1, 2007 (or retroactive to January 1, 2007 when the Secretary's plan is approved by the federal government).

PROCEDURES FOR CHANGES TO DHHS MEDICAL POLICY

SECTION 10.4. Retains identical Senate and House provision, digested 5/23/06.

TRANSFER OF ASSETS REWRITE

SECTION 10.5. Adopts Senate position, digested 5/23/06. Adopts additional compromise provision delineating how the transfer of assets policy may be applied to persons holding life estates in their homes and income producing real property. Provides that federal transfer of assets policies applied to income producing real property are effective no earlier than October 1, 2001, and federal policies applied to real property excluded as tenancy-in-common, or as nonhomesite property made income producing are effective no earlier than October 1, 2005.

MEDICAID DUALY ELIGIBLE TO ENROLL IN MEDICARE PARTS A,B,C, D

SECTION 10.6. Adopts compromise provision that amends GS 108A-55.1 to require State Medical Assistance Program recipients to enroll in Medicare Parts B and D in order to receive payments for services covered by those Parts. A recipient is not required to enroll in Part D if the recipient has creditable prescription drug coverage as defined by federal law.

MEDICAID RESERVE FUND TRANSFER

SECTION 10.7. Adopts House provision, digested 6/13/06, except deletes provision authorizing the Department of Health and Human Services to use funds in the Medicaid Trust Fund to the settlement of the Disproportionate Share Hospital payment audit issues related to fiscal years 1997-2002.

PILOT PROJECTS TO CONTROL COST AND IMPROVE QUALITY OF CARE FOR AGED, BLIND, AND DISABLED MEDICAID RECIPIENTS

SECTION 10.7A. Adopts House position, digested 6/13/06.

REQUIRED DATA SHARING BY PRIVATE HEALTH INSURERS

SECTION 10.8. Adopts Senate position, digested 5/23/06 and 5/24/06.

TICKET TO WORK EFFECTIVE DATE CHANGE

SECTION 10.9. Retains identical Senate and House provision, digested 5/23/06.

MEDICAID/HEALTH CHOICE DENTAL ADMINISTRATIVE SERVICES STUDY

SECTION 10.9A. Adopts House position, digested 6/13/06.

EXTEND EFFECTIVE DATE ON CHANGES TO LIENS ON REAL PROPERTY FOR PURPOSES OF ESTATE RECOVERY UNDER MEDICAID

SECTION 10.9B. Adopts House position, digested 6/13/06.

PILOT PROGRAM TO EVALUATE USE OF TELEMONITORING EQUIPMENT IN HOME CARE SERVICES

SECTION 10.9C. Adopts House position, digested 6/13/06.

DHHS TO STUDY STRATEGIES TO OFFSET THE COST TO PHARMACISTS OF PROVIDING SERVICES TO MEDICAID RECIPIENTS ENROLLED IN MEDICARE PART D. (NEW)

SECTION 10.9D. Adopts House position, digested 6/13/06, except that rather than requiring DHHS to develop strategies for offsetting costs to pharmacists providing services to Medicaid recipients enrolled in Medicare Part D, DHHS must study these strategies.

ONE-TIME CAP MEDICAID COUNTY SHARE (NEW)

SECTION 10.9E. Adopts compromise provision to have the state assume the county share of the nonfederal share of Medicaid costs for the 2006-07 fiscal year only. Includes an appropriation for \$27,400,000, which is the estimate of the costs incurred by counties for their share of the nonfederal share for the 2005-06 fiscal year. If a county's share of the nonfederal share for 2006-07 exceeds the county's share for 2005-06 and there are no remaining funds from the state's appropriation, the county must pay fifteen percent (15%) of the nonfederal share of the excess. DHHS is required to track each county's portion of the nonfederal share and report on a monthly basis to the Fiscal Research Division.

STATE-COUNTY SPECIAL ASSISTANCE

SECTION 10.9F. Adopts House position, digested 6/13/06. Adds new provision requiring DHHS to recommend rates for State/County Special Assistance and for Adult Care Home Personal Care Services. Requires DHHS to assure coordination of the two rates with the Division of Aging and Adult Services, the Division of Medical Assistance, and the Office of the Controller.

PUBLIC-PRIVATE LONG TERM CARE PARTNERSHIP PROGRAM

SECTION 10.10. Adopts Senate position, digested 5/23/06, with some changes. Makes technical changes to the introductory language. Deletes provision requiring the Commissioner of Insurance to assist in administering the program. Requires DHHS to submit the proposed program to committees of the General Assembly and the Fiscal Research Division before submitting it to the federal government for approval.

STUDY MEDICAID PROVIDER RATE INCREASES

SECTION 10.11. Adopts Senate position, digested 5/23/06, with some changes. Revises the requirement in subsection (c) to clarify that the study should be of the reimbursement system for skilled nursing facilities and that the study should include recommendations regarding rebasing the payment rates for the 2006-07 year.

INCREASE HEALTH CARE ACCESS FOR UNINSURED PERSONS

SECTION 10.12. Adopts Senate position, digested 5/23/06, but decreases the appropriation from \$200,000 to \$100,000.

HEALTH INFORMATION SYSTEMS (HIS) FUNDS

SECTION 10.13. Retains identical Senate and House provision, digested 5/23/06.

REPEAL VISION CARE PROGRAM

SECTION 10.14. Adopts House position deleting Senate provision, digested 5/23/06.

EARLY INTERVENTION SERVICES REPORT

SECTION 10.15. Retains identical Senate and House provision, digested 5/23/06.

GOLDEN LEAF FOUNDATION GRANT-IN-AID TO SUPPORT EARLY INTERVENTION PROGRAMS

SECTION 10.15A. Deletes provision.

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.16. Adopts House provision, digested 6/13/06.

EDUCATION ON PREVENTION OF PRETERM BIRTHS

SECTION 10.17. Adopts Senate position, digested 5/23/06.

COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.18. Adopts Senate provision, digested 5/23/06.

AUTHORIZE ONE NEW POSITION FOR HEALTHY CAROLINIANS INITIATIVE

SECTION 10.18A. Adopts Senate position, digested 5/23/06, with language clarifying that the position must use money appropriated specifically for the Healthy Carolinians Initiative.

CLARIFICATION OF CERTAIN AUDIT REQUIREMENTS

SECTION 10.19. Adopts House provision, digested 6/13/06.

FUNDS TO ASSIST RURAL HOSPITALS

SECTION 10.19A. Adopts House position, digested 6/13/06.

PRIVATE WELL WATER TESTING FEE

SECTION 10.20. Moved from section 27A.1 of 6th edition. Adopts House position, digested 6/13/06.

AIDS DRUG ASSISTANCE PROGRAM

SECTION 10.21. Adopts House provision, digested 6/13/06.

LONG TERM CARE OMBUDSMAN AND NC SOCIAL SERVICES CONSORTIUM COOPERATE ON QUALITY IMPROVEMENT PROGRAM IMPLEMENTATION

SECTION 10.21A. Deletes provision.

TECHNICAL CORRECTION TO LICENSURE FEE LIMITS

SECTION 10.22. Retains identical Senate and House provision, digested 5/23/06. Moved from section 10.22 in 3rd edition to section 27.A3 in 6th edition. Returned to section 10.22.

CLARIFICATION OF FEES FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICE FACILITIES

SECTION 10.23. Retains identical Senate and House provision, digested 5/23/06. Moved from section 10.23 in 3rd edition to section 27.A2 in 6th edition. Returned to section 10.23.

TRANSFER ADVOCACY AND CUSTOMER SERVICE SECTION TO OFFICE OF THE SECRETARY

SECTION 10.24. Adopts House position deleting Senate provision, digested 5/23/06.

AUTHORIZE LOCAL MANAGEMENT ENTITIES TO TRANSFER FUNDS BETWEEN AGE AND DISABILITY CATEGORIES

SECTION 10.25. Adopts House position deleting Senate provision, digested 5/23/06.

AREA AUTHORITY AND COUNTY PROGRAM CRISIS REGIONS

SECTION 10.26. Adopts compromise provision as follows. Appropriates \$5,250,000 for the 2006-07 fiscal year for the development and implementation of a plan for a continuum of regional crisis facilities and local crisis services ("crisis plan"). Up to 3% of the funds may be provided to Local Management Entities (LMEs) for developing these plans. Funds are to be allocated on a per capita basis. DHHS is authorized to expend \$225,000 to hire a consultant to assist LMEs develop and implement crisis plans. By August 15, 2006, the Secretary must designate between 15 and 25 groupings of LMEs for the development of regional crisis facilities. With the assistance of the consultant, the regions must identify gaps in the region's continuum of crisis services and implement a plan to address the gaps. Specific services, such as 24-hour crisis telephone lines, are required. Requires each LME to submit its crisis services plan to DHHS by March 1, 2007. If DHHS approves the plan, the LME will receive funding for implementation. LMEs are required to submit monthly reports to DHHS and quarterly reports to the General Assembly.

EXTEND SUNSET FOR FIRST COMMITMENT PILOT PROGRAM

SECTION 10.27. Adopts Senate position, digested 5/23/06.

MH/DD/SA SERVICES CONSULTANT TASKS/CHANGES TO THE STATE PLAN FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.28. Adopts compromise provision as follows. Adopts the provisions in section 10.28(c) of the 3rd edition delineating the required list of tasks for an independent consultant hired by DHHS to assist the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. Deletes provision in subsection (3)c. that would have required the consultant to assist the Division in developing local expertise for assuming responsibility for utilization management functions.

FACILITY LICENSURE REQUIREMENTS FOR OUTPATIENT SUBSTANCE ABUSE SERVICES CONSISTENT WITH FACILITY LICENSURE REQUIREMENTS FOR OUTPATIENT MENTAL HEALTH AND DEVELOPMENTAL DISABILITY SERVICES

SECTION 10.29. Adopts House position deleting Senate provision, digested 5/23/06.

INDEPENDENT- AND SUPPORTIVE-LIVING APARTMENTS INITIATIVE

SECTION 10.30. Retains identical Senate and House provision, digested 5/23/06.

LME FINANCIAL REPORTS TO COUNTY REVIEWED BY COUNTY FINANCE OFFICERS

SECTION 10.31. Adopts House position deleting Senate provision, digested 5/23/06.

LOCAL MANAGEMENT ENTITY ADMINISTRATIVE FUNCTIONS

SECTION 10.32. Adopts Senate provision, digested 5/23/06. Adds new provisions requiring DHHS to review and revise the LME systems management cost model. For the 2006-07 fiscal year and until the revised cost model is implemented, DHHS must maintain funding at the 2005-06 level except for utilization review (up to \$13,333,481) and claims processing (up to \$12,156,042). Revises GS 122C-115 to provide that the catchment area of an area authority or county program must contain either a minimum population of 200,000 or a minimum of six counties. Requires DHHS to reduce by 10% annually the administrative funding for area authorities and county programs that do not comply with the catchment area requirements. Repeals GS 122C-115.19(a)(3) (catchment area requirements of 200,000 population or five counties). The revisions to GS 122C-115 are effective July 1, 2007.

PORTION OF PROCEEDS FROM ALCOHOL EXCISE TAX DEPOSITED TO TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE FUNDING NEEDS

SECTION 10.33. Adopts House position deleting Senate provision, digested 5/23/06.

DISTRIBUTION OF MENTAL HEALTH AND SUBSTANCE ABUSE AND CRISIS SERVICES FUNDS

SECTION 10.33A. Adopts Senate provision, digested 5/24/06. Applies the provision to funds appropriated for crisis services as well as mental health and substance abuse services.

DEPARTMENT'S DUTY TO PROVIDE TECHNICAL ASSISTANCE TO AREA AUTHORITIES AND COUNTY PROGRAMS

SECTION 10.33B. Adopts House position deleting Senate provision, digested 5/24/06.

STRENGTHEN LOCAL MANAGEMENT ENTITIES

SECTION 10.33C. Adopts House position deleting Senate provision, digested 5/24/06.

CONSUMER AND FAMILY ADVISORY COMMITTEES ESTABLISHED BY AREA AUTHORITIES AND COUNTY PROGRAMS

SECTION 10.33D. Adopts House position deleting Senate provision, digested 5/24/06.

STRENGTHEN MH/DD/SA PRIVATE PROVIDERS

SECTION 10.33E. Adopts House position deleting Senate provision, digested 5/24/06.

STRENGTHEN ROLE OF JOINT LEGISLATIVE COMMISSION ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 10.33F. Adopts House position deleting Senate provision, digested 5/24/06.

ACCESS TO PSYCHIATRIC SERVICES

SECTION 10.33G. Adopts House position, digested 6/13/06.

PSYCHIATRIC HOSPITAL DEBT SERVICE

SECTION 10.33H. Adopts House position, digested 6/13/06. Adds provision allowing DHHS to use funds from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to support 66 new positions at the Julian F. Keith Alcohol and Drug Abuse Treatment Center. Deletes provision requiring any funds budgeted for debt service on a new psychiatric hospital before July 1, 2007 to be redirected for purposes authorized under GS 143-15.3D(b)(2) and (3).

USE OF FUNDS IN MENTAL HEALTH TRUST FUND

SECTION 10.33I. Deletes provision.

SUBSTANCE ABUSE SERVICES FUNDS FOR TASC

SECTION 10.33J. Adopts House position, digested 6/13/06, and adds requirement that the funds be allocated to Treatment Accountability for Safer Communities before funds are allocated to local management entities for services.

REGIONAL ADVISORY COMMITTEE FUNDS

SECTION 10.33K. Deletes provision.

CHILD CARE ALLOCATION FORMULA

SECTION 10.34. Retains identical Senate and House provision, digested 5/23/06, and adds provision authorizing DHHS to allocate child care funds appropriated for specific purposes

separately from the allocation formula described in subsection 10.61(a) of SL 2005-276. Requires DHHS to implement an adjustment to child care market rates as provided in the section.

CHILD CARE SUBSIDY RATES

SECTION 10.35. Adopts Senate position, digested 5/23/06.

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 10.36. Adopts House position, digested 6/13/06, but reduces the required local match from 25% to 15%. Adds new requirement that DHHS evaluate the local matching requirement to determine its effect on local purchasing agencies and report to the General Assembly on whether the matching requirement should be adjusted.

REQUIRE MINIMUM OF SMART START FUNDS FOR CHILD CARE SUBSIDY

SECTION 10.37. Adopts House position, digested 6/13/06, but provides for appropriation of \$13,500,000 (rather than \$10,000,000) to North Carolina Partnership for Children, Inc.

SMART START ALLOCATIONS FOR MORE AT FOUR AND TO HOLD HARMLESS LOCAL PARTNERSHIPS

SECTION 10.38. Adopts House position deleting Senate provision, digested 5/23/06.

PART X-A. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS

SECTION 10A.1. Adopts House position, digested 6/13/06, with additional language specifying that funds transferred by this section are "hereby appropriated."

PART XI. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSERVATION RESERVE ENHANCEMENT PROGRAM

SECTION 11.1. Retains identical Senate and House provision, digested 5/22/06.

AQUARIUM FUNDS

SECTION 11.2. Adopts House position deleting Senate provision, digested 5/22/06.

GRASSROOTS SCIENCE PROGRAM

SECTION 11.3. Adopts compromise provision to reduce appropriation to DENR for Grassroots Science Program of \$3,863,700 to \$3,331,338 for fiscal 2006-07 (an increase of approximately \$130,000 from the House provision). Adds requirement that each museum that receives funds to provide a copy of its annual audited financial statement to DENR.

MORATORIUM IMPOSED ON NEW LANDFILLS

SECTION 11.4. Adopts House position deleting Senate provision, digested 5/22/06.

COASTAL RECREATIONAL FISHING LICENSES RECEIPTS

SECTION 11.5. Deletes provision.

EMERGENCY DRINKING WATER FUND

SECTION 11.6. Deletes provision.

INCREASE CERTAIN PUBLIC WATER SYSTEMS ANNUAL OPERATING PERMIT FEES/IMPOSE FEES FOR REVIEW OF ENGINEERING PLANS AND SPECIFICATIONS FOR THE CONSTRUCTION OR ALTERATION OF PUBLIC WATER SYSTEMS

SECTION 11.7. Identical to Section 27B.2 of the 3rd edition (House position, digested 6/13/06).

PART XII. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY FUNDS

SECTION 12.1. Adopts compromise provision to specify that total administrative costs paid with funds from Employment Security Commission Reserve Fund may not exceed \$2 million, and adds provision appropriating \$1 million from that fund to the Commission to replace declining federal funding for local offices.

ONE NORTH CAROLINA FUND

SECTION 12.2. Retains identical House and Senate provision, digested 5/22/06.

EXTEND E-NC AUTHORITY SUNSET/E-NC AUTHORITY FUNDS AND REPORTING REQUIREMENTS

SECTION 12.3. Adopts Senate provision, digested 5/22/06, but shifts dates of required reports by Rural Economic Development Center to 2007 legislative session.

COUNCIL OF GOVERNMENT FUNDS/ELECTRONIC TRANSFER

SECTION 12.4. Retains identical Senate and House provision, digested 5/22/06.

ADVANCED VEHICLE RESEARCH CENTER REPORTING REQUIREMENTS/FUNDS SHALL NOT REVERT

SECTION 12.5. Adopts compromise provision to incorporate procedural provisions included in House version and reduce appropriation from \$15 million in House version to \$11,250,000. Specifies that no funds may be released until a board of directors with at least five members from different organizations is appointed and operating.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 12.6. Retains identical Senate and House provision, digested 5/22/06.

DEPARTMENT OF COMMERCE/REPORT ON AGRIBUSINESS FUNDS

SECTION 12.7. Adopts compromise provision to require Department of Commerce to collaborate with Department of Agriculture in evaluating the use of economic incentives for agribusiness. Directs Department of Agriculture, Rural Economic Development Center and University System to provide any information requested by Department.

ECONOMIC DEVELOPMENT RESERVE (NEW)

SECTION 12.8. Adds new section establishing Reserve fund in amount of \$10 million to award grants for site acquisition and economic development projects. Requires Department of Commerce to submit a report to State Budget Office and Fiscal Research Division containing specified information about each grant. Amends GS 150B-1(d) to exempt the Department from rulemaking provisions of Administrative Procedure Act in developing guidelines for the Fund. Similar to Section 6.16 of the 3rd Edition, digested 6/13/06.

PART XIII. DEPARTMENT OF LABOR

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 13.1. Retains identical Senate and House provision, digested 5/22/06. Transferred from Section 27B.1 in House version.

PART XIV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 14.1. Retains identical Senate and House provision, digested 5/22/06.

GRANT FUNDS

SECTION 14.2. Retains identical Senate and House provision, digested 5/22/06.

PROVIDE ADDITIONAL ASSISTANT DISTRICT ATTORNEYS

SECTION 14.3. Adopts modified Senate provision, digested 5/22/06. No changes in allocations to the individual districts, but the positions become effective January 1, 2007.

ADDITIONAL DISTRICT COURT JUDGESHIPS

SECTION 14.4. Adopts compromise provision to add 17 new district judgeships, effective January 15, 2007, or when precleared by US Department of Justice, whichever is later. Governor to make initial appointments, with election to be held in 2008 election. Judgeships are in Districts 3A, 6A, 10, 11, 14, 15B, 17A, 18, 19B, 19C, 20B, 25, 26, 27A, 27B, 28 (increases allocation from 6 currently authorized positions to 8 judges), 30.

PROVIDE ADDITIONAL MAGISTRATES/ELIMINATE MAXIMUM ALLOCATION OF MAGISTRATES

SECTION 14.5. Retains identical Senate and House provision, digested 5/22/06.

INCREASE THE PORTION OF THE GENERAL COURT OF JUSTICE COURT FEE USED FOR LEGAL SERVICES PROGRAMS

SECTION 14.6 Adopts House position deleting Senate provision, digested 5/22/06.

COLLECTION OF OFFENDER FINES AND FEES ASSESSED BY THE GENERAL COURT OF JUSTICE

SECTION 14.7. Adopts House position deleting Senate provision, digested 5/22/06.

JURY FEE WAIVER PROGRAM

SECTION 14.8. Adopts House position deleting Senate provision, digested 5/22/06.
ESTABLISH INTERMEDIATE DEFERRED PROSECUTION FOR THE DRUG TREATMENT
COURT PROGRAM

SECTION 14.9. Adopts House position deleting Senate provision, digested 5/22/06.
PERMANENCY MEDIATION

SECTION 14.10. Adopts House position deleting Senate provision, digested 5/22/06.
COURT INTERPRETERS

SECTION 14.11. Deletes provision.
MONITORING OF COMMUNITY MEDIATION CENTERS

SECTION 14.12. Retains identical Senate and House provision, digested 5/22/06.
COMMUNITY MEDIATION CENTER FUNDING

SECTION 14.13. Adopts House position deleting Senate provision, digested 5/22/06.
INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS

SECTION 14.14. Retains identical Senate and House provision, digested 5/22/06.
OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 14.15. Retains substantively identical Senate and House provision, digested
5/22/06.

REVIEW OF OFFICE OF INDIGENT DEFENSE SERVICES
SECTION 14.16. Adopts House position, digested 6/13/06.

INCREASE THE UNIFORM FEES PAID TO JURORS
SECTION 14.17. Adopts House position, digested 6/13/06.

FUNDING TO INCREASE THE MILEAGE REIMBURSEMENT
SECTION 14.18. Deletes provision.

DIVIDE PROSECUTORIAL DISTRICT 19B INTO DISTRICTS 19B AND 19D
SECTION 14.19. Adopts House position, digested 6/13/06.

STUDY CREATION OF NEW DISTRICT COURT JUDGESHIPS
SECTION 14.20. Deletes provision.

PART XV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION
REPORTS ON CERTAIN PROGRAMS

SECTION 15.1. Retains identical Senate and House provision, digested 5/22/06.
STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 15.2. Retains identical Senate and House provision, digested 5/22/06.
WAIVER OF REVISED LICENSING STANDARDS FOR JUVENILE FACILITIES

SECTION 15.3. Adopts House position deleting Senate provision, digested 5/22/06.
ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 15.4. Retains identical Senate and House provision, digested 5/22/06.
ALTERNATIVES TO JUVENILE COMMITMENT/JUVENILE CRIME PREVENTION COUNCILS

SECTION 15.5. Retains identical Senate and House provision, digested 5/22/06.
REPORTS ON YOUTH DEVELOPMENT CENTERS

SECTION 15.6. Retains identical Senate and House provision, digested 5/22/06.

PART XVI. DEPARTMENT OF CORRECTION

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS AND INMATE LAUNDRY
SERVICES

SECTION 16.1. Adopts House provision, digested 6/13/06.
CONVERSION OF CONTRACTED MEDICAL POSITIONS

SECTION 16.2. Adopts House provision, digested 6/13/06.
COMPUTER/DATA PROCESSING SERVICES FUNDS

SECTION 16.3. Retains identical Senate and House provision, digested 5/22/06.
REPORTS ON NONPROFIT PROGRAMS

SECTION 16.4. Adopts House provision, digested 6/13/06.
PAROLE ELIGIBILITY REPORT

SECTION 16.5. Adopts House provision, digested 6/13/06.

PRETRIAL SERVICES PROGRAM

SECTION 16.6. Adopts House position deleting Senate provision, digested 5/22/06.

GPS MONITORING OF MOST SERIOUS SEX OFFENDERS

SECTION 16.7. Adopts House position deleting Senate provision, digested 5/22/06.

PROPOSAL FOR JOINT USE OF SWANNANOVA PROPERTY/ADULT FEMALE

CORRECTIONAL FACILITY AND JUVENILE YOUTH DEVELOPMENT CENTER

SECTION 16.8. Adopts compromise provision substantially similar to House provision, but prohibiting transfer of property or positions before consultation with Joint Legislative Commission on Governmental Operations, which must be preceded by the filing of the required report.

FEDERAL GRANT MATCHING FUNDS

SECTION 16.9. Adopts House position, digested 6/13/06.

GANG PREVENTION INITIATIVE

SECTION 16.10. Adopts House position, digested 6/13/06.

INCREASE WOMEN AT RISK FUNDING

SECTION 16.11. Deletes provision.

PART XVI-A. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

GRANTS TO PREVENT GANG VIOLENCE

SECTION 16.A1. Adopts House position, digested 6/13/06.

PART XVII. DEPARTMENT OF ADMINISTRATION

EXAMINE FEASIBILITY OF COMBINING FUNDING SOURCES/NC COUNCIL FOR WOMEN

AND DOMESTIC VIOLENCE COMMISSION

SECTION 17.1. Adopts compromise provision to require reporting to both appropriations committee chairs and Joint Commission on Governmental Operations.

ENERGY DIVISION NEEDS ASSESSMENT

SECTION 17.2. Adopts House position, digested 6/13/06.

HUB CONTRACTOR ACADEMY PROGRAM SPACE

SECTION 17.3. Adopts House position, digested 6/13/06.

OLD REVENUE BUILDING

SECTION 17.4. Adopts House position, digested 6/13/06.

COMMISSION ON STATE PROPERTY TAX FUNDS

SECTION 17.5. Adopts House position, digested 6/13/06.

PART XVII.A. DEPARTMENT OF CULTURAL RESOURCES

CULTURAL SHARING AND CARING PROGRAM

Adds new section requiring Department of Cultural Resources to report on the Cultural Sharing and Caring Program to the Joint Legislative Commission on Governmental Operations by November 1, 2006.

PART XVIII. OFFICE OF ADMINISTRATIVE HEARINGS

CODIFIER'S AUTHORITY OVER THE REGISTER

SECTION 18.1. Adopts Senate position, digested 5/22/06.

PART XIX. DEPARTMENT OF REVENUE

EXTENDED DOR CALL CENTER FEE USE

SECTION 19.1. Adopts House position deleting Senate provision, digested 5/22/06.

REVISED MAXIMUMS FOR COLLECTION ASSISTANCE FEES

SECTION 19.2. Adopts House provision, digested 6/13/06.

CONSOLIDATE TAX PROJECTS REPORTS

SECTION 19.3. Retains identical Senate and House provision, digested 5/22/06.

PAYMENT OF USUB PENALTIES TO CIVIL PENALTY AND FORFEITURE FUND

SECTION 19.4. Adopts House provision, digested 6/13/06, except adds provision directing Department to reduce succeeding amounts to any agency to offset any improper distribution to

the agency. Funds withheld are to be placed in a reserve fund, which reverts at the end of a fiscal year. Reductions are to be applied through 2008-09 fiscal year.

PART XIX-A. DEPARTMENT OF INSURANCE
RESERVE FOR NC HEALTH INSURANCE RISK POOL
Deletes provision.

PART XX. DEPARTMENT OF THE STATE TREASURER
SECTION 20.1 CONSOLIDATE PUBLIC EMPLOYEE RETIREMENT PROGRAMS IN
SINGLE AGENCY.
Adopts Senate position, digested 5/22/06.

PART XX-A. GENERAL ASSEMBLY
SECTION 20A.1 Deletes provision.

PART XXI. DEPARTMENT OF TRANSPORTATION
TRANSPORTATION OF WOOD RESIDUALS
SECTION 21.1. Adopts House position deleting Senate provision, digested 5/22/06.
ONLINE DEALER REGISTRATION FUNDS
SECTION 21.2. Retains identical Senate and House provision, digested 5/22/06.
TRANSPORTATION IMPROVEMENT PLAN PILOT
SECTION 21.3. Adopts House position deleting Senate provision, digested 5/22/06.
CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND APPROPRIATIONS
SECTION 21.4. Retains identical Senate and House provision, digested 5/22/06.
DEPARTMENT OF TRANSPORTATION TO PROVIDE REAL-TIME ACCESS TO ALL
WEIGH-IN-MOTION DATA PRODUCED AND TRANSMITTED FROM WEIGH-IN-MOTION
SITES THROUGHOUT THE STATE AND PROVIDE PERIODIC SUMMARIES OF DATA
COLLECTED AT EXISTING DOT WEIGH-IN-MOTION SITES
SECTION 21.5. Adopts Senate position, digested 5/22/06, but adds provision specifying that
program to be funded from available funds.
FUNDS FOR ECONOMIC DEVELOPMENT, SPOT SAFETY, AND TRANSPORTATION
IMPROVEMENT PROGRAM PROJECTS
SECTION 21.6. Retains identical Senate and House provision, digested 5/22/06.
CHANGE SUNSET OF OPEN CONTAINER LAW
SECTION 21.7. Adopts House provision, digested 6/13/06.
MAINTENANCE OF PERMANENT WEIGH STATIONS
SECTION 21.8. Adopts Senate position, digested 5/22/06.
VIPER RADIO PROGRAM
SECTION 21.9. Adopts House provision, digested 6/13/06.
ACCESS ROADS FOR ECONOMIC DEVELOPMENT
SECTION 21.10. Adopts House position deleting Senate provision, digested 5/22/06.
CONFORM SEAT BELT LAW TO FEDERAL LAW TO PREVENT A LOSS OF FEDERAL
HIGHWAY FUNDS
SECTION 21.11. Retains identical Senate and House provision, digested 5/22/06.
UTILIZATION OF SMALL BUSINESS ENTERPRISES IN DEPARTMENT PROJECTS OR THE
USE OF FULLY OPERATED RENTAL EQUIPMENT
SECTION 21.12. Retains identical Senate and House provision, digested 5/22/06.
CONSOLIDATION OF RURAL FUNDING PROGRAMS BY THE DEPARTMENT OF
TRANSPORTATION'S PUBLIC TRANSPORTATION DIVISION
SECTION 21.13 and SECTION 21.18. Adopts compromise provision to allow Department to
consolidate its rural funding programs for vehicles, technology and facilities into one large capital
program. Allows Department to transfer funds from the new program to operating programs if
needed to leverage federal funds. Moves provision from SECTION 21.13 to SECTION 21.18.
FUNDS FOR STORMWATER PROJECTS

SECTION 21.14. Adopts Senate position, digested 5/22/06.
ALLOWABLE LOADS IN AGRICULTURAL TRANSPORTING
SECTION 21.15. Adopts House position deleting Senate provision, digested 5/22/06.
AN ACT TO PROMOTE PRESERVATION OF THE INTERSTATE HIGHWAY SYSTEM
SECTION 21.16. Adopts House position deleting Senate provision, digested 5/22/06.
DEVELOP AND IMPLEMENT A PLAN TO PLANT TREES AND OTHER VEGETATION ON THE
RIGHT-OF-WAYS OF THE STATE'S ROADS AND HIGHWAYS AND TO PROVIDE
FUNDING FOR THAT PLAN
SECTION 21.17. Adopts House position deleting Senate provision, digested 5/22/06.
CONSOLIDATION OF RURAL FUNDING PROGRAMS BY THE DEPARTMENT OF
TRANSPORTATION'S PUBLIC TRANSPORTATION DIVISION – See Section 21.13, above.

PART XXII. SALARIES AND EMPLOYEE BENEFITS

Modifies salary and benefits provisions, effective July 1, 2006, as follows.

For each of the categories of employees listed below, adopts compromise provision to increase the salaries by 5.5%:

GOVERNOR AND COUNCIL OF STATE; SECTION 22.1.
NONELECTED DEPARTMENT HEADS; SECTION 22.2.
CERTAIN EXECUTIVE BRANCH OFFICIALS; SECTION 22.3.
JUDICIAL BRANCH OFFICIALS; SECTION 22.4.
CLERK OF SUPERIOR COURT; SECTION 22.5.
ASSISTANT AND DEPUTY CLERKS OF COURT; SECTION 22.6.
MAGISTRATES; SECTION 22.7.
GENERAL ASSEMBLY PRINCIPAL CLERKS; SECTION 22.8
SERGEANTS-AT-ARMS AND READING CLERKS; SECTION 22.9.
LEGISLATIVE EMPLOYEES; SECTION 22.10.

COMMUNITY COLLEGE PERSONNEL/SALARY INCREASES

SECTION 22.11. Adopts Senate provision, digested 5/22/06 (6% salary increase for faculty and professional staff; 2% one-time bonus), except provides for 5.5% salary increase for community college employees other than faculty and professional staff (was, 5%).

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA COMPENSATION

SECTION 22.12. Adopts House provision, digested 6/13/06.
UNIVERSITY FACULTY RECRUITING AND RETENTION FUND (NEW)

Section 22.12A. Establishes under the Office of the President a Faculty Recruiting and Retention Fund and appropriates \$5,000,000 to be used in the discretion of the president for salary increases to recruit and retain faculty at constituent institutions.

MOST STATE EMPLOYEES/SALARY INCREASES

SECTION 22.13. Adopts compromise provision to increase the salaries by 5.5%.

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

SECTION 22.14. Adopts compromise provision to increase the salaries by 5.5%.

COMPENSATION BONUS FOR FISCAL YEAR 2006-2007

SECTION 22.14A. Deletes provision.

SALARY ADJUSTMENT FUND

SECTION 22.15. Adopts House provisions digested 6/13/06.

SUSPEND CAREER BANDING INITIATIVE

Section 22.15A. Adopts compromise provision to authorize continuation of career banded classifications approved on or before June 15, 2006, subject to stated conditions, and states legislative intention to authorize a study of state personnel compensation and other state employment policies.

IN-RANGE ADJUSTMENTS/PURPOSE CHANGE

SECTION 22.15B. Adopts House position, digested 6/13/06.

DIVISION OF WATER QUALITY SALARY INCREASES

SECTION 22.16. Adopts House position digested 6/13/06, deleting provision.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 22.17. Adopts Senate provision, digested 5/22/06.
 PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE
 EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE
 LEGISLATIVE RETIREMENT SYSTEM

SECTION 22.18. Adopts Senate provision, digested 5/22/06.
 INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S AND RESCUE
 SQUAD WORKERS' PENSION FUND

SECTION 22.19. Adopts identical Senate and House provisions, digested 5/22/06.
 INCREASE THE MAXIMUM MONTHLY PENSION BENEFITS FOR RETIRED MEMBERS OF
 THE NORTH CAROLINA NATIONAL GUARD

SECTION 22.20. Adopts identical Senate and House provisions, digested 5/22/06.
 EXTEND PHASED RETIREMENT PROGRAM EXEMPTION (NEW)

SECTION 22.21. Changes 2005 budget provision extending University phased retirement
 from June 30, 2007, to the earlier of June 30, 2010, or 12 months after the issuance of final
 phased retirement regulations by the IRS.

PART XXIII. CAPITAL APPROPRIATIONS.

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 23.1. Provides the following appropriations for capital improvements:

Capital Improvements – General Fund	2006-2007
Department of Administration	
Veterans Affairs Nursing Homes	\$8,773,300
State Facilities Master Plan	1,000,000
Department of Agriculture and Consumer Services	
Rollins Laboratory – Bio Security Level 2 Lab Conversion	250,000
Oxford Complex Planning Funds	1,000,000
Department of Commerce	
NC Ports Authority Container Cranes	7,500,000
Department of Crime Control and Public Safety	
Emergency Management Operations Center	8,500,000
Marion Transportation Center Motor Fleet Lot	222,700
Department of Cultural Resources	
North Carolina History Education Center at Tryon Palace	
Historic Site and Gardens Planning Funds	1,500,000
Department of Environment and Natural Resources	
Hickory Nut Gorge Expansion	15,000,000
Water Resources Development Projects	20,000,000
NC Zoo Storage Shed	452,800
Forest Resources District 9 Headquarters	2,164,500
University of North Carolina System	
Appalachian State University College of Education	
Building Planning Funds	1,820,000
Fayetteville State University Science and Technology	
Complex Planning Funds	1,000,000
North Carolina Agricultural and Technical State	
University General Classroom Facility Planning Funds	1,000,000
North Carolina School of the Arts Library Planning Funds	1,000,000
North Carolina State University Engineering Complex III	61,000,000
University of North Carolina at Chapel Hill Genomics	
Science Building Planning and Site Development Funds	28,391,775
UNC Hospitals at Chapel Hill Master Facilities Plan	3,000,000
University of North Carolina at Greensboro Academic	
Classroom and Office Building Planning Funds	2,300,000
University of North Carolina at Pembroke Residence	

Hall Planning Funds	1,000,000
University of North Carolina at Wilmington	
School of Nursing	27,000,000
Western Carolina University School of Health and Gerontological Building Planning Funds	2,400,000
Winston-Salem State University Student Activities Center Planning Funds	768,225
Board of Governors	
Dental Schools Study and Planning Funds	7,000,000
Reserve for Capital Cost Overruns	2,300,000
TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$206,343,300

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 23.2. Provides the following appropriations for water resources development projects:

Name of Project	2006-2007
(1) Wilmington Harbor Deepening	\$ 5,275,000
(2) Morehead City Harbor Sand Management	1,200,000
(3) Manteo (Shallowbag) Bay Channel Maintenance	-
(4) Wilmington Harbor Maintenance Dredging	-
(5) Morehead City Harbor Maintenance Dredging	0
(6) Carolina Beach Renourishment	1,125,000
(7) Carolina Beach Renourishment (Kure Beach)	681,000
(8) Brunswick County Beaches Study	0
(9) Ocean Isle Beach Renourishment (Brunswick County)	435,000
(10) Beaufort Harbor Maintenance Dredging	300,000
(11) B. Everett Jordan Reservoir Water Supply Storage	100,000
(12) Aquatic Weed Control – Lake Gaston and Statewide	400,000
(13) Waterway Connecting Pamlico Sound to Beaufort Harbor (Carteret)	400,000
(14) John H. Kerr Reservoir Operations Evaluation	188,000
(15) Currituck Sound Water Management Study	386,000
(16) Surf City / North Topsail Beach Protection Study	-
(17) West Onslow Beach (Topsail) Study (Pender County)	85,000
(18) Hurricane Stream Restoration – Western NC (Phase II)	2,000,000
(19) Hurricane Isabel Emergency Management Stream Cleanup (Phase III)	850,000
(20) Bogue Banks Shore Protection Study (Carteret County)	-
(21) Neuse River Basin Study	280,000
(22) Beach and Inlet Management Study	500,000
(23) Dredging Contingency Fund	2,295,000
(24) Topsail Beach Renourishment	1,000,000
(25) State – Local Projects	2,500,000
TOTALS	\$ 20,000,000

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 23.3. Retains identical Senate and House provisions, digested 5/22/06, and adds new allocations for projects as follows: \$11,800,000 for projects in preparation for construction of the Regional Medical Center and Mental Health Center in the Department of Corrections; \$2,800,000 for the Palmer Memorial Institute State Historic Site renovations; \$1,900,000 for parking and road repairs at Elizabeth City State University; \$6,400,000 for replacement and repair of steam lines and tunnels at North Carolina Central University; and \$416,000 for planning of projects for Rhodes Hall at the University North Carolina at Asheville.

INCLUDE IN THE SIX-YEAR CAPITAL IMPROVEMENT PLAN THE RECOMMENDED FUNDING SOURCES FOR THE PROJECTS PROPOSED

SECTION 23.4. Adopts House position deleting Senate provision, digested 5/22/06.
 USE OF EXISTING PLANS FOR STATE CONSTRUCTION
 SECTION 23.5. Adopts House position deleting Senate provision, digested 5/22/06.
 USE OF RECEIPTS OF THE AQUARIUMS
 SECTION 23.6. Adopts House position deleting Senate provision, digested 5/22/06.
 TIMBER SALES RECEIPTS FOR CAPITAL IMPROVEMENTS AT AGRICULTURAL RESEARCH STATIONS AND FARMS
 SECTION 23.7. See digest of Section 10A.1, above.
 TIMBER SALES RECEIPTS FOR LAND ACQUISITION AT PIEDMONT RESEARCH STATION
 SECTION 23.8. Adopts House position deleting Senate provision, digested 5/22/06.
 PLANT CONSERVATION PROGRAM FUNDS
 SECTION 23.9. Adopts House position deleting Senate provision, digested 5/22/06.
 STATE FACILITIES MASTER PLAN
 SECTION 23.10. Revises House provision to require the Department of Administration to develop the master plan (was, consultant to be paid from funds appropriated to the OSBM). Requires allocation of \$60,000 to the Dorothea Dix Hospital Property Study Commission to contract for consulting services to evaluate options for compatible uses of open space, adaptive re-use of existing facilities, and continued support for mental health services. Requires report by consultant no later than November 1, 2006.
 UNC-CH/ECU DENTAL SCHOOLS
 SECTION 23.11. Adopts House position, digested 6/13/06.
 SPECIAL INDEBTEDNESS PROJECTS
 SECTION 23.12. Modifies Senate provision (was, Section 27.1) digested on 5/22/06 to authorize special indebtedness projects as follows:

\$40,000,000	North Carolina Museum of Art
\$20,000,000	Central Regional Psychiatric Hospital
\$24,841,300	Secondary Data Center
\$45,827,400	Center City Classroom Bldg; UNC Charlotte
\$101,000,000	Public Health Lab, Office of Chief Medical Examiner
\$145,500,000	Eastern Regional Psychiatric Hospital
\$132,200,000	Regional Medical Center, Mental Health Center
\$162,800,000	Western Regional Psychiatric Hospital

PART XXIV. TAX REDUCTIONS, DEDUCTIONS, AND CREDITS
 REDUCE SALES TAX RATE EARLY

SECTION 24.1. Adopts compromise provision that differs from the identical Senate and House provision, digested 5/22/06, by (1) making the first step of the phase-down of the sales tax rate effective December 1, 2006, rather than January 1, 2007 (although the conforming change to the local distribution remains effective January 1, 2007), and (2) making additional conforming changes to local distributions contingent on enactment of H 2047 (Video Service Competition Act).

REDUCE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES EARLY

SECTION 24.2. Adopts Senate provision, digested 5/22/06, setting upper rate in effect for 2007 at 8% (House was, 8.125%)

CAP THE VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUELS TAX RATE FOR ONE YEAR AND HOLD HIGHWAY FUNDS HARMLESS

SECTION 24.3. Substantively identical to Senate provision, digested 5/23/06.

SMALL BUSINESS HEALTH INSURANCE CREDIT

SECTION 24.4. Adopts a compromise to the House position, digested 6/13/06 and 6/14/06. Adds a new section enacting new GS 105-129.16E to allow a small business that provides health insurance to all of its eligible employees to take a tax credit for its costs in providing health insurance for its employees who earn up to \$40,000 a year. The credit per employee is the lesser

of \$250 or the business's cost of providing health benefits for the employee. The tax credit is effective beginning with the 2007 tax year and expires beginning with the 2009 tax year.

EXPAND DEFINITION OF DEVELOPMENT ZONE

SECTION 24.5. Adopts House position, digested 6/13/06.

EXTEND SUNSET ON SALES AND USE TAX REFUND FOR AVIATION FUEL

SECTION 24.6. Recodifies and extends from January 1, 2007, to January 1, 2009, the sunset on the sales tax refunds for aviation fuel for motorsports racing teams (GS 105-164.13(l)) and for fuel for interstate passenger air carriers (GS 105-164.13(a1)). Limits the motorsports refund to professional teams. Similar to House position, digested 6/13/06.

ETHYL ALCOHOL TAX CREDIT

SECTION 24.7. Adopts compromise to House position, digested 6/13/06, to amend GS 105-129.16D (25% tax credit for renewable fuel processing facility) to allow an alternative credit of 35% for taxpayers that invest at least \$400 million in three or more facilities. The alternative credit is allowed against income tax only. Extends the sunset on GS 105-129D from 2008 until 2011. Effective beginning with the 2006 tax year.

TAX CREDIT FOR BIODIESEL PRODUCER

SECTION 24.8. Adopts compromise to House position, digested 6/13/06, to enact a new GS 105-129.16F allowing an income or franchise tax credit for a biodiesel provider who produces at least 100,000 gallons of biodiesel during the tax year. The credit is equal to the amount of motor fuels tax paid on the biodiesel, up to \$500,000. The credit is effective January 1, 2008, and is sunset January 1, 2010.

R&D SALES TAX CHANGES

SECTION 24.9. Adopts compromise to House position, digested 6/13/06, to provide that research and development (R&D) equipment purchased by certain R&D companies is subject to the privilege tax under GS 105-187.51B at the rate of 1% capped at \$80 per article, in place of the sales tax. To be eligible, the company must be in the physical, engineering, and life sciences. Effective January 1, 2007.

SALES AND USE TAX REFUND FOR MOTORSPORTS RACING TEAMS

SECTION 24.10. Adds new section that (1) amends GS 105-164.3 to define a professional motor sports racing team and (2) enacts new GS 105-164.14(m) to give these teams an annual sales tax refund for 50% of the sales tax they pay on tangible personal property that comprises a part of a racing vehicle (not including tires or accessories). Effective for purchases made on or after July 1, 2007, with no sunset.

JOINT FILING OPTIONS (NEW)

SECTION 24.11. Amends GS 105-152(e) to authorize a married couple to file a joint return if one spouse is not a resident and has no NC income, effective beginning with the 2006 tax year. Identical to S 1552.

PARENTAL SAVINGS TRUST FUND TAX DEDUCTION (NEW)

SECTION 24.12. Amends GS 105-134.6(d) to allow taxpayers with adjusted gross income below specified limits to deduct up to \$750 contributed to the NC Parental Savings Trust Fund. The deduction is recaptured if the funds are withdrawn and not used in accordance with federal law. Effective for taxable years beginning January 1, 2006, and repealed January 1, 2011.

SALES TAX ON RAILROAD CARS (NEW)

SECTION 24.13. Amends GS 105-164.4B(b) to provide that recurring periodic payments for lease or rental agreements for a railway car that is leased by a utility company and would be transportation equipment if it were used in interstate commerce are "sourced" according to general principles set forth in GS 105-164.4B(a). Enacts new GS 105-164.14(a2) allowing a utility company a refund of sales and use taxes paid on purchase in NC of railway cars and locomotives operated by company. Specifies formula for calculating refund and procedures for claiming refund. Effective July 1, 2006. Identical to S 2011.

WAGE STANDARD – CERTAIN MANUFACTURERS (NEW)

SECTION 24.14. Amends GS 105-129.4(b) to provide that for the purpose of establishing the appropriate wage standard, a fiber, yarn, or thread mill manufacturer that uses a sequential manufacturing process may use either the location of one facility or all facilities in the county in

which parts of the process are performed. Effective retroactively for taxable years beginning on or after January 1, 1996. Identical to the 2nd edition of S 1621.

REAL PROPERTY TAX DONATION CREDIT (NEW)

SECTION 24.15. Effective when the act becomes law, extends from January 1, 2006, to January 1, 2007, the sunset on a provision in GS 105-151.12 (credit for certain real property donations) that allows the ceiling on the credit amount to apply separately to each partner rather than to the partnership as a whole.

AGRARIAN GROWTH ZONES – BILL LEE (NEW)

SECTION 24.16. Identical to S 1203, filed 5/9/06.

INTERNET DATA CENTER FACILITIES – TAX EXEMPTION (NEW)

SECTION 24.17. Enacts new GS 105-164.13(54) to exempt electricity and eligible business property used at an eligible Internet data center from the retail sales and use tax. Defines “eligible business property” and outlines circumstances under which exemption will be forfeited. Enacts new GS 105-164.3(8e) to define “eligible Internet data center” as a facility: (1) primarily used by a business engaged in the Internet service providers and Web search portals industry; (2) that is one or more structures located on a single parcel or on contiguous parcels of land owned by or with the operator of facility in an enterprise tier one, two, or three county; and (3) at which the Secretary of Commerce has determined that at least \$250 million in private funds will be invested in real property or eligible business property within five years after construction begins. Applies to sales made on or after October 1, 2006.

OYSTER SHELL TAX CREDIT (NEW)

SECTION 24.18. Identical to S 1157, 3rd edition.

REDUCE SALES TAX ON ELECTRICITY SOLD TO MANUFACTURERS

SECTION 24.19. Repeals G.S. 105-164.4(a)(1f)b. and enacts new G.S. 105-164.4(a)(1i) to set the sales tax rate for electricity sold to manufacturing plants at 2.6%, effective July 1, 2007.

PART XXIV-A. OTHER TAX CHANGES

NO SALES TAX REFUND FOR ALCOHOL PURCHASES

SECTION 24A.1. Adopts House position, digested 6/13/06.

FRANCHISE TAX LOOPHOLE CLOSING (NEW)

SECTION 24A.2. Identical to H 1962, filed 5/11/06.

EXPANSION OF ROYALTY REPORTING OPTION (NEW)

SECTION 24A.3. Identical to H 2048, filed 5/17/06.

FINANCE LAW STUDIES (NEW)

SECTION 24A.4. Directs the Revenue Laws Study Committee to study various tax credit issues and report to the 2007 General Assembly. Authorizes the Legislative Research Commission to study how to improve access to health insurance and to report to the 2007 General Assembly.

PART XXV. MINIMUM WAGE INCREASE.

SECTION 25.1. Adopts House position deleting Senate provision, digested 5/22/06.

PART XXVI. SET REGULATORY FEES

SET UTILITIES REGULATORY FEE

SECTION 26.1. Retains identical Senate and House provision, digested 5/22/06.

SET INSURANCE REGULATORY FEE

SECTION 26.2. Retains identical Senate and House provision, digested 5/22/06.

PART XXVII. SPECIAL INDEBTEDNESS PROJECTS

SECTION 27.1. Compromise provision moved to Section 23.12.

PART XXVII-A. HEALTH AND HUMAN SERVICES FEES

PRIVATE WELL WATER TESTING FEE

Moves House position, digested 6/13/06, to Section 10.20.

CLARIFICATION OF FEES FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND
SUBSTANCE ABUSE SERVICES FACILITIES

SECTION 27A.2. Moves to Section 10.23 the identical Senate and House provision, digested
as Section 10.23 on 5/23/06.

TECHNICAL CORRECTION TO LICENSURE FEE LIMITS

SECTION 27A.3. Moves to Section 10.22 the identical Senate and House provision, digested
as Section 10.22 on 5/23/06.

PART XXVII-B. NATURAL AND ECONOMIC RESOURCES FEES

REPEAL FEE FOR MINE SAFETY EDUCATION/TRAINING PROGRAMS

SECTION 27B.1. Identical provision moved to Section 13.1.

INCREASE CERTAIN PUBLIC WATER SYSTEMS ANNUAL OPERATING PERMIT
FEES/IMPOSE FEES FOR REVIEW OF ENGINEERING PLANS AND SPECIFICATIONS
FOR THE CONSTRUCTION OR ALTERATION OF PUBLIC WATER SYSTEMS

SECTION 27B.2. Moves House provision, digested 6/13/06, to Section 11.7.

PART XXVIII. MISCELLANEOUS PROVISIONS

EFFECTIVE DATE

SECTION 28.7. Except as otherwise provided, the act is effective July 1, 2006.

July 10, 2006

**SL 2006-66 (S 1741). MODIFY APPROPRIATIONS ACT OF 2005. AN ACT TO MODIFY
THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2005, TO
INCREASE TEACHER AND STATE EMPLOYEE PAY, TO REDUCE THE SALES TAX RATE
AND THE INCOME TAX RATE APPLICABLE TO MOST SMALL BUSINESSES, TO CAP THE
VARIABLE WHOLESALE COMPONENT OF THE MOTOR FUEL TAX RATE AT ITS CURRENT
RATE, TO ENACT OTHER TAX REDUCTIONS, AND TO PROVIDE FOR THE FINANCING OF
HIGHER EDUCATION FACILITIES AND PSYCHIATRIC HOSPITALS AND OTHER CAPITAL
PROJECTS.** Summarized in *Daily Bulletin* 5/22/06, 5/23/06, 5/24/06, 6/14/06, and 7/1/06.
Enacted July 10, 2006. Effective July 1, 2006, except as otherwise provided.