

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE BILL 198  
Appropriations/Base Budget Committee Substitute Adopted 7/19/06  
Third Edition Engrossed 7/19/06

Short Title: Revise 2006 Budget Act.

(Public)

Sponsors:

Referred to:

February 23, 2005

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS  
TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS  
APPROPRIATIONS ACT OF 2006.

The General Assembly of North Carolina enacts:

**SECTION 1.** S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.11.(a)** Section 5.1(c) of S.L. 2005-1 reads as rewritten:

"**SECTION 5.1.(c)** The Department of Crime Control and Public Safety shall modify the Crisis Housing Assistance Fund (CHAF) to provide money to persons who do not qualify for CHAF assistance solely because they failed to apply for federal assistance through FEMA or the Small Business Administration's (SBA) Real Property Disaster loan program. The Department shall review these persons' applications for CHAF assistance using the same criteria employed by the SBA to determine eligibility for an SBA Real Property Disaster loan. The applicants shall be eligible for CHAF assistance if it is determined that they would have failed to qualify for assistance under the SBA Real Property disaster loan criteria and that they otherwise meet the criteria for CHAF.' "

**SECTION 6.11.(b)** This section applies to persons applying for Crisis Housing Assistance Fund (CHAF) assistance due to hurricane damage during the summer and fall of 2004."

**SECTION 2.** S.L. 2006-66 is amended by adding a new section to read:

"**SECTION 6.17.(a)** G.S. 143-16.3 reads as rewritten:

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

Notwithstanding any other provision of law, no funds from any source, except for gifts, public or private grants, funds allocated from the Repair and Renovations Account in accordance with G.S. 143-15.3A, and funds allocated from the Contingency and Emergency Fund in accordance with G.S. 143-12(b), may be expended for any new or

1 expanded purpose, position, or other expenditure for which the General Assembly has  
2 considered but not enacted an appropriation of funds for the current fiscal period;  
3 provided, however, that in the event the Director of the Budget declares that it is  
4 necessary to deviate from this provision, he may do so after prior consultation with the  
5 Joint Legislative Commission on Governmental Operations. For the purpose of this  
6 section, the General Assembly has considered a purpose, position, or other expenditure  
7 when that purpose is included in a bill, amendment, or petition and when any committee  
8 of the Senate or the House of Representatives deliberates on that purpose.'

9 **SECTION 6.17.(b)** This section is effective when this act becomes law."

10 **SECTION 3.** S.L. 2006-66 is amended by adding a new section to read:

11 "SECTION 6.18. S.L. 2005-255 required the State of North Carolina to convey the  
12 property described by that section and to implement the Green Square Project in  
13 accordance with the provisions of that act. The Department of Administration shall  
14 report to the Joint Legislative Commission on Governmental Operations no later than  
15 September 1, 2006, on (i) why the property has not yet been transferred, (ii) why that  
16 act has not yet been implemented, and (iii) what the transfer and implementation  
17 timetable is."

18 **SECTION 4.** Section 7.4(d) of S.L. 2006-66 reads as rewritten:

19 "SECTION 7.4.(d) Effective July 1, 2006, permanent full-time noncertified public  
20 school employees whose salaries are supported from the State's General Fund shall be  
21 paid a minimum salary of at least twenty thousand one hundred twelve dollars (\$20,112)  
22 per year. Permanent, full-time employees working on a schedule requiring less than 12  
23 months' service per year and permanent part-time employees, whose salaries are  
24 supported from the State's General Fund, shall be paid the minimum salary pro rata. The  
25 fair minimum wage salary adjustment provided by this section shall be calculated and  
26 awarded ~~after~~before any across-the-board salary increases authorized by this act."

27 **SECTION 5.** S.L. 2006-66 is amended by adding a new section to read:

28 "SECTION 8.11.(a) G.S. 115D-41 reads as rewritten:

29 **§ 115D-41. Restrictions—Contracts**~~Restrictions on contracts with local school~~  
30 ~~administrative units.~~**Restrictions on contracts with local school**  
31 **administrative units; use of community college facilities by public**  
32 **school students pursuant to cooperative programs.**

33 (a) Community college contracts with local school administrative units shall not  
34 be used by these agencies to supplant funding for a public school high school teacher  
35 providing courses offered pursuant to G.S. 115D-20(4) who is already employed by the  
36 local school administrative unit. However, if a community college contracts with a local  
37 school administrative unit for a public high school teacher to teach a college level  
38 course, the community college shall not generate budget FTE for that course. Its  
39 reimbursement in this case shall be limited to the direct instructional costs contained in  
40 the contract, plus fifteen percent (15%) for administrative costs. In no event shall a  
41 community college contract with a local school administrative unit to provide high  
42 school level courses.

43 (b) Community college facilities that comply with applicable State, county, and  
local fire codes for community college facilities may be used without modification for

1 public school students in joint or cooperative programs such as middle or early college  
 2 programs and dual enrollment programs.'

3 **SECTION 8.11.(b)** Part 5 of Article 1 of Chapter 116 of the General Statutes is  
 4 amended by adding a new section to read:

5 **'§ 116-44.5. Use of college or university facilities by public school students**  
 6 **pursuant to cooperative programs.'**"

7 The facilities of any constituent institution of The University of North Carolina and  
 8 the facilities of any private college or university licensed in accordance with  
 9 G.S. 116-15 that comply with applicable State, county, and local fire codes for those  
 10 facilities may be used without modification for public school students in joint or  
 11 cooperative programs such as middle or early college programs and dual enrollment  
 12 programs.' "

13 **SECTION 6.** S.L. 2006-66 is amended by adding a new section to read:

14 "SECTION 9.19. Notwithstanding Page F-11, Item 81, of the Joint Conference  
 15 Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,  
 16 2006, funds appropriated to the Board of Governors of The University of North  
 17 Carolina for the 2006-2007 fiscal year to expand the "Future Teachers of North Carolina  
 18 Scholarship Loan Program" shall be used only for an additional 50 scholarship loans  
 19 each year rather than 75 scholarship loans."

20 **SECTION 7.** Section 10.3(d)(1) of S.L. 2006-66 reads as rewritten:

21 **"SECTION 10.3.(d)** Eligibility. – Eligibility for Medicaid shall be determined in  
 22 accordance with the following:

- 23 (1) Medicaid and Work First Family Assistance, Income Eligibility  
 24 Standards. – The maximum net family annual income eligibility  
 25 standards for Medicaid and Work First Family Assistance and the  
 26 Standard of Need for Work First Family Assistance shall be as  
 27 follows:

	Categorically Needy-WFFA*		Medically Needy	
	Family	Standard	Families and Children	
	Size	Of Need	Income	
			Level	AA,AB,AD*
33	1	\$4,344	\$2,172	\$2,900
34	2	5,664	2,832	<del>3,900</del> 3,800
35	3	6,528	3,264	4,400
36	4	7,128	3,564	4,800
37	5	7,776	3,888	5,200
38	6	8,376	4,188	5,600
39	7	8,952	4,476	6,000
40	8	9,256	4,680	6,300

41  
 42 \*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid  
 43 to the Blind (AB); and Aid to the Disabled (AD).

1 The payment level for Work First Family Assistance shall be fifty  
2 percent (50%) of the standard of need.

3 These standards may be changed with the approval of the Director of  
4 the Budget with the advice of the Advisory Budget Commission."

5 **SECTION 8.(a)** G.S. 108A-58.1(d)(1), as enacted by Section 10.5(b) of S.L.  
6 2006-66, reads as rewritten:

7 "(d) Medical Services. –

8 (1) In the case of an institutionalized individual, the transfer of assets  
9 penalty applies with respect to nursing facility services, a level of care  
10 in any institution equivalent to that of nursing facility services, and to  
11 home- or community-based services furnished under the State's  
12 Community Alternatives Program waiver pursuant to 42 U.S.C. §  
13 1396n(c) or ~~(d)~~, and pursuant to the hardship waiver under  
14 subsection (k) of this section."

15 **SECTION 8.(b)** G.S. 108A-58.1(h)(2), as enacted by Section 10.5(b) of S.L.  
16 2006-66, reads as rewritten:

17 "(2) A noninstitutionalized individual is any individual who (i) is not an  
18 institutionalized individual, (ii) is an aged, blind, or disabled person  
19 who is categorically or medically needy pursuant to 42 C.F.R. § 120  
20 Subpart B, C, or D or a qualified Medicare beneficiary as defined in 42  
21 U.S.C. § 1396d(p)(1), and ~~(3)~~ (iii) is not eligible for medical assistance  
22 under this Part based on his or her eligibility for an optional State  
23 supplement pursuant to 42 C.F.R. § 435.232."

24 **SECTION 8.(c)** G.S. 108A-58.1(j), as enacted by Section 10.5(b) of S.L.  
25 2006-66, reads as rewritten:

26 "(j) Application to Life Estates and Income Producing Real Property. – The  
27 Department of Health and Human Services may apply federal transfer of assets policies  
28 in accordance with this section to (i) life estates purchased by or on behalf of the  
29 recipient, and (ii) to real property excluded as "income producing", tenancy-in-common,  
30 or as nonhomesite property made "income producing." ~~The transfer of assets policy~~  
31 ~~shall apply only to an institutionalized individual or the individual's spouse, as defined~~  
32 ~~in subsection (h) of this section.~~ The Department shall exclude from countable resources  
33 any life estate in real property that is in the recipient's home and is measured by the  
34 recipient's life. Federal transfer of assets policies applied to income producing real  
35 property shall become effective not earlier than October 1, 2001. Federal transfer of  
36 assets policies applied to real property excluded as tenancy-in-common, or as  
37 nonhomesite property made income producing in accordance with this subsection, shall  
38 become effective not earlier than October 1, 2005."

39 **SECTION 9.(a)** G.S. 58-50-46, as enacted in Section 10.8 of S.L. 2006-66,  
40 is recodified as G.S. 108A-55.4.

41 **SECTION 9.(b)** G.S. 108A-55.4(b)(5), as recodified in subsection (a) of this  
42 section, reads as rewritten:

43 "(5) Agree not to deny a claim submitted by the Division solely on the  
44 basis of the date of submission of the claim, the type of format of the

1 claim form, or a failure to present ~~property~~proper documentation at  
2 the point-of-sale that is the basis of the claim, if:

- 3 a. The claim is submitted by the Division within the three-year  
4 period beginning on the date on which the item or service was  
5 furnished; and  
6 b. Any action by the Division to enforce its rights with respect to  
7 such claim is commenced within six years of the Division's  
8 submission of the claim."

9 **SECTION 9.(c)** Section 10.8 of S.L. 2006-66 is amended in the first  
10 sentence by inserting before the word "Part 1" the words "Effective January 1, 2007,".

11 **SECTION 10.** Section 10.26(b) of S.L. 2006-66 reads as rewritten:

12 **"SECTION 10.26.(b)** Of the funds appropriated in this act for consultants to aid the  
13 Division and LMEs to the Department of Health and Human Services, the sum of two  
14 hundred twenty-five thousand dollars (\$225,000) for the 2006-2007 fiscal year shall be  
15 used by the Department to enter into one or more ~~personal services~~ contracts to provide  
16 technical assistance to Local Management Entities to develop and implement the crisis  
17 plans required under subsection (a) of this section. In addition to any other factors the  
18 Department determines are relevant when selecting the consultant, the Department shall  
19 take into consideration whether an applicant has prior experience evaluating crisis  
20 services at a local, regional, and statewide level, prior experience assisting State and  
21 local public agencies develop and implement crisis services, and the ability to  
22 implement its responsibilities within the time frames established under this section.  
23 Funds not expended during the 2006-2007 fiscal year shall not revert to the General  
24 Fund but shall remain available for the purposes outlined in this subsection."

25 **SECTION 11.** Section 10.26(d) of S.L. 2006-66 is amended by deleting  
26 "24-hour beds" and substituting "23-hour beds."

27 **SECTION 12.** Section 10.32(b) of S.L. 2006-66 reads as rewritten:

28 **"SECTION 10.32.(b)** The Secretary shall review and revise the LME systems  
29 management cost model to provide adequate funds for LMEs to fully implement the  
30 functions outlined in G.S 122C-115.4(b) as enacted in Section 4 of this act. The  
31 Secretary shall consult with the Joint Legislative Committee on Mental Health,  
32 Developmental Disabilities, and Substance Abuse Services prior to implementing a  
33 revised cost model.

34 For the 2006-2007 fiscal year and until the revised cost model is implemented, the  
35 Department shall maintain the 2005-2006 level of funding to LMEs for all LME  
36 functions except the following:

- 37 (1) Up to thirteen million three hundred thirty-three thousand four hundred  
38 ~~eighty four~~eighty-one dollars (\$13,333,481) for utilization review;  
39 and  
40 (2) Up to twelve million one hundred fifty-six thousand forty-two dollars  
41 (\$12,156,042) for claims processing.

42 Any savings of State appropriations realized from the revised cost model shall be  
43 reallocated to State-funded services for mental health, developmental disabilities, and  
44 substance abuse services.

1 Funds withdrawn for LME administrative functions shall be reallocated to other  
 2 LMEs to be used to provide mental health, developmental disabilities, and substance  
 3 abuse services. The ten percent (10%) reduction authorized under G.S. 122C-155(a1),  
 4 as enacted by this section, is in addition to funding limitations of this subsection."

5 **SECTION 13A.** Section 10.9D of S.L. 2006-66 reads as rewritten:

6 **"SECTION 10.9D.(a)** The General Assembly recognizes the critical need for  
 7 pharmacy management services to Medicaid recipients enrolled in Medicare Part D. In  
 8 light of the additional costs to pharmacists that provide pharmacy services to Medicaid  
 9 recipients enrolled in Medicare Part D, and in light of the fact that federal law does not  
 10 provide federal matching funds under the Medicaid program for these services, the  
 11 Department of Health and Human Services shall study strategies for assisting  
 12 pharmacists in providing these services to Medicaid recipients enrolled in Medicare Part  
 13 D. In studying the strategies, the Department shall specifically address the special  
 14 circumstances of pharmacists that provide pharmacy services to long-term care  
 15 facilities. Among the strategies to be considered are those that address pharmacies  
 16 adversely affected by the additional costs such that they may remain in business and  
 17 thus continue to provide pharmacy services throughout the State. As part of this effort,  
 18 the Department shall also assess the impact of the Deficit Reduction Act of 2005 on the  
 19 payment for generic drugs under the Medicaid Program. The Department shall report its  
 20 findings and recommended strategies to the House of Representatives Appropriations  
 21 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
 22 Health and Human Services, and the Fiscal Research Division not later than ~~April~~  
 23 February 1, 2007.

24 **SECTION 10.9D.(b)** If a decrease in the average manufacturer's price ("AMP") of  
 25 prescription drugs during the period January 1, 2007 through June 30, 2007, is estimated  
 26 by the Department to result in average savings to the State Medicaid Program during  
 27 that period, then the Department shall supplement the dispensing fee established by the  
 28 General Assembly in this act by an amount calculated to be budget neutral and not to  
 29 exceed average savings less administrative costs to the State to implement the  
 30 supplemental fee. The supplemental fee shall be implemented no earlier than January 1,  
 31 2007 and no later than June 30, 2007. If an amendment to the State Medicaid Plan is  
 32 required by the Centers for Medicare and Medicaid ("CMS") in order to implement this  
 33 subsection, then implementation of this subsection is contingent upon receipt of  
 34 approval of the State Plan amendment prior to June 30, 2007. If a State Plan  
 35 amendment is required, the Department shall submit the amendment to CMS not later  
 36 than 60 days from the date the Department receives information on the AMP. This  
 37 subsection expires June 30, 2007."

38 **SECTION 14.** Section 14.4(a) of S.L. 2006-66, which amends  
 39 G.S. 7A-133A, is amended for Districts 27A and 28 by substituting the following for  
 40 what appears in that act:

41 "27A § 7 Gaston"; and

42 28 § 7 Buncombe."

43 **SECTION 15.** S.L. 2006-66 is amended by adding a new section to read:  
 44

1       **"SECTION 14.20.(a)** G.S. 7A-806(b) reads as rewritten:

2       '(b) Election of Officers. – Officers of the Conference are a President, two Vice  
3 Presidents, a Secretary, a Treasurer, and other officers from among its membership that  
4 the Conference may designate in its bylaws. Officers are elected for one-year terms at  
5 the annual summer conference and take office ~~on July 1~~ immediately following their  
6 election.'

7       **SECTION 14.20.(b)** The Administrative Office of the Courts may establish up to  
8 10 interpreter positions to replace contract positions with funds appropriated to the  
9 Judicial Department for the 2006-2007 fiscal year."

10       **SECTION 16.** S.L. 2006-66 is amended by adding a new section to read:

11       **"SECTION 16.11.** Section 17.23(h) of S.L. 2005-276 reads as rewritten:

12       '**SECTION 17.23.(h)** For the 2005-2006 fiscal year, notwithstanding the formula in  
13 G.S. 143B-273.15, each county's formula allocation shall be capped at no less than  
14 ninety-nine percent (99%) and no greater than one hundred twenty percent (120%) of  
15 the funds allocated to that county for the 2004-2005 fiscal year. Funding caps shall be  
16 accomplished by the redistribution of three hundred forty-four thousand four hundred  
17 ninety-one dollars (\$344,491) that was spent on case management services in day  
18 reporting centers prior to 2002. No funds shall be used to fund programs that did not  
19 participate in the Criminal Justice Partnership Program in fiscal year 2004-2005.

20       For the 2006-2007 fiscal year, notwithstanding the formula in G.S. 143B-273.15,  
21 each county's formula allocation shall be capped at no less than ninety-five percent  
22 (95%) and no greater than one hundred twenty percent (120%) of the funds allocated to  
23 that county for the 2004-2005 fiscal year. ~~After determining the capped formula~~  
24 ~~allocations, funds that were used in the 2005-2006 fiscal year for pretrial release~~  
25 ~~programs shall be reallocated among all participating counties using the formula in~~  
26 ~~G.S. 143B-273.15 and dedicated to sentenced offender programs.'~~ "

27       **SECTION 17.** S.L. 2006-66 is amended by adding a new Part to read:

28       **"PART XVI-B. DEPARTMENT OF JUSTICE**

29       **SECTION 16B.1.** Notwithstanding G.S. 143-34.1(a1), the Department of Justice  
30 may use up to one hundred six thousand five hundred seventy dollars (\$106,570) in  
31 receipts in the 2006-2007 fiscal year to establish one Attorney III position in the  
32 Department to provide legal services for the Department of Cultural Resources."

33       **SECTION 18.** S.L. 2006-66 is amended by adding a new section to read:

34       **"SECTION 17.2A.(a)** The State Energy Office shall study the State's ability to  
35 respond adequately to an energy emergency or crisis and shall update the North  
36 Carolina Energy Emergency Plan consistent with the findings of its study and with the  
37 findings of the Joint Study Committee on Emergency Preparedness and Disaster  
38 Management Recovery as set out in Section 1 of House Bill 2194 and Senate Bill 1489  
39 of the 2005 Regular Session. As part of this study, the State Energy Office shall:

- 40       (1) Review and recommend the revision of existing energy emergency  
41 plans of appropriate State agencies and units of local government or  
42 recommend to a particular unit of government that it should develop an  
43 energy emergency plan, if it currently has none.

- 1 (2) Clarify the roles and responsibilities among State agencies, federal
- 2 agencies, and units of local government in the event of an emergency
- 3 petroleum shortage.
- 4 (3) Review, in consultation with the Office of State Purchase and
- 5 Contract, the current contracts for fuel for State purchases and
- 6 purchases by units of local government and determine whether they
- 7 adequately minimize the risk that the State and units of local
- 8 government would experience supply curtailments for their highest
- 9 fuel needs during an emergency fuel shortage.

10 **SECTION 17.2A.(b)** The State Energy Office shall report its findings,  
 11 recommendations, and its draft updated North Carolina Energy Emergency Plan to the  
 12 Joint Study Committee on Emergency Preparedness and Disaster Management  
 13 Recovery no later than November 1, 2006. All recommendations to the Committee  
 14 shall include a cost estimate of the recommended undertaking.

15 **SECTION 17.2A.(c)** Of the funds appropriated to the Department of  
 16 Administration in this act, the sum of forty thousand dollars (\$40,000) for the  
 17 2006-2007 fiscal year shall be used to implement this section."

18 **SECTION 19.** S.L. 2006-66 is amended by adding a new section to read:

19 "SECTION 17.6. Notwithstanding Page L-3, Item 18, of the Joint Conference  
 20 Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,  
 21 2006, funds appropriated to a statewide reserve for pending ethics legislation shall be  
 22 used to establish up to five positions in the Department of Administration for the North  
 23 Carolina Board of Ethics and shall be used to implement House Bill 1843, House Bill  
 24 1844, or Senate Bill 1694, if either of those bills becomes law."

25 **SECTION 20.** S.L. 2006-66 is amended by adding a new section to read:

26 "SECTION 18.2.(a) Section 68 of Chapter 830 of the 1987 Session Laws, as  
 27 reenacted and amended by Section 13 of Chapter 1111 of the 1987 Session Laws, is  
 28 repealed.

29 **SECTION 18.2.(b)** Section 1 of Chapter 1111 of the 1987 Session Laws, as  
 30 amended by Section 1 of Chapter 35 of the 1989 Session Laws, is repealed.

31 **SECTION 18.2.(c)** The number of administrative law judges and employees in the  
 32 Office of Administrative Hearings are established as follows:

<u>Position</u>	<u>Number</u>
34 Administrative Law Judge	10
35 Rules Review Commission	4
36 Other Employees	31.

37 **SECTION 18.2.(d)** Article 60 of Chapter 7A of the General Statutes is amended by  
 38 adding a new section to read:

39 **§ 7A-760. Number and status of employees; staff assignments; role of State**  
 40 **Personnel Commission.**

41 (a) The number of administrative law judges and employees of the Office of  
 42 Administrative Hearings shall be established by the General Assembly. The Chief  
 43 Administrative Law Judge is exempt from provisions of the State Personnel Act as



1 provided by G.S. 126-5(c1)(26). All other employees of the Office of Administrative  
2 Hearings are subject to the State Personnel Act.

3 (b) The Chief Administrative Law Judge shall designate, from among the  
4 employees of the Office of Administrative Hearings, the Director and staff of the Rules  
5 Review Commission.'

6 **SECTION 18.2.(e)** G.S. 126-5(c1) is amended by adding a new subdivision to  
7 read:

8 '(27) The Chief Administrative Law Judge of the Office of Administrative  
9 Hearings.'

10 **SECTION 18.2.(f)** G.S. 143B-30.1 reads as rewritten:

11 '**§ 143B-30.1. Rules Review Commission created.**

12 (a) The Rules Review Commission is created. The Commission shall consist of  
13 10 members to be appointed by the General Assembly, five upon the recommendation  
14 of the President Pro Tempore of the Senate, and five upon the recommendation of the  
15 Speaker of the House of Representatives. These appointments shall be made in  
16 accordance with G.S. 120-121, and vacancies in these appointments shall be filled in  
17 accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all  
18 appointees shall serve two-year terms.

19 (b) In 1990, two of the appointments made by the General Assembly upon the  
20 recommendation of the President of the Senate shall expire June 30, 1991, and two shall  
21 expire June 30, 1992. In 1990, two of the appointments made by the General Assembly  
22 upon the recommendation of the Speaker of the House of Representatives shall expire  
23 June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two  
24 years.

25 (c) Any appointment to fill a vacancy on the Commission created by the  
26 resignation, dismissal, ineligibility, death, or disability of any member shall be for the  
27 balance of the unexpired term. The chairman shall be elected by the Commission, and  
28 he shall designate the times and places at which the Commission shall meet. The  
29 Commission shall meet at least once a month. A quorum of the Commission shall  
30 consist of six members of the Commission. ~~The Chief Administrative Law Judge,~~  
31 ~~Office of Administrative Hearings, shall be responsible for the hiring and supervision of~~  
32 ~~the Director and staff to the Commission.~~

33 (d) Members of the Commission who are not officers or employees of the State  
34 shall receive compensation of two hundred dollars (\$200.00) for each day or part of a  
35 day of service plus reimbursement for travel and subsistence expenses at the rates  
36 specified in G.S. 138-5. Members of the Commission who are officers or employees of  
37 the State shall receive reimbursement for travel and subsistence at the rate set out in  
38 G.S. 138-6.

39 (e) The Chief Administrative Law Judge, Office of Administrative Hearings,  
40 shall assign the staff and designate the Director of the Commission in accordance with  
41 G.S. 7A-760. Any other provision of the General Statutes notwithstanding, the  
42 appointment of employees of the Commission shall be made by the Chief  
43 Administrative Law Judge, Office of Administrative Hearings. Nothing in this Article

1 shall be construed to exempt employees of the Commission from the State Personnel  
2 Act.

3 (f) The Commission shall prescribe procedures and forms to be used in  
4 submitting rules to the Commission for review. The Commission may have computer  
5 access to the North Carolina Administrative Code to enable the Commission and its  
6 staff to view and copy rules in the Code.' "

7 **SECTION 21.(a)** If Senate Bill 774 of the 2005 Regular Session becomes  
8 law, Section 21.11 of S.L. 2006-66 is repealed.

9 **SECTION 21.(b)** Subsection (a) of this section repeals the amendment made  
10 by Section 21.11 of S.L. 2006-66, leaving in effect the identical enactment in Senate  
11 Bill 774 of the 2005 Regular Session, as ratified.

12 **SECTION 22.** Section 29.11 of S.L. 2005-276, as rewritten by Section 22.11  
13 of S.L. 2006-66, reads as rewritten:

14 **"SECTION 29.11.** The Director of the Budget shall transfer from the Reserve for  
15 Compensation Increases, created in this act for fiscal years 2005-2006 and 2006-2007,  
16 funds to the North Carolina Community Colleges System Office necessary to provide an  
17 annual salary increase of the greater of eight hundred fifty dollars (\$850.00) or two  
18 percent (2%), including funds for the employer's retirement and social security  
19 contributions, commencing July 1, 2005, for all community college employees  
20 supported by State funds. The Director of the Budget shall transfer from the Reserve for  
21 Compensation Increases, created in this act for fiscal year 2006-2007, funds to the  
22 North Carolina Community Colleges System Office necessary to provide:

23 (1) An annual salary increase for faculty and professional staff of six  
24 percent (6%), plus a one-time two percent (2%) bonus, including funds  
25 for the employer's retirement and social security contributions,  
26 commencing July 1, 2006, for all community college employees and  
27 system office staff who are exempt from the State Personnel Act,  
28 supported by State funds. The one-time two percent (2%) bonus  
29 authorized by this section shall be made in accordance with rules  
30 adopted by the State Board of Community Colleges.

31 (2) An annual increase of five and one-half percent (5.5%), including  
32 funds for employer's retirement and social security contributions,  
33 commencing July 1, 2006, for all other community college employees  
34 supported by State funds."

35 **SECTION 23.** S.L. 2006-66 is amended by adding a new section to read:

36 **"SECTION 22.22.(a)** G.S. 140-14 reads as rewritten:

37 **'§ 140-14. North Carolina State Art Society as membership arm of within the**  
38 **North Carolina Museum of Art; promotion of public appreciation of art;**  
39 **~~organization of art exhibits, etc.~~**

40 The North Carolina State Art Society, Incorporated, shall be the membership arm of  
41 the North Carolina Museum of Art, the means whereby citizens of North Carolina can  
42 support their museum through individual or corporate memberships in the Society and  
43 through participation in its diverse programs. is administratively located within the  
44 North Carolina Museum of Art. It shall be the duty of the North Carolina State Art

1 Society to promote the public appreciation of art and its role in the development of  
2 civilization; to organize State and regional art exhibits, including works by  
3 contemporary North Carolina artists; advocacy initiatives; and to do all other things  
4 deemed necessary to advance the objectives of the Society.' "

5 **SECTION 22.22.(b)** G.S. 140-5.13(b)(2) reads as rewritten:

6 "(b) The Board of Trustees of the North Carolina Museum of Art shall consist of  
7 29 members, chosen as follows:

8 ...

9 (2) The North Carolina State Art Society, Incorporated, shall elect four  
10 members;

11 ...'

12 **SECTION 22.22.(c)** G.S. 140-12 reads as rewritten:

13 **'§ 140-12. Department of Administration authorized to provide space for Art**  
14 **Society.**

15 Subject to the approval of the Governor, the Department of Administration is  
16 authorized and empowered to set apart, for the administration of the affairs of the North  
17 Carolina State Art Society, Incorporated, space in any of the public buildings in Wake  
18 County which may be so used without interference with the conduct of the business of  
19 the State. Prior to taking any action under this section, the Governor may consult with  
20 the Advisory Budget Commission.'

21 **SECTION 22.22.(d)** G.S. 140-13 reads as rewritten:

22 **'§ 140-13. Audit.**

23 The operations of the North Carolina State Art Society, Inc., shall be subject to the  
24 oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General  
25 Statutes.'

26 **SECTION 22.22.(e)** G.S. 143B-53 reads as rewritten:

27 **"§ 143B-53. Organization of the Department.**

28 The Department of Cultural Resources shall be organized initially to include the Art  
29 Commission, the Art Museum Building Commission, the North Carolina Historical  
30 Commission, the Tryon Palace Commission, the U.S.S. North Carolina Battleship  
31 Commission, the Sir Walter Raleigh Commission, the Executive Mansion Fine Arts  
32 Committee, the American Revolution Bicentennial Committee, the North Carolina  
33 Awards Committee, the America's Four Hundredth Anniversary Committee, the North  
34 Carolina Arts Council, the Public Librarian Certification Commission, the State Library  
35 Commission, the North Carolina Symphony Society, Inc., the North Carolina State Art  
36 Society, and the Division of the State Library, the Division of Archives and History, the  
37 Division of the Arts, and such other divisions as may be established under the  
38 provisions of the Executive Organization Act of 1973.'

39 **SECTION 22.22.(f)** Part 15 of Article 2 of Chapter 143B of the General Statutes  
40 reads as rewritten:

41 'Part 15. North Carolina State Art Society, Incorporated.

42 **'§ 143B-89. North Carolina State Art Society, Incorporated.**

43 The North Carolina State Art Society, Incorporated, shall continue to be under the  
44 patronage of the State as provided in Article 3 of Chapter 140 of the General Statutes of

1 North Carolina. The governing body of the North Carolina Art Society, Incorporated,  
2 shall be a board of directors consisting of a minimum of 22 members as follows: the  
3 Governor, the Superintendent of Public Instruction, the State Treasurer, Secretary of  
4 Cultural Resources, and the Director of the North Carolina Museum of Art, who shall be  
5 ex officio members; six members who shall be named by the Governor; and a minimum  
6 of 12 directors who shall be chosen by members of the North Carolina Art Society,  
7 Incorporated, in such manner and for such terms as that body shall determine. The six  
8 directors named by the Governor shall serve for terms of three years each.'

9 **SECTION 22.22.(g)** G.S. 140-5.15(c) reads as rewritten:

10 '(c) The State-funded portion of the salary of the Director shall be fixed by the  
11 General Assembly in the Current Operations Appropriations Act.' "

12 **SECTION 24.** S.L. 2006-66 is amended by adding a new section to read:

13 "**SECTION 22.23.** G.S. 84-20 reads as rewritten:

14 '**§ 84-20. Compensation of councilors.**

15 The members of the Council and members of committees when actually engaged in  
16 the performance of their duties, including committees sitting upon disbarment  
17 proceedings, shall receive as compensation for the time spent in attending meetings an  
18 amount to be determined by the Council, subject to approval of the North Carolina  
19 Supreme Court, and shall receive actual expenses of travel and subsistence while  
20 engaged in their duties provided that for transportation by use of private automobile the  
21 expense of travel shall not exceed ~~the rate per mile allowed by G.S. 138-6. the business~~  
22 standard mileage rate set by the Internal Revenue Service per mile of travel. The  
23 Council shall determine per diem and mileage to be paid. The allowance fixed by the  
24 Council shall be paid by the secretary-treasurer of the North Carolina State Bar upon  
25 presentation of appropriate documentation by each member.' "

26 **SECTION 25.** Section 23.11 of S.L. 2006-66 is repealed.

27 **SECTION 26.** Section 23.12 of S.L. 2006-66 is amended by adding a new  
28 subsection to read:

29 "**SECTION 23.12.(e1)** Notwithstanding Page M-4, Item 31, of the Joint Conference  
30 Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,  
31 2006, this project may be located anywhere within the State."

32 **SECTION 27.(a)** G.S. 105-134.6(d)(4), as enacted by S.L. 2006-66, reads as  
33 rewritten:

34 "(d) Other Adjustments. – The following adjustments to taxable income shall be  
35 made in calculating North Carolina taxable income:

36 ...

- 37 (4) A taxpayer whose adjusted gross income (AGI), as calculated under  
38 the Code, is less than the amount listed in this subdivision may deduct  
39 from taxable income the amount, not to exceed ~~seven hundred fifty~~  
40 ~~dollars (\$750.00),~~ two thousand dollars (\$2,000), contributed to an  
41 account in the Parental Savings Trust Fund of the State Education  
42 Assistance Authority established pursuant to G.S. 116-209.25. In the  
43 case of a married couple filing a joint return, the maximum dollar  
44 amount of the deduction is ~~one thousand five hundred dollars~~  
45 ~~(\$1,500),~~ four thousand dollars (\$4,000).

	Filing Status	AGI
1		
2	Married, filing jointly	\$100,000
3	Head of Household	80,000
4	Single	60,000
5	Married, filing separately	50,000".

6           **SECTION 27.(b)** This section is effective for taxable years beginning on or  
7 after January 1, 2007.

8           **SECTION 28.** Except as otherwise provided in this act, this act becomes  
9 effective July 1, 2006.