

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
House Committee Substitute Favorable 7/20/06

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~~ Up to 110 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 6.11.(c) This section expires on November 1, 2006.

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

1 in accordance with G.S. 143-15.3A, and funds allocated from the Contingency and
2 Emergency Fund in accordance with G.S. 143-12(b), may be expended for any new or
3 expanded purpose, position, or other expenditure for which the General Assembly has
4 considered but not enacted an appropriation of funds for the current fiscal period;
5 provided, however, that in the event the Director of the Budget declares that it is
6 necessary to deviate from this provision, he may do so after prior consultation with the
7 Joint Legislative Commission on Governmental Operations. For the purpose of this
8 section, the General Assembly has considered a purpose, position, or other expenditure
9 when that purpose is included in a bill, amendment, or petition and when any committee
10 of the Senate or the House of Representatives deliberates on that purpose.'

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

12 **SECTION 2A.** Notwithstanding Page F-5, Item 37, of the Joint Conference
13 Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,
14 2006, funds appropriated to the Department of Public Instruction for Futures for Kids,
15 Inc., a nonprofit corporation, may be used for operations during the 2006-2007 fiscal
16 year while the corporation develops a plan for consolidation during the 2007-2008 fiscal
17 year with the Pathways Program, which is administered by The University of North
18 Carolina, General Administration. Futures for Kids, Inc., and the Pathways Program
19 shall present a plan for consolidation of the two programs to the Joint Legislative
20 Education Oversight Committee by March 1, 2007.

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

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

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

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

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

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

1 (b) Community college facilities that comply with applicable State, county, and
2 local fire codes for community college facilities may be used without modification for
3 public school students in joint or cooperative programs such as middle or early college
4 programs and dual enrollment programs.'

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

7 **§ 116-44.5. Use of college or university facilities by public school students**
8 **pursuant to cooperative programs.**

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

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

16 **"SECTION 8.12.** The General Assembly finds that sufficient study has been
17 conducted regarding the training needs of the motorsports industry and that the North
18 Carolina Community College System should be the primary training agency to meet
19 those needs. Therefore, one million five hundred thousand dollars (\$1,500,000) of the
20 unexpended balance of the appropriation made by Section 32.1 of S.L. 2004-124, as
21 amended by Section 3 of S.L. 2004-184, for the North Carolina Motorsports Testing and
22 Research Complex, is transferred to the Community Colleges System Office to be used
23 as start-up costs for a modern multiuse motorsports specialized training program. The
24 State Board shall create a consortium of colleges to address the training needs of
25 industry members and to direct training programs to meet those needs. The consortium
26 membership shall consist of Catawba Valley Community College, Central Piedmont
27 Community College, Davidson Community College, Forsyth Technical Community
28 College, Halifax Community College, Rowan-Cabarrus Technical Community College,
29 and Wilkes Community College. Forsyth Technical Community College shall be the
30 lead community college in the consortium for management and operations purposes.
31 The consortium of community colleges shall focus its training efforts to provide
32 specialized motorsports workforce training and to help create new jobs at the Advanced
33 Vehicle Research Center located in Northampton County.

34 If the motorsports industry finds that additional training at the university level would
35 be beneficial to the industry, the State Board of Community Colleges may consult with
36 the Board of Governors of The University of North Carolina and the motorsports
37 industry to determine how best to meet that need."

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

39 **"SECTION 9.19.** G.S. 115C-499.1 reads as rewritten:
40 **'§ 115C-499.1. Definitions.**

41 The following definitions apply to this Article:

- 42 (1) Academic year. – A period of time in which a student is expected to
43 complete the equivalent of at least two semesters' or three quarters'
44 academic work.

- (2) Authority. – The State Education Assistance Authority created by Article 23 of Chapter 116 of the General Statutes.
- (3) Eligible postsecondary institution. – A school that is:
 - a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4);
 - b. A community college as defined in G.S. 115D-2(2); or
 - c. A nonpublic postsecondary institution as defined in G.S. 116-22(1) or 116-43.5(a)(1).
 - d. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-15.
- (4) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.
- (5) Scholarship. – A scholarship for education awarded under this Article.
- (6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq."

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

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

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

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

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

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

1
2 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid
3 to the Blind (AB); and Aid to the Disabled (AD).

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

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

8 **SECTION 8.(a)** G.S. 108A-58.1(d)(1), as enacted by Section 10.5(b) of S.L.
9 2006-66, reads as rewritten:

10 "(d) Medical Services. –

11 (1) In the case of an institutionalized individual, the transfer of assets
12 penalty applies with respect to nursing facility services, a level of care
13 in any institution equivalent to that of nursing facility services, and to
14 home- or community-based services furnished under the State's
15 Community Alternatives Program waiver pursuant to 42 U.S.C. §
16 1396n(c) or ~~(d)~~-(d), and pursuant to the hardship waiver under
17 subsection (k) of this section."

18 **SECTION 8.(b)** G.S. 108A-58.1(h)(2), as enacted by Section 10.5(b) of S.L.
19 2006-66, reads as rewritten:

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

27 **SECTION 8.(c)** G.S. 108A-58.1(j), as enacted by Section 10.5(b) of S.L.
28 2006-66, reads as rewritten:

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

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

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

3 "(5) Agree not to deny a claim submitted by the Division solely on the
4 basis of the date of submission of the claim, the type of format of the
5 claim form, or a failure to present ~~property~~proper documentation at
6 the point-of-sale that is the basis of the claim, if:

7 a. The claim is submitted by the Division within the three-year
8 period beginning on the date on which the item or service was
9 furnished; and

10 b. Any action by the Division to enforce its rights with respect to
11 such claim is commenced within six years of the Division's
12 submission of the claim."

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

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

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

29 **SECTION 11.** Section 10.26(d) of S.L. 2006-66 is amended by deleting
30 "24-hour beds" and substituting "23-hour beds."

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

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

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

41 (1) Up to thirteen million three hundred thirty-three thousand four hundred
42 ~~eighty four~~eighty-one dollars (\$13,333,481) for utilization review;
43 and

1 (2) Up to twelve million one hundred fifty-six thousand forty-two dollars
2 (\$12,156,042) for claims processing.

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

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

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

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

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

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

4 "27A 67 Gaston"; and

5
6 28 67 Buncombe."

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

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

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

14 **SECTION 14.20.(b)** The Administrative Office of the Courts may establish up to
15 10 interpreter positions to replace contract positions with funds appropriated to the
16 Judicial Department for the 2006-2007 fiscal year."

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

18 **"SECTION 14.21.** G.S. 7A-133(b), as amended by Section 27.(b) of S.L.
19 2005-276, reads as rewritten:

20 "(b) For district court districts of less than a whole county, or with part or all of
21 one county with part of another, the composition of the district is as follows:

- 22 (1) District Court District 9 consists of Franklin and Granville Counties
23 and the remainder of Vance County not in District Court District 9B.
24 (2) District Court District 9B consists of Warren County and East
25 Henderson I, North Henderson I, North Henderson II, Middleburg,
26 Townsville, and Williamsboro Precincts of Vance County.
27 (3) District Court District ~~20B~~ 20C consists of the remainder of Union
28 County not in District Court District ~~20C~~. 20B.
29 (4) District Court District ~~20C~~ 20B consists of Precinct 01: Tract 204.01:
30 Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060,
31 Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02:
32 Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004,
33 Block 2005, Block 2006, Block 2007, Block 2008, Block 2009,
34 Block 2010, Block 2011, Block 2012, Block 2013, Block 2014,
35 Block 2015, Block 2016, Block 2017, Block 2018, Block 2023,
36 Block 2024, Block 2025, Block 2026, Block 2027, Block 2028,
37 Block 2029, Block 2030, Block 2031, Block 2032, Block 2033,
38 Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004,
39 Block 3005, Block 3006, Block 3007, Block 3008, Block 3009,
40 Block 3010, Block 3011, Block 3012, Block 3013, Block 3014,
41 Block 3015, Block 3016, Block 3017, Block 3018, Block 3019,
42 Block 3020, Block 3021, Block 3022, Block 3023, Block 3024,
43 Block 3025, Block 3026, Block 3027, Block 3028, Block 3029,
44 Block 3030, Block 3031, Block 3032, Block 3033, Block 3034,

1 Block 3035, Block 3036, Block 3037, Block 3038, Block 3039,
2 Block 3040, Block 3041, Block 3042, Block 3043, Block 3044,
3 Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035,
4 Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1:
5 Block 1000, Block 1001, Block 1002, Block 1003, Block 1004,
6 Block 1005, Block 1006, Block 1007, Block 1009, Block 1010,
7 Block 1011, Block 1012, Block 1013, Block 1014, Block 1015,
8 Block 1016, Block 1017, Block 1018, Block 1019, Block 1020,
9 Block 1021, Block 1022, Block 1023, Block 1037, Block 1038;
10 Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099,
11 Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3:
12 Block 3036, Block 3038, Block 3039, Block 3040, Block 3048;
13 Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06:
14 Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014,
15 Block 1015, Block 1017, Block 1018, Block 1021, Block 1022,
16 Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001,
17 Block 2002, Block 2003, Block 2004, Block 2005, Block 2033,
18 Block 2034, Block 2035, Block 2036, Block 2041, Block 2042,
19 Block 2043, Block 2044, Block 2045, Block 2056, Block 2063,
20 Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13,
21 Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25:
22 Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36,
23 Precinct 43 of Union County.

24 Precinct boundaries as used in this section for Vance County are those shown on
25 maps on file with the Legislative Services Office on May 1, 1991, for Union County,
26 are those shown on the Legislative Services Office's redistricting computer database on
27 January 1, 2005; and for other counties are those reported by the United States Bureau
28 of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the
29 TIGER files."

30 **SECTION 15A.(b)** This section becomes effective December 1, 2005, or the
31 date upon which Section 14.2(f) of S.L. 2005-276 is approved under section 5 of the
32 Voting Rights Act of 1965, whichever is later.

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

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

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

43 For the 2006-2007 fiscal year, notwithstanding the formula in G.S. 143B-273.15,
44 each county's formula allocation shall be capped at no less than ninety-five percent

1 (95%) and no greater than one hundred twenty percent (120%) of the funds allocated to
2 that county for the 2004-2005 fiscal year. ~~After determining the capped formula~~
3 ~~allocations, funds that were used in the 2005-2006 fiscal year for pretrial release~~
4 ~~programs shall be reallocated among all participating counties using the formula in~~
5 ~~G.S. 143B-273.15 and dedicated to sentenced offender programs.' "~~

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

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

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

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

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

- 19 (1) Review and recommend the revision of existing energy emergency
20 plans of appropriate State agencies and units of local government or
21 recommend to a particular unit of government that it should develop an
22 energy emergency plan, if it currently has none.
- 23 (2) Clarify the roles and responsibilities among State agencies, federal
24 agencies, and units of local government in the event of an emergency
25 petroleum shortage.
- 26 (3) Review, in consultation with the Office of State Purchase and
27 Contract, the current contracts for fuel for State purchases and
28 purchases by units of local government and determine whether they
29 adequately minimize the risk that the State and units of local
30 government would experience supply curtailments for their highest
31 fuel needs during an emergency fuel shortage.

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

37 **SECTION 17.2A.(c)** Of the funds appropriated to the Department of
38 Administration in this act, the sum of forty thousand dollars (\$40,000) for the
39 2006-2007 fiscal year shall be used to implement this section."

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

41 **"SECTION 17.6.** Notwithstanding Page L-3, Item 18, of the Joint Conference
42 Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,
43 2006, funds appropriated to a statewide reserve for pending ethics legislation shall be
44 used to establish up to five positions in the Department of Administration for the North

1 Carolina Board of Ethics and shall be used to implement House Bill 1843, House Bill
2 1844, or Senate Bill 1694, if either of those bills becomes law."

3 **SECTION 19A.** Notwithstanding Page J-5, Item 20, of the Joint Conference
4 Committee Report on the Continuation, Expansion and Capital Budgets dated June 30,
5 2006, funds appropriated to the Department of Administration in Section 2.1 of S.L.
6 2006-66 in the amount of one hundred seventeen thousand four hundred eleven dollars
7 (\$117,411) for the 2006-2007 fiscal year shall be transferred to the North Carolina
8 Indian Economic Development Initiative, Inc., a nonprofit organization, to create jobs
9 and economic growth in Indian communities.

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

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

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

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

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

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

24 **'§ 7A-760. Number and status of employees; staff assignments; role of State**
25 **Personnel Commission.**

26 (a) The number of administrative law judges and employees of the Office of
27 Administrative Hearings shall be established by the General Assembly. The Chief
28 Administrative Law Judge is exempt from provisions of the State Personnel Act as
29 provided by G.S. 126-5(c1)(26). All other employees of the Office of Administrative
30 Hearings are subject to the State Personnel Act.

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

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

36 '(27) The Chief Administrative Law Judge of the Office of Administrative
37 Hearings.'

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

39 **'§ 143B-30.1. Rules Review Commission created.**

40 (a) The Rules Review Commission is created. The Commission shall consist of
41 10 members to be appointed by the General Assembly, five upon the recommendation
42 of the President Pro Tempore of the Senate, and five upon the recommendation of the
43 Speaker of the House of Representatives. These appointments shall be made in
44 accordance with G.S. 120-121, and vacancies in these appointments shall be filled in

1 accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all
2 appointees shall serve two-year terms.

3 (b) In 1990, two of the appointments made by the General Assembly upon the
4 recommendation of the President of the Senate shall expire June 30, 1991, and two shall
5 expire June 30, 1992. In 1990, two of the appointments made by the General Assembly
6 upon the recommendation of the Speaker of the House of Representatives shall expire
7 June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two
8 years.

9 (c) Any appointment to fill a vacancy on the Commission created by the
10 resignation, dismissal, ineligibility, death, or disability of any member shall be for the
11 balance of the unexpired term. The chairman shall be elected by the Commission, and
12 he shall designate the times and places at which the Commission shall meet. The
13 Commission shall meet at least once a month. A quorum of the Commission shall
14 consist of six members of the Commission. ~~The Chief Administrative Law Judge,
15 Office of Administrative Hearings, shall be responsible for the hiring and supervision of
16 the Director and staff to the Commission.~~

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

23 (e) The Chief Administrative Law Judge, Office of Administrative Hearings,
24 shall assign the staff and designate the Director of the Commission in accordance with
25 G.S. 7A-760. Any other provision of the General Statutes notwithstanding, the
26 appointment of employees of the Commission shall be made by the Chief
27 Administrative Law Judge, Office of Administrative Hearings. Nothing in this Article
28 shall be construed to exempt employees of the Commission from the State Personnel
29 Act.

30 (f) The Commission shall prescribe procedures and forms to be used in
31 submitting rules to the Commission for review. The Commission may have computer
32 access to the North Carolina Administrative Code to enable the Commission and its
33 staff to view and copy rules in the Code."

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

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

39 **SECTION 21A.(a)** Section 22.15A(b) of S.L. 2006-66 reads as rewritten:

40 "**SECTION 22.15A.(b)** Career-banded classifications approved by the State
41 Personnel Commission on or before June 15, 2006, and for which the agency had begun
42 implementation by that date, may continue to be implemented without suspension as
43 otherwise provided for in this section if:

- 1 (1) It is fully and completely implemented no later than February 1, 2007;
2 and
3 (2) It is implemented entirely using technical resources provided by the
4 Office of State Personnel and the affected agency or constituent
5 institution."

6 **SECTION 21A.(b)** There is created the Legislative Study Commission on
7 the State Personnel Act ("Commission"). The Commission shall consist of 18 members
8 appointed as follows:

- 9 (1) Six members appointed by the Governor, to include:
10 a. One person who is a current State employee subject to the State
11 Personnel Act and not currently working in human resources
12 management.
13 b. One person who is a current State employee and currently
14 working in human resources management.
15 c. One person having experience and expertise in human resources
16 management in a large private sector organization with greater
17 than 500 employees.
18 d. One person having experience and expertise in human resources
19 management in a large public sector organization with greater
20 than 500 employees.
21 e. Two persons representing the general public.
22 (2) Six members appointed by the Speaker of the House of
23 Representatives, to include:
24 a. Four members of the House of Representatives.
25 b. Two persons representing the general public.
26 (3) Six members appointed by the President Pro Tempore of the Senate, to
27 include:
28 a. Four members of the Senate.
29 b. Two persons representing the general public.

30 **SECTION 21A.(c)** The Commission shall:

- 31 (1) Review Chapter 126 of the General Statutes, the State Personnel Act,
32 to determine whether the Act should be revised or repealed, in whole
33 or in part.
34 (2) Consider the efficacy of changes in policy related to the following:
35 classification system, compensation philosophy, salary structure, merit
36 based pay, pay equity, pay delivery, and performance evaluation.
37 (3) Evaluate career banding as an alternative to the traditional
38 classification system, considering career progression salary
39 adjustments as compared to current compensation increase philosophy,
40 government/private industry best practices, and the real and perceived
41 impact to State employees of moving to a career banding classification
42 system.
43 (4) Review any other matter that the Commission finds relevant to its
44 charge.

1 **SECTION 21A.(d)** The Commission may provide interim reports and shall
2 provide its final report identifying its findings, recommendations, and legislative
3 proposals by May 1, 2008. The Commission shall terminate upon filing its final report.

4 **SECTION 21A.(e)** The Speaker of the House of Representatives and the
5 President Pro Tempore of the Senate shall each appoint a cochair for the Commission.
6 The Commission may contract for consultant services as provided by G.S. 120-32.02.
7 Upon approval of the Legislative Services Commission, the Legislative Services Officer
8 shall assign professional and clerical staff to assist in the work of the Commission.
9 Clerical staff shall be furnished to the Commission through the offices of the House of
10 Representatives and the Senate Directors of Legislative Assistants. The Commission
11 may meet in the Legislative Building or the Legislative Office Building upon the
12 approval of the Legislative Services Commission. With the permission of the Speaker of
13 the House of Representatives and the President Pro Tempore of the Senate, the
14 Commission may meet during the regular legislative session. Members of the
15 Commission shall receive per diem, subsistence, and travel allowances at the rate
16 established in G.S. 120-3.1. The appointing authority shall fill vacancies. The
17 Commission, while in the discharge of its official duties, may exercise all the powers
18 provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the
19 power to request all officers, agents, agencies, and departments of the State to provide
20 any information, data, or documents within their possession, ascertainable from their
21 records, or otherwise available to them and the power to subpoena witnesses.

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

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

24 '**§ 140-14. North Carolina State Art Society as membership arm of within the
25 North Carolina Museum of Art; promotion of public appreciation of art;
26 organization of art exhibits, etc.**

27 The North Carolina State Art Society, Incorporated, shall be the membership arm of
28 the North Carolina Museum of Art, the means whereby citizens of North Carolina can
29 support their museum through individual or corporate memberships in the Society and
30 through participation in its diverse programs. is administratively located within the
31 North Carolina Museum of Art. It shall be the duty of the North Carolina State Art
32 Society to promote the public appreciation of art and its role in the development of
33 civilization; to organize State and regional art exhibits, including works by
34 contemporary North Carolina artists; advocacy initiatives; and to do all other things
35 deemed necessary to advance the objectives of the Society.' "

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

37 '(b) The Board of Trustees of the North Carolina Museum of Art shall consist of
38 29 members, chosen as follows:

39 ...

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

42 '

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

1 **'§ 140-12. Department of Administration authorized to provide space for Art**
2 **Society.**

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

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

10 **'§ 140-13. Audit.**

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

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

15 **'§ 143B-53. Organization of the Department.**

16 The Department of Cultural Resources shall be organized initially to include the Art
17 Commission, the Art Museum Building Commission, the North Carolina Historical
18 Commission, the Tryon Palace Commission, the U.S.S. North Carolina Battleship
19 Commission, the Sir Walter Raleigh Commission, the Executive Mansion Fine Arts
20 Committee, the American Revolution Bicentennial Committee, the North Carolina
21 Awards Committee, the America's Four Hundredth Anniversary Committee, the North
22 Carolina Arts Council, the Public Librarian Certification Commission, the State Library
23 Commission, the North Carolina Symphony Society, Inc., the North Carolina State Art
24 Society, and the Division of the State Library, the Division of Archives and History, the
25 Division of the Arts, and such other divisions as may be established under the
26 provisions of the Executive Organization Act of 1973.'

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

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

30 **'§ 143B-89. North Carolina State Art Society, Incorporated.**

31 The North Carolina State Art Society, Incorporated, shall continue to be under the
32 patronage of the State as provided in Article 3 of Chapter 140 of the General Statutes of
33 North Carolina. The governing body of the North Carolina Art Society, Incorporated,
34 shall be a board of directors consisting of a minimum of 22 members as follows: the
35 Governor, the Superintendent of Public Instruction, the State Treasurer, Secretary of
36 Cultural Resources, and the Director of the North Carolina Museum of Art, who shall be
37 ex officio members; six members who shall be named by the Governor; and a minimum
38 of 12 directors who shall be chosen by members of the North Carolina Art Society,
39 Incorporated, in such manner and for such terms as that body shall determine. The six
40 directors named by the Governor shall serve for terms of three years each.'

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

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

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

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

2 '**§ 84-20. Compensation of councilors.**

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

14 **SECTION 24A.** Section 23.3 of S.L. 2006-66 reads as rewritten:

15 "**SECTION 23.3.(a)** Of the funds in the Reserve for Repairs and Renovations for
16 the 2006-2007 fiscal year, forty-six percent (46%) shall be allocated to the Board of
17 Governors of The University of North Carolina for repairs and renovations pursuant to
18 G.S. 143-15.3A, in accordance with guidelines developed in The University of North
19 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as
20 approved by the Board of Governors of The University of North Carolina, and fifty-four
21 percent (54%) shall be allocated to the Office of State Budget and Management for
22 repairs and renovations pursuant to G.S. 143-15.3A.

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

29 The Board of Governors and the Office of State Budget and Management shall
30 consult with the Joint Legislative Commission on Governmental Operations prior to the
31 allocation or reallocation of these funds.

32 **SECTION 23.3.(b)** Of the funds allocated to the Office of State Budget and
33 Management in subsection (a) of this section:

34 (1) ~~Up to eleven~~ Eleven million eight hundred thousand dollars
35 (\$11,800,000) for the 2006-2007 fiscal year shall be used for eligible
36 repair and renovation projects in preparation for the construction of the
37 Regional Medical Center and Mental Health Center in the Department
38 of Correction.

39 (2) ~~Up to two~~ Two million eight hundred thousand dollars (\$2,800,000)
40 shall be used for repairs and renovations of facilities located on the
41 grounds of the Palmer Memorial Institute State Historic Site.

42 **SECTION 23.3.(c)** Of the funds allocated to the Board of Governors of The
43 University of North Carolina in subsection (a) of this section, funds shall be used for
44 projects at constituent institutions as follows:

- 1 (1) ~~Up to one~~ One million nine hundred thousand dollars (\$1,900,000) for
- 2 the 2006-2007 fiscal year shall be used for parking and road repairs
- 3 and improvements at Elizabeth City State University.
- 4 (2) ~~Up to six~~ Six million four hundred thousand dollars (\$6,400,000) for
- 5 the 2006-2007 fiscal year shall be used for replacement and repair of
- 6 steam lines and steam tunnels at North Carolina Central University.
- 7 (3) ~~Up to four~~ Four hundred sixteen thousand dollars (\$416,000) for the
- 8 2006-2007 fiscal year shall be used for planning for eligible repair and
- 9 renovation projects at Rhodes Hall at the University of North Carolina
- 10 at Asheville.

11 ~~The amount of funding a constituent institution is allocated under this subsection shall~~
 12 ~~offset the amount the constituent institution receives under subsection (a) of this~~
 13 ~~section."~~

14 **SECTION 25.(a)** Section 23.11 of S.L. 2006-66 is repealed.

15 **SECTION 25.(b)** S.L. 2006-66 is amended by adding a new section to read:

16 **"SECTION 23.11A.** Of the funds appropriated by this act to the Board of
 17 Governors of The University of North Carolina for the 2006-2007 fiscal year, the sum
 18 of seven million dollars (\$7,000,000) shall be used to develop further the joint plan for
 19 dental education and dental outreach in North Carolina developed by the University of
 20 North Carolina at Chapel Hill and East Carolina University and approved by the Board
 21 of Governors to serve the needs of the citizens of the State. The plan endorses the
 22 expansion of the size of the dental school at the University of North Carolina at Chapel
 23 Hill and endorses the planning of a new dental school and outreach service/learning
 24 sites at East Carolina University, subject to program approval by the Board of
 25 Governors."

26 **SECTION 27.(a)** G.S. 105-134.6(d)(4), as enacted by Section 24.12(a) of
 27 S.L. 2006-66, reads as rewritten:

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

- 30 ...
- 31 (4) A taxpayer whose adjusted gross income (AGI), as calculated under
- 32 the Code, is less than the amount listed in this subdivision may deduct
- 33 from taxable income the amount, not to exceed ~~seven hundred fifty~~
- 34 ~~dollars (\$750.00),~~ two thousand dollars (\$2,000), contributed to an
- 35 account in the Parental Savings Trust Fund of the State Education
- 36 Assistance Authority established pursuant to G.S. 116-209.25. In the
- 37 case of a married couple filing a joint return, the maximum dollar
- 38 amount of the deduction is ~~one thousand five hundred dollars (\$1,500).~~
- 39 four thousand dollars (\$4,000).

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

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

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