

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**SENATE BILL 7
Appropriations/Base Budget Committee Substitute Adopted 2/16/05
Third Edition Engrossed 2/16/05
House Committee Substitute Favorable 2/21/05**

Short Title: Hurricane Recovery Act of 2005.

(Public)

Sponsors:

Referred to:

January 31, 2005

A BILL TO BE ENTITLED

1 AN ACT TO ENACT THE HURRICANE RECOVERY ACT OF 2005, MAKING
2 FINDINGS AS TO DAMAGE CAUSED BY THE HURRICANES THAT
3 STRUCK NORTH CAROLINA IN 2004, CONCERNING ESTABLISHMENT OF
4 THE DISASTER RELIEF RESERVE FUND, MAKING APPROPRIATIONS TO
5 THE DISASTER RELIEF RESERVE FUND, DIRECTING THE
6 REESTABLISHMENT AND MODIFICATION OF HURRICANE FLOYD
7 RECOVERY PROGRAMS, AUTHORIZING ESTABLISHMENT OF NEW
8 PROGRAMS, EXPANSION OF EXISTING PROGRAMS, AND MODIFICATION
9 OF EXISTING PROGRAMS TO IMPLEMENT THIS ACT, AUTHORIZING
10 TRANSFER OF FUNDS TO FEDERAL AGENCIES AND LOCAL
11 GOVERNMENTS, AUTHORIZING TIME-LIMITED POSITIONS TO
12 IMPLEMENT THIS ACT, PROVIDING FOR SUBROGATION BY THE STATE
13 OF CERTAIN INSURANCE CLAIMS, AUTHORIZING ADVISORY COUNCILS
14 TO ADVISE STATE AGENCIES ON RECOVERY EFFORTS, PROVIDING FOR
15 TAX EXEMPTION OF BENEFITS, DIRECTING THE MAPPING OF FLOOD
16 PLAINS AND THE IDENTIFICATION OF POTENTIAL LANDSLIDE AREAS
17 AND STREAM BANK EROSION, DIRECTING THE DEPARTMENT OF
18 ENVIRONMENT AND NATURAL RESOURCES TO STUDY THE CAUSES OF
19 FLOODING IN CERTAIN AREAS AND DETERMINE MEASURES TO
20 PREVENT OR MITIGATE FUTURE FLOODING, DIRECTING THE
21 GOVERNOR TO MAINTAIN THE REDEVELOPMENT OFFICE IN WESTERN
22 NORTH CAROLINA, APPROPRIATING FUNDS TO RESTORE AND REPAIR
23 CERTAIN PUBLIC BUILDINGS IN HYDE COUNTY DAMAGED BY
24 HURRICANE ISABEL AND ESTABLISHING REPORTING REQUIREMENTS.

26 The General Assembly of North Carolina enacts:

27

1 PART I. TITLE OF ACT

2 **SECTION 1.** This act shall be known as "The Hurricane Recovery Act of
3 2005."
4

5 PART II. LEGISLATIVE FINDINGS

6 DAMAGE CAUSED BY 2004 HURRICANES AND TROPICAL STORMS

7 **SECTION 2.(a)** The General Assembly finds that the State of North
8 Carolina endured six hurricanes during the late summer and fall of 2004. In the
9 Western region of the State, Hurricanes Frances and Ivan dumped heavy rains that led
10 to flooding and landslides throughout the region. Eastern North Carolina, including
11 areas along the coast and the Sandhills, were struck by Hurricanes Alex, Bonnie,
12 Charlie, and Jeanne. Wind damage and flooding were the primary source of damage in
13 the east.

14 **SECTION 2.(b)** The General Assembly finds that Hurricanes Frances and
15 Ivan wrought havoc upon Western North Carolina impacting the region on a scale not
16 experienced before in that area of the State. Flooding and landslides destroyed
17 infrastructure, roads, bridges, homes, businesses, farmland, and crops, damaging the
18 civil, social, economic, and environmental well-being of Western North Carolina. The
19 economic base of the region has been undermined as the result of business closures,
20 crop and aquaculture losses, and revenue losses to the extent that many individuals'
21 ability to support themselves and their families is threatened and may be lost completely
22 without assistance from the State. A disaster of this magnitude affects the entire State.
23 Extraordinary assistance to the region is necessary if Western North Carolina, and with
24 it the economic well-being of the State, is to recover from the effects of the damage
25 inflicted by Hurricanes Frances and Ivan.

26 **SECTION 2.(c)** The General Assembly finds that as a result of the
27 hurricanes in Western North Carolina:

- 28 (1) The President of the United States issued two federal disaster
29 declarations for the Western region of the State.
30 (2) Eleven people lost their lives.
31 (3) People lost their loved ones, their homes, sources of livelihood, and, in
32 some instances, their communities. During Hurricane Ivan, the
33 community of Peeks Creek was devastated by a debris flow triggered
34 by the heavy rains. The debris flow traveled speeds as great as 33
35 miles per hour for two and a quarter miles from the top of Fishhawk
36 Mountain. Five persons were killed, and 15 homes destroyed by the
37 flow that was estimated to be several hundred feet wide and up to 40
38 feet high. Other communities that were particularly hard hit by
39 landslides include the Starnes Creek area in Buncombe County, the
40 Little Pine area in Madison County, the White Laurel community in
41 Watauga County, and Bear Rock Estates in Henderson County.
42 (4) Sixty-two homes were destroyed, and 11,107 homes suffered damage
43 in Hurricane Frances. Another 78 homes were destroyed, and 5,127
44 homes damaged in Hurricane Ivan. Eighty-five landslides were

1 reported as a result of the 27+ inches of rain that fell on the region.
2 Many persons did not have flood insurance, as they did not know that
3 there was a danger of flooding where they lived. Further, people could
4 not know the landslide risks associated with their housing location
5 because such maps are not readily available. The State needs to update
6 current flood mapping for and prepare landslide zone mapping for the
7 region so that homes may be rebuilt in safe areas. Homes lying within
8 flood and landslide zones need to be relocated to mitigate the
9 possibility of further damage to life and property should subsequent
10 events occur. Additional State assistance to homeowners is necessary
11 to accomplish these goals and to assure that there is safe and adequate
12 housing for the citizens of the affected area.

13 (5) The region also lost rental properties that provided needed housing for
14 those who cannot afford to purchase their own homes. The impact of
15 the hurricanes on the regional economy is such that sufficient rental
16 housing at affordable prices may not be built to replace the property
17 damaged or destroyed, leaving persons who were forced from their
18 homes unable to obtain adequate housing.

19 (6) Landslides and flooding damaged or destroyed at least 272 private
20 roads, culverts and bridges, cutting off numerous families from access
21 to emergency services and access to State roads.

22 (7) The Small Business Administration reported receiving 10,113 referrals
23 for business loan applications from the Federal Emergency
24 Management Agency to cover physical damage to businesses. Of these
25 requests for applications, however, only 2,080 (around twenty percent
26 (20%)) were returned to the SBA for processing. The numbers suggest
27 both the numbers of businesses that suffered physical damage as a
28 result of the hurricane and the inability of many businesses in the
29 region to take on additional debt. Without additional assistance, many
30 businesses may not be able to reopen, and jobs will be lost.

31 (8) Reports from the region indicated that the town of Canton lost forty
32 percent (40%) of its business district in the floods attending Ivan. Blue
33 Ridge Paper, the largest manufacturing employer in Western North
34 Carolina, reportedly suffered several million dollars in flood damages
35 from Hurricane Frances alone. The flooding a week later from
36 Hurricane Ivan was two to three feet above the level experienced by
37 the plant during Frances. Biltmore Village, a community near the
38 Biltmore Estate, was almost completely inundated by floodwaters of
39 the Swannanoa.

40 (9) According to North Carolina Department of Commerce reports, the
41 region lost an estimated eighty-seven million dollars (\$87,000,000) in
42 tourism revenue during the three-week period after the hurricanes
43 struck.

- 1 (10) The agricultural economy of the region was seriously affected. Early
2 estimates of crops and acreage affected included thousands of acres of
3 fruits and vegetables, hay, corn, soybeans, and tobacco. In Henderson
4 County alone, approximately 90,000 of the county's 1,000,000 apple
5 trees were downed. Greenhouse and nursery crops were also seriously
6 affected. At least five trout farms reported extensive physical damage
7 and losses of over 160,000 pounds of fish. In addition to crop and fish
8 losses, there was extensive damage to farmland through erosion and
9 flooding, and many farms suffered damage to farm structures. Most
10 farmers cannot afford to take on additional debt to rehabilitate
11 damaged fields, rebuild and repair farm structures, purchase new
12 equipment, replant trees, or replace inventory. Many farmers may be
13 unable to continue farming without assistance from the State. It is
14 therefore necessary to provide State assistance to farmers to preserve
15 the agricultural sector of the economy in Western North Carolina and
16 the economic stability of the region.
- 17 (11) Impacts on the environment have yet to be calculated. In addition to
18 the stream damage from flooding, there was also contamination from
19 sewage overflows and chemical spills. It was reported that over
20 100,000 gallons of petroleum products were spilled into the French
21 Broad River system.
- 22 (12) Local governments have suffered loss of infrastructure, damage to
23 public buildings, roads, wastewater treatment plants, and other
24 facilities. One thousand four hundred and forty specific public
25 assistance projects have been authorized to repair facilities and roads,
26 remove debris, and otherwise effect cleanup and repair of local
27 government facilities. In addition, the damage from the storms to
28 property and businesses has eroded the tax base of the counties
29 affected. These counties must bear a loss of revenue at the same time
30 they are shouldering the costs of replacing and repairing the
31 infrastructure and meeting the additional needs of the population
32 struggling to recover from the effects of the hurricanes.

33 **SECTION 2.(d)** The General Assembly finds that as a result of the storms
34 that hit Eastern North Carolina:

- 35 (1) A State Type I Disaster Declaration was issued for Dare and Hyde
36 Counties after Hurricane Alex which provided individual assistance to
37 22 applicants who failed to qualify for SBA loans and substantial
38 public assistance to the two counties for debris removal.
- 39 (2) Hurricanes Bonnie and Charlie impacted Beaufort, Bladen, Brunswick,
40 Craven, Columbus, Dare, Duplin, Harnett, Hyde, Jones, Lenoir, New
41 Hanover, Pamlico, Pasquotank, Pender, Pitt, Onslow, Tyrrell, and
42 Washington Counties. A federal disaster declaration has been
43 requested but denied. According to the Division of Emergency
44 Management, 2,860 homes and 65 businesses were affected by the two

1 hurricanes. Three hundred six of the affected homes were destroyed or
2 suffered major damage.

3 (3) Hurricane Jeanne impacted Cabarrus, Moore, Rowan, and Stokes
4 Counties. Reports from Moore County indicated that over 100 homes
5 and businesses were damaged, primarily in Southern Pines. Public
6 Assistance needs were limited to Stokes and Moore Counties.

7 (4) In addition to the damage reports for individuals and local
8 governments, the North Carolina Department of Agriculture and
9 Consumer Services reported early estimates of over 900,000 acres of
10 corn, soybeans, tobacco, cotton, peanuts, and fruits and vegetables
11 were lost as a result of Hurricane Charlie and Hurricane Bonnie.

12 **SECTION 2.(e)** The General Assembly further finds that the devastation
13 caused by the 2004 hurricanes in North Carolina continues to affect all aspects of the
14 economy, the environment, public health and safety, infrastructure, public and private
15 institutions, and the general welfare of the counties affected and, indirectly, of the entire
16 State. Immediate short-term responses and long-term responses are necessary to
17 preserve a way of life in those North Carolina counties, to preserve the economic
18 condition of the entire State, and to preserve the reputation North Carolina has,
19 nationally and internationally, as a great place to live and a great place to do business.

20
21 **CRITICAL NEEDS NOT MET BY EXISTING STATE AND FEDERAL**
22 **PROGRAMS AND FUNDS**

23 **SECTION 2.1.(a)** The General Assembly finds that State and federal
24 disaster relief initiatives are not intended to make individuals whole after a loss; they are
25 intended to assist the affected areas in recovering from the damage caused by the six
26 hurricanes that struck North Carolina.

27 Without significant additional State assistance to the area damaged by
28 Hurricanes Alex, Bonnie, Charlie, Frances, Ivan, and Jeanne, further deterioration of the
29 economy, the environment, public health and safety, and quality of life in the State is
30 likely to occur. Without additional State assistance:

31 (1) Many people in uninsured, damaged homes will either not qualify for
32 federal housing assistance or not have the resources to take advantage
33 of federal housing assistance.

34 (2) Local governments already overwhelmed with storm-related expenses
35 may not have the resources to repair damaged infrastructure and
36 provide the new infrastructure necessary for families relocating out of
37 the flood and landslide zones and for businesses that are in the process
38 of rebuilding.

39 (3) Jobs may be permanently lost because many cannot qualify for Small
40 Business Administration loans.

41 (4) Many farmers who suffered significant losses may find it difficult to
42 continue farming.

1 (5) Resources for drinking water protection, solid waste cleanup,
2 hazardous waste cleanup, and remediation of high-risk storage tanks
3 will be inadequate.

4 (6) The tourism industry will continue to suffer due to negative publicity
5 about the storm.

6 **SECTION 2.1.(b)** It is the intent of the General Assembly that the benefits
7 of the projects and programs authorized by this act are for the common good and
8 collective recovery of the people of this State following a devastating natural disaster
9 directly affecting a large portion of the State and indirectly affecting the entire State.
10 The entire State faces a major loss if the counties that bore the major impact of the
11 hurricanes and tropical storms of 2004 are not offered the assistance provided by this
12 act. The purpose of this act is to provide an ultimate net public benefit to the State
13 through a successful hurricane recovery initiative in Western North Carolina and other
14 affected counties.

15
16 **PART III. SCOPE OF ACT**

17 **COUNTIES COVERED BY THIS ACT**

18 **SECTION 3.** Sections 2 through 5.2 of this act apply as follows:

19 (1) This act applies to the 19 counties designated by the Federal
20 Emergency Management Agency (FEMA) as eligible for Individual
21 Assistance and Public Assistance as a result of damages sustained
22 from Hurricane Frances or Ivan. Those counties are eligible for all
23 programs and assistance provided under this act. Those counties are:
24 Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Haywood,
25 Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk,
26 Rutherford, Swain, Transylvania, Watauga, and Yancey.

27 (2) This act applies to the additional 26 counties that were designated by
28 FEMA as eligible only for individual assistance as a result of damages
29 sustained from Hurricane Frances or Ivan. Those counties are eligible
30 for all programs and assistance provided under this act for individual
31 assistance. Those counties are: Alamance, Alexander, Bladen,
32 Cabarrus, Caswell, Catawba, Cleveland, Columbus, Cumberland,
33 Davidson, Forsyth, Gaston, Graham, Guilford, Hoke, Iredell, Lincoln,
34 Mecklenburg, Randolph, Robeson, Rockingham, Rutherford, Scotland,
35 Stokes, Union, and Wilkes.

36 (3) In addition, a number of counties were not included in a federal
37 disaster declaration but were included in a State disaster declaration
38 issued under Article 1 of Chapter 166A of the General Statutes as a
39 result of the damages sustained by one of the hurricanes that occurred
40 in 2004. The Governor shall also extend the coverage of the programs
41 and assistance provided under this act to those counties.

42
43 **PART IV. THE DISASTER RELIEF RESERVE FUND**

44 **ESTABLISHMENT OF THE DISASTER RELIEF RESERVE FUND**

1 **SECTION 4.** The Governor has established the Disaster Relief Reserve
2 Fund in the Office of State Budget and Management. The purpose of this fund is to
3 provide necessary and appropriate relief and assistance from the effects of natural
4 disasters. Consistent with the provisions of this act, the Governor shall spend monies
5 appropriated to or otherwise transferred to the Disaster Relief Fund by this act to assist
6 the counties referenced in Section 3 of this act. The monies shall be used to implement
7 programs as provided by this act.

8
9 **APPROPRIATION TO THE DISASTER RELIEF RESERVE FUND AND**
10 **COMMITTEE REPORT**

11 **SECTION 4.1.(a)** The appropriation made in this section is for the
12 maximum amount necessary to implement this act. Savings shall be effected where the
13 total amount appropriated is not required to implement the act.

14 **SECTION 4.1.(b)** The fund availability upon which appropriations in this
15 act are based is as follows:

16	Estimated unappropriated General Fund over collections, fiscal year 2004-2005	\$0.0
17	Estimated General Fund reversions, fiscal year 2004-2005	\$91.0 million
18	North Carolina Community Development Initiative, Inc. – Reversion of	
19	unused Hurricane Floyd Recovery funds to the General Fund	\$3.0 million
20	Savings Reserve Account balance, February 15, 2005	\$267.0 million

21 **SECTION 4.1.(c)** Of the funds allocated to the North Carolina Community
22 Development Initiative, Inc., for Hurricane Floyd Recovery programs pursuant to S.L.
23 1999-463 Extra Session, the sum of three million dollars (\$3,000,000) in unused grant
24 and loan funds for home relocation and repairs shall revert to the General Fund.

25 **SECTION 4.1.(d)** The Governor shall transfer from unexpended General
26 Fund appropriations for fiscal year 2004-2005 to the Office of State Budget and
27 Management, Disaster Relief Reserve Fund, the sum of ninety-one million dollars
28 (\$91,000,000) which shall be used to aid the counties referenced in Section 3 of this act
29 in their efforts to recover from the effects of the 2004 hurricanes. The funds shall be
30 used for the purposes set out in Part V, Part VI, and Part VII of this act. These funds
31 shall remain available to implement the provisions of this act until the General
32 Assembly directs the reversion of the unexpended funds.

33 **SECTION 4.1.(e)** There is appropriated from the General Fund to the Office
34 of State Budget and Management, Disaster Relief Reserve Fund, the sum of three
35 million dollars (\$3,000,000) for the 2004-2005 fiscal year to aid the counties referenced
36 in Section 3 of this act in their efforts to recover from the effects of the 2004 hurricanes.
37 The funds shall be used for the purposes set out in Part V, Part VI, and Part VII of this
38 act. These funds shall remain available to implement the provisions of this act until the
39 General Assembly directs the reversion of the unexpended funds.

40 **SECTION 4.1.(f)** There is appropriated from the Savings Reserve Account
41 to the Office of State Budget and Management, Disaster Relief Reserve Fund, the sum
42 of one hundred twenty-three million five hundred forty-one thousand four hundred
43 forty-seven dollars (\$123,541,447) for the 2004-2005 fiscal year to aid the counties
44 referenced in Section 3 of this act in their efforts to recover from the effects of the

1 hurricanes of 2004. The funds shall be used for the purposes set forth in Part V, Part
2 VI, and Part VII of this act. The funds appropriated by this section shall be transferred
3 to the Disaster Relief Reserve Fund and shall remain available to implement the
4 provisions of this act until the General Assembly directs the reversion of the
5 unexpended funds.

6 **SECTION 4.1.(g)** The allocation of funds in the Report of the House
7 Appropriations Committee on The Hurricane Recovery Act of 2005, dated February 17,
8 2005, are intended as guidance for the Governor. Notwithstanding the provisions of
9 Section 5.1 of this act, if the Governor determines in accordance with Chapter 166A of
10 the General Statutes that allocations should be made to programs other than those set
11 forth in the Committee Report or that reallocations should be made among programs set
12 forth in the Committee Report, the Governor may make the changes except as funds are
13 otherwise specifically allocated by this act. The Governor shall report to the Joint
14 Legislative Commission on Governmental Operations before implementing any changes
15 in the allocations.

16 **SECTION 4.1.(h)** The Governor shall, to the extent practicable, ensure that
17 assistance to victims provided from the Disaster Relief Reserve Fund is prioritized
18 towards those areas and individuals least able to afford the losses as a result of the
19 hurricanes of 2004.

20
21 **PART V. IMPLEMENTATION OF ACT**

22 **DIRECTIVE TO REESTABLISH AND MODIFY, AS NECESSARY, RELIEF**
23 **PROGRAMS DEVELOPED AFTER HURRICANE FLOYD, ESTABLISH NEW**
24 **PROGRAMS, AND EXPAND OR MODIFY EXISTING PROGRAMS TO**
25 **IMPLEMENT THIS ACT**

26 **SECTION 5.** The General Assembly finds that the relief efforts and
27 programs implemented after Hurricane Floyd hit Eastern North Carolina were critical in
28 assisting Eastern North Carolina's recovery. The General Assembly further finds that
29 the recovery of Eastern North Carolina has provided statewide benefits. It is the intent
30 of the General Assembly to provide the same type of support and assistance to the
31 counties affected by the 2004 hurricanes and tropical storms.

32 **SECTION 5.1.(a)** The Governor shall reestablish and may modify, as
33 necessary, all of the programs implemented as part of the Hurricane Floyd Recovery
34 Act of 1999 under S.L. 1999-463 Extra Session and the Report of the House
35 Appropriations Committee on Hurricane Floyd Recovery dated December 15, 1999, as
36 amended by S.L. 1999-463 Extra Session. The Governor shall also establish new
37 programs and expand or modify, as necessary, existing programs to provide necessary
38 and appropriate relief and assistance from the effects of the hurricanes that hit the State
39 in 2004.

40 **SECTION 5.1.(b)** The Governor shall modify the State Hazard Mitigation
41 Grant Program to provide housing buyout and relocation assistance for those persons
42 whose homes were destroyed or severely damaged by debris flows or whose homes are
43 located in a landslide zone.

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

10 **SECTION 5.1.(d)** The Governor shall expend funds appropriated to or
11 otherwise transferred to the Disaster Relief Reserve Fund by this act to provide for the
12 following programs and activities:

- 13 (1) Required matching funds for federal funds for disaster relief.
- 14 (2) Crisis housing assistance, which may include, but shall not be limited
15 to, direct housing assistance to homeowners and renters, grants to local
16 governments for water, sewer, and other infrastructure needs for
17 housing in new areas, predevelopment activities, housing counselors,
18 and housing recovery efforts. It is the intent of the General Assembly
19 that housing assistance includes providing renters with assistance to
20 purchase affordable housing. The General Assembly therefore
21 encourages the Governor to use funds appropriated in this act to
22 implement a program that provides assistance to renters in affected
23 areas to purchase affordable housing (preferably permanent homes and
24 not manufactured housing) by providing State resources, including
25 grants and low-interest loans, for that purpose.
- 26 (3) Economic recovery assistance, including, but not limited to, assistance
27 to the agriculture, aquaculture, forestry, commercial, and industrial
28 sectors of the economy which may include, but shall not be limited to,
29 grants and loans to businesses, grants and loans to farmers, and grants
30 and loans for aquaculture.
- 31 (4) Public health, public safety, social services, and environmental
32 restoration measures that may include, but shall not be limited to,
33 drinking water protection, water quality monitoring, solid waste and
34 hazardous waste cleanup, assessment and remediation of high-risk
35 storage tank sites, and emergency and maintenance dredging.
- 36 (5) Support to local governments, by grants for public infrastructure, for
37 the repair, renovation, and relocation of facilities, and to offset revenue
38 losses resulting from storm damage from natural disasters covered by
39 federal disaster declarations as to any storm between August 1, 2004,
40 and the date this act becomes law. The amount of the grants shall be
41 based on loss of taxable property in the jurisdiction.
- 42 (6) Mapping and studies authorized by this act.

43 **SECTION 5.1.(e)** Of the funds appropriated by this act to the Disaster Relief
44 Reserve Fund for the 2004-2005 fiscal year, the sum of four million five hundred

1 thousand dollars (\$4,500,000) shall be allocated to the Town of Canton as a grant to
2 repair and upgrade the flood levees, flood gates and pumps, for levee penetration
3 mitigation, erosion control, elevating electrical controls, and repairing sewer lines for
4 the purpose of protecting the wastewater treatment plant owned by Blue Ridge Paper
5 Products and used by the Town of Canton.

6 **SECTION 5.1.(f)** Notwithstanding Part III and Part IV of this act, of the
7 funds allocated by this act to local governments for repairs and renovations to public
8 facilities damaged by the storms, the sum of eight million dollars (\$8,000,000) shall be
9 allocated to Hyde County for the 2004-2005 fiscal year to be used for the reconstruction
10 of the Hyde County Courthouse and repair of other county buildings in the Courthouse
11 Annex that were damaged as a result of Hurricane Isabel in 2003.

12 **SECTION 5.1.(g)** Of the funds appropriated by this act to the Disaster
13 Relief Reserve Fund for the 2004-2005 fiscal year, the sum of five million dollars
14 (\$5,000,000) shall be allocated to the Rural Economic Development Center to be used
15 for economic infrastructure through the Small Town Building Reuse and Restoration
16 Program established in S.L. 2004-88. The funds allocated by this subsection shall be
17 used to provide grants to local governments in counties covered under this act for
18 economic recovery and redevelopment activities in business areas that sustained storm
19 damage. These activities may include all of the following:

- 20 (1) Grants to repair public and private buildings damaged by flooding and
21 deemed necessary to retain existing businesses or provide for new
22 businesses.
- 23 (2) Repairs and improvements to public infrastructure.
- 24 (3) Other technical and design assistance to redevelop business properties
25 and business areas.

26 Recipients shall certify that assistance received under this subsection does not
27 duplicate other State or federal assistance or replace insurance proceeds.

28 **SECTION 5.1.(h)** Of the funds appropriated by this act to the Disaster
29 Relief Reserve Fund for the 2004-2005 fiscal year, the sum of three million dollars
30 (\$3,000,000) shall be allocated to the North Carolina Community Development
31 Initiative, Inc., to be used for housing programs and assistance.

32 **SECTION 5.1.(i)** Of the funds appropriated in this act to the Disaster Relief
33 Reserve Fund for the 2004-2005 fiscal year, the sum of five hundred thousand dollars
34 (\$500,000) may be allocated to the Department of Environment and Natural Resources,
35 Division of Forest Resources, for the purposes of forestland restoration and fire
36 prevention activities needed due to hurricane damage.

37
38 **AUTHORIZATION TO TRANSFER FUNDS TO FEDERAL AGENCIES AND TO**
39 **LOCAL GOVERNMENTS**

40 **SECTION 5.2.** The Governor may:

- 41 (1) Use funds from the Disaster Relief Reserve Fund to match federal
42 funds in accordance with this act.
- 43 (2) Provide grants to local governments in accordance with this act.

- 1 (3) Transfer funds to local governments pursuant to cooperative
2 agreements under which they administer programs or provide services
3 on behalf of the State.
4 (4) Transfer funds to federal agencies pursuant to cooperative agreements
5 under which they administer agriculture programs or provide services
6 on behalf of the State.
7

8 AUTHORIZATION TO ESTABLISH TIME-LIMITED POSITIONS TO
9 IMPLEMENT THIS ACT

10 **SECTION 5.3.** The Governor may establish part-time and full-time
11 personnel positions to implement this act. All such positions shall be time-limited and
12 shall be exempt from the State Personnel Act.
13

14 SUBROGATION BY STATE OF RIGHT TO INSURANCE COVERAGE FOR
15 DAMAGED HOMES PURCHASED OR RELOCATED UNDER THE HAZARD
16 MITIGATION GRANT PROGRAM

17 **SECTION 5.4.** If a person's home is relocated or purchased under the
18 Hazard Mitigation Grant Program, or through the State Acquisition and Relocation
19 Fund, the Disaster Relief Reserve Fund is subrogated to the person's rights under any
20 insurance coverage for the damage to the home, and any monies received from the
21 insurance coverage shall be paid to the Disaster Relief Reserve Fund.
22

23 AUTHORIZATION TO ESTABLISH ADVISORY COUNCILS TO ADVISE STATE
24 AGENCIES ON RECOVERY EFFORTS

25 **SECTION 5.5.** The Governor shall establish advisory councils to advise
26 relevant State agencies on hurricane relief and recovery efforts and to ensure input from
27 representatives of affected communities and groups.
28

29 TAX EXEMPTION

30 **SECTION 5.6.** Each agency disbursing funds or property under this act from
31 the Disaster Relief Reserve Fund for hurricane relief or assistance, other than payments
32 for goods or services provided by the recipient, shall include with the disbursement a
33 written statement of the State and federal income tax treatment of the funds or property
34 disbursed.

35 **SECTION 5.7.(a)** G.S. 105-134.6(b) is amended by adding the following
36 new subdivision to read:

37 "(18) The amount paid to the taxpayer during the taxable year from the
38 Disaster Relief Reserve Fund in the Office of State Budget and
39 Management for hurricane relief or assistance, but not including
40 payments for goods or services provided by the taxpayer."

41 **SECTION 5.7.(b)** G.S. 105-130.5(b) is amended by adding the following
42 new subdivision to read:

43 "(22) To the extent included in federal taxable income, the amount paid to
44 the taxpayer during the taxable year from the Disaster Relief Reserve

1 Fund in the Office of State Budget and Management for hurricane
2 relief or assistance, but not including payments for goods or services
3 provided by the taxpayer."

4 **SECTION 5.7.(c)** This section is effective for taxable years beginning on or
5 after January 1, 2004.

6 7 INVOLVEMENT OF HISTORICALLY UNDERUTILIZED BUSINESSES

8 **SECTION 5.8.** It is the intent of the General Assembly that, during this time
9 of rebuilding and hurricane relief efforts, each State agency should strive to increase the
10 total amount of goods and services acquired by it from historically underutilized
11 business vendors, whether directly as principal contractors or indirectly as
12 subcontractors or otherwise.

13 14 LEGISLATIVE REVIEW OF FEDERAL FUNDING AND REMAINING UNMET 15 NEEDS

16 **SECTION 5.9.** It is the intent of the General Assembly to review in 2005
17 and 2006 the funds appropriated by Congress and to consider actions needed to address
18 any remaining unmet needs, especially in the area of economic recovery.

19 20 LIMITATION ON USE OF STATE FUNDS

21 **SECTION 5.10.(a)** No State funds used to implement this act, including any
22 funds in the Disaster Relief Reserve Fund, may be expended for the construction of any
23 new residence within the 100-year floodplain unless the construction is in an area
24 regulated by a unit of local government pursuant to a floodplain management ordinance,
25 and the construction complies with the ordinance. As used in this section, "100-year
26 floodplain" means any area subject to inundation by a 100-year flood, as indicated on
27 the most recent Flood Insurance Rate Map prepared by the Federal Emergency
28 Management Agency under the National Flood Insurance Program.

29 **SECTION 5.10.(b)** Homeowners in the 100-year floodplain who receive
30 homeowner's housing assistance pursuant to this act shall have in effect federal flood
31 insurance, if available, as a precondition to receipt of State homeowner's housing
32 assistance for losses resulting from future flooding.

33 **SECTION 5.10.(c)** Funds loaned to small and mid-sized businesses shall be
34 used only for eligible purposes under the Small Business Administration disaster loan
35 assistance program. Payments for economic losses shall be limited to documented
36 business expenses necessary for the continued operation of the business.

37 38 PART VI. MAPPING OF FLOOD PLAINS AND LANDSLIDE ZONES

39 **SECTION 6.** The Department of Crime Control and Public Safety shall
40 proceed immediately to update Flood Insurance Rate Maps for all of the counties
41 included in federal disaster declarations for Hurricanes Frances and Ivan. The
42 Department of Environment and Natural Resources, in cooperation with the Department
43 of Crime Control and Public Safety, shall act to ensure that (i) streambed maps and (ii)
44 maps indicating areas vulnerable to landslides are made available for the same

1 multicounty area. Streambed maps shall be annotated to show areas of significant
2 actual or potential stream bank erosion.

3
4 **PART VII. STUDY PREVENTIVE AND PROTECTIVE MEASURES THAT MAY**
5 **PREVENT OR MITIGATE POTENTIAL FLOODING IN CERTAIN AREAS AND**
6 **FUNDING TO IMPLEMENT THE STUDY AND ITS FINDINGS**

7 **SECTION 7.(a)** The Department of Environment and Natural Resources
8 shall study the causes of the flooding in Canton, Biltmore Village, the City of Newland,
9 Clyde, and other affected areas as deemed necessary to determine what measures can be
10 taken to prevent or mitigate the flooding potential in those areas. The Department may
11 request the assistance of the Army Corps of Engineers in this study. The Department of
12 Environment and Natural Resources shall report its findings to the 2005 General
13 Assembly, 2006 Regular Session.

14 **SECTION 7.(b)** Of the funds appropriated by this act to the Disaster Relief
15 Reserve Fund an amount of up to three million dollars (\$3,000,000) shall be transferred
16 by the Office of State Budget and Management to the Department of Environment and
17 Natural Resources to conduct the study. The funds shall be transferred upon the request
18 of the Secretary of Environment and Natural Resources.

19 **SECTION 7.(c)** In accordance with G.S. 143-15.3, the General Assembly
20 authorizes the Director of the Budget to transfer up to thirty million dollars
21 (\$30,000,000) from the Savings Reserve Account to the Office of State Budget and
22 Management, Disaster Relief Reserve Fund, to implement the recommendations of the
23 studies authorized in this section. Prior to the transfer of funds under this subsection, the
24 Governor shall consult with the Joint Legislative Commission on Governmental
25 Operations on his plans to implement any recommendations for flood remediation and
26 mitigation including anticipated expenditures. Funds to be transferred pursuant to this
27 subsection are appropriated from the Savings Reserve Account for the fiscal year in
28 which the consultation is made to implement this subsection.

29
30 **PART VIII. MAINTAIN REDEVELOPMENT CENTER**

31 **SECTION 8.** The Governor has established a redevelopment center in
32 Western North Carolina. The Governor shall maintain that redevelopment center for the
33 entire period required to implement the provisions of this act.

34
35 **PART IX. REPORTING REQUIREMENTS**

36 **SECTION 9.** The Governor shall report to the Appropriations Committees
37 of the Senate and the House of Representatives regarding the implementation of this act
38 no later than 30 days after the date this act becomes law and shall report monthly
39 thereafter until the adjournment of the 2005 Regular Session. The Governor shall report
40 on the implementation of this act to the Joint Legislative Commission on Governmental
41 Operations by October 15, 2005, and quarterly thereafter.

42
43 **PART X. EFFECTIVE DATE**

1 **SECTION 10.** This act is effective when it becomes law, except that Section
2 5.7 of this act is effective for taxable years beginning on or after January 1, 2004.