

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**HOUSE BILL 2436\***  
**Committee Substitute Favorable 6/3/08**  
**Committee Substitute #2 Favorable 6/3/08**  
**Fourth Edition Engrossed 6/5/08**

Short Title: Modify Appropriations Act of 2007.

(Public)

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Sponsors:

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Referred to:

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May 26, 2008

A BILL TO BE ENTITLED

1 AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL  
2 APPROPRIATIONS ACT OF 2007; TO CONFORM TO CHANGES IN THE  
3 INTERNAL REVENUE CODE AND REQUIRE AN ADDBACK OF  
4 EIGHTY-FIVE PERCENT OF BONUS DEPRECIATION; TO MAKE OTHER  
5 TAX LAW CHANGES RECOMMENDED BY THE REVENUE LAWS STUDY  
6 COMMITTEE; TO PROVIDE FOR A REFUNDABLE EARNED INCOME TAX  
7 CREDIT EQUAL TO FIVE PERCENT OF THE FEDERAL CREDIT; TO  
8 EXTEND AND INCREASE THE SMALL BUSINESS HEALTH INSURANCE  
9 TAX CREDIT; TO DECREASE DISABLED VETERANS PROPERTY TAX; TO  
10 EXTEND TAX CREDITS FOR LOW-INCOME HOUSING AND MILL  
11 REHABILITATION; TO ESTABLISH A SALES TAX HOLIDAY FOR CERTAIN  
12 ENERGY STAR RATED APPLIANCES; TO ALLOW FOR A  
13 NONREFUNDABLE CREDIT FOR REINVESTMENT IN A MAJOR  
14 RECYCLING FACILITY AND TO SUNSET THE CREDIT FOR INVESTMENTS  
15 IN A LARGE OR MAJOR RECYCLING FACILITY; TO CREATE, SET, AND  
16 INCREASE VARIOUS FEES; AND TO AUTHORIZE SPECIAL OBLIGATION  
17 INDEBTEDNESS FOR VARIOUS CAPITAL PROJECTS.

18 The General Assembly of North Carolina enacts:

19  
20  
21 **PART I. INTRODUCTION AND TITLE OF ACT**

22  
23 **INTRODUCTION**

24 **SECTION 1.1.** The appropriations made in this act are for maximum  
25 amounts necessary to provide the services and accomplish the purposes described in the  
26 budget. Savings shall be effected where the total amounts appropriated are not required  
27 to perform these services and accomplish these purposes and, except as allowed by the

1 State Budget Act, or this act, the savings shall revert to the appropriate fund at the end  
2 of each fiscal year as provided in G.S. 143C-1-2(b).

3  
4 **TITLE**

5 **SECTION 1.2.** This act shall be known as "The Current Operations and  
6 Capital Improvements Appropriations Act of 2008."

7  
8 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

9  
10 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

11 **SECTION 2.1.** Appropriations from the General Fund of the State for the  
12 maintenance of the State departments, institutions, and agencies, and for other purposes  
13 as enumerated, are adjusted for the fiscal year ending June 30, 2009, according to the  
14 schedule that follows. Amounts set out in brackets are reductions from General Fund  
15 appropriations for the 2008-2009 fiscal year.

16  
17 **Current Operations – General Fund** **FY 2008-2009**

18  
19 **EDUCATION**

20	Community Colleges System Office	\$ 33,174,698
21	Department of Public Instruction	99,492,379
22	University of North Carolina System	
23	Appalachian State University	(599,584)
24	East Carolina University	
25	Academic Affairs	1,150,024
26	Health Affairs	
27	Elizabeth City State University	(35,213)
28	Fayetteville State University	(351,369)
29	NC Agricultural and Technical University	(543,155)
30	North Carolina Central University	(176,670)
31	North Carolina School of the Arts	(312,634)
32	North Carolina State University	
33	Academic Affairs	(1,638,163)
34	Agricultural Extension	(85,900)
35	Agricultural Research	(1,321,250)
36	University of North Carolina at Asheville	(610,621)
37	University of North Carolina at Chapel Hill	
38	Academic Affairs	(1,236,446)
39	Health Affairs	(977,373)
40	Area Health Education Centers	
41	University of North Carolina at Charlotte	(1,211,256)

1	University of North Carolina at Greensboro	(102,626)
2	University of North Carolina at Pembroke	(596,283)
3	University of North Carolina at Wilmington	(972,635)
4	Western Carolina University	(339,745)
5	Winston-Salem State University	(68,787)
6	General Administration	(406,601)
7	University Institutional Programs	38,112,369
8	Related Educational Programs	(51,215,000)
9	North Carolina School of Science and Mathematics	(93,693)
10	UNC Hospitals at Chapel Hill	0
11	<b>Total University of North Carolina Board of Governors</b>	<b>\$ (23,632,611)</b>

**HEALTH AND HUMAN SERVICES**

15	Department of Health and Human Services	
16	Central Management and Support	\$ (8,759,966)
17	Division of Aging	2,500,000
18	Division of Blind Services/Deaf/HH	75,000
19	Division of Child Development	(6,102,422)
20	Division of Education Services	698,940
21	Division of Facility Services	822,028
22	Division of Medical Assistance	(200,308,334)
23	Division of Mental Health	27,189,093
24	NC Health Choice	11,033,268
25	Division of Public Health	5,886,911
26	Division of Social Services	1,734,698
27	Division of Vocation Rehabilitation	(2,000,000)
28	<b>Total Health and Human Services</b>	<b>\$ (167,230,784)</b>

**NATURAL AND ECONOMIC RESOURCES**

32	Department of Agriculture and Consumer Services	\$ 5,010,589
34	Department of Commerce	
35	Commerce	8,140,470
36	Commerce State-Aid	8,259,635
37	NC Biotechnology Center	(155,834)
38	Rural Economic Development Center	59,756,974
40	Department of Environment and Natural Resources	
41	Environment and Natural Resources	13,707,010
42	Clean Water Management Trust Fund	0
44	Department of Labor	770,885

1		
2	<b>JUSTICE AND PUBLIC SAFETY</b>	
3		
4	Department of Correction	\$ 304,779
5		
6	Department of Crime Control and Public Safety	2,980,175
7		
8	Judicial Department	(417,908)
9	Judicial Department – Indigent Defense	(1,570,057)
10		
11	Department of Justice	(426,758)
12		
13	Department of Juvenile Justice and Delinquency Prevention	20,694,280
14		
15	<b>GENERAL GOVERNMENT</b>	
16		
17	Department of Administration	\$ 1,306,562
18		
19	Office of Administrative Hearings	313,544
20		
21	Department of State Auditor	(283,938)
22		
23	Office of State Controller	(110,940)
24		
25	Department of Cultural Resources	
26	Cultural Resources	2,110,579
27	Roanoke Island Commission	(15,000)
28		
29	State Board of Elections	261,583
30		
31	General Assembly	(881,000)
32		
33	Office of the Governor	
34	Office of the Governor	(355,119)
35	Office of State Budget and Management	15,242
36	OSBM – Reserve for Special Appropriations	1,450,000
37	Housing Finance Agency	12,000,000
38		
39	Department of Insurance	
40	Insurance	328,080
41	Insurance – Volunteer Safety Workers' Compensation	(1,150,000)
42		
43	Office of Lieutenant Governor	0
44		

1	Department of Revenue	(1,415,864)
2		
3	Department of Secretary of State	132,056
4		
5	Department of State Treasurer	
6	State Treasurer	0
7	State Treasurer – Retirement for Fire and Rescue Squad Workers	0
8		
9	<b>RESERVES, ADJUSTMENTS AND DEBT SERVICE</b>	
10		
11	Compensation Increases	\$ 366,494,351
12	Salary Adjustment Fund 2007-2009 Biennium	0
13	Teachers' & State Employees' Retirement Contributions	30,237,400
14	Hospitalization Reserve	(5,000,000)
15	Reserve for Eliminated Positions	0
16	No Penalty for Teachers Taking Personal Leave Day	5,000,000
17	Contingency and Emergency Fund	0
18	Information Technology Fund	0
19	Job Development Investment Grants Reserve	22,700,000
20	North Carolina Master Address Dataset	1,000,000
21	Pending Gang Prevention Legislation (HB 274)	10,000,000
22	Debt Service	
23	General Debt Service	(17,500,000)
24	Federal Reimbursement	0
25		
26	<b>TOTAL CURRENT OPERATIONS – GENERAL FUND</b>	<b>\$ 485,495,458</b>

**GENERAL FUND AVAILABILITY STATEMENT**

29           **SECTION 2.2.(a)** Section 2.2.(a) of S.L. 2007-323 is repealed. The General  
30 Fund availability used in adjusting the 2008-2009 budget is shown below:

31		
32		<b>FY 2008-2009</b>
33	Unappropriated Balance from FY 2007-2008, S.L. 2007-323	\$ 270,504,098
34	Net Adjustment – S.L. 2007-540	(1,000,000)
35	Adjustment from Estimated to Actual 2007-2008	
36	Beginning Unreserved Balance	47,867,864
37	Projected Reversions from FY 2007-2008	150,000,000
38	Projected Overcollections from FY 2007-2008	151,500,000
39	Less Earmarkings of Year End Fund Balance	
40	Credit to Savings Reserve	(62,224,083)
41	Credit to Repairs and Renovation Reserve Account	(65,000,000)
42	<b>Beginning Unreserved Fund Balance</b>	<b>\$ 491,647,879</b>
43		
44	<b>Revenues Based on Existing Tax Structure</b>	<b>\$ 19,903,800,000</b>

1		
2	<b>Nontax Revenues</b>	
3	Investment Income	\$ 247,300,000
4	Judicial Fees	204,800,000
5	Disproportionate Share	100,000,000
6	Insurance	62,900,000
7	Other Nontax Revenues	160,600,000
8	Highway Trust Fund Transfer	172,500,000
9	Highway Fund Transfer	17,600,000
10	<b>Subtotal Nontax Revenues</b>	<b>\$ 965,700,000</b>
11		
12	<b>Total General Fund Availability</b>	<b>\$ 21,361,147,879</b>
13		
14	<b>Adjustments to Availability: 2008 Session</b>	
15	Extend Sunset for State Ports Tax Credit	\$ (1,000,000)
16	Extend Credit for Research & Development	(1,000,000)
17	Sales Tax Exemption for American Red Cross	(500,000)
18	Sales Tax Holiday for Energy Efficient Products	(1,200,000)
19	Extend Sunset for Small Business Employee Health	
20	Benefits Tax Credit	(8,500,000)
21	Increase Tax Credit for Small Business Employee	
22	Health Benefits	(1,600,000)
23	Increase Earned Income Tax Credit to 5%	(20,600,000)
24	Provide Property Tax Homestead Exemption	
25	for Military/Disabled Veterans	(8,600,000)
26	Extend and Amend Tax Credit for Reinvestment	(1,000,000)
27	Reserve for Tax Relief	(6,000,000)
28	Health Care Facility Construction Project Fee Increase	822,028
29	Adjust Securities Filing Fee	1,993,500
30	Reduce Transfer from Highway Trust Fund	(25,000,000)
31	Transfer from Disaster Relief Reserve	21,000,000
32	Transfer from NC Rx Fund Balance	3,500,000
33	Transfer from Tobacco Trust Fund	5,000,000
34	Transfer from Health & Wellness Trust Fund	5,000,000
35	Transfer from Coaching Scholarship Loan Fund	267,000
36	Transfer from Principal Fellows Trust Fund	1,000,000
37	Transfer from NC Community College System	
38	Computer Information System Fund Balance	4,500,000
39	Transfer from Focused Industrial Training Fund Balance	783,246
40	Transfer from Disproportionate Share Receipt Reserve	19,300,000
41	Adjust Transfer from Insurance Regulatory Fund	328,080
42	<b>Subtotal Adjustments to Availability: 2008 Session</b>	<b>\$ (11,506,146)</b>
43		
44	<b>Revised General Fund Availability for 2008-2009 Fiscal Year</b>	<b>\$ 21,349,641,733</b>

1  
2 **Total General Fund Appropriations for 2008-2009 Fiscal Year**     \$ (21,349,641,733)

3  
4 **Unappropriated Balance Remaining**                                     \$                     0

5  
6         **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the  
7 State Controller shall transfer sixty-five million dollars (\$65,000,000) from the  
8 unreserved fund balance to the Repairs and Renovations Reserve Account on June 30,  
9 2008. This subsection becomes effective June 30, 2008.

10         **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and  
11 Renovations Reserve Account are appropriated for the 2008-2009 fiscal year to be used  
12 in accordance with G.S. 143C-4-3.

13         **SECTION 2.2.(c1)** Notwithstanding G.S. 143C-4-2, the State Controller  
14 shall transfer only sixty-two million two hundred twenty-four thousand eighty-three  
15 dollars (\$62,224,083) from the unreserved fund balance to the Savings Reserve Account  
16 on June 30, 2008. This is not an "appropriation made by law", as that phrase is used in  
17 Article V, Section 7(1) of the North Carolina Constitution. This subsection becomes  
18 effective June 30, 2008.

19         **SECTION 2.2.(d)** Seciton 2.2.(d) of S.L. 2007-323 reads as rewritten.

20         **"SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1), the  
21 sum to be transferred under that subdivision for the 2007-2008 fiscal year is one  
22 hundred seventy million dollars (\$170,000,000) and for the 2008-2009 fiscal year is ~~one~~  
23 ~~hundred seventy million dollars (\$170,000,000).~~ one hundred forty-five million dollars  
24 (\$145,000,000)."

25         **SECTION 2.2.(e)** Notwithstanding G.S. 143C-9-3, of the funds credited to  
26 the Tobacco Trust, the sum of five million dollars (\$5,000,000) shall be transferred from  
27 the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco  
28 Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra  
29 State Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

30         **SECTION 2.2.(f)** Notwithstanding G.S. 143C-9-3, of the funds credited to  
31 the Health Trust Account, the sum of five million dollars (\$5,000,000) that would  
32 otherwise be deposited in the Fund Reserve shall be transferred from the Department of  
33 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State  
34 Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to  
35 support General Fund appropriations for the 2008-2009 fiscal year.

36         **SECTION 2.2.(g)** On July 1, 2008, the State Controller shall transfer  
37 twenty-one million dollars (\$21,000,000) from the Disaster Reserve Fund to Nontax  
38 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for  
39 the 2008-2009 fiscal year.

40         **SECTION 2.2.(h)** On July 1, 2008, the State Controller shall transfer  
41 nineteen million three hundred thousand dollars (\$19,300,000) from the  
42 Disproportionate Share Receipt Reserve, to Nontax Budget Code 19978 (Intra State  
43 Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

1           **SECTION 2.2.(i)** Transfers of additional availability in the amount of ten  
 2 million fifty thousand two hundred forty-six dollars (\$10,050,246) are made to the  
 3 General Fund pursuant to Sections 8.9, 9.1, 9.4, and 10.1 of this act.

4  
 5 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

6  
 7 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

8           **SECTION 3.1.** Appropriations from the State Highway Fund for the  
 9 maintenance and operation of the Department of Transportation and for other purposes  
 10 as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the  
 11 following schedule. Amounts set out in brackets are reductions from Highway Fund  
 12 Appropriations for the 2008-2009 fiscal year.

	<b>2008-2009</b>
13	
14 Department of Transportation	
15     Administration	(9,583,308)
16	
17     Repairs and Renovations	14,334,221
18	
19     Division of Highways	
20         Administration	0
21         Construction	1,807,592
22         Maintenance	19,342,804
23         Planning and Research	0
24         OSHA Program	0
25	
26     Ferry Operations	1,000,000
27	
28     Public Transportation	0
29	
30     Airports	0
31	
32     Railroads	1,000,000
33	
34     Governor's Highway Safety Program	0
35	
36     Division of Motor Vehicles	195,266
37	
38     State Aid to Municipalities	1,807,592
39	
40     Transfers to Other State Agencies	431,491
41	
42     Reserve for Compensation Increases	14,762,342
43	
44     Reserve for Teachers' and State Employees' Retirement Contributions	1,462,000



1  
2 **TOTAL** **\$46,560,000**

3  
4 **HIGHWAY FUND AVAILABILITY STATEMENT**

5 **SECTION 3.2.** Section 3.2 of S.L. 2007-323 is repealed. The Highway Fund  
6 availability used in adjusting the 2008-2009 fiscal year budget is shown below:

7  
8 **Highway Fund Availability Statement** **2008-2009**

9  
10 Unappropriated Balance From Previous Year 0  
11 Beginning Fund Balance 35,000,000  
12 Estimated Revenue 1,822,550,000  
13 Total Highway Fund Availability \$1,857,550,000

14  
15 **PART IV HIGHWAY TRUST FUND APPROPRIATIONS**

16  
17 **HIGHWAY TRUST FUND**

18 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the  
19 maintenance and operation of the Department of Transportation and for other purposes  
20 as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the  
21 following schedule. Amounts set out in brackets are reductions from Highway Trust  
22 Fund Appropriations for the 2008-2009 fiscal year.

23  
24 **Current Operations – Highway Trust Fund** **2008-2009**

25  
26 Intrastate System (40,691,943)  
27 Urban Loops (16,454,126)  
28 Aid to Municipalities (4,269,533)  
29 Secondary Roads (7,687,965)  
30 Program Administration 3,627,360  
31 Transfer to General Fund (25,143,793)  
32 North Carolina Turnpike Authority 25,000,000

33  
34 **Total** **(\$65,620,000)**

35  
36 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

37 **SECTION 4.2.** Section 4.2 of S.L. 2007-323 is repealed. The Highway Trust  
38 Fund availability used in adjusting the 2008-2009 fiscal year budget is shown below:

39  
40 **Highway Trust Fund Availability** **\$1,073,160,000**

41  
42 **PART V. OTHER AVAILABILITY AND APPROPRIATIONS**

**CIVIL PENALTIES AND FORFEITURES/FUND AVAILABILITY AND APPROPRIATION**

**SECTION 5.1.(a)** Section 5.1(a) of S.L. 2007-323 reads as rewritten:

"**SECTION 5.1.(a)** Availability. – The availability used to support appropriations made in this act from the Civil Penalty and Forfeiture Fund is based upon estimated collections of fines and forfeitures from the agencies and in the amounts listed below:

	FY 2007-2008	<del>FY 2007-2008</del>	FY 2008-2009
Department of Revenue	\$63,000,000	<del>\$63,000,000</del>	<u>\$85,200,000</u>
Department of Transportation	\$15,000,000	<del>\$15,000,000</del>	<u>\$22,000,000</u>
Employment Security Commission	\$ 3,000,000	<del>\$3,000,000</del>	<u>\$ 4,200,000</u>
Department of Insurance	\$ 1,000,000	<del>\$1,000,000</del>	<u>\$600,000</u>
University of North Carolina	\$ 3,500,000	<del>\$3,500,000</del>	<u>\$3,600,000</u>
Other Agencies	\$10,000,000	<del>\$10,000,000</del>	<u>\$10,900,000</u>
Total Funds Available	\$95,500,000	<del>\$95,500,000</del>	<u>\$126,500,000"</u>

**SECTION 5.1.(b)** Section 5.1(b) of S.L. 2007-323 reads as rewritten:

"**SECTION 5.1.(b)** Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal ~~biennium~~-year ending June 30, 2009, as follows:

	FY 2007-2008	<del>FY 2007-2008</del>	FY 2008-2009
School Technology Fund	\$18,000,000	<del>\$18,000,000</del>	
State Public School Fund	\$77,500,000	<del>\$77,500,000</del>	<u>\$108,500,000</u>
Total Appropriation	\$95,500,000	<del>\$95,500,000</del>	<u>\$126,500,000"</u>

**EDUCATION LOTTERY**

**SECTION 5.2.(a)** Pursuant to G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of three hundred eighty-five million five hundred thousand dollars (\$385,500,000) for the 2008-2009 fiscal year.

**SECTION 5.2.(b)** Notwithstanding G.S. 18C-164(b), funds in the amount of forty-one million thirty thousand two hundred twelve dollars (\$41,030,212) shall be transferred from the Education Lottery Reserve Fund to the Education Lottery Fund to support appropriations made in this act. Of these funds, nineteen million seven hundred fifty thousand dollars (\$19,750,000) shall be allocated for class size reduction and twenty-one million two hundred eighty thousand two hundred twelve dollars (\$21,280,212) shall be allocated to the Public School Building Capital Fund for the 2008-2009 fiscal year. Any unexpended funds not needed for these purposes shall be transferred back to the Education Lottery Reserve Fund at the end of the 2008-2009 fiscal year.

**SECTION 5.2.(c)** Notwithstanding G.S. 18C-164(d), the appropriations made from the Education Lottery Fund for the 2008-2009 fiscal year are as follows:

(1) Class Size Reduction	\$127,864,291
(2) Prekindergarten Program	84,635,709
(3) Public School Building Capital Fund	175,480,212
(4) Scholarships for Needy Students	38,550,000

1 Total \$426,530,212

2  
3 **INFORMATION TECHNOLOGY FUND AVAILABILITY AND**  
4 **APPROPRIATION**

5 **SECTION 5.3.** Section 5.3 of S.L. 2007-323 reads as rewritten:

6 "SECTION 5.3.(a) The availability used to support appropriations made in this act  
7 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
10 Receipts from Information		
11 Technology Enterprise Fee	\$9,800,000	\$9,800,000
12		
13 BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
14		
15 Interest Income	\$100,000	\$100,000
16		
17 IT Fund Balance June 30	\$600,000	\$690,000
18		
19 Appropriation from General Fund	\$4,140,000	\$2,840,000
20		
21 <u>Receipts for ESRI</u>	<u>0</u>	<u>\$600,000</u>
22		
23 <u>Reversions</u>	<u>0</u>	<u>\$200,000</u>
24		
25 <b>Total Funds Available</b>	<b>\$19,640,000</b>	<b>\$18,430,000</b>
26		<b><u>\$19,230,000</u></b>

27  
28 "SECTION 5.3.(b) Appropriations are made from the Information Technology  
29 Fund for the 2007-2009 fiscal biennium as follows:

	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
31 <b>Office of Information Technology Services</b>		
32		
33 Information Technology Operations	\$9,452,835	<del>\$8,152,835</del>
34		<u>\$9,451,778</u>
35 Information Technology Projects	\$4,497,165	<del>\$4,497,165</del>
36		<u>\$4,129,362</u>
37 BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
38		
39 <b>Total</b>	<b>\$18,950,000</b>	<b><del>\$17,650,000</del></b>
40		<b><u>\$18,581,140</u></b>

41  
42 "SECTION 5.3.(c) State agencies supported by the ESRI licenses shall be billed for  
43 a proportionate share of the cost to provide the Office of Information Technology  
44 Services with the funding necessary to pay for enterprise licenses.

1 "SECTION 5.3.(d) The State shall not enter into any information technology  
2 enterprise agreements without obtaining written agreements from State agencies. State  
3 agencies agreeing to participate must ensure that sufficient funds are budgeted to  
4 support their shares of enterprise agreements throughout the life of the contract and  
5 must transfer the required funding to the Office of Information Technology Services in  
6 sufficient time to meet contract requirements."

## 8 PART VI. GENERAL PROVISIONS

### 10 APPROPRIATION OF CASH BALANCES

11 SECTION 6.1. Section 6.1 of S.L. 2007-323 reads as rewritten:

12 ~~"SECTION 6.1.(a) Expenditures of cash balances, federal funds, departmental~~  
13 ~~receipts, grants, and gifts from the various General Fund, Special Revenue Fund,~~  
14 ~~Enterprise Fund, Internal Service Fund, and Trust and Agency Fund budget codes~~  
15 ~~State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated and authorized as provided~~  
16 ~~in G.S. 143C-1-2 for the 2007-2009 fiscal biennium as follows:~~

17 (1) For all budget codes listed in "North Carolina State Budget,  
18 Recommended Operating Budget 2007-2009, Volumes 1 through 6,"  
19 cash balances and receipts are appropriated up to the amounts  
20 specified in Volumes 1 through 6, as adjusted by the General  
21 Assembly, for the 2007-2008 fiscal year and the 2008-2009 fiscal year.  
22 Funds may be expended only for the programs, purposes, objects, and  
23 line items specified in Volumes 1 through 6, or otherwise authorized  
24 by the General Assembly.

25 (1a) For all budget codes listed in the "Governor's Recommended Budget for  
26 Governmental and Proprietary Funds and Selected Component Units 2008-2009" but  
27 not covered by subdivisions (2) and (3) of this subsection, as adjusted by the General  
28 Assembly in this act.

29 (2) For all budget codes that are not listed in "North Carolina State  
30 Budget, Recommended Operating Budget 2007-2009, Volumes 1  
31 through 6," cash balances and receipts are appropriated for each year  
32 of the 2007-2009 fiscal biennium up to the level of actual expenditures  
33 for the 2006-2007 fiscal year, unless otherwise provided by law. Funds  
34 may be expended only for the programs, purposes, objects, and line  
35 items authorized for the 2006-2007 fiscal year.

36 (3) Notwithstanding subdivisions (1) and (2) of this subsection, any  
37 receipts that are required to be used to pay debt service requirements  
38 for various outstanding bond issues and certificates of participation are  
39 appropriated up to the actual amounts received for the 2007-2008  
40 fiscal year and the 2008-2009 fiscal year and shall be used only to pay  
41 debt service requirements.

42 (4) Notwithstanding subdivisions (1) and (2) of this subsection, cash  
43 balances and receipts of funds that meet the definition issued by the  
44 Governmental Accounting Standards Board of a trust or agency fund

1 are appropriated for and in the amounts required to meet the legal  
2 requirements of the trust agreement for the 2007-2008 fiscal year and  
3 the 2008-2009 fiscal year.

4 ~~All these cash balances, federal funds, departmental receipts, grants, and gifts shall~~  
5 ~~be expended and reported in accordance with the provisions of the State Budget Act,~~  
6 ~~except as otherwise provided by law and this section.~~

7 "SECTION 6.1.(b) Receipts collected in a fiscal year in excess of the amounts  
8 authorized by this section shall remain unexpended and unencumbered until  
9 appropriated by the General Assembly in a subsequent fiscal year, unless the  
10 expenditure of overrealized receipts in the fiscal year in which the receipts were  
11 collected is authorized by the State Budget Act.

12 Overrealized receipts are appropriated up to the amounts necessary to implement  
13 this subsection.

14 In addition to the consultation and reporting requirements set out in G.S. 143C-6-4,  
15 the Office of State Budget and Management shall report to the Joint Legislative  
16 Commission on Governmental Operations and to the Fiscal Research Division of the  
17 Legislative Services Office within 30 days after the end of each quarter on any  
18 overrealized receipts approved for expenditure under this subsection by the Director of  
19 the Budget. The report shall include the source of the receipt, the amount overrealized,  
20 the amount authorized for expenditure, and the rationale for expenditure.

21 "SECTION 6.1.(c) Notwithstanding subsections (a) and (b) of this section, there is  
22 appropriated from the Reserve for Reimbursements to Local Governments and Shared  
23 Tax Revenues for each fiscal year an amount equal to the amount of the distributions  
24 required by law to be made from that reserve for that fiscal year."  
25

## 26 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

27 **SECTION 6.2.** All funds appropriated by this act into reserves may be  
28 expended only for the purposes for which the reserves were established.  
29

## 30 **BUDGET CODE CONSOLIDATIONS**

31 **SECTION 6.3.** Notwithstanding G.S. 143C-6-4, the Office of State Budget  
32 and Management may adjust the enacted budget by making transfers among purposes or  
33 programs for the purpose of consolidating budget and fund codes or eliminating inactive  
34 budget and fund codes. The Office of State Budget and Management shall change the  
35 authorized budget to reflect these adjustments.  
36

## 37 **CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR** 38 **INCREASING FEES PURSUANT TO THE STATE BUDGET ACT**

39 **SECTION 6.4.** Notwithstanding G.S. 12-3.1, an agency is not required to  
40 consult with the Joint Legislative Commission on Governmental Operations prior to  
41 establishing or increasing a fee as authorized or anticipated in this act.  
42

## 43 **STUDY OF LAPSED SALARY USE**

44 **SECTION 6.5.** Section 6.18(b) of S.L. 2007-323 reads as rewritten:

1       "**SECTION 6.18.(b)** The Office of State Budget and Management shall report its  
2 ~~findings~~ findings, including an estimate of the total amount of lapsed salaries by each  
3 State agency, to the Joint Legislative Commission on Governmental Operations by  
4 ~~April 30, 2008.~~February 1, 2009."

## 6       **AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS**

7               **SECTION 6.6.** Notwithstanding any other provision of law, a department,  
8 institution, or other agency of State government may establish receipt-supported  
9 positions authorized in this act upon approval by the Director of the Budget. The  
10 Director, if necessary, may establish a receipt-supported position pursuant to this  
11 section at an annual salary amount different from the salary amount set out in this act if  
12 (i) funds are available from the proposed funding source and (ii) the alternative salary  
13 amount remains within the established salary range grade identified for the job  
14 classification of the affected receipt-supported position established in this act. The  
15 Director shall not change the job classifications or increase the number of  
16 receipt-supported positions specified in this act without prior consultation with the Joint  
17 Legislative Commission on Governmental Operations.

## 19       **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND** 20       **DIVISIONS**

21               **SECTION 6.7.(a)** It is the intent of the General Assembly to establish a  
22 process to periodically and systematically review the funds, agencies, divisions, and  
23 programs financed by State government. This process shall be known as the  
24 Continuation Review Program. The Continuation Review Program is intended to assist  
25 the General Assembly in determining whether to continue, reduce, or eliminate funding  
26 for the State's funds, agencies, divisions, and programs subject to continuation review.

27               **SECTION 6.7.(b)** The Appropriations Committees of the House of  
28 Representatives and the Senate may direct State departments and agencies to conduct  
29 continuation reviews as described in subsection (c) of this section. The Fiscal Research  
30 Division may issue instructions to the State departments and agencies subject to  
31 continuation review regarding the expected content and format of the reports required  
32 by this section. No later than December 1, 2008, the following agencies shall report to  
33 the Fiscal Research Division:

- 34               (1) Tarheel Challenge – Department of Crime Control and Public Safety.
- 35               (2) Spot Safety Program – Department of Transportation.
- 36               (3) Safety Inspection Program – Department of Commerce.
- 37               (4) North Carolina Center for Textile Technology – Community College  
38               System.
- 39               (5) Adolescent Pregnancy Prevention Programs – Department of Health  
40               and Human Services.
- 41               (6) Parking Office – Department of Administration.
- 42               (7) Forest Development Fund – Department of Environment and Natural  
43               Resources.

1           **SECTION 6.7.(c)** The continuation review reports required in this section  
2 shall include the following information:

- 3           (1) A description of the fund, agency, division, or program mission, goals,  
4           and objectives.
- 5           (2) The statutory objectives for the fund, agency, division, or program and  
6           the problem or need addressed.
- 7           (3) The extent to which the fund, agency, division, or program's objectives  
8           have been achieved.
- 9           (4) The fund, agency, division, or program's functions or programs  
10          performed without specific statutory authority.
- 11          (5) The performance measures for each fund, agency, division, or program  
12          and the process by which the performance measures determine  
13          efficiency and effectiveness.
- 14          (6) Recommendations for statutory, budgetary, or administrative changes  
15          needed to improve efficiency and effectiveness of services delivered to  
16          the public.
- 17          (7) The consequences of discontinuing funding.
- 18          (8) Recommendations for improving services or reducing costs or  
19          duplication.
- 20          (9) The identification of policy issues that should be brought to the  
21          attention of the General Assembly.
- 22          (10) Other information necessary to fully support the General Assembly's  
23          Continuation Review Program along with any information included in  
24          instructions from the Fiscal Research Division.

25           **SECTION 6.7.(d)** State departments and agencies identified in subsection  
26 (b) of this section shall submit a final report to the General Assembly by March 1, 2009.

## 27 28 **STATE SUPPORT OF OUR MILITARY PERSONNEL**

29           **SECTION 6.8.** The General Assembly finds that North Carolina has a rich  
30 military heritage and is the site of some of the nation's major military installations,  
31 including Camp Lejeune, Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force  
32 Base, New River Marine Corps Air Station, United States Coast Guard Air Station,  
33 Elizabeth City, and Cherry Point Marine Corps Air Station. The General Assembly  
34 further finds that North Carolina is the home to more than 770,000 veterans of our  
35 nation's armed forces and about 120,000 active-duty military personnel, one of the  
36 largest active-duty military populations in our entire country. In appreciation of and  
37 gratitude to those North Carolinians, both living and deceased, who have served in our  
38 armed forces in service to our country, the General Assembly provides funding for and  
39 support of the following initiatives:

- 40           (1) Defense and Security Technology Accelerator.
- 41           (2) Military Morale, Welfare, and Recreation Fund.
- 42           (3) "More at Four" for children of deployed military personnel.
- 43           (4) Traumatic Brain Injury (TBI) Services.
- 44           (5) Fayetteville Tech 3-D Technology Project.

- 1           (6) National Guard Pension Fund.  
2           (7) National Guard Tuition Assistance Program.  
3           (8) National Guard Armory Rehabilitations.  
4           (9) Master Planning for Future Armory Needs.  
5           (10) Land Buffers and Latrines for Camp Butner.  
6           (11) Property Tax Homestead Exemption for Disabled Veterans.  
7

## 8 **FEDERAL AND OTHER RECEIPTS FROM PENDING GRANT AWARDS**

9           **SECTION 6.9.** Notwithstanding G.S. 143C-6-4, State agencies may, with  
10 approval of the Director of the Budget, spend funds received from grants awarded  
11 subsequent to the enactment of this act, provided the applications for the grants were  
12 made prior to May 14, 2008. The Office of State Budget and Management shall work  
13 with the recipient State agencies to budget grants award according to the annual  
14 program needs and within the parameters of the respective granting entities. Depending  
15 on the nature of the award, additional State personnel may be employed on a permanent  
16 or time-limited basis. The Office of State Budget and Management shall consult with  
17 the Joint Legislative Commission on Governmental Operations prior to expending any  
18 funds received from grant awards. Funds received from such grants are hereby  
19 appropriated and shall be incorporated into the certified budget of the recipient State  
20 agency.  
21

## 22 **IMPROVE DISASTER RECOVERY AND BUSINESS CONTINUITY**

23           **SECTION 6.10.(a)** The State Chief Information Officer (CIO) shall utilize  
24 the business and disaster recovery plans submitted under G.S. 147-33.89 and any other  
25 information at the CIO's disposal to determine whether State agencies have made  
26 adequate preparations for backing up critical applications.

27           **SECTION 6.10.(b)** In cases where backup is not sufficient to minimize any  
28 disruptions in critical State services caused by natural or man-made disasters, the State  
29 CIO, in conjunction with the agencies and the Office of State Budget and Management,  
30 shall develop plans to utilize the Western Data Center for providing backup.

31           **SECTION 6.10.(c)** By December 1, 2008, the State CIO shall report to the  
32 Joint Legislative Oversight Committee on Information Technology on the number of  
33 critical State applications without adequate backup, the State agencies utilizing the  
34 applications, and the plans for providing adequate backup.

35           **SECTION 6.10.(d)** This section does not apply to the General Assembly, to  
36 the Judicial Department, or to The University of North Carolina and its constituent  
37 institutions.  
38

## 39 **MULTIYEAR CONTRACTS FOR INFORMATION TECHNOLOGY**

40           **SECTION 6.11.(a)** Notwithstanding the cash management provisions of  
41 G.S. 147-86.11, the Office of Information Technology Services (ITS) may procure  
42 information technology goods and services for periods not exceeding three years where  
43 the terms require payment of all or a portion of the purchase price at the beginning of



1 the agreement. All of the following conditions must be met before payment for these  
2 agreements may be disbursed:

- 3 (1) Any advance payment complies with the ITS budget.
- 4 (2) The State Controller receives conclusive evidence that the proposed  
5 agreement would be more cost-effective than a multiyear agreement  
6 that complies with G.S. 147-86.11.
- 7 (3) The procurement complies in all other respects with applicable statutes  
8 and rules.
- 9 (4) The proposed agreement contains contract terms that protect the  
10 financial interests of the State against contractor nonperformance or  
11 insolvency through the creation of escrow accounts for funds, source  
12 codes, or both, or by other reasonable means that have legally binding  
13 effect.
- 14 (5) Participating State agencies shall agree in writing to provide their  
15 proportionate share of funding over the term of the multiyear contract.

16 **SECTION 6.11.(b)** The Office of State Budget and Management (OSBM)  
17 shall ensure that the savings from any authorized agreement will be included in the ITS  
18 calculation of rates before OSBM annually approves the proposed rates.

19 **SECTION 6.11.(c)** The Office of Information Technology shall report to the  
20 Office of State Budget and Management on any State agency budget impacts resulting  
21 from the multiyear contracts.

22 **SECTION 6.11.(d)** By January 1, 2009, then quarterly thereafter, the Office  
23 of Information Technology Services shall submit a written report of any authorizations  
24 granted under this section to the Joint Legislative Oversight Committee on Information  
25 Technology and to the Fiscal Research Division.

## 26 **DOCUMENT MANAGEMENT/DIGITAL SIGNATURE PILOT**

27 **SECTION 6.12.(a)** Funds. – Of the funds appropriated to the Office of  
28 Information Technology Services (ITS) for the 2008-2009 fiscal year, the sum of two  
29 hundred thousand dollars (\$200,000) shall be used to pilot a statewide electronic  
30 document management system that will include a digital signature capability. ITS shall  
31 identify a State agency for the pilot, which shall develop the following program  
32 requirements:  
33

- 34 (1) Creation of a uniform and consistent set of policies and procedures for  
35 managing and preserving electronic records through their life cycle in  
36 an efficient, effective, and economical manner.
- 37 (2) Development, establishment, and promotion of statewide electronic  
38 records management training and certification programs.
- 39 (3) Promotion of the use of public records in digital format.
- 40 (4) Development of statewide procurement standards for the electronic  
41 records infrastructure.
- 42 (5) Provision of guidance and assistance to all customers on issues relating  
43 to public records in digital formats including, but not limited to,

1 e-mail, e-commerce, electronic signature encryption, filings, public  
2 Web pages, metadata, and system documentation.

3 **SECTION 6.12.(b)** By April 1, 2009, the Office of Information Technology  
4 Services shall submit a written report to the Joint Legislative Oversight Committee on  
5 Information Technology and to the Fiscal Research Division on the status and  
6 effectiveness of the electronic document management pilot.

7  
8 **STATE GEOGRAPHIC INFORMATION/CONSOLIDATION**  
9 **IMPLEMENTATION**

10 **SECTION 6.13.** The State Chief Information Officer (SCIO), the Office of  
11 State Budget and Management (OSBM), and the Geographic Information Coordinating  
12 Council (GICC) shall develop a detailed plan to implement the recommendations  
13 contained in the Geographic Information System Study mandated by Section 6.13 of  
14 S.L. 2007-323. The implementation plan shall include, at a minimum, details relating to  
15 all of the following:

- 16 (1) The current and future costs of unconsolidated State agency GIS  
17 efforts and an estimate of savings to be realized by the consolidation of  
18 GIS efforts.
- 19 (2) A cost estimate for implementing the consolidation plan, with specific  
20 costs associated with each study report recommendation and the  
21 amount of any additional funding requirements to accomplish the  
22 consolidation and transfer.
- 23 (3) An accounting of funds, furniture, equipment, and other operational  
24 resources to be transferred from the Department of Environment and  
25 Natural Resources (DENR) to the SCIO to support the Center for  
26 Geographic Information and Analysis (CGIA) and the GICC.
- 27 (4) A description of personnel positions to be (i) transferred from DENR  
28 to SCIO and the sources and amount of funding associated with each  
29 position and (ii) eliminated due to the consolidation, if any.
- 30 (5) Any new positions required and the costs associated with each new  
31 position.
- 32 (6) Projects that can be consolidated as part of the plan implementation  
33 and the State agencies or contractors, or both, responsible for each of  
34 those projects.
- 35 (7) A time line for implementation, including specific benchmarks.

36 By December 1, 2008, this detailed implementation plan shall be submitted to the  
37 Chairs of the House and Senate Appropriations Committees and to the Fiscal Research  
38 Division of the Legislative Services Office.

39  
40 **SINGLE ELECTRONIC MAIL SYSTEM**

41 **SECTION 6.14.(a)** The State Chief Information Officer shall develop a  
42 detailed plan for transitioning State agencies, departments, and institutions to a single  
43 statewide electronic mail system by January 1, 2010. This plan shall be coordinated  
44 with every organization not currently using the Office of Information Technology

1 Services (ITS) electronic mail system and shall specifically address any issues identified  
2 by these organizations.

3 **SECTION 6.14.(b)** The plan shall be presented to the State Chief  
4 Information Officer and the Joint Legislative Oversight Committee on Information  
5 Technology by November 1, 2008, and may be implemented after consultation with the  
6 Committee.

7 **SECTION 6.14.(c)** In preparing the Governor's proposed budget for  
8 2009-2011, OSBM may utilize the plan required under subsection (b) of this section.

9 **SECTION 6.14.(d)** This provision shall not apply to the General Assembly,  
10 the Judicial Department, or The University of North Carolina and its constituent  
11 institutions. These agencies may utilize the electronic mail service operated by the  
12 Office in accordance with the statutes, policies, and rules of the Office.

## 13 14 **PART VII. PUBLIC SCHOOLS**

### 15 16 **CHILDREN WITH DISABILITIES**

17 **SECTION 7.1.** The State Board of Education shall allocate funds for  
18 children with disabilities on the basis of three thousand three hundred eighty-six dollars  
19 and eighty-four cents (\$3,386.84) per child for a maximum of 172,079 children for the  
20 2008-2009 school year. Each local school administrative unit shall receive funds for the  
21 lesser of (i) all children who are identified as children with disabilities or (ii) twelve and  
22 five-tenths percent (12.5%) of the 2008-2009 allocated average daily membership in the  
23 local school administrative unit.

24 The dollar amounts allocated under this section for children with disabilities  
25 shall also adjust in accordance with legislative salary increments, retirement rate  
26 adjustments, and health benefit adjustments for personnel who serve children with  
27 disabilities.

### 28 29 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

30 **SECTION 7.2.** The State Board of Education shall allocate funds for  
31 academically or intellectually gifted children on the basis of one thousand one hundred  
32 thirty-seven dollars and nineteen cents (\$1,137.19) per child. A local school  
33 administrative unit shall receive funds for a maximum of four percent (4%) of its  
34 2008-2009 allocated average daily membership, regardless of the number of children  
35 identified as academically or intellectually gifted in the unit. The State Board shall  
36 allocate funds for no more than 59,063 children for the 2008-2009 school year.

37 The dollar amounts allocated under this section for academically or  
38 intellectually gifted children shall also adjust in accordance with legislative salary  
39 increments, retirement rate adjustments, and health benefit adjustments for personnel  
40 who serve academically or intellectually gifted children.

### 41 42 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION**

43 **SECTION 7.3.(a)** The State Board of Education shall use funds  
44 appropriated in this act for State Aid to Local School Administrative Units to provide

1 incentive funding for schools that met or exceeded the projected levels of improvement  
2 in student performance during the 2007-2008 school year, in accordance with the ABCs  
3 of Public Education Program. In accordance with State Board of Education policy:

4 (1) Incentive awards in schools that achieve higher than expected  
5 improvements may be:

6 a. Up to one thousand five hundred dollars (\$1,500) for each  
7 teacher and for certified personnel; and

8 b. Up to five hundred dollars (\$500.00) for each teacher assistant.

9 (2) Incentive awards in schools that meet the expected improvements may  
10 be:

11 a. Up to seven hundred fifty dollars (\$750.00) for each teacher and  
12 for certified personnel; and

13 b. Up to three hundred seventy-five dollars (\$375.00) for each  
14 teacher assistant.

15 **SECTION 7.3.(b)** The State Board of Education may use funds appropriated  
16 to the State Public School Fund to implement the consolidated assistance program, as  
17 directed in Section 7.6(b) of S.L. 2006-66. The Board shall report to the Joint  
18 Legislative Education Oversight Committee by January 15, 2009, on any restructuring  
19 of the program pursuant to this section.  
20

## 21 NORTH CAROLINA VIRTUAL PUBLIC SCHOOL

22 **SECTION 7.4.(a)** Section 7.20(d) of S.L. 2007-323 reads as rewritten:

23 "**SECTION 7.20.(d)** The State Board of Education shall implement an allotment  
24 formula developed pursuant to Section 7.16(d) of S.L. 2006-66, for funding e-learning,  
25 effective in the ~~2008-2009~~2009-2010 fiscal year. NCVPS shall be available at no cost to  
26 all students in North Carolina who are enrolled in North Carolina's public schools,  
27 Department of Defense schools, and schools operated by the Bureau of Indian Affairs.  
28 The Department of Public Instruction shall communicate to local school administrative  
29 units all applicable guidelines regarding the enrollment of nonpublic school students in  
30 these courses.

31 The State Board of Education shall report to the Joint Legislative Education  
32 Oversight Committee and the Fiscal Research Division by December 15, 2008, on its  
33 implementation of this section.

34 Funds appropriated for NCVPS shall not revert at the end of the 2007-2008 fiscal  
35 year but shall remain available for expenditure in the 2008-2009 fiscal year."

36 **SECTION 7.4.(b)** This section becomes effective June 30, 2008.  
37

## 38 LEARN AND EARN ONLINE CARRYFORWARD

39 **SECTION 7.5.(a)** Funds appropriated for Learn and Earn Online that are  
40 unexpended or unencumbered at the end of each fiscal year shall not revert, but shall  
41 remain available for expenditure.

42 **SECTION 7.5.(b)** This section becomes effective June 30, 2008.  
43

## 44 SCHOOL CONNECTIVITY INITIATIVE

1           **SECTION 7.6.(a)** Section 7.28(c) of S.L. 2007-323 reads as rewritten:

2           **"SECTION 7.28.(c)** Funds currently used for the services covered by these new  
3 funds shall not be supplanted by this additional funding and shall be used to support  
4 instructional technologies and local infrastructure in schools in support of acquisition  
5 and delivery of instructional technology resources to the classroom. Any refunds  
6 received for services paid with these technology funds shall return to the originating  
7 technology fund. Expenditures of existing funds for instructional technologies and local  
8 infrastructure shall be reported for each local school administrative unit to the Office of  
9 State Budget and Management, the Fiscal Research Division, and the Joint Legislative  
10 Education Oversight Committee annually by January 15."

11           **SECTION 7.6.(b)** Up to six hundred thousand dollars (\$600,000) may be  
12 transferred annually through June 30, 2013, to the Friday Institute at North Carolina  
13 State University to evaluate the effectiveness of using technology and its impact on 21<sup>st</sup>  
14 Century Teaching and Learning outcomes approved by the State Board of Education.  
15 The Friday Institute shall report annually to the State Board of Education on the  
16 evaluation results, including recommendations for continued implementation of the  
17 school connectivity initiative that improves teaching and learning.

18           **SECTION 7.6.(b1)** Of the funds allocated for the School Connectivity  
19 Initiative, the sum of two hundred fifty thousand dollars (\$250,000) may be used to  
20 sustain the Education E-Learning Portal.

21           **SECTION 7.6.(c)** Funds allocated to the School Connectivity Initiative shall  
22 carry forward to the next fiscal year until the project is fully implemented by June 30,  
23 2010.

24           **SECTION 7.6.(d)** Subsection (c) of this section becomes effective June 30,  
25 2008.

## 26 27 **ALLOTMENT FOR MENTORING SERVICES**

28           **SECTION 7.8.** The State Board of Education shall allot funds for mentoring  
29 services to local school administrative units based on the highest number of employees  
30 in the preceding three school years who (i) are paid with State, federal, or local funds  
31 and (ii) are either teachers paid on the first or second steps of the teacher salary schedule  
32 or instructional support personnel paid on the first step of the instructional support  
33 personnel salary schedule.

34           Local school administrative units shall use these funds to provide mentoring  
35 support to eligible employees in accordance with a plan approved by the State Board of  
36 Education. The plan shall include information on how all mentors in the local school  
37 administrative unit will be adequately trained to provide mentoring support.

## 38 39 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING**

40           **SECTION 7.9.** Section 7.8(c) of S.L. 2007-323 reads as rewritten:

41           **"SECTION 7.8.(c)** Funds appropriated to a local school administrative unit for  
42 disadvantaged student supplemental funding shall be allotted based on: (i) the local  
43 school administrative unit's eligible DSSF population and (ii) the difference between a  
44 teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- 1 (1) For counties with wealth greater than ninety percent (90%) of the  
2 statewide average, a ratio of ~~1:20.0~~; 1:19.9;
- 3 (2) For counties with wealth not less than eighty percent (80%) and not  
4 greater than ninety percent (90%) of the statewide average, a ratio of  
5 ~~1:19.5~~; 1:19.4;
- 6 (3) For counties with wealth less than eighty percent (80%) of the  
7 statewide average, a ratio of ~~1:19.3~~; 1:19.1; and
- 8 (4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These  
9 LEAs shall receive no less than the DSSF amount allotted in  
10 2006-2007.

11 For the purpose of this subsection, wealth shall be calculated under the low-wealth  
12 supplemental formula."

### 13 14 **MODIFY LOW-WEALTH SCHOOL FUNDING FORMULA**

15 **SECTION 7.10.(a)** Local school administrative units shall receive the same  
16 amount of funds for the 2008-2009 fiscal year under the low-wealth supplemental  
17 formula that they received for the 2007-2008 fiscal year. This allotment shall be  
18 adjusted in accordance with legislative salary increments, retirement rate adjustments,  
19 and health benefit adjustments for personnel enacted by the General Assembly for the  
20 2007-2008 fiscal year.

21 **SECTION 7.10.(b)** The provisions of Section 7.6 of S.L. 2007-323  
22 regarding the expenditure of funds shall apply to low-wealth funds received for the  
23 2008-2009 fiscal year.

### 24 25 **ADDITIONAL LOTTERY FUNDS FOR SCHOOL BLDGS**

26 **SECTION 7.11.** Monies allocated to the Public School Building Capital  
27 Fund pursuant to Section 5.2(b) of this act shall be allocated on the basis of average  
28 daily membership to local school administrative units that did not qualify for funding  
29 for the 2008-2009 fiscal year pursuant to G.S. 115C-546.2(d)(2). The maximum  
30 allocation shall be the amount received by other units pursuant to  
31 G.S. 115C-546.2(d)(2) on the basis of per average daily membership. Any monies not  
32 needed for this purpose shall be transferred back to the Education Lottery Reserve Fund  
33 and may be appropriated only as provided in G.S. 18C-164(e).

### 34 35 **STUDY OF STUDENTS WITH DISABILITIES**

36 **SECTION 7.12.** The Department of Public Instruction shall analyze the  
37 participation of students with disabilities in Learn and Earn Early College High Schools,  
38 Redesigned High Schools, the North Carolina Virtual Public School, and North  
39 Carolina public high schools that are on block schedules. In conducting its analysis, the  
40 Department shall consider enrollment, graduation, and dropout rates for students with  
41 disabilities in these different programs. The Department shall report its findings and  
42 any recommendations to the Joint Legislative Education Oversight Committee and the  
43 Committee on Dropout Prevention by March 15, 2009.

**1 FOCUSED ED. REFORM PROG. FUNDS DO NOT REVERT**

2 **SECTION 7.13.(a)** Funds appropriated for the Focused Education Reform  
3 Pilot Program that are unexpended and unencumbered at the end of each fiscal year  
4 shall not revert but shall remain available for expenditure for that purpose for the  
5 duration of the pilot program.

6 **SECTION 7.13.(b)** This section becomes effective June 30, 2008.  
7

**8 REESTABLISH COMMITTEE ON DROPOUT PREVENTION**

9 **SECTION 7.14.(a)** Section 7.32(e) of S.L. 2007-323 reads as rewritten:

10 "**SECTION 7.32.(e)** Report. – The Committee shall report to the Joint Legislative  
11 Commission on Dropout Prevention and High School Graduation created in subsection  
12 (f) of this section by December 1, 2007, on the grants awarded under subsection (d) of  
13 this section, ~~after which time the Committee shall terminate.~~ section. The Committee  
14 shall terminate on December 31, 2010."

15 **SECTION 7.14.(b)** Committee. – The Committee on Dropout Prevention, as  
16 created in Section 7.32 of S.L. 2007-323, is reestablished to determine which local  
17 school administrative units, schools, agencies, and nonprofits shall receive dropout  
18 prevention grants under this section, the amount of each grant, and eligible uses of the  
19 grant funding. When utilizing outside grant reviewers and raters, the Committee is  
20 encouraged to utilize individuals who represent public schools, universities, and  
21 community-based organizations.

22 The Committee shall continue to be located administratively in the  
23 Department of Public Instruction but shall exercise its powers and duties independently  
24 of the Department of Public Instruction. The Department of Public Instruction shall  
25 provide for the administrative costs of the Committee. The Department of Public  
26 Instruction shall contract with an independent consultant to serve as staff to the  
27 Committee, to provide technical assistance to the grant recipients for the length of the  
28 grant, and to assist the Committee in evaluating the impact of the grants awarded.

29 The members of the Committee shall assure they are in compliance with laws  
30 and rules governing conflicts of interest. The Committee shall meet on the call of the  
31 cochairs provided that the Committee shall meet at least once every three months.

32 In the event of a vacancy on the Committee, the appointing authorities are  
33 encouraged to provide representation on the Committee from each of the eight  
34 educational districts as defined in G.S. 115C-65.

35 **SECTION 7.14.(c)** Dropout Prevention Grants. – The Committee shall  
36 select grant recipients as follows:

- 37 (1) From applications received in the process outlined in Section 7.32(d)  
38 of S.L. 2007-323 and using the process for the review of grant  
39 applications in 2007, the Committee shall establish a new cutoff score  
40 and award grants to applicants that both meet the new cutoff score and  
41 did not previously receive funding under S.L. 2007-323. Priority for  
42 additional funding of grants awarded under S.L. 2007-323 shall be  
43 given to programs that would serve students in local schools that have

1 a four-year cohort graduation rate of less than sixty-five percent  
2 (65%).

3 (2) From the recipients of grants awarded under S.L. 2007-323, the  
4 Committee shall establish a process to award additional funds to those  
5 grantees.

6 (3) Using the process outlined in Section 7.32(d) of S.L. 2007-323  
7 consistent with subsection (d) of this section, the Committee may  
8 award grants to new applicants that did not apply for funding under  
9 that act.

10 **SECTION 7.14.(d)** Criteria for Dropout Prevention Grants. – The following  
11 criteria apply to all types of dropout prevention grants approved by the Committee:

12 (1) Grants shall be issued in varying amounts up to a maximum of one  
13 hundred fifty thousand dollars (\$150,000).

14 (2) These grants shall be provided to innovative programs and initiatives  
15 that target students at risk of dropping out of school and that  
16 demonstrate the potential to (i) be developed into effective,  
17 sustainable, and coordinated dropout prevention and reentry programs  
18 in middle schools and high schools and (ii) serve as effective models  
19 for other programs.

20 (3) Priority shall be given to new programs and initiatives or to those that  
21 have begun within the last five school years.

22 (4) Grants shall be distributed geographically throughout the State and  
23 throughout the eight educational districts as defined in G.S. 115C-65.  
24 No more than three grants shall be awarded in any one county under  
25 this section in a single fiscal year.

26 (5) Grants may be made to local school administrative units, schools, local  
27 agencies, or nonprofit organizations.

28 (6) Grants shall be to programs and initiatives that hold all students to  
29 high academic and personal standards.

30 (7) Grant applications shall state (i) how grant funds will be used, (ii)  
31 what, if any, other resources will be used in conjunction with the grant  
32 funds, (iii) how the program or initiative will be coordinated to  
33 enhance the effectiveness of existing programs, initiatives, or services  
34 in the community, and (iv) a process for evaluating the success of the  
35 program or initiative.

36 (8) Programs and initiatives that receive grants under this section shall be  
37 based on best practices for helping at-risk students achieve successful  
38 academic progress, preventing students from dropping out of school,  
39 or for increasing the high school completion rate for those students  
40 who already have dropped out of school.

41 (9) Priority for grants shall be given to proposals that demonstrate input  
42 from the local community and coordination with other available  
43 programs or resources.



1 (10) Grantees shall assure their compliance with applicable laws and rules  
2 regulating conflicts of interest.

3 (11) Priority for grants shall be given to programs that would serve students  
4 in local schools that have a four-year cohort graduation rate of less  
5 than sixty-five percent (65%) and that are from counties that did not  
6 receive funding under S.L. 2007-323. The Committee shall establish a  
7 grant rating cutoff score at such a level as to allow for consideration of  
8 all viable grants in this priority category. The Committee may require  
9 grantees to provide supplemental information in response to any prior  
10 reviewer comments.

11 (12) The demonstrated need for a grant, level of collaboration, ability to  
12 increase attendance, persistence, academic success, and graduation  
13 shall be given more weight than the quality of the written grant.

14 (13) Grants shall be made no later than November 1, 2008.

15 The Committee shall report to the Joint Legislative Commission on Dropout  
16 Prevention and High School Graduation and the Joint Legislative Education Oversight  
17 Committee on the grants awarded under this section by March 1, 2009.

18 **SECTION 7.14.(e)** Evaluation. – The Committee shall evaluate the impact  
19 of the dropout prevention grants awarded under S.L. 2007-323 and under this section.  
20 In evaluating the impact of the grants, the Committee shall consider:

21 (1) The success of the program or initiative, as indicated by the evaluation  
22 process stated in its grant application;

23 (2) The extent to which the program or initiative has improved students'  
24 attendance, test scores, persistence, and graduation rates;

25 (3) How the program or initiative was coordinated to enhance the  
26 effectiveness of existing programs, initiatives, or services in the  
27 community;

28 (4) What, if any, other resources were used in conjunction with the grant  
29 funds;

30 (5) The sustainability of the program;

31 (6) The number, gender, ethnicity, and grade level of students being  
32 served as well as whether the student left school due to pregnancy or  
33 parenting responsibilities;

34 (7) The potential for the program to serve as a model for achieving  
35 successful academic progress for at-risk students; and

36 (8) Other indicators of the impact of the grant on dropout prevention.

37 The recipients of the dropout prevention grants awarded under S.L. 2007-323  
38 shall report to the Committee on Dropout Prevention by January 31, 2009, and by  
39 September 30, 2009. The Committee shall make an interim report of the results of its  
40 evaluation of the grants awarded under S.L. 2007-323 by March 31, 2009, to the Joint  
41 Legislative Commission on Dropout Prevention and High School Graduation and to the  
42 Joint Legislative Education Oversight Committee. The Committee shall make a final  
43 report of the results of its evaluation of the grants awarded under S.L. 2007-323 by

1 November 15, 2009, to the Joint Legislative Commission on Dropout Prevention and  
2 High School Graduation and to the Joint Legislative Education Oversight Committee.

3 The recipients of the dropout prevention grants awarded under this section  
4 shall report to the Committee on Dropout Prevention by January 31, 2010, and by  
5 September 30, 2010. The Committee shall make an interim report of the results of its  
6 evaluation of the grants awarded under this section by March 31, 2010, to the Joint  
7 Legislative Commission on Dropout Prevention and High School Graduation and to the  
8 Joint Legislative Education Oversight Committee. The Committee shall make a final  
9 report of the results of its evaluation of the grants awarded under subsection (c) of this  
10 section by November 15, 2010, to the Joint Legislative Commission on Dropout  
11 Prevention and High School Graduation and to the Joint Legislative Education  
12 Oversight Committee.

13 **SECTION 7.14.(f)** Dropout Prevention Network. – In addition to its other  
14 duties, the Joint Legislative Commission on Dropout Prevention and High School  
15 Graduation, established under Section 7.32 of S.L. 2007-323, shall study the  
16 development of an effective network for the purpose of sharing best practices among the  
17 grant recipients, the public schools, and other interested organizations. The  
18 Commission shall consider interactive Web sites, electronic information sharing,  
19 professional development opportunities, conferences, and other means that it believes  
20 would be effective. The Commission may consult with the Department of Public  
21 Instruction and the Committee on Dropout Prevention. The Commission shall report its  
22 findings and any recommendations to the 2009 General Assembly.

23 **SECTION 7.14.(g)** Of the funds appropriated in this act for the Committee  
24 on Dropout Prevention, the sum of five million five hundred thousand dollars  
25 (\$5,500,000) for the 2008-2009 fiscal year shall be used to provide for 40 additional  
26 dropout prevention grants to be awarded in accordance with subsection (b) of this  
27 section. The remainder shall be used in accordance with subsection (b) of this section to  
28 provide additional funding to the recipients of grants awarded under S.L. 2007-323 or to  
29 award grants to applicants that did not previously receive funding under S.L. 2007-323.  
30 Priority for additional funding of grants awarded under S.L. 2007-323 shall be given to  
31 programs that would serve students in local schools that have a four-year cohort  
32 graduation rate of less than sixty-five percent (65%).

33 **SECTION 7.14.(h)** Funds appropriated for the dropout prevention grants for  
34 the 2007-2008 fiscal year shall not revert but shall remain available for expenditure  
35 until August 31, 2009. Funds appropriated for the 2008-2009 fiscal year shall not revert  
36 but shall remain available for expenditure until August 31, 2010.

37 **SECTION 7.14.(i)** Of the funds appropriated for the dropout prevention  
38 grants, the sum of one hundred thousand dollars (\$100,000) for the 2008-2009 fiscal  
39 year may be used to issue a request for proposals from qualified vendors on a  
40 competitive basis to contract as a consultant to staff the Committee, assist with the  
41 evaluation, and provide technical assistance. The factors to be considered in awarding  
42 the contract shall be identified in the request for proposals.

1           **SECTION 7.14.(j)** Of the funds appropriated for the dropout prevention  
2 grants, the Department of Public Instruction may use up to fifty thousand dollars  
3 (\$50,000) for its administrative assistance to the Committee under this section.

4           **SECTION 7.14.(k)** Subsection (h) of this section becomes effective June 30,  
5 2008.

## 6 7 **DROPOUT PREVENTION TECHNICAL CORRECTION**

8           **SECTION 7.14A.** Section 7.32(c) of S.L. 2007-323 reads as rewritten:

9           **"SECTION 7.32.(c)** Committee. – There is established the Committee on Dropout  
10 Prevention. The Committee shall be located administratively in the Department of  
11 Public Instruction but shall exercise its powers and duties independently of the  
12 Department of Public Instruction. The Department of Public Instruction shall provide  
13 for the administrative costs of the Committee and shall provide staff to the Committee.

14           The Committee shall determine which local school administrative units, schools,  
15 agencies, and nonprofits shall receive dropout prevention grants under subsection (d) of  
16 this section, the amount of each grant, and eligible uses of the grant funding. The  
17 Committee shall consist of the following 15 members:

- 18           (1) The Governor shall appoint five members, of whom one is a  
19 superintendent of schools, one is a representative of a nonprofit, and  
20 one is a school social worker;
- 21           (2) The General Assembly upon the recommendation of the President Pro  
22 Tempore of the Senate shall appoint five members, of whom one is a  
23 principal, one is a representative of a school of education, and one is a  
24 school counselor; and
- 25           (3) The General Assembly upon the recommendation of the Speaker of the  
26 House of Representatives shall appoint five members, of whom one is  
27 a teacher, one is a member of the business community, and one is a  
28 representative of the juvenile justice system.

29           The President Pro Tempore of the Senate and the Speaker of the House of  
30 Representatives shall each designate a cochair of the Committee. The members of the  
31 Committee shall assure they are in compliance with laws and rules governing conflicts  
32 of interest."  
33

## 34 **USE OF LEARN AND EARN ONLINE FOR ADJUNCT UNIVERSITY** 35 **FACULTY**

36           **SECTION 7.15.** Local school administrative units may use funds  
37 appropriated for learn and earn online for college-level courses taught by university  
38 instructors at public schools. Instruction for these courses shall be partially delivered  
39 online. Payments related to the textbooks and the prorated cost of the instructor shall be  
40 paid to the university supplying the instruction.

41           The State Board of Education shall adopt policies to establish guidelines and  
42 reimbursement procedures.  
43

## 44 **COMPREHENSIVE SUPPORT FOR SCHOOL SYSTEMS AND SCHOOLS**

1           **SECTION 7.16.** If a local school administrative unit is designated by the  
2 State Board of Education as a targeted school district for comprehensive support, the  
3 State Board may:

- 4           (1) Authorize additional flexibility with regard to State allotments to allow  
5 the State Board's assigned support team and the local school  
6 administrative unit's leadership to redirect State funding to address the  
7 identified reform requirements. This additional flexibility shall not  
8 increase overall State funding available to the unit.
- 9           (2) Use funds already appropriated to the State Board of Education to  
10 allocate time-limited funds to implement strategies identified by the  
11 State Board's assigned support team and the school unit's leadership.  
12 The State Board shall adopt policies regarding (i) the strategies for  
13 which these time-limited funds may be used and (ii) the maximum  
14 time a unit may receive these funds. This funding shall not be allotted  
15 for more than one fiscal year. This funding is intended to allow the  
16 implementation of necessary reform initiatives while the unit obtains  
17 local funding or identifies other State or federal funding to cover the  
18 initiatives.

#### 19 20 **MORE AT FOUR PROGRAM**

21           **SECTION 7.17.(a)** Section 7.24(f) of S.L. 2007-323 reads as rewritten:

22           **"SECTION 7.24.(f)** If a county is unable to increase "More at Four" slots because  
23 of a documented lack of available resources necessary to provide the required local  
24 contribution for the additional slots allocated to the county for the 2007-2008 fiscal  
25 ~~year, year or the 2008-2009 fiscal year,~~ the contract agency for that county may appeal  
26 to the Office of School Readiness for an exception to the required local amount for  
27 those additional slots. The Office of School Readiness may grant an exception and allot  
28 funds to pay up to ninety percent (90%) of the full cost of the additional slots for that  
29 county if it finds that (i) there is in fact a documented lack of available resources in the  
30 county and (ii) granting the exception will not reduce access statewide to "More at  
31 Four" slots."

32           **SECTION 7.17.(b)** The Office of School Readiness shall develop a plan to  
33 tier the local More at Four slots that are in child care facilities, based on child care  
34 subsidy market rates. The Office of School Readiness shall report the plan to the House  
35 of Representatives Appropriations Subcommittee on Education, the Senate  
36 Appropriations Committee on Education, the House of Representatives Appropriations  
37 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
38 Health and Human Services, the Education Oversight Committee, and the Fiscal  
39 Research Division by January 1, 2009.

#### 40 41 **PLANT OPERATION FUNDING**

42           **SECTION 7.18.(a)** G.S. 115C-546.2 reads as rewritten:

43           "(a) ~~Monies~~ Of the monies credited to the Fund by the Secretary of Revenue  
44 pursuant to G.S. 115C-546.1(b), the State Board of Education may allocate up to one

1 million dollars (\$1,000,000) each year to the Department of Public Instruction. These  
2 funds shall be used by the Plant Operation Section of the School Support Division to  
3 assist each local school administrative unit with effective energy and environmental  
4 management, effective water management, hazardous material management, clean air  
5 quality, and engineering support for safe, effective environmental practices. The  
6 remainder of the monies in the Fund shall be allocated to the counties on a per average  
7 daily membership basis according to the average daily membership for the budget year  
8 as determined and certified by the State Board of Education. Interest earned on funds  
9 allocated to each county shall be allocated to that county."

10 **SECTION 7.18.(b)** The Department of Public Instruction shall report to the  
11 Joint Legislative Education Oversight Committee by April 15 of each year on the  
12 effectiveness of the program in accomplishing its purpose and on any other information  
13 requested by the Committee.

#### 14 **TRANSFER FUNDS FOR AGRICULTURAL EDUCATION PROGRAMS**

15 **SECTION 7.19.** The Agricultural Education Program (Program) in the  
16 Department of Agricultural and Extension Education at North Carolina State University  
17 shall develop the secondary agricultural education curricula. The Program shall  
18 recommend the curricula and corresponding assessment instruments to the State Board  
19 of Education, which shall adopt the curricula for inclusion in the Standard Course of  
20 Study. This curricula shall include as a part of its core content the Future Farmers of  
21 America (FFA) student youth organization and the Supervised Agricultural Experience  
22 learning program.

23 Effective with the 2008 federal grant, the State Board of Education shall  
24 transfer a prorated share of funds from all federal Career and Technical Education funds  
25 available for State-level usage to the Agricultural Education and FFA Program housed  
26 in the Department of Agricultural and Extension Education at North Carolina State  
27 University. The transfer of funds shall be a percentage of the total based upon the  
28 grades 9-12 duplicated agricultural education enrollment as compared to the total career  
29 and technical education grades 9-12 duplicated enrollment. These funds shall be used to  
30 support the secondary Agricultural Education Program State-level administration,  
31 leadership, curriculum and professional development, operations, innovations and  
32 expansions, and the FFA and the Supervised Agricultural Education learning program.

#### 33 **PART VIII. COMMUNITY COLLEGES**

#### 34 **REORGANIZATION OF THE NORTH CAROLINA COMMUNITY COLLEGES SYSTEM OFFICE**

35 **SECTION 8.1.(a)** Notwithstanding any other provision of law, and  
36 consistent with the authority established in G.S. 115D-3, the President of the North  
37 Carolina Community College System may reorganize the System Office in accordance  
38 with recommendations and plans submitted to and approved by the State Board of  
39 Community Colleges.

40 **SECTION 8.1.(b)** This section expires June 30, 2009.

**USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM**

**SECTION 8.2.(a)** Funds appropriated in this act to the Community Colleges System Office for the College Information System shall not revert at the end of the 2008-2009 fiscal year but shall remain available until expended. These funds may only be used to purchase periodic system upgrades.

**SECTION 8.2.(b)** Notwithstanding G.S. 143C-6-4, the Community Colleges System Office may, subject to the approval of the Office of State Budget and Management and in consultation with the Office of Information Technology Services, use funds appropriated in this act for the College Information System to create a maximum of three positions. Personnel positions created pursuant to this subsection shall be dedicated to maintaining and administering information technology and software upgrades to the College Information System.

**SECTION 8.2.(c)** The Community Colleges System Office shall report by January 1, 2009, to the Joint Legislative Education Oversight Committee on the transition from the implementation phase to the ongoing operations and maintenance phase of the College Information System Project.

**REPORT ON EFFECT OF ADDITIONAL ALLIED HEALTH FUNDING**

**SECTION 8.3.** The Community Colleges System Office shall report by March 1, 2009, to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management regarding the impact of the additional funding received for nursing and allied health programs during the 2006-2007, 2007-2008, and 2008-2009 fiscal years. This report shall include, at a minimum:

- (1) The number of FTE students enrolled in these programs;
- (2) The number of qualified applicants who were not admitted due to program capacity constraints;
- (3) The performance of students on nursing licensure exams; and
- (4) The average salary for allied health faculty by education level.

**REPORT ON COST OF ALL PROGRAMS**

**SECTION 8.4.** The Community Colleges System Office shall report by May 15, 2009, to the Fiscal Research Division and the Office of State Budget and Management regarding the instructional cost of all curriculum and non-curriculum programs. This report shall include an explanation of the differences in costs between programs, including faculty salaries and equipment costs.

**MINORITY MALE MENTORING PROGRAM FUNDS**

**SECTION 8.5.(a)** Funds appropriated for the Minority Male Mentoring Program shall not revert at the end of the fiscal year, but shall remain available until expended. Of the funds carried forward, up to one hundred thousand dollars (\$100,000) may be used by the State Board of Community Colleges to recruit minority male

1 students to community colleges, market the thirty-two pilot programs statewide, and  
2 contract for summer enrichment programs for program participants.

3 **SECTION 8.5.(b)** This section becomes effective June 30, 2008.  
4

#### 5 **LEARN AND EARN ONLINE FUNDS**

6 **SECTION 8.6.(a)** Funds reimbursed to the Community College System for  
7 full-time equivalent (FTE) students participating in learn and earn online courses shall  
8 not revert at the end of a fiscal year, but shall remain available for expenditure up to 12  
9 months after the close of a fiscal year.

10 **SECTION 8.6.(b)** This section becomes effective June 30, 2008.  
11

#### 12 **CONSOLIDATE WORKFORCE DEVELOPMENT PROGRAMS**

13 **SECTION 8.7.(a)** G.S. 115D-5.1 reads as rewritten:

##### 14 **"§ 115D-5.1. Workforce Development Programs.**

15 (a) Community colleges shall assist in the preemployment and in-service training  
16 of employees in industry, business, agriculture, health occupation and governmental  
17 agencies. Such training shall include instruction on worker safety and health standards  
18 and practices applicable to the field of employment. The State Board of Community  
19 Colleges shall make appropriate regulations including the establishment of maximum  
20 hours of instruction which may be offered at State expense in each in-plant training  
21 program. No instructor or other employee of a community college shall engage in the  
22 normal management, supervisory and operational functions of the establishment in  
23 which the instruction is offered during the hours in which the instructor or other  
24 employee is employed for instructional or educational purposes.

25 ~~(b) The North Carolina Community College System's New and Expanding~~  
26 ~~Industry Training (NEIT) Program Guidelines, which were adopted by the State Board~~  
27 ~~of Community Colleges on April 18, 1997, apply to all funds appropriated for the~~  
28 ~~Program after June 30, 1997. A project approved as an exception under these~~  
29 ~~Guidelines, or these Guidelines as modified by the State Board of Community Colleges,~~  
30 ~~shall be approved for one year only.~~

31 ~~(b1) Notwithstanding any other provision of law, the State Board of Community~~  
32 ~~Colleges may adopt rules and guidelines that allow the New and Expanding Industry~~  
33 ~~Training Program and the Focused Industrial Training Program to use funds~~  
34 ~~appropriated for those programs to support training projects for the various branches of~~  
35 ~~the United States Armed Forces.~~

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

41 ~~(1) The total amount of funds received by the company or individual;~~

42 ~~(2) The amount of funds per trainee received by the company or~~  
43 ~~individual;~~

1           (3) ~~The amount of funds received per trainee by the community college~~  
2           ~~training the trainee;~~

3           (4) ~~The number of trainees trained by company and by community~~  
4           ~~college; and~~

5           (5) ~~The number of years the companies or individuals have been funded.~~

6           (d) ~~Funds available to the New and Expanding Industry Training Program shall~~  
7           ~~not revert at the end of a fiscal year but shall remain available until expended.~~

8           (e) There is created within the North Carolina Community College System the  
9           Customized ~~Industry Training (CIT)~~ Program. The CIT Customized Training Program  
10           shall offer programs and training services ~~as new options for assisting~~ to assist new and  
11           existing business and industry to remain productive, profitable, and within the State.  
12           Before a business or industry qualifies to receive assistance under the ~~CIT Customized~~  
13           Training Program, the President of the North Carolina Community College System shall  
14           determine that:

15           (1) The business is making an appreciable capital investment;

16           (2) The business is deploying new technology; ~~and~~

17           (2a) The business or individual is creating jobs, expanding an existing  
18           workforce, or enhancing the productivity and profitability of the  
19           operations within the State; and

20           (3) The skills of the workers will be enhanced by the assistance.

21           (f) The State Board shall report on an annual basis to the Joint Legislative  
22           Education Oversight Committee on:

23           (1) The total amount of funds received by a company under the CIT  
24           Program;

25           (2) The amount of funds per trainee received by that company;

26           (3) The amount of funds received per trainee by the community college  
27           delivering the training;

28           (4) The number of trainees trained by the company and community  
29           college; and

30           (5) The number of years that company has been funded.

31           (f1) Notwithstanding any other provision of law, the State Board of Community  
32           Colleges may adopt rules and guidelines that allow the Customized Training Program  
33           and the Focused Industrial Training Program to use funds appropriated for those  
34           programs to support training projects for the various branches of the United States  
35           Armed Forces.

36           (f2) Funds available to the Customized Training Program shall not revert at the  
37           end of a fiscal year but shall remain available until expended. Up to ten percent (10%)  
38           of the college-delivered training expenditures and up to five percent (5%) of the  
39           contractor-delivered training expenditures for the prior fiscal year for Customized  
40           Training may be allotted to each college for capacity building at that college.

41           (f3) Of the funds appropriated in a fiscal year for the Customized Training  
42           Programs, the State Board of Community Colleges may approve the use of up to eight  
43           percent (8%) for the training and support of regional community college personnel to  
44           deliver Customized Industry Training Program services to business and industry.



1 (g) The State Board shall adopt rules and policies to implement this section."

2 **SECTION 8.7.(b)** The State Board of Community Colleges shall transfer  
3 funds appropriated for the New and Expanding Industry Training Program and the  
4 Focused Industrial Training Program to the Customized Industry Training Programs  
5 appropriation. This transfer shall be completed by September 1, 2008.  
6

#### 7 **BASIC SKILLS BLOCK GRANT**

8 **SECTION 8.8.** The Community Colleges System Office shall develop a new  
9 formula for the Basic Skills Block Grant for consideration during the 2009 Session of  
10 the General Assembly. The revised formula shall incorporate the following changes:

- 11 (1) Federal funds shall be distributed to both community-based  
12 organizations and community colleges using the same process and  
13 shall only be awarded to programs that meet minimum standards; and  
14 (2) A larger amount of funding shall be distributed on the basis of  
15 performance using revised criteria.  
16 (3) The formula shall not include funding for members of target  
17 populations who do not receive basic skills services.  
18

#### 19 **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

20 **SECTION 8.9.(a)** Notwithstanding any other provision of law, four million  
21 five hundred thousand dollars (\$4,500,000) of the cash balance remaining in the North  
22 Carolina Community College System Information Technology CIS Fund (Budget Code  
23 26802, Fund 2201) on July 1, 2008, shall be transferred to the State Controller to be  
24 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
25 used to support the General Fund appropriations for the 2008-2009 fiscal year for  
26 expansion funding for the North Carolina Community College System.

27 **SECTION 8.9.(b)** Notwithstanding any other provision of law, seven  
28 hundred eighty-three thousand two hundred fifty-six dollars (\$783,256) of the cash  
29 balance remaining in the Focused Industrial Training (FIT) programs (Budget Code  
30 16800, Fund 1603) on July 1, 2008, shall be transferred to the State Controller to be  
31 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
32 used to support the General Fund appropriations for the 2008-2009 fiscal year for  
33 expansion funding for the North Carolina Community College System.  
34

#### 35 **FUNDS FOR CAMPUS SECURITY**

36 **SECTION 8.10.** Notwithstanding G.S. 115D-32 or any other provision of  
37 law, a community college may use up to two percent (2%) of the noninstructional State  
38 funds allocated to it in the institutional support allotment for the 2008-2009 fiscal year  
39 for campus security. This may include the hiring of personnel, contracted professional  
40 services, surveillance cameras, call boxes, alert systems, and other equipment-related  
41 expenditures.

42 These funds shall be used to supplement and not supplant existing local  
43 funding for campus security.  
44

**1 CLARIFY USE OF FEES COLLECTED FOR GED TESTING**

2           **SECTION 8.11.** G.S. 115C-5 is amended by adding a new subsection to  
3 read:

4           "(s) The State Board of Community Colleges may retain and budget fees charged  
5 to students taking the General Education Development (GED) test. Fees collected for  
6 this purpose shall be used only to (i) offset the costs of the GED test, including the cost  
7 of scoring the test, (ii) offset the course of printing GED certificates, and (iii) meet  
8 federal and State reporting requirements related to the test."

**9**  
**10 CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS**  
**11 BIOTECHNOLOGY TRAINING FUNDS**

12           **SECTION 8.12.(a)** Funds appropriated in S.L. 2006-66 and S.L. 2007-323  
13 for the Rowan-Cabarrus Community College Biotechnology Training Center and  
14 Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but  
15 shall remain available until expended.

16           **SECTION 8.12.(b)** This section becomes effective June 30, 2008.

**17**  
**18 USE OF BASIC SKILLS FUNDS**

19           **SECTION 8.13.** Notwithstanding any other provision of law, a local  
20 community college may use up to five percent (5%) of the Literacy Funds allocated to it  
21 by the State Board of Community Colleges to procure instructional technology for  
22 literacy labs. This technology may include computers, instructional software and  
23 software licenses, scanners for testing, and classroom projection equipment.

**24**  
**25 SURRY COMMUNITY COLLEGE VITICULTURE & ENOLOGY CENTER**  
**26 FUNDS**

27           **SECTION 8.14.(a)** Funds appropriated for the 2007-2008 fiscal year to the  
28 Community Colleges System Office for the operations of the North Carolina Viticulture  
29 and Enology Center located at Surry Community College shall not revert at the end of  
30 the fiscal year. Surry Community College may use these funds for capital construction  
31 for the Center.

32           **SECTION 8.14.(b)** This section becomes effective June 30, 2008.

**33**  
**34 STUDY OF CHANGES NECESSARY TO IMPROVE FINANCIAL AID TO**  
**35 COMMUNITY COLLEGE STUDENTS**

36           **SECTION 8.15.** The Joint Legislative Education Oversight Committee shall  
37 study the changes necessary to improve financial aid for community college students.  
38 Specifically the study shall include recommendations on how to better serve  
39 nontraditional students and how to increase the number of community colleges that  
40 participate in federal student loan programs.

**41**  
**42 USE OF HOSIERY CENTER FUNDS.**

43           **SECTION 8.16.** Funds appropriated to the Community Colleges System  
44 Office for the Hosiery Technology Center at Catawba Valley Community College may

1 be expended for the Center for Emerging Manufacturing Solutions (CEMS), which was  
2 established by Catawba Valley Community College in February 2008. The Hosiery  
3 Technology Center is now a division with the CEMS.

4  
5 **PART IX. UNIVERSITIES**

6  
7 **ELIMINATE COACHING SCHOLARSHIP LOAN PROGRAM/TRANSFER**  
8 **FUND BALANCE TO GENERAL FUND**

9 **SECTION 9.1.(a)** G.S. 116-209.36 is repealed.

10 **SECTION 9.1.(b)** All financial obligations to any student awarded a  
11 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, shall be  
12 fulfilled provided the student remains eligible under the provisions of the Coaching  
13 Scholarship Loan Fund. All contractual agreements between a student awarded a  
14 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, and the  
15 State Education Assistance Authority remain enforceable and the provisions of  
16 G.S. 116-209.36 that would be applicable but for this section shall remain applicable  
17 with regard to any scholarship loan awarded before July 1, 2008.

18 **SECTION 9.1.(c)** Effective June 30, 2008, the unencumbered balance of  
19 funds in the Coaching Scholarship Loan Fund shall revert to the General Fund.

20  
21 **PRIVATE COLLEGE STUDENT ELIGIBILITY FOR EARN**  
22 **SCHOLARSHIP/USE OF ESCHEAT FUNDS FOR CERTAIN EARN**  
23 **SCHOLARSHIPS**

24 **SECTION 9.2.(a)** G.S. 116-209.26(a) reads as rewritten:

25 "(a) The following definitions apply to this section:

- 26 (1) Academic year. – A period of time in which a student in matriculated  
27 status is expected to complete the equivalent of at least two semesters'  
28 or three quarters' academic work.
- 29 (2) Eligible postsecondary institution. – A school that ~~is~~is any of the  
30 following:
- 31 a. A constituent institution of The University of North Carolina as  
32 defined in G.S. 116-2(4);~~or~~
- 33 b. A community college as defined in  
34 ~~G.S. 115D-2(2);~~G.S. 115D-2(2); or
- 35 c. An institution as defined in G.S. 116-22(1).
- 36 (3) Matriculated status. – Being recognized as a first-time candidate for a  
37 degree or certificate, exclusive of any course credits earned while in  
38 high school, in a defined program of study at an eligible postsecondary  
39 institution.
- 40 (4) Title IV. – Title IV of the Higher Education Act of 1965, as amended."

41 **SECTION 9.2.(b)** G.S. 116-209.26 is amended by adding a new subsection

42 to read:

43 "(h) No funds appropriated from the Escheat Fund to the Education Access  
44 Rewards North Carolina Scholars Fund shall be used for a grant awarded under this

1 section to a student who is an undergraduate student at an institution as defined in  
2 G.S. 116-22(1); however, funds appropriated from the General Fund to the Education  
3 Access Rewards North Carolina Scholars Fund may be used for a grant awarded under  
4 this section to a student who is an undergraduate student at an institution as defined in  
5 G.S. 116-22(1)."

6 **SECTION 9.2.(c)** Section 9.7(b) of S.L. 2007-323 reads as rewritten:

7 "SECTION 9.7.(b) There is appropriated from the General Fund to the State  
8 Education Assistance Authority the sum of twenty-seven million six hundred five  
9 thousand two hundred ten dollars (\$27,605,210) for the 2007-2008 fiscal year and the  
10 sum of ~~sixty million dollars (\$60,000,000)~~ ten million dollars (\$10,000,000) for the  
11 2008-2009 fiscal year."

12 **SECTION 9.2.(d)** Section 9.7(c) of S.L. 2007-323 reads as rewritten:

13 "SECTION 9.7.(c) There is appropriated from the Escheat Fund to the State  
14 Education Assistance Authority the sum of ~~forty million dollars (\$40,000,000)~~ sixty  
15 million dollars (\$60,000,000) for the 2008-2009 fiscal year. ~~Notwithstanding any other~~  
16 ~~provision of law, no funds shall be used from the Escheat Fund until all monies from the~~  
17 ~~General Fund appropriated under Section 9.7(c) have been exhausted."~~

18 **SECTION 9.2.(e)** Subsections (a) and (b) of this section apply only for  
19 academic years beginning on or after July 1, 2008.

## 20

## 21 CLOSING THE ACHIEVEMENT GAP/GRANTS

22 **SECTION 9.3.(a)** Of the funds appropriated by this act for the 2008-2009  
23 fiscal year to the Board of Governors of The University of North Carolina to be used for  
24 the North Carolina Historically Minority Colleges and Universities initiative for  
25 "Closing the Achievement Gap", North Carolina Central University may use up to ten  
26 percent (10%) of the funds to cover the costs for administering the grants and shall  
27 award at least ninety percent (90%) of the funds as grants to the public and private  
28 institutions of higher education.

29 **SECTION 9.3.(b)** North Carolina Central University shall report to the Joint  
30 Education Legislative Oversight Committee and to the Fiscal Research Division by  
31 April 1, 2009, regarding the number of grants awarded, the recipients of the grants, the  
32 amount of the grant awarded, the programs and purposes for which the grant was  
33 awarded, the cost of administering the grant, and any other information requested by the  
34 Committee or Fiscal Research Division. The grants awarded pursuant to this section  
35 shall also include as a term of the grant that the recipient of the grant report to the Joint  
36 Education Legislative Oversight Committee and to the Fiscal Research Division  
37 regarding the amount of the grant received, the program and purposes for which the  
38 grant was requested, the methodology used to implement the grant program and  
39 purposes, the results of the program funded by the grant, and any other information  
40 requested by the Joint Education Legislative Oversight Committee and the Fiscal  
41 Research Division.

## 42

## 43 OPTIONAL SCHOLARSHIP FOR CERTAIN GRADUATES OF THE

## 44 PRINCIPAL FELLOWS PROGRAM

1           **SECTION 9.4.(a)** The North Carolina Principal Fellows Commission in  
2 collaboration with the State Education Assistance Authority shall make available an  
3 optional six-month scholarship in the amount of twenty thousand dollars (\$20,000) to  
4 any person who was a recipient of a scholarship loan through the Principal Fellows  
5 Program and who: (i) was in Class 10 of the Principal Fellows Program for the  
6 2003-2004 academic year, (ii) completed the Principal Fellows Program, and (iii) has  
7 either served as a school administrator for four years at a North Carolina public school  
8 or at a school operated by the United States as required by G.S. 116-74.43, or who has  
9 had the loan forgiven by the State Education Assistance Authority pursuant to  
10 G.S. 116-74.43. A person may be eligible for the optional six-month scholarship only  
11 after fulfilling all contractual obligations agreed to by the person upon receipt of the  
12 original scholarship loan awarded to the person under G.S. 116-74.42. Exclusive of any  
13 deferment for extenuating circumstances, a person remains eligible for the optional  
14 six-month scholarship for two years after the six-year period of time allowed the person  
15 to satisfy the original scholarship loan requirements under G.S. 116-74.43. Should a  
16 person present extenuating circumstances, the State Education Assistance Authority  
17 may extend the period of time for which a person remains eligible for the optional  
18 six-month scholarship for a reasonable time period.

19           **SECTION 9.4.(b)** The Principal Fellows Commission shall develop the  
20 criteria for awarding the scholarship. In developing the criteria, the Commission shall  
21 require that the person agree to work at least another six months as a school  
22 administrator in a North Carolina public school or at a school operated by the United  
23 States after satisfying the four-year work requirement set out in G.S. 116-74.43. The  
24 Commission, in collaboration with the State Education Assistance Authority, shall  
25 develop a process for evaluating a scholarship recipient's work performance and for  
26 issuing a final approval and certification of the work performance. The Commission  
27 shall transfer to the State Education Assistance Authority the name of each recipient  
28 that it certifies as successfully completing the optional scholarship program. The State  
29 Education Assistance Authority shall pay the twenty thousand dollar (\$20,000) stipend  
30 to the scholarship recipient within a reasonable time of receiving notification from the  
31 Commission that the recipient has successfully completed the optional scholarship  
32 program. The State Education Assistance Authority shall perform all of the  
33 administrative functions necessary to implement this act, including rule making.

34           **SECTION 9.4.(c)** Effective June 30, 2008, the sum of one million dollars  
35 (\$1,000,000) shall revert from the Principal Fellows Trust Fund to the General Fund.  
36 The sum of one million seven hundred forty thousand dollars (\$1,740,000) in the  
37 Principal Fellows Trust Fund shall be held in reserve to pay each participant in the  
38 optional scholarship program the stipend of twenty thousand dollars (\$20,000) upon  
39 successful completion of the optional scholarship program.

#### 40 **AHEC FUNDS**

41           **SECTION 9.5.** Funds appropriated in the amount of one million one  
42 hundred ninety thousand five hundred sixty-two dollars (\$1,190,562) by this act to the  
43 Board of Governors of The University of North Carolina for the 2008-2009 fiscal year  
44

1 for Area Health Education Centers (AHEC) to address health workforce shortages,  
2 primary care residency training, and patient safety in local health facilities shall be used  
3 only for these purposes and shall not be reduced.

#### 4 5 **REPORTING ON UNC FACULTY WORKLOAD**

6 **SECTION 9.6.(a)** The Board of Governors shall conduct a study on faculty  
7 workload. The study shall be done using the Delaware Study Method of collecting data.  
8 Information in the report shall include, but is not to be limited to:

- 9 (1) Faculty workload data for each UNC constituent institution compared  
10 to the UNC enrollment model.
- 11 (2) UNC faculty workload average as compared to the UNC enrollment  
12 model student credit hours per instructional position.
- 13 (3) Faculty workload of regional and peer institutions as compared to each  
14 UNC constituent institution faculty average and to the UNC faculty  
15 workload average.

16 **SECTION 9.6.(b)** The UNC Board of Governors shall submit the study to  
17 the Joint Legislative Education Oversight Committee, the Office of State Budget and  
18 Management, and the Fiscal Research Division no later than August 1, 2008.

#### 19 20 **UNC-NCCCS 2+2 E-LEARNING INITIATIVE**

21 **SECTION 9.7.(a)** Funds appropriated in this act to The University of North  
22 Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2  
23 E-Learning Initiative shall be used to fund further development of online courses for  
24 2+2 programs. Based on a mutually agreed upon decision by the State Board of  
25 Education Chairman, the President of the Community Colleges, and the President of the  
26 University of North Carolina as to the areas of greatest need, to include mathematics  
27 and science teacher licensure fields, these funds are available to support joint  
28 technology development, systems to track student progress, and articulation between a  
29 North Carolina community college and a UNC constituent institution and develop  
30 technology needed to support online courses and 2+2 programs.

31 **SECTION 9.7.(b)** The University of North Carolina and the North Carolina  
32 Community College System shall use these funds first to develop online teacher  
33 education programs, including baccalaureate and associate pre-major programs.

34 **SECTION 9.7.(c)** The University of North Carolina and Community  
35 Colleges System Office shall report by September 1, 2008, and annually thereafter, to  
36 the Joint Legislative Education Oversight Commission, the State Board of Education,  
37 the Office of State Budget and Management, and the Fiscal Research Division of the  
38 General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning  
39 Initiative. This report shall include:

- 40 (1) The courses and programs within the 2+2 E-Learning Initiative;
- 41 (2) The total number of prospective teachers that have taken or are taking  
42 part in this initiative to date broken down by the current academic  
43 period and each of the previous academic periods since the program's  
44 inception;

- 1 (3) The total number of teachers currently in the State's classrooms, by
- 2 local school administrative unit, who have taken part in this initiative;
- 3 (4) The change in the number of teachers available to schools since the
- 4 program's inception;
- 5 (5) The qualitative data from students, teachers, local school
- 6 administrative unit personnel, university personnel, and community
- 7 college personnel as to the impact of this initiative on our State's
- 8 teaching pool; and
- 9 (6) An explanation of the expenditures and collaborative programs
- 10 between the North Carolina Community College System and the
- 11 University of North Carolina, including recommendations for
- 12 improvement.
- 13

14 **UNC ENROLLMENT GROWTH REQUEST TO CONTAIN PREVIOUS**  
 15 **ACADEMIC YEAR'S ACTUAL STUDENT CREDIT HOURS (SCH) AND**  
 16 **FULL TIME EQUIVALENCIES (FTE)**

17 **SECTION 9.8.** G.S. 116-11(9) reads as rewritten:

- 18 "(9) a. The Board of Governors shall develop, prepare and present to
- 19 the Governor and the General Assembly a single, unified
- 20 recommended budget for all of the constituent institutions of
- 21 The University of North Carolina. The recommendations shall
- 22 consist of requests in three general categories: (i) funds for the
- 23 continuing operation of each constituent institution, (ii) funds
- 24 for salary increases for employees exempt from the State
- 25 Personnel Act and (iii) funds requested without reference to
- 26 constituent institutions, itemized as to priority and covering
- 27 such areas as new programs and activities, expansions of
- 28 programs and activities, increases in enrollments, increases to
- 29 accommodate internal shifts and categories of persons served,
- 30 capital improvements, improvements in levels of operation and
- 31 increases to remedy deficiencies, as well as other areas. The
- 32 president may present to the General Assembly an updated
- 33 estimate of tuition, fees, and other receipts by June 15 of each
- 34 year to be included in the budget for the following fiscal year.
- 35 a1. The Board of Governors shall provide full documentation and
- 36 justification of any enrollment change funding request at the
- 37 time it is recommended. This documentation and justification
- 38 shall include the most recent academic year's actual enrollment
- 39 numbers in the same format in which the growth increase
- 40 request is made. The actual enrollment numbers shall be the
- 41 actual student credit hours (SCH) or full-time equivalencies
- 42 (FTE).
- 43 b. Funds for the continuing operation of each constituent
- 44 institution shall be appropriated directly to the institution. Funds

1 for salary increases for employees exempt from the State  
2 Personnel Act shall be appropriated to the Board in a lump sum  
3 for allocation to the institutions. Funds for the third category in  
4 paragraph a of this subdivision shall be appropriated to the  
5 Board in a lump sum for allocation to the institutions. The  
6 Board shall make allocations among the institutions in  
7 accordance with the Board's schedule of priorities and any  
8 specifications in the Current Operations Appropriations Act.  
9 When both the Board and the Director of the Budget deem it to  
10 be in the best interest of the State, funds in the third category  
11 may be allocated, in whole or in part, for other items within the  
12 list of priorities or for items not included in the list. Provided,  
13 nothing herein shall be construed to allow the General  
14 Assembly, except as to capital improvements, to refer to  
15 particular constituent institutions in any specifications as to  
16 priorities in the third category.

17 c. The Director of the Budget may, on recommendation of the  
18 Board, authorize transfer of appropriated funds from one  
19 institution to another to provide adjustments for over or under  
20 enrollment or may make any other adjustments among  
21 institutions that would provide for the orderly and efficient  
22 operation of the institutions.

23 d. Repealed by Session Laws 1987, c. 795, s. 27."  
24

25 **REVERT THE 2007-2008 APPROPRIATION FOR THE EDUCATION ACCESS**  
26 **REWARDS NORTH CAROLINA (EARN) SCHOLARS FUND**

27 **SECTION 9.9.** Effective June 30, 2008, the unencumbered balance of the  
28 funds appropriated in 2007-2008 to The University of North Carolina Board of  
29 Governors and the State Education Assistance Authority in Section 9.7 of S.L.  
30 2007-323 shall revert to the General Fund. The amount reverted shall be no less than  
31 twenty-seven million six hundred five thousand two hundred ten dollars (\$27,605,210).  
32

33 **HIGHER EDUCATION STUDIES/DISTANCE EDUCATION AND UNC**  
34 **ENROLLMENT GROWTH FUNDING FORMULAS**

35 **SECTION 9.10.(a)** The Joint Legislative Program Evaluation Oversight  
36 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation  
37 Division of the General Assembly a study of the start-up and ongoing cost of distance  
38 education and compare it with the start-up and ongoing cost of on-campus education.  
39 The Program Evaluation Division shall submit the study to the Joint Legislative  
40 Program Evaluation Oversight Committee, the Joint Legislative Education Oversight  
41 Committee, and the Fiscal Research Division at a date to be determined by the Joint  
42 Legislative Program Evaluation Oversight Committee.

43 **SECTION 9.10.(b)** The Joint Legislative Program Evaluation Oversight  
44 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation



1 Division of the General Assembly a comprehensive review of the full-time  
2 equivalencies (FTE) and student credit hours (SCH) enrollment growth funding  
3 formulas used by The University of North Carolina. In its study, the Program  
4 Evaluation Division shall consider and evaluate all of the following:

- 5 (1) The assumptions contained within each element of the funding  
6 formulas.
- 7 (2) Benchmark information related to specific elements within the  
8 formulas.
- 9 (3) How a formula based on full-time equivalencies (FTE) compares with  
10 a formula based on Student Credit Hours (SCH).
- 11 (4) The types of formulas used by other states to fund university systems;  
12 how those states use those formulas; the success of the formulas with  
13 regard to indicating future financial needs, providing equitable funding  
14 to different institutions within the system based on the size, mission,  
15 and growth of each institution; and the types of support programs, if  
16 any, addressed by the formulas.
- 17 (5) The objectives that the formulas are designed to meet and whether  
18 those accurately reflect the goals of The University of North Carolina  
19 System.
- 20 (6) How the current formulas should be modified, if at all, to more  
21 accurately predict The University of North Carolina System's future  
22 financial needs or whether different types of formulas would be more  
23 helpful.

24 The Program Evaluation Division shall submit the study to the Joint  
25 Legislative Program Evaluation Oversight Committee, the Joint Legislative Education  
26 Oversight Committee, and the Fiscal Research Division at a date to be determined by  
27 the Joint Legislative Program Evaluation Oversight Committee.

## 29 LEGISLATIVE TUITION GRANT/REDEFINE PART-TIME STUDENT

30 SECTION 9.11.(a) G.S. 116-21.2 reads as rewritten:

31 "**§ 116-21.2. Legislative tuition grants to aid students and licensure students**  
32 **attending private institutions of higher education.**

33 (a) Grants for Students. – In addition to any funds appropriated pursuant to  
34 G.S. 116-19 and in addition to all other financial assistance made available to  
35 institutions, or to persons attending these institutions, there is granted to each North  
36 Carolina undergraduate student attending an approved institution as defined in  
37 G.S. 116-22, a sum, to be determined by the General Assembly for each academic year  
38 which shall be distributed to the undergraduate student as provided by this subsection. A  
39 full-time North Carolina undergraduate student shall be awarded the full amount of the  
40 tuition grant provided by this section. A part-time North Carolina undergraduate student  
41 who is enrolled to take at least ~~nine-six~~ hours of academic credit per semester shall be  
42 awarded a tuition grant in an amount that is calculated on a pro rata basis.

43 (a1) Grants for Licensure Students. – The legislative tuition grant provided by this  
44 section shall also be granted to each full-time licensure student who is enrolled in a

1 program intended to result in a license in teaching or nursing at an approved institution.  
2 The legislative tuition grant provided by this section shall be awarded on a pro rata basis  
3 to any part-time licensure student who is enrolled to take at least ~~nine~~-six hours of  
4 undergraduate academic credit per semester in a program intended to result in a license  
5 in teaching or nursing at an approved institution. The legislative tuition grant and  
6 prorated legislative tuition grant authorized under this subsection shall be paid for  
7 undergraduate courses only. If a course is required for licensure, but is designated as  
8 both an undergraduate and graduate course, for purposes of this subsection, the course  
9 shall be considered an undergraduate course.

10 (b) Administration of Grants. – The tuition grants provided for in this section  
11 shall be administered by the State Education Assistance Authority pursuant to rules  
12 adopted by the State Education Assistance Authority not inconsistent with this section.  
13 The State Education Assistance Authority shall not approve any grant until it receives  
14 proper certification from an approved institution that the student or licensure student  
15 applying for the grant is eligible. Upon receipt of the certification, the State Education  
16 Assistance Authority shall remit at the times as it prescribes the grant to the approved  
17 institution on behalf, and to the credit, of the student or licensure student.

18 (c) Student or Licensure Student Change of Status; Audits. – In the event a  
19 full-time student on whose behalf a grant has been paid in accordance with subsection  
20 (a) of this section or a full-time licensure student on whose behalf a grant has been paid  
21 in accordance with subsection (a1) of this section is not enrolled and carrying a  
22 minimum academic load as of the tenth classroom day following the beginning of the  
23 school term for which the grant was paid, the institution shall refund the full amount of  
24 the grant to the State Education Assistance Authority. If a part-time student on whose  
25 behalf a prorated grant has been paid in accordance with subsection (a) of this section or  
26 a part-time licensure student on whose behalf a prorated grant has been paid in  
27 accordance with subsection (a1) of this section is not enrolled and carrying a minimum  
28 academic load of ~~nine~~-six credit hours per semester in the undergraduate class as of the  
29 tenth classroom day following the beginning of the school term for which the grant was  
30 paid, the institution shall refund the full amount of the grant to the State Education  
31 Assistance Authority. If the matriculated status of a full-time student or a full-time  
32 licensure student changes to a matriculated status of part-time student or part-time  
33 licensure student by the tenth classroom day following the beginning of the school term  
34 for which the grant was paid, the institution shall refund only the difference between the  
35 amount of the full-time grant awarded and the amount of the part-time grant that is  
36 awarded pursuant to this section. Each approved institution shall be subject to  
37 examination by the State Auditor for the purpose of determining whether the institution  
38 has properly certified eligibility and enrollment of students and licensure students and  
39 credited grants paid on behalf of them.

40 (d) Shortfall. – In the event there are not sufficient funds to provide each eligible  
41 student or licensure student with a full or prorated grant as provided by subsection (a) of  
42 this section or a full or a prorated grant as provided by subsection (a1) of this section:

- 43 (1) The Board of Governors of The University of North Carolina, with the  
44 approval of the Office of State Budget and Management, may transfer

1 available funds to meet the needs of the programs provided by  
2 subsections (a), (a1), and (b) of this section; and

- 3 (2) Each eligible student and licensure student shall receive a pro rata  
4 share of funds then available for the remainder of the academic year  
5 within the fiscal period covered by the current appropriation.

- 6 (e) Reversions. – Any remaining funds shall revert to the General Fund."

7 **SECTION 9.11.(b)** This section applies to academic semesters beginning on  
8 or after July 1, 2008.

9  
10 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

11  
12 **NC RX FUNDS TRANSFER**

13 **SECTION 10.1.** The sum of three million five hundred thousand dollars  
14 (\$3,500,000) of the cash balance remaining in the NC Rx Program (Budget Code  
15 536J50, Fund 1510) on July 1, 2008, shall be transferred to the State Controller to be  
16 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
17 used to support General Fund appropriations for the 2008-2009 fiscal year in the  
18 following amounts and for the following purposes:

- 19 (1) \$700,000 to HealthNet (Budget Code 536J30; Fund 1510),  
20 (2) \$2,300,000 to Community Health Centers (Budget Code 536E66,  
21 Fund 1510), and  
22 (3) \$500,000 to the North Carolina Housing Trust Fund (Budget Code  
23 13010).

24  
25 **STATE COUNTY SPECIAL ASSISTANCE**

26 **SECTION 10.2.** Section 10.13 of S.L. 2007-323 reads as rewritten:

27 **"SECTION 10.13.(a)** The eligibility of Special Assistance recipients residing in  
28 adult care homes on August 1, 1995, shall not be affected by an income reduction in the  
29 Special Assistance eligibility criteria resulting from adoption of the Rate Setting  
30 Methodology Report and Related Services, providing these recipients are otherwise  
31 eligible. The maximum monthly rate for these residents in adult care home facilities  
32 shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

33 **"SECTION 10.13.(b)** Effective January 1, 2007, the maximum monthly rate for  
34 residents in adult care home facilities shall be one thousand one hundred forty-eight  
35 dollars (\$1,148) per month per resident unless adjusted by the Department in  
36 accordance with subsection (e) of this section.

37 **"SECTION 10.13.(c)** Effective October 1, 2007, the maximum monthly rate for  
38 residents in adult care home facilities shall be one thousand one hundred seventy-three  
39 dollars (\$1,173) per month per resident unless adjusted by the Department in  
40 accordance with subsection (e) of this section.

41 **"SECTION 10.13.(c1)** Effective January 1, 2009, the maximum monthly rate for  
42 residents in adult care home facilities shall be one thousand two hundred three dollars  
43 (\$1,203) per month per resident unless adjusted by the Department in accordance with  
44 subsection (e) of this section.

1       **"SECTION 10.13.(d)**     The maximum monthly rate for residents in  
2 Alzheimer/Dementia special care units shall be one thousand five hundred fifteen  
3 dollars (\$1,515) per month per resident unless adjusted by the Department in  
4 accordance with subsection (e) of this section.

5       **"SECTION 10.13.(e)** Notwithstanding any other provision of this section, the  
6 Department of Health and Human Services shall review activities and costs related to  
7 the provision of care in adult care homes and shall determine what costs may be  
8 considered to properly maximize allowable reimbursement available through Medicaid  
9 personal care services for adult care homes (ACH-PCS) under federal law. As  
10 determined, and with any necessary approval from the Centers for Medicare and  
11 Medicaid Services (CMS), and the approval of the Office of State Budget and  
12 Management, the Department may transfer necessary funds from the State-County  
13 Special Assistance program within the Division of Social Services to the Division of  
14 Medical Assistance and may use those funds as State match to draw down federal  
15 matching funds to pay for such activities and costs under Medicaid's personal care  
16 services for adult care homes (ACH-PCS), thus maximizing available federal funds. The  
17 established rate for State-County Special Assistance set forth in subsections (b) and (c)  
18 of this section shall be adjusted by the Department to reflect any transfer of funds from  
19 the Division of Social Services to the Division of Medical Assistance and related  
20 transfer costs and responsibilities from State-County Special Assistance to the Medicaid  
21 personal care services for adult care homes (ACH-PCS). Subject to approval by the  
22 Centers for Medicare and Medicaid Service (CMS) and prior to implementing this  
23 section, the Department may disregard a limited amount of income for individuals  
24 whose countable income exceeds the adjusted State-County Special Assistance rate. The  
25 amount of the disregard shall not exceed the difference between the Special Assistance  
26 rate prior to the adjustment and the Special Assistance rate after the adjustment and  
27 shall be used to pay a portion of the cost of the ACH-PCS and reduce the Medicaid  
28 payment for the individual's personal care services provided in an adult care home. In  
29 no event shall the reimbursement for services through the ACH-PCS exceed the average  
30 cost of the services as determined by the Department from review of cost reports as  
31 required and submitted by adult care homes. The Department shall report any transfers  
32 of funds and modifications of rates to the House of Representatives Appropriations  
33 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
34 Health and Human Services, and the Fiscal Research Division.

35       **"SECTION 10.13.(f)** Effective July 1, 2007, the Department of Health and Human  
36 Services shall recommend rates for State-County Special Assistance and for Adult Care  
37 Home Personal Care Services. The Department may recommend rates appropriate cost  
38 methodology and cost reports submitted by adult care homes that receive State-County  
39 Special Assistance funds and shall ensure that cost reporting is done for State-County  
40 Special Assistance and Adult Care Home Personal Care Services to the same standards  
41 as apply to other residential service providers."  
42

#### 43       **AIDS DRUG ASSISTANCE PROGRAM**

44               **SECTION 10.3.** Section 10.26 of S.L. 2007-323 reads as rewritten:

1       **"SECTION 10.26.(a)** For the 2007-2008 fiscal year ~~and the 2008-2009 fiscal~~  
2 ~~year, year,~~ the Department may adjust the financial eligibility criterion of the ADAP up  
3 to an amount not exceeding two hundred fifty percent (250%) of the federal poverty  
4 level in order to serve as many eligible North Carolinians living with HIV disease as  
5 possible within existing resources plus any new federal resources. If the Department  
6 raises the eligibility limit above one hundred twenty-five percent (125%) of the federal  
7 poverty level and a waiting list develops as a result, the Department shall give priority  
8 on the waiting list to those individuals at or below one hundred twenty-five percent  
9 (125%) of the federal poverty level.

10       **"SECTION 10.26.(b)** For the 2008-2009 fiscal year, the Department may, within  
11 existing ADAP Program resources, adjust the financial eligibility criterion of the ADAP  
12 up to an amount not exceeding three hundred percent (300%) of the federal poverty  
13 level in order to serve as many eligible North Carolinians living with HIV disease as  
14 possible within existing resources plus any new federal resources. If a waiting list  
15 develops as a result of the eligibility criterion being raised, the Department shall give  
16 first priority to those individuals on the waiting list with income at or below one  
17 hundred twenty-five percent (125%) of the federal poverty level, and second priority to  
18 those individuals with income above one hundred twenty-five percent (125%) and at or  
19 below two hundred fifty percent (250%) of federal poverty guidelines."

## 20 21       **CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH** 22       **DISPARITIES INITIATIVE**

23       **SECTION 10.4.** Section 10.22 of S.L. 2007-323 reads as rewritten:

24       **"SECTION 10.22.(a)** Of funds appropriated in this act from the General Fund to  
25 the Department of Health and Human Services, the sum of two million five hundred  
26 thousand dollars (\$2,500,000) for the 2007-2008 fiscal year and the sum of ~~two million~~  
27 ~~dollars (\$2,000,000) for the~~ three million dollars (\$3,000,000) for the 2008-2009 fiscal  
28 year shall be allocated for the Community-Focused Eliminating Health Disparities  
29 Initiative (CFEHDI) to provide grants-in-aid to local public health departments,  
30 American Indian tribes, and faith-based and community-based organizations to close the  
31 gap in the health status of African-Americans, Hispanics/Latinos, and American Indians  
32 as compared to the health status of white persons. These grants shall focus on the use of  
33 preventive measures to support healthy lifestyles. The areas of focus on health status  
34 shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer,  
35 diabetes, and homicides and motor vehicle deaths.

36       The five hundred thousand dollars (\$500,000) in nonrecurring funds appropriated in  
37 this act to the Department of Health and Human Services, Division of Public Health, for  
38 the Health Disparities Initiative in the 2007-2008 fiscal year shall be awarded as a  
39 grant-in-aid to honor the memory of the following recently deceased members of the  
40 General Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne  
41 Lucas, and William Martin. These funds shall be used for concerted efforts to address  
42 large gaps in health status among North Carolinians who are African-American, as well  
43 as disparities among other minority populations in North Carolina. These efforts shall  
44 include:

- 1 (1) Providing enhanced education and outreach to minority populations on  
2 the prevention, diagnosis, and treatment of heart disease, breast cancer,  
3 diabetes, obesity, hypertension, sickle cell anemia, and HIV infection.
- 4 (2) Addressing cultural and communication barriers to quality care by  
5 improving interpersonal processes between clinicians and patients.

6 The Secretary shall send to each grantee organization a letter stating that the award  
7 is made in honor of the memory of and in recognition of the recent deaths of Senators  
8 Robert Holloman, Jeanne Lucas, and William Martin and Representatives Bernard  
9 Allen, John Hall, and Howard Hunter.

10 **"SECTION 10.22.(b)** The Department of Health and Human Services shall report  
11 on the following with respect to funds appropriated to the CFEHDI program ~~in fiscal~~  
12 ~~years 2005-2006, 2006-2007, and 2007-2008.~~for the 2007-2008 and 2008-2009 fiscal  
13 years. The report shall address for each fiscal year:

- 14 (1) Which community programs and local health departments received  
15 CFEHDI grants.
- 16 (2) What amount of funding did each program or local health department  
17 receive.
- 18 (3) Which of the minority populations were served by the programs or  
19 local health departments.
- 20 (4) Which counties were served by the programs or local health  
21 departments.
- 22 (5) What activities were planned and implemented by the programs or  
23 local health departments to fulfill the community focus of the CFEHDI  
24 program.

25 ~~The report shall also contain a comprehensive evaluation of all grantees with regard~~  
26 ~~to fulfilling the goals of the program, assessing the difference the funded activities have~~  
27 ~~made in the community, and addressing and mitigating the health disparities identified~~  
28 ~~in the Racial and Ethnic Health Disparities in North Carolina, Report Card 2006. In~~  
29 ~~addition, the~~The Department shall solicit from the grantees their observations and  
30 recommendations on ways the CFEHDI program can best accomplish its goals. The  
31 report shall also include specific activities undertaken pursuant to subsection (a) of this  
32 section to address large gaps in health status among North Carolinians who are  
33 African-American and other minority populations in this State. The Department shall  
34 submit the report not later than March 1, 2008, to the House of Representatives  
35 Appropriations Subcommittee on Health and Human Services, the Senate  
36 Appropriations Committee on Health and Human Services, and the Fiscal Research  
37 Division."  
38

### 39 HIV PREVENTION FUNDS

40 **SECTION 10.5.** Of the funds appropriated in this act to the Department of  
41 Health and Human Services, the sum of two million dollars (\$2,000,000) for the  
42 2008-2009 fiscal year shall be allocated for HIV Prevention for the following purposes:

- 43 (1) Funding to local health departments, historically black colleges and  
44 universities, the Office of Minority Health and Health Disparities, and

1 other community organizations for HIV counseling, testing, and early  
2 medical interventions.

3 (2) Funding to implement three community-based harm reduction  
4 programs as part of a comprehensive Hepatitis C and HIV disease  
5 prevention program. The funds shall also be used to support these  
6 programs in providing case management services, care, and other  
7 services that will further the purposes of HIV and Hepatitis C  
8 prevention.

9 (3) Funding to support peer-to-peer counseling efforts.

## 10 11 **CHILD CARE FUNDS MATCHING REQUIREMENT**

12 **SECTION 10.6.** Section 10.17 of S.L. 2007-323 reads as rewritten:

13 "**SECTION 10.17.(a)** No local matching funds may be required by the Department  
14 of Health and Human Services as a condition of any locality's receiving its initial  
15 allocation of child care funds appropriated by this act unless federal law requires a  
16 match. If the Department reallocates additional funds above twenty-five thousand  
17 dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local  
18 purchasing agencies must provide a ~~fifteen percent (15%)~~ twenty percent (20%) local  
19 match to receive the reallocated funds. Matching requirements shall not apply when  
20 funds are allocated because of a disaster as defined in G.S. 166A-4(1).

21 "**SECTION 10.17.(b)** If funds are reallocated to local purchasing agencies in  
22 accordance with subsection (a) of this section, the Department of Health and Human  
23 Services shall evaluate the ~~fifteen percent (15%)~~ twenty percent (20%) local matching  
24 requirement to determine its effect on local purchasing agencies and whether the  
25 matching requirement should be adjusted. The Department shall report its findings and  
26 recommendations to the House of Representatives Appropriations Subcommittee on  
27 Health and Human Services, the Senate Appropriations Committee on Health and  
28 Human Services, and the Fiscal Research Division no later than April 1, 2009."

## 29 30 **CHANGES TO FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

31 **SECTION 10.7.** Section 10.29 of S.L. 2007-323 reads as rewritten:

32 "**SECTION 10.29.(a)** The maximum rates for State participation in the foster care  
33 assistance program are established on a graduated scale as follows:

34 (1) ~~\$390.00~~ \$475.00 per child per month for children aged birth through 5;

35 (2) ~~\$440.00~~ \$581.00 per child per month for children aged 6 through 12;

36 and

37 (3) ~~\$490.00~~ \$634.00 per child per month for children aged 13 through 18.

38 ~~Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.~~

39 "**SECTION 10.29.(b)** The maximum rates for the State participation in the  
40 adoption assistance program are established on a graduated scale consistent with the  
41 foster care rates as follows:

42 (1) ~~\$390.00~~ \$475.00 per child per month for children aged birth through 5;

43 (2) ~~\$440.00~~ \$581.00 per child per month for children aged 6 through 12;

44 and

1 (3) ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

2 "SECTION 10.29.(c) In addition to providing board payments to foster and  
3 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter  
4 324 of the 1995 Session Laws, any additional funds remaining that were appropriated  
5 for this purpose shall be used to provide medical training in avoiding HIV transmission  
6 in the home.

7 "SECTION 10.29.(d) The maximum rates for the State participation in HIV foster  
8 care and adoption assistance are established on a graduated scale as follows:

9 (1) \$800.00 per child per month with indeterminate HIV status;

10 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;

11 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and

12 (4) \$1,600 per child per month terminally ill with complex care needs.

13 "SECTION 10.29.(e) The State and a county participating in foster care and  
14 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of  
15 the cost of care for a child placed by a county department of social services or child  
16 placing agency in a family foster home or residential child care facility. A county shall  
17 be held harmless from contributing fifty percent (50%) of the cost for a child currently  
18 in a family foster home or residential child care facility until the child leaves foster care  
19 or experiences a placement change.

20 "SECTION 10.29.(f) The Department of Health and Human Services may establish  
21 foster care and adoption assistance rates based on the United States Department of  
22 Agriculture (USDA) 'Expenditures on Children by Families' index subject to State  
23 appropriations for each fiscal year.

24 "SECTION 10.29.(g) This section becomes effective January 1, 2009, and applies  
25 to payments made on or after that date."

## 27 TICKET TO WORK IMPLEMENTATION DATE

28 SECTION 10.8. The Department of Health and Human Services shall  
29 implement the Ticket to Work Program on July 1, 2008, whether or not the new MMIS  
30 is operational.

## 32 IMPLEMENTATION OF MMIS

33 SECTION 10.9. The delay in implementation of the new MMIS system has  
34 delayed the implementation of important programs that involve collecting premiums. In  
35 order to mitigate the negative impact of the continuous delays in implementation of  
36 these programs, the Department of Health and Human Services, Division of Medical  
37 Assistance, shall implement the following programs in the first iteration of the new  
38 MMIS, and this first iteration must have the capability of collecting premiums in order  
39 that the programs may be fully implemented at the time MMIS becomes operational.

40 (1) Ticket to Work.

41 (2) Families pay part of the cost of services under the CAP-MR/DD and  
42 CAP children's programs.

43 (3) NC Health Choice.

44



1 **MEDICAID POLICY CHANGE**2 **SECTION 10.10.** Section 10.36(b) of S.L. 2007-323 reads as rewritten:3 **"SECTION 10.36.(b) Policy. –**

- 4 (1) Volume purchase plans and single source procurement. – The  
5 Department of Health and Human Services, Division of Medical  
6 Assistance, may, subject to the approval of a change in the State  
7 Medicaid Plan, contract for services, medical equipment, supplies, and  
8 appliances by implementation of volume purchase plans, single source  
9 procurement, or other contracting processes in order to improve cost  
10 containment.
- 11 (2) Cost-containment programs. – The Department of Health and Human  
12 Services, Division of Medical Assistance, may undertake  
13 cost-containment programs, including contracting for services,  
14 preadmissions to hospitals, and prior approval for certain outpatient  
15 surgeries before they may be performed in an inpatient setting.
- 16 (3) Fraud and abuse. – The Division of Medical Assistance, Department of  
17 Health and Human Services, shall provide incentives to counties that  
18 successfully recover fraudulently spent Medicaid funds by sharing  
19 State savings with counties responsible for the recovery of the  
20 fraudulently spent funds.
- 21 (4) Medical policy. – Unless required for compliance with federal law, the  
22 Department shall not change medical policy affecting the amount,  
23 sufficiency, duration, and scope of health care services and who may  
24 provide services until the Division of Medical Assistance has prepared  
25 a five-year fiscal analysis documenting the increased cost of the  
26 proposed change in medical policy and submitted it for Departmental  
27 review. If the fiscal impact indicated by the fiscal analysis for any  
28 proposed medical policy change exceeds three million dollars  
29 (\$3,000,000) in total requirements for a given fiscal year, then the  
30 Department shall submit the proposed medical policy change with the  
31 fiscal analysis to the Office of State Budget and Management and the  
32 Fiscal Research Division. The Department shall not implement any  
33 proposed medical policy change exceeding three million dollars  
34 (\$3,000,000) in total requirements for a given fiscal year unless the  
35 source of State funding is identified and approved by the Office of  
36 State Budget and Management. For medical policy changes exceeding  
37 three million dollars (\$3,000,000) in total requirements for a given  
38 fiscal year that are required for compliance with federal law, the  
39 Department shall submit the proposed medical policy or policy  
40 interpretation change with the fiscal analysis to the Office of State  
41 Budget and Management prior to implementing the change. The  
42 Department shall provide the Office of State Budget and Management  
43 and the Fiscal Research Division a quarterly report itemizing all

1 medical policy changes with total requirements of less than three  
2 million dollars (\$3,000,000)."  
3

#### 4 **DHHS STUDY PERFORMANCE BOND REQUIREMENT**

5 **SECTION 10.11.** The Department of Health and Human Services shall  
6 study the feasibility of requiring Medicaid-enrolled providers to purchase a performance  
7 bond or to submit an executed letter of credit or financial instrument as a condition of  
8 initial provider enrollment, re-enrollment, or reinstatement. In conducting the study, the  
9 Department shall consider the conditions under which a performance bond, letter of  
10 credit, or financial instrument would be required of Medicaid providers, and the  
11 conditions under which the Department should waive or limit the performance bond,  
12 letter of credit, or financial instrument requirements, including the potential fiscal  
13 impact of the waiver or limitation on the Medicaid program. The Department shall  
14 report its findings and recommendations to the House of Representatives Appropriations  
15 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
16 Health and Human Services, and the Fiscal Research Division not later than January 1,  
17 2009.  
18

#### 19 **EXPAND HEALTH CHOICE/NC KIDS' CARE**

20 **SECTION 10.12.(a)** Section 10.48 of S.L. 2007-323 reads as rewritten:

21 **"SECTION 10.48.(a)** Of the funds appropriated in this act to the Department of  
22 Health and Human Services, Division of Medical Assistance, the sum of three hundred  
23 sixty-eight thousand dollars (\$368,000) for the 2007-2008 fiscal year shall be used by  
24 the Department of Health and Human Services to produce a report that identifies the  
25 most cost-efficient and cost-effective method for developing and implementing a  
26 program of comprehensive health care benefits within available funding for children  
27 ages 0 through 18 in families with annual incomes between two hundred percent  
28 (200%) and three hundred percent (300%) of the federal poverty level. The report shall  
29 consider and address the following:

- 30 (1) Congress' reauthorization of the State Children's Health Insurance  
31 Program (SCHIP) with respect to:  
32 a. The amount of federal funds authorized for each of the fiscal  
33 years covered in the reauthorization;  
34 b. The number of fiscal years that federal funding awarded to the  
35 states remains available to each state;  
36 c. The adequacy of the formula by which federal funds are  
37 distributed to the states; and  
38 d. The ability of states to expand SCHIP coverage to children  
39 whose family incomes exceed two hundred percent (200%) of  
40 the federal poverty level.

41 The Department shall determine whether the most effective use of  
42 State funds is to develop a program that expands access to health  
43 insurance for children whose family income exceeds two hundred

- 1 percent (200%) of the federal poverty level through NC Health Choice  
2 or the State Medical Assistance Program.
- 3 (2) Eligibility and benefits are not an entitlement, are for legal residents of  
4 North Carolina, and are subject to availability of State and federal  
5 funds, and State and federal requirements.
- 6 (3) The most cost-effective use of limited State funds to offer health care  
7 services to children in families between two hundred percent (200%)  
8 and three hundred percent (300%) of the federal poverty level.
- 9 (4) Children enrolled in the program must be ineligible for Medicaid,  
10 Medicare, or other government-sponsored health insurance. The  
11 Department shall study whether children must also be without private  
12 health insurance for a specified amount of time, e.g. six months.
- 13 (5) The health care benefits covered in the proposed expansion program  
14 shall not exceed the benefits currently covered by the NC Health  
15 Choice.
- 16 (6) The establishment of cost-sharing measures for the families of children  
17 with an income above two hundred percent (200%) of the federal  
18 poverty level, including:
- 19 a. A monthly premium per child that is at an optimal level that  
20 simultaneously is affordable, encourages participation by  
21 families, controls costs, and provides revenue to reduce the cost  
22 of the program to the State. The amount of the premium may  
23 increase as income increases above two hundred percent  
24 (200%) of the federal poverty level.
- 25 b. Increased co-payments and cost-sharing that are affordable and  
26 sufficient to control costs, while not discouraging families from  
27 seeking and continuing prescribed treatment for children.
- 28 c. A deductible that is to be applied to certain health care benefits.
- 29 d. A limit on out-of-pocket expenses that is no more than five  
30 percent (5%) of family income.
- 31 (7) The establishment of a comprehensive annual benefit limit per child  
32 that is no more than the current annual benefit limit under NC Health  
33 Choice.
- 34 (8) The most cost-effective and efficient way of administering and  
35 managing enrollment in the program and the collection of premiums.  
36 This may include having the current administrator of NC Health  
37 Choice be the entity to collect premiums, or designating some other  
38 benefit management or administrative entity to do so, including the  
39 Department.

40 **"SECTION 10.48.(b)** Not later than January 1, 2008, the Department shall submit  
41 an interim report of its findings and recommendations to the Senate Appropriations  
42 Committee on Health and Human Services, the House of Representatives  
43 Appropriations Subcommittee on Health and Human Services, the Joint Legislative  
44 Commission on Governmental Operations, and the Fiscal Research Division. The

1 Department shall submit its final report not later than February 1, 2008. It is the intent  
2 of the General Assembly to review the Department's recommendations before the  
3 Department implements a program to expand access to health insurance to children  
4 above two hundred percent (200%) of the federal poverty level, ~~effective July 1, 2008,~~  
5 ~~or upon approval of all required federal waivers, whichever occurs later.~~

6 "SECTION 10.48.(c) Of the funds appropriated in this act to the Department of  
7 Health and Human Services, the sum of ~~seven one million eight hundred nine thousand~~  
8 dollars (\$1,809,000) ~~(\$7,000,000)~~ for the 2008-2009 fiscal year shall be used to  
9 implement a program to expand access to health insurance to children above two  
10 hundred percent (200%) of the federal poverty level ~~effective July 1, 2008.~~ These funds  
11 may be used to support nonrecurring start-up costs and ongoing administrative and  
12 program services expenditures.

13 "SECTION 10.48.(d) The Department of Health and Human Services, Division of  
14 Medical Assistance, shall implement a health care assistance program, NC Kids' Care,  
15 to provide health insurance coverage to children in families with incomes above two  
16 hundred percent (200%) and not more than two hundred fifty percent (250%) of the  
17 federal poverty level, by expanding the Health Insurance Program for Children  
18 established under Part 8 of Article 2 of Chapter 108A of the General Statutes. Except as  
19 otherwise provided, all the requirements of Part 8 of Article 2 of Chapter 108A of the  
20 General Statutes shall apply to the NC Kids' Care program. The Department shall  
21 submit any State Child Health Plan amendments required to implement this section.  
22 Eligibility for and benefits under this program are not an entitlement and are subject to  
23 availability of funds and other changes to State and federal law.

24 "SECTION 10.48.(e) Eligibility. – The Department may enroll eligible children  
25 based on the availability of funds. Following are the eligibility and other requirements  
26 for participation in NC Kids' Care. Children must:

- 27 (1) Be between the ages of birth through 18 years of age;
- 28 (2) Be ineligible for Medicaid, Medicare, or other government sponsored  
29 health insurance, except that any child covered under  
30 G.S. 108A-70.21(g) as of the effective date of this section shall be  
31 eligible for participation in NC Kids' Care as provided in subsection  
32 (o) of this section;
- 33 (3) Have been uninsured for three months immediately prior to  
34 enrollment; the Department may require a longer uninsured waiting  
35 period if required by federal regulations;
- 36 (4) Be in a family whose family income is above two hundred percent  
37 (200%) through two hundred fifty percent (250%) of the federal  
38 poverty level;
- 39 (5) Be a resident of this State, meet applicable federal citizenship and  
40 immigration requirements, and be eligible under federal law; and
- 41 (6) Have paid the monthly premiums required under this section.

42 "SECTION 10.48.(f) Benefits and Limitations. – Except as otherwise provided in  
43 this section for eligibility and cost-sharing requirements, health benefits coverage

1 provided to children eligible for NC Kids' Care shall be the same as coverage provided  
2 under Part 8 of Article 2 of Chapter 108A of the General Statutes.

3 "SECTION 10.48.(g) Community Care of North Carolina. – The Department of  
4 Health and Human Services shall provide services to children enrolled in the NC Kids'  
5 Care program through Community Care of North Carolina and shall pay Community  
6 Care of North Carolina providers a care management fee for these services as allowed  
7 under Medicaid.

8 "SECTION 10.48.(h) Cost-Sharing. – The Department shall require NC Kids' Care  
9 enrollees to contribute to the cost of their care through the use of deductibles,  
10 co-payments, and premiums as follows:

11 (1) No annual enrollment fee. – In lieu of an annual enrollment fee, a  
12 monthly premium shall be charged for each child or family enrolled in  
13 NC Kids' Care. The Department shall establish a procedure for sharing  
14 a portion of premium receipts with each county department of social  
15 services to cover the cost of determining eligibility for services under  
16 NC Kids' Care.

17 (2) Premiums. – The premium amount charged for each child or family  
18 shall vary depending on family income. Enrollees shall pay monthly  
19 premiums as follows:

20 a. Enrollees whose family income is above two hundred percent  
21 (200%) through two hundred twenty-five percent (225%) of the  
22 federal poverty level shall pay a monthly premium not to  
23 exceed thirty dollars (\$30.00) per child.

24 b. Enrollees whose family income is above two hundred  
25 twenty-five percent (225%) through two hundred fifty percent  
26 (250%) of the federal poverty level shall pay a monthly  
27 premium not to exceed sixty dollars (\$60.00) per child.

28 (3) Co-payments. – NC Kids' Care enrollees shall be responsible for  
29 co-payments to providers as follows:

30 a. Ten dollars (\$10.00) per child for each primary care physician  
31 visit;

32 b. Twenty-five dollars (\$25.00) per child for each specialty care  
33 physician visit;

34 c. Twenty-five dollars (\$25.00) per child for each physical  
35 therapy, occupational therapy, or speech therapy visit;

36 d. Thirty dollars (\$30.00) per child for each outpatient hospital  
37 visit;

38 e. Fifty dollars (\$50.00) per child for each inpatient hospital visit;

39 f. Twenty dollars (\$20.00) per child for durable medical  
40 equipment, except there shall be no co-payment required for  
41 diabetic supplies;

42 g. One hundred dollars (\$100.00) for each emergency room visit,  
43 except the co-payment is waived if the enrollee is admitted to  
44 the hospital;

1           h. One hundred fifty dollars (\$150.00) for each ambulance service,  
2           except the co-payment is waived if the enrollee is admitted to  
3           the hospital;

4           i. Outpatient prescription drugs, as follows:

5           1. Five dollars (\$5.00) for each generic prescription drug,  
6           for each brand-name prescription drug for which there is  
7           no generic substitution available, and for each covered  
8           over-the-counter medication; and

9           2. Twenty dollars (\$20.00) for each brand-name  
10           prescription drug for which there is a generic substitution  
11           available.

12           (4) Deductible. – The Department may establish an annual deductible not  
13           to exceed two hundred fifty dollars (\$250.00) per child.

14           (5) The Department shall establish maximum annual cost-sharing limits  
15           per individual or family, provided that the total annual aggregate  
16           cost-sharing, including premiums, with respect to all children in a  
17           family receiving benefits under this section shall not exceed five  
18           percent (5%) of the family's income for the year involved.

19           "SECTION 10.48.(i) Enrollment in NC Kids' Care shall not exceed 15,000 children  
20           for the 2008-2009 fiscal year. This enrollment cap shall not be exceeded even if State  
21           and federal funds are available to enroll additional children for the current fiscal year.

22           "SECTION 10.48.(j) The nonfederal costs of NC Kids' Care shall be paid with  
23           State funds and enrollee premiums. Counties shall not be required to share in the  
24           nonfederal costs of NC Kids' Care.

25           "SECTION 10.48.(k) Providers of services under NC Kids' Care shall be paid at  
26           rates equivalent to Medicaid rates, less any applicable co-payments or deductibles.

27           "SECTION 10.48.(l) Administration of NC Kids' Care shall be in accordance with  
28           Part 8 of Article 2 of Chapter 108A of the General Statutes.

29           "SECTION 10.48.(m) Enrollees covered under G.S. 108A-70.21(g) prior to the  
30           effective date of subsection (n) of this section may choose to continue coverage under  
31           that section through the end of their buy-in coverage period or enroll in NC Kids' Care  
32           provided they meet the eligibility requirements, pay the applicable premium, and notify  
33           their county department of social services within 60 days of receiving notice of their  
34           potential eligibility under NC Kids' Care. For any enrollee electing to transfer coverage  
35           from the buy-in program to NC Kids' Care, coverage under NC Kids' Care shall become  
36           effective the first day of the next month immediately following the month in which they  
37           notified their county department of social services of their intent to enroll in NC Kids'  
38           Care.

39           "SECTION 10.48.(n) This section becomes effective April 1, 2009, or upon  
40           approval of all State Child Health Plan amendments, whichever is later, and is  
41           contingent upon the availability of sufficient federal funding. The Department shall not  
42           apply for such amendments until the US Congress acts to reauthorize the State  
43           Children's Health Insurance Program with sufficient funding to support the current  
44           North Carolina program and the provisions of this section."

1           **SECTION 10.12.(b)** G.S. 108A-70.21(c) reads as rewritten:

2           "(c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
3 coverage for enrollees whose family income is at or below one hundred fifty percent  
4 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
5 enrollees whose family income is above one hundred fifty percent (150%) through two  
6 hundred percent (200%) of the federal poverty level shall be fifty dollars (\$50.00) per  
7 year per child with a maximum annual enrollment fee of one hundred dollars (\$100.00)  
8 for two or more children. The enrollment fee shall be collected by the county  
9 department of social services and retained to cover the cost of determining eligibility for  
10 services under the Program. County departments of social services shall establish  
11 procedures for the collection of enrollment fees."

12           **SECTION 10.12.(c)** G.S. 108A-70.21(g) reads as rewritten:

13           "(g) Purchase of Extended Coverage. – An enrollee in the Program who loses  
14 eligibility due to an increase in family income above two hundred percent (200%) of the  
15 federal poverty level and up to and including two hundred twenty five percent (225%)  
16 of the federal poverty level fifty percent (250%) of the federal poverty level and up to  
17 and including two hundred seventy-five percent (275%) of the federal poverty level may  
18 purchase at full premium cost continued coverage under the Program for a period not to  
19 exceed one year beginning on the date the enrollee becomes ineligible under the income  
20 requirements for the Program. The ~~same~~ benefits, copayments, and other conditions of  
21 enrollment under the Program ~~shall apply~~ applicable to extended coverage purchased  
22 under this ~~subsection~~ subsection shall be the same as those applicable to an NC Kids'  
23 Care enrollee whose family income equals two hundred fifty percent (250%) of the  
24 federal poverty level."

## 25 26 NC HEALTH CHOICE TRANSITION

27           **SECTION 10.13.(a)** G.S. 135-39.5(23), 135-39.6(d), and 135-39.6A(c) are  
28 repealed.

29           **SECTION 10.13.(b)** G.S. 135-42 reads as rewritten:

30           "**§ 135-42. Undertaking Administration and processing of Program claims.**

31           (a) The State of North Carolina undertakes to make available a health insurance  
32 program for ~~children (hereinafter called the "Program")~~ children (Program), which shall  
33 be called North Carolina Health Choice for Children. The Program shall ~~to~~ provide  
34 comprehensive acute medical care to low-income, uninsured children who are residents  
35 of this State and who meet the eligibility requirements established for the Program  
36 under Part 8 of Article 2 of Chapter 108A of the General Statutes. ~~The Executive~~  
37 ~~Administrator and Board of Trustees of the State Health Plan for Teachers and State~~  
38 ~~Employees (hereinafter called the "Plan") shall administer the Program under this Part~~  
39 ~~and shall carry out their duties and responsibilities in accordance with Parts 2 and 3 of~~  
40 ~~this Article and with applicable provisions of Part 8 of Article 2 of Chapter 108A. The~~  
41 ~~Plan's self-insured indemnity program shall not incur any financial obligations for the~~  
42 ~~Program in excess of the amount of funds that the Plan's self-insured indemnity program~~  
43 ~~receives for the Program. Except as provided in this Part, the Program shall be~~  
44 administered by the Department of Health and Human Services in accordance with Part

1 8 of Article 2 of Chapter 108A of the General Statutes and as required under applicable  
2 federal law.

3 (a1) Notwithstanding any other provision of law, the Secretary of the Department  
4 of Health and Human Services shall delegate the responsibility for the administration  
5 and processing of claims for benefits provided under the Program to the Executive  
6 Administrator and Board of Trustees of the State Health Plan for Teachers and State  
7 Employees (hereinafter called the "Plan") until such date, but not later than July 1, 2010,  
8 the Secretary determines that the Department is prepared to assume some or all of these  
9 responsibilities. In administering the processing of claims for benefits, the Executive  
10 Administrator and Board of Trustees shall have the same type of powers and duties as  
11 provided for these purposes under the Predecessor Plan. For the purposes of this Part,  
12 "Predecessor Plan" means the "North Carolina Teachers' and State Employees'  
13 Comprehensive Major Medical Plan in effect prior to July 1, 2008." The claims  
14 payments shall be made against accounts maintained by the Department of Health and  
15 Human Services. The Executive Administrator and Board of Trustees shall establish  
16 premium rates for benefits provided under this Part. The Department of Health and  
17 Human Services shall, from State and federal appropriations and from any other funds  
18 made available for the Program, make payments to the Plan as determined by the Plan  
19 for its administration, claims processing, and other services delegated by the Secretary  
20 to provide coverage for acute medical care for children eligible for benefits provided  
21 under the Program. The Plan shall not incur any financial obligations for the Program in  
22 excess of the amount of funds that the Plan receives for the Program.

23 (b) The benefits provided under the Program shall be equivalent to the Teachers'  
24 and State Employees' Comprehensive Major Medical Plan (hereafter "Predecessor  
25 Plan") in effect through June 30, 2008, and as provided under Part 8 of Article 2 of  
26 Chapter 108A of the General Statutes. and made available through the Plan pursuant to  
27 Articles 2 and 3 of this Chapter and as provided under G.S. 108A 70.21(b) and  
28 administered by the Plan's Executive Administrator and Board of Trustees. To the  
29 extent there is a conflict between the provisions of Part 8 of Article 2 of Chapter 108A  
30 and Part 3 of this Article the Predecessor Plan pertaining to eligibility, fees, deductibles,  
31 copayments, and lifetime maximum benefits, and other cost-sharing charges, the  
32 provisions of Part 8 of Article 2 of Chapter 108A shall control. In administering the  
33 benefits provided by this Part, the Executive Administrator and Board of Trustees shall  
34 have the same type of powers and duties that are provided under Part 3 of this Article  
35 the Predecessor Plan for hospital and medical benefits.

36 (c) The benefits authorized by this Part are available only to children who are  
37 residents of this State and who meet the eligibility requirements established for the  
38 Program under Part 8 of Article 2 of Chapter 108A of the General Statutes."

39 **SECTION 10.13.(c)** Part 5 of Article 3 of Chapter 135 of the General  
40 Statutes is amended by adding the following new sections to read:

41 **"§ 135-43. Child health insurance fund.**

42 There is established a Child Health Insurance Fund. All premium receipts or any  
43 other receipts, including earnings on investments, occurring or arising in connection  
44 with acute medical care benefits provided under the Program shall be deposited into the



1 Child Health Insurance Fund. Disbursements from the Child Health Insurance Fund  
2 shall include any and all amounts required to pay the benefits and administrative costs  
3 of the Health Insurance Program for Children.

4 **"§ 135-44. Data reporting.**

5 The Executive Administrator and Board of Trustees of the State Health Plan for  
6 Teachers and State Employees shall provide to the Department:

- 7 (1) Data as necessary and in sufficient detail to meet federal reporting  
8 requirements under Title XXI; and
- 9 (2) Data showing cost-sharing paid by Program enrollees to assist the  
10 Department in monitoring and ensuring that enrollees do not exceed  
11 the Program's cost of sharing limitations.
- 12 (3) Data as necessary and in sufficient detail to meet the data collections  
13 and reporting requirements pursuant to G.S. 108A -70.27."

14 **SECTION 10.13.(d)** G.S. 108A-70.18 reads as rewritten:

15 **"§ 108A-70.18. Definitions.**

16 As used in this Part, unless the context clearly requires otherwise, the term:

- 17 (1) "Comprehensive health coverage" means creditable health coverage as  
18 defined under Title XXI.
- 19 (2) "Family income" has the same meaning as used in determining  
20 eligibility for the Medical Assistance Program.
- 21 (3) "FPL" or "federal poverty level" means the federal poverty guidelines  
22 established by the United States Department of Health and Human  
23 Services, as revised each April 1.
- 24 (4) "Medical Assistance Program" means the State Medical Assistance  
25 Program established under Part 6 of Article 2 of Chapter 108A of the  
26 General Statutes.
- 27 (4a) "Predecessor Plan" means the North Carolina Teachers' and State  
28 Employees' Comprehensive Major Medical Plan in effect prior to July  
29 1, 2008.
- 30 (5) "Program" means The Health Insurance Program for Children  
31 established in this Part.
- 32 (6) "State Plan" means the State Child Health Plan for the State Children's  
33 Health Insurance Program established under Title XXI.
- 34 (7) "Title XXI" means Title XXI of the Social Security Act, as added by  
35 Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42  
36 U.S.C. (1997).
- 37 (8) "Uninsured" means the applicant for Program benefits is not covered  
38 under any private or employer-sponsored comprehensive health  
39 insurance plan on the date of enrollment."

40 **SECTION 10.13.(e)** G.S. 108A-70.20 reads as rewritten:

41 **"§ 108A-70.20. Program established.**

42 The Health Insurance Program for Children is established. The Program shall be  
43 known as North Carolina Health Choice for Children, and it shall be administered by  
44 the Department of Health and Human Services in accordance with this Part and as

1 required under Title XXI and related federal rules and regulations. Administration of  
2 Program benefits and claims processing shall be as provided under Part 5 of Article 3 of  
3 Chapter 135 of the General Statutes."

4 **SECTION 10.13.(f)** Effective July 1, 2008, G.S. 108A-70.21 reads as  
5 rewritten:

6 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**  
7 **cost-sharing; coverage from private plans; purchase of extended**  
8 **coverage.**

9 (a) Eligibility. – The Department may enroll eligible children based on  
10 availability of funds. Following are eligibility and other requirements for participation  
11 in the Program:

12 (1) Children must:

- 13 a. Be between the ages of 6 through 18;
- 14 b. Be ineligible for Medicaid, Medicare, or other federal  
15 government-sponsored health insurance;
- 16 c. Be uninsured;
- 17 d. Be in a family whose family income is above one hundred  
18 percent (100%) through two hundred percent (200%) of the  
19 federal poverty level;
- 20 e. Be a resident of this State and eligible under federal law; and
- 21 f. Have paid the Program enrollment fee required under this Part.

22 (2) Proof of family income and residency and declaration of uninsured  
23 status shall be provided by the applicant at the time of application for  
24 Program coverage. The family member who is legally responsible for  
25 the children enrolled in the Program has a duty to report any change in  
26 the enrollee's status within 60 days of the change of status.

27 (3) If a responsible parent is under a court order to provide or maintain  
28 health insurance for a child and has failed to comply with the court  
29 order, then the child is deemed uninsured for purposes of determining  
30 eligibility for Program benefits if at the time of application the  
31 custodial parent shows proof of agreement to notify and cooperate  
32 with the child support enforcement agency in enforcing the order.

33 If health insurance other than under the Program is provided to the  
34 child after enrollment and prior to the expiration of the eligibility  
35 period for which the child is enrolled in the Program, then the child is  
36 deemed to be insured and ineligible for continued coverage under the  
37 Program. The custodial parent has a duty to notify the Department  
38 within 10 days of receipt of the other health insurance, and the  
39 Department, upon receipt of notice, shall disenroll the child from the  
40 Program. As used in this paragraph, the term "responsible parent"  
41 means a person who is under a court order to pay child support.

42 (4) Except as otherwise provided in this section, enrollment shall be  
43 continuous for one year. At the end of each year, applicants may  
44 reapply for Program benefits.

1 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
2 copayments, and other cost-sharing charges, health benefits coverage provided to  
3 children eligible under the Program shall be equivalent to coverage provided for  
4 dependents under the ~~State Health Plan for Teachers and State Employees, including~~  
5 ~~optional prepaid plans.~~Predecessor Plan.

6 In addition to the benefits provided under the ~~Plan,~~Predecessor Plan, the following  
7 services and supplies are covered under the Health Insurance Program for Children  
8 established under this Part:

9 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a  
10 12-month period, full mouth X-rays once every 60 months, supplemental bitewing X-rays showing the back of the teeth once  
11 during a 12-month period, fluoride applications twice during a 12-month period, fluoride varnish, sealants, simple extractions,  
12 therapeutic pulpotomies, prefabricated stainless steel crowns, and  
13 routine fillings of amalgam or other tooth-colored filling material to  
14 restore diseased teeth. No benefits are to be provided for services and  
15 materials under this subsection that ~~are not performed by or upon the~~  
16 ~~direction of a dentist, doctor, or other professional provider approved~~  
17 ~~by the Plan nor for services and materials that do not meet the~~  
18 standards accepted by the American Dental Association.

19 (2) Vision: Scheduled routine eye examinations once every 12 months,  
20 eyeglass lenses or contact lenses once every 12 months, routine  
21 replacement of eyeglass frames once every 24 months, and optical  
22 supplies and solutions when needed. Optical services, supplies, and  
23 solutions must be obtained from licensed or certified ophthalmologists,  
24 optometrists, or optical dispensing laboratories. Eyeglass lenses are  
25 limited to single vision, bifocal, trifocal, or other complex lenses  
26 necessary for a Plan enrollee's visual welfare. Coverage for oversized  
27 lenses and frames, designer frames, photosensitive lenses, tinted  
28 contact lenses, blended lenses, progressive multifocal lenses, coated  
29 lenses, and laminated lenses is limited to the coverage for single  
30 vision, bifocal, trifocal, or other complex lenses provided by this  
31 subsection. Eyeglass frames are limited to those made of zylonite,  
32 metal, or a combination of zylonite and metal. All visual aids covered  
33 by this subsection require ~~prior approval of the Plan. Upon prior~~  
34 ~~approval by the Plan, prior approval. Upon prior approval~~ refractions  
35 may be covered more often than once every 12 months.

36 (3) Hearing: Auditory diagnostic testing services and hearing aids and  
37 accessories when provided by a licensed or certified audiologist,  
38 otolaryngologist, or other approved hearing aid specialist approved by  
39 ~~the Plan. Prior approval of the Plan specialist. Prior approval~~ is  
40 required for hearing aids, accessories, earmolds, repairs, loaners, and  
41 rental aids.  
42  
43

1           (4) Over-the-counter medications: Selected over-the-counter medications  
2           provided the medication is covered under the State Medical Assistance  
3           Plan. Coverage shall be subject to the same policies and approvals as  
4           required under the Medicaid program.

5           ~~Effective January 1, 2006, the~~ The Department shall provide services to children  
6 enrolled in the NC Health Choice Program through Community Care of North Carolina  
7 and shall pay Community Care of North Carolina providers for these services as  
8 allowed under Medicaid.

9           (b1) Payments. – Prescription drug providers shall accept as payment in full, for  
10 outpatient prescriptions filled, amounts allowable for prescription drugs under  
11 Medicaid. For all other providers, ~~effective no later than January 1, 2006,~~ services  
12 provided to children enrolled in the Program shall be provided at rates equivalent to one  
13 hundred ~~fifteen percent (115%)~~ percent (100%) of Medicaid rates, less any co-payments  
14 assessed to enrollees under this Part. ~~Effective July 1, 2006, services provided to these~~  
15 ~~children shall be provided at rates equivalent to one hundred percent (100%) of~~  
16 ~~Medicaid rates, less any co-payments assessed to enrollees under this Part. Effective~~  
17 ~~until rates equivalent to one hundred fifteen percent (115%) of Medicaid rates become~~  
18 ~~effective, providers of services to Program enrollees shall accept as payment in full for~~  
19 ~~services rendered the maximum allowable charges under the State Health Plan for~~  
20 ~~Teachers and State Employees for services less any co-payments assessed to enrollees~~  
21 ~~under this Part.~~

22           (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
23 coverage for enrollees whose family income is at or below one hundred fifty percent  
24 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
25 enrollees whose family income is above one hundred fifty percent (150%) of the federal  
26 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual  
27 enrollment fee of one hundred dollars (\$100.00) for two or more children. The  
28 enrollment fee shall be collected by the county department of social services and  
29 retained to cover the cost of determining eligibility for services under the Program.  
30 County departments of social services shall establish procedures for the collection of  
31 enrollment fees.

32           (d) Cost-Sharing. – There shall be no deductibles, copayments, or other  
33 cost-sharing charges for families covered under the Program whose family income is at  
34 or below one hundred fifty percent (150%) of the federal poverty level, except that fees  
35 for outpatient prescription drugs are applicable and shall be one dollar (\$1.00) for each  
36 outpatient generic prescription ~~drug and drug,~~ for each outpatient brand-name  
37 prescription drug for which there is no generic substitution ~~available.~~ available, and for  
38 each covered over-the-counter medication. The fee for each outpatient brand-name  
39 prescription drug for which there is a generic substitution available is three dollars  
40 (\$3.00). Families covered under the Program whose family income is above one  
41 hundred fifty percent (150%) of the federal poverty level shall be responsible for  
42 copayments to providers as follows:

- 1 (1) Five dollars (\$5.00) per child for each visit to a provider, except that  
2 there shall be no copayment required for well-baby, well-child, or  
3 age-appropriate immunization services;
- 4 (2) Five dollars (\$5.00) per child for each outpatient hospital visit;
- 5 (3) A one dollar (\$1.00) fee for each outpatient generic prescription ~~drug~~  
6 ~~and drug~~, for each outpatient brand-name prescription drug for which  
7 there is no generic substitution ~~available~~.available, and for each  
8 covered over-the-counter medication. The fee for each outpatient  
9 brand-name prescription drug for which there is a generic substitution  
10 available is ten dollars (\$10.00).
- 11 (4) Twenty dollars (\$20.00) for each emergency room visit unless:
- 12 a. The child is admitted to the hospital, or
- 13 b. No other reasonable care was available as determined by the  
14 ~~Claims Processing Contractor of the State Health Plan for~~  
15 ~~Teachers and State Employees.~~Department.

16 Copayments required under this subsection for prescription drugs apply only to  
17 prescription drugs prescribed on an outpatient basis.

18 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,  
19 including fees, with respect to all children in a family receiving Program benefits under  
20 this Part shall not exceed five percent (5%) of the family's income for the year involved.  
21 ~~To assist the Department in monitoring and ensuring that the limitations of this~~  
22 ~~subsection are not exceeded, the Executive Administrator and Board of Trustees of the~~  
23 ~~State Health Plan for Teachers and State Employees shall provide data to the~~  
24 ~~Department showing cost sharing paid by Program enrollees.~~

25 (f) Coverage From Private Plans. – The Department shall, from funds available  
26 for the Program, pay the cost for dependent coverage provided under a private insurance  
27 plan for persons eligible for coverage under the Program if all of the following  
28 conditions are met:

- 29 (1) The person eligible for Program coverage requests to obtain dependent  
30 coverage from a private insurer in lieu of coverage under the Program  
31 and shows proof that coverage under the private plan selected meets  
32 the requirements of this subsection;
- 33 (2) The dependent coverage under the private plan is actuarially  
34 equivalent to the coverage provided under the Program and the private  
35 plan does not engage in the exclusive enrollment of children with  
36 favorable health care risks;
- 37 (3) The cost of dependent coverage under the private plan is the same as  
38 or less than the cost of coverage under the Program; and
- 39 (4) The total annual aggregate cost-sharing, including fees, paid by the  
40 enrollee under the private plan for all dependents covered by the plan,  
41 do not exceed five percent (5%) of the enrollee's family income for the  
42 year involved.

1 The Department may reimburse an enrollee for private coverage under this  
2 subsection upon a showing of proof that the dependent coverage is in effect for the  
3 period for which the enrollee is eligible for the Program.

4 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses  
5 eligibility due to an increase in family income above two hundred percent (200%) of the  
6 federal poverty level and up to and including two hundred twenty-five percent (225%)  
7 of the federal poverty level may purchase at full premium cost continued coverage  
8 under the Program for a period not to exceed one year beginning on the date the enrollee  
9 becomes ineligible under the income requirements for the Program. The same benefits,  
10 copayments, and other conditions of enrollment under the Program shall apply to  
11 extended coverage purchased under this subsection.

12 (h) No State Funds for Voluntary Participation. – No State or federal funds shall  
13 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under  
14 subsection (f) of this section.

15 (i) No Lifetime Maximum Benefit Limit. – Benefits provided to an enrollee in  
16 the Program shall not be subject to a maximum lifetime limit."

17 **SECTION 10.13.(g)** G.S. 108A-70.22 is repealed.

18 **SECTION 10.13.(h)** G.S. 108A-70.23 reads as rewritten:

19 **"§ 108A-70.23. Services for children with special needs established; definition;**  
20 **eligibility; services; limitation; recommendations; no entitlement.**

21 (a) [Special Needs Services Authorized. –] The Department shall, from federal  
22 funds received and State funds appropriated for the Program, pay for services for  
23 children with special needs as authorized under this section. As used in this section, the  
24 term "children with special needs" or "special needs child" means children who have  
25 been diagnosed as having one or more of the following conditions which in the opinion  
26 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily  
27 routine, and (iii) require extensive medical intervention and extensive family  
28 management:

- 29 (1) Birth defect, including genetic, congenital, or acquired disorders;
- 30 (2) Developmental disability as defined under G.S. 122C-3;
- 31 (3) Mental or behavioral disorder; or
- 32 (4) Chronic and complex illnesses.

33 (b) Eligibility for Services. – In order to be eligible for services under this section  
34 a special needs child must be enrolled in the Program.

35 (c) Services Provided. – The services authorized to be provided to children  
36 eligible under this section are as follows:

- 37 (1) The same level of services as provided for special needs children under  
38 the Medical Assistance Program as authorized in the Current  
39 Operations Appropriations Act except that:
  - 40 a. No services for long-term care shall be provided under this  
41 section;
  - 42 b. Services for respite care shall be provided only under  
43 emergency circumstances; and

c. The Department may limit services for special needs children after consultation with the Commission on Children with Special Health Care Needs.

(2) Only those services eligible under this section that are not covered or otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the General Statutes~~ the Predecessor Plan.

(d) Limitation. – Funds may be expended for services under this section only if the special needs child is enrolled in the Program, the services provided under this section are not provided under ~~Part 5 of Article 3 of Chapter 135 of the General Statutes~~, the Predecessor Plan and the child meets the definition of a special needs child under this section.

(e) Case Management Services. – The Department shall develop procedures for the provision of case management services by the Department to eligible special needs children. Case management services shall be developed to ensure to the maximum extent possible that services are provided in the most efficient and effective manner considering the special needs of the child. The cost of providing case management services for children with special needs shall be paid from funds available for services under this section.

(f) Recommendations by Commission on Children With Special Health Care Needs. – In implementing this section the Department shall consider the recommendations of the Commission on Children With Special Health Care Needs established under Article 71 of Chapter 143 of the General Statutes. The Department, in consultation with the Commission on Children With Special Health Care Needs shall develop procedures for providing respite care services under emergency circumstances.

(g) No Entitlement. – Nothing in this section shall be construed as entitling any person to services under this section."

**SECTION 10.13.(i)** G.S. 108A-70.24 is repealed.

**SECTION 10.13.(j)** G.S. 108A-27(c) reads as rewritten:

**"§ 108A-70.27. Data collection; reporting.**

...

~~(c) The Executive Administrator and Board of Trustees of the North Carolina Teachers' and State Employees' Major Medical Plan ("Plan") shall provide to the Department data required under this section that are collected by the Plan. Data shall be reported by the Plan in sufficient detail to meet federal reporting requirements under Title XXI. The Plan~~The Department shall report periodically to the Joint Legislative Health Care Oversight Committee claims processing data for the Program and any other information the Plan or the Committee deems appropriate and relevant to assist the Committee in its review of the Program."

**SECTION 10.13.(k)** Effective July 1, 2009, G.S. 108A-70.21(b)(1), as amended by subsection (g) of this section, reads as rewritten:

**"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private plans; purchase of extended coverage.**

...

1 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
2 copayments, and other cost-sharing charges, health benefits coverage provided to  
3 children eligible under the Program shall be equivalent to coverage provided for  
4 dependents under the Predecessor Plan.

5 In addition to the benefits provided under the Predecessor Plan, dental services and  
6 supplies as follows:

7 (1) ~~Dental:~~ Oral examinations, teeth cleaning, and ~~sealing~~ topical fluoride  
8 treatments twice during a 12-month period, full mouth X-rays once  
9 every 60 months, supplemental bitewing X-rays showing the back of  
10 the teeth once during a 12-month period, ~~fluoride applications twice~~  
11 ~~during a 12-month period, fluoride varnish, sealants, simple~~  
12 ~~extractions, sealants, extractions, other than impacted teeth or wisdom~~  
13 ~~teeth,~~ therapeutic pulpotomies, space maintainers, root canal therapy  
14 for permanent anterior teeth and permanent first molars, prefabricated  
15 stainless steel crowns, and routine fillings of amalgam or other  
16 tooth-colored filling material to restore diseased teeth.

17 (1a) Orthognathic surgery to correct functionally impairing malocclusions  
18 when orthodontics was approved and initiated while the child was  
19 covered by Medicaid and the need for orthognathic surgery was  
20 documented in the orthodontic treatment plan.

21 No benefits are to be provided for services and materials under this subsection that  
22 do not meet the standards accepted by the American Dental Association."

23 **SECTION 10.13.(l)** The Secretary of the Department of Health and Human  
24 Services shall develop and implement a plan for assuming administrative responsibility  
25 for the North Carolina Health Choice for Children program by transitioning all  
26 administrative oversight and claims processing activities from the Executive  
27 Administrator and Board of Trustees of the State Health Plan for Teachers and State  
28 Employees to the Division of Medical Assistance no later than July 1, 2010. The  
29 Secretary shall report to the Joint Legislative Health Care Oversight Committee and the  
30 Committee on Employee Hospital and Medical Benefits at least 30 days prior to  
31 effecting the transition of some or all of the responsibilities for the administration and  
32 processing of claims for benefits provided under the North Carolina Health Choice for  
33 Children program from the Executive Administrator and Board of Trustees of the State  
34 Health Plan for Teachers and State Employees to the Department.

35 **SECTION 10.13.(m)** The Secretary of the Department of Health and Human  
36 Services shall develop a plan to ensure operation of the most cost-effective program on  
37 a long-term basis, including identifying a new third-party administrator and  
38 restructuring the benefits design for the North Carolina Health Choice program, if  
39 necessary, and provide a progress report to the General Assembly by May 15, 2009. The  
40 following factors should be considered in identifying and evaluating alternatives for a  
41 long-term claims processing solution:

42 (1) The ability of the State and the amount of time required to realize a  
43 return on its investment in the BCBSNC Power MHS system (i.e., the



1 cost to the State to move NCHC claims processing from the Legacy  
2 System to MHS).

- 3 (2) The operational efficiency of the BCBSNC Power MHS system as an  
4 interim solution.
- 5 (3) The amount of time, transition and operating costs required to select a  
6 new vendor and develop, design, and implement an independent  
7 claims processing system for NC Health Choice.
- 8 (4) Likely operational issues and additional costs associated with ensuring  
9 compatability of an independent claims processing system with the  
10 MMIS replacement system.
- 11 (5) The amount of time, transition, and operating costs required to modify  
12 and enhance the core MMIS replacement system to process NC Health  
13 Choice claims.
- 14 (6) The impact of decisions related to the benefit structure and coverage  
15 policies, including the ability to implement future program changes.
- 16 (7) Any other factors or issues related to ensuring long-term  
17 cost-effectiveness and operating efficiency of claims processing and  
18 other administrative activities for NC Health Choice.

19 **SECTION 10.13.(n)** Subsections (a) through (c) and subsections (e) through  
20 (k) of this section become effective July 1, 2008. Effective July 1, 2010, G.S. 135-42,  
21 as amended by subsection (b) of this section, is repealed. The remainder of this section  
22 is effective when this act becomes law.

## 23 24 **HEALTH CHOICE ENROLLMENT GROWTH CAP**

25 **SECTION 10.14.(a)** Section 10.47 of S.L. 2007-323 is repealed.

26 **SECTION 10.14.(b)** The Department of Health and Human Services may, in  
27 the NC Health Choice Program for the 2008-2009 fiscal year, allow up to eight and  
28 seventy-three hundredths percent (8.73%) enrollment growth over the number of  
29 children enrolled in the NC Health Choice Program on June 30, 2008. This limitation  
30 on enrollment growth may not be exceeded even if State and federal funds are available  
31 for the 2008-2009 fiscal year to enroll additional children for that fiscal year.

32 **SECTION 10.14.(c)** On January 15, 2009, or upon the convening of the  
33 2009 General Assembly, whichever occurs later, the Department of Health and Human  
34 Services shall report to the 2009 General Assembly. The report shall provide the  
35 following information:

- 36 (1) The number of children that were enrolled in NC Health Choice in the  
37 first week of January 2009, based on the January Pull-Night data; and
- 38 (2) Projected enrollment and program costs for each of the remaining six  
39 months of the 2008-2009 fiscal year. The projected enrollment shall be  
40 based on NC Health Choice enrollment data and program costs from  
41 the immediately preceding five fiscal years.

42 The Department shall submit the report to the Chairs of the House of  
43 Representatives Appropriations Subcommittee on Health and Human Services, the

1 Senate Appropriations Committee on Health and Human Services, and the Fiscal  
2 Research Division.

3         **SECTION 10.14.(d)** If the report submitted pursuant to subsection (c) of this  
4 section indicates, or if the Department becomes later aware that growth in NC Health  
5 Choice enrollment for the 2008-2009 fiscal year will exceed the maximum eight and  
6 seventy-three hundredths percent (8.73%) growth allowed under subsection (a) of this  
7 section, then the Department shall notify the Centers for Medicare and Medicaid  
8 Services (CMS) that it anticipates a freeze on enrolling new enrollees. The Department  
9 will continue to provide monthly reports to the chairs of the House of Representatives  
10 Committee on Appropriations, the House of Representatives Appropriations  
11 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
12 Health and Human Services, the Office of State Budget and Management, and the Joint  
13 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and  
14 Substance Abuse Services, and the Fiscal Research Division. If enrollment in NC  
15 Health Choice continues to follow the Department's projections that the eight and  
16 seventy-three hundredths percent (8.73%) cap will be exceeded, then the Department  
17 shall formally notify CMS, the Chairs of the House of Representatives Appropriations  
18 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
19 Health and Human Services, and the Fiscal Research Division of a freeze on new  
20 enrollees.

## 21 22 **MENTAL HEALTH CHANGES**

23         **SECTION 10.15.(a)** For the purpose of mitigating cash-flow problems that  
24 many non-single-stream local management entities (LMEs) experience at the beginning  
25 of each fiscal year, the Department of Health and Human Services, Division of Mental  
26 Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the  
27 timing and method by which allocations of service dollars are distributed to each  
28 non-single-stream LME. To this end, the allocations shall be adjusted such that at the  
29 beginning of the fiscal year the Department shall distribute not less than one-twelfth  
30 of the LME's continuation allocation and subtract the amount of the adjusted distribution  
31 from the LME's total reimbursements for the fiscal year.

32         **SECTION 10.15.(b)** There is appropriated from the General Fund to the  
33 Department of Health and Human Services, Division of Mental Health, Developmental  
34 Disabilities, and Substance Abuse Services, the sum of two million dollars (\$2,000,000)  
35 for the 2008-2009 fiscal year. These funds shall be used to support LMEs in  
36 establishing additional regionally purchased and locally hosted substance abuse  
37 programs. Funds appropriated shall be for the purpose of developing and enhancing the  
38 American Society of Addiction Medicine (ASAM) continuum of care at the community  
39 level. The Department of Health and Human Services shall work with LMEs in  
40 establishing these programs. LMEs shall report to the Department of Health and  
41 Human Services on the LME's use of the funds. Reporting dates and frequency shall be  
42 as determined by the Department.

43         **SECTION 10.15.(c)** The Department shall encourage the conversion of the  
44 remaining non-single-stream LMEs to single-stream funding as soon as possible. The

1 Department shall develop prompt-pay guidelines as part of single-stream funding  
2 requirements. The Department shall also develop standards for the removal of  
3 single-stream designation for those LMEs that do not continue to comply with the  
4 applicable requirements for single-stream funding, except that the Department's  
5 requirements shall allow for LMEs in the first year of single-stream funding to have a  
6 six-month grace period to comply with the requirements from the time the LME begins  
7 single-stream funding. For its report on performance measures, the Department shall  
8 include a matrix by LME and performance measure of those LMEs that are not meeting  
9 the performance measure.

10 **SECTION 10.15.(d)** The Department of Health and Human Services shall  
11 simplify the current State Integrated Payment and Reporting System (IPRS) to  
12 encourage more providers to serve State-paid clients. This effort shall include working  
13 with LMEs to develop billing codes for relevant activities currently lacking such codes.

14 **SECTION 10.15.(e)** The Department of Health and Human Services shall  
15 consult with LMEs and service providers to determine why there have been under- and  
16 over-expenditure of State service dollars by LMEs and shall take the action necessary to  
17 address the problem. In making its determination, the Department shall work with  
18 LMEs and providers. Not later than January 1, 2009, the Department shall report to the  
19 House of Representatives Appropriations Subcommittee on Health and Human  
20 Services, the Senate Appropriations Committee on Health and Human Services, the  
21 Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental  
22 Health, Developmental Disabilities, and Substance Abuse Services on actions taken to  
23 address the problem of LME under- and over-expenditure of service dollars. The report  
24 shall include legislative action needed to address the problem.

25 **SECTION 10.15.(f)** The Department shall perform a services gap analysis  
26 of the Mental Health, Developmental Disabilities, and Substance Abuse Services  
27 System. The Department of Health and Human Services shall involve LMEs in  
28 performing the gap analysis. The Department shall not contract with an independent  
29 entity to perform the gap analysis. The Department shall report the results of its  
30 analysis to the House of Representatives Appropriations Subcommittee on Health and  
31 Human Services, the Senate Appropriations Committee on Health and Human Services,  
32 the Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental  
33 Health, Developmental Disabilities, and Substance Abuse Services not later than  
34 January 1, 2010.

35 **SECTION 10.15.(g)** In order to temporarily address high admissions to  
36 adult acute unit beds in the State psychiatric hospitals, the Secretary of the Department  
37 of Health and Human Services may, notwithstanding G.S. 122C-181 and  
38 G.S. 122C-112.1(a)(30), open and operate on a temporary basis up to 60 beds at the  
39 Central Regional Hospital Wake Unit on the Dorothea Dix Campus and may maintain  
40 the Wake Unit on the Dix Campus until beds become available in the system. Section  
41 10.49(t) of S.L. 2007-323 does not apply to this subsection.

42 **SECTION 10.15.(h)** Onetime funds appropriated for the Dorothea Dix  
43 Hospital overflow unit shall be used to support the temporary opening and operation of

1 the Central Regional Hospital Wake Unit on the Dorothea Dix Campus. It is the intent  
2 of the General Assembly to fund the Wake Unit for three years.

3 **SECTION 10.15.(i)** Of the funds appropriated in this act to the Department  
4 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
5 and Substance Abuse Services, for mobile crisis teams, the sum of five million seven  
6 hundred fifty-five thousand dollars (\$5,755,000) shall be distributed to LMEs to support  
7 30 mobile crisis teams according to the Cross-Area Service Program model. The new  
8 mobile crisis units shall be distributed across the State according to need as determined  
9 by the Department.

10 **SECTION 10.15.(j)** Of the funds appropriated in this act to the Department  
11 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
12 and Substance Abuse Services, the sum of eight million dollars (\$8,000,000) shall be  
13 allocated for ten thousand local inpatient psychiatric bed days. These funds shall be  
14 distributed across the State according to need as determined by the Department. These  
15 funds may also be used for detoxification bed days. Notwithstanding any other  
16 provision of law to the contrary, the Department may pay the hospitals directly for these  
17 beds, but shall transfer the funds to the LMEs for payment to the hospitals at such time  
18 as the LMEs have the capacity of managing these funds.

19 **SECTION 10.15.(k)** Of the funds appropriated in this act to the Department  
20 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
21 and Substance Abuse Services, the sum of three million four hundred forty-four  
22 thousand one hundred forty-seven dollars (\$3,444,147) shall be allocated for the  
23 START crisis model for developmental disability services. These funds shall be  
24 distributed to LMEs to support nine crisis teams according to the Cross-Area Service  
25 Program model. The new crisis teams shall be distributed across the State according to  
26 need as determined by the Department.

27 **SECTION 10.15.(l)** Of the funds appropriated in this act to the Department  
28 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
29 and Substance Abuse Services, the sum of six million one hundred thirteen thousand  
30 nine hundred forty-seven dollars (\$6,113,947) shall be allocated for walk-in crisis and  
31 immediate psychiatric aftercare and shall be distributed to the LMEs to support 30  
32 psychiatrists and related support staff. Of these funds, the sum of one million six  
33 hundred fifty thousand dollars (\$1,650,000) shall be used for telepsychiatry equipment  
34 owned by the LMEs.

35 **SECTION 10.15.(m)** The independent and supportive living apartments for  
36 persons with disabilities constructed from funds appropriated in this act for that purpose  
37 shall be affordable to persons with incomes at the Supplemental Security Income (SSI)  
38 level.

39 **SECTION 10.15.(n)** The Department of Health and Human Services,  
40 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
41 shall implement the tiered CAP-MR/DD waiver program in accordance with Section  
42 10.49(dd) of S.L. 2007-323. The Department shall implement the program with four  
43 tiers: (i) up to twenty thousand dollars (\$20,000); (ii) between twenty thousand one  
44 dollars (\$20,001) and forty-five thousand dollars (\$45,000); (iii) between forty-five

1 thousand one dollars (\$45,001) and seventy-five thousand dollars (\$75,000); and (iv)  
2 between seventy-five thousand one dollars (\$75,001) and one hundred thousand dollars  
3 (\$100,000). The Department shall review on a case-by-case basis tier funding in excess  
4 of one hundred thousand dollars (\$100,000) and may authorize the excess amount based  
5 on standards adopted by the Department.

6 **SECTION 10.15.(o)** Of the funds appropriated in this act to the Department  
7 of Health and Human Services, Division of Medical Assistance, for the 2008-2009  
8 fiscal year for additional CAP-MR/DD slots, a portion of these funds shall be allocated  
9 for slots managed under the North Carolina CAP-MR/DD 1915(c) Medicaid waiver and  
10 shall be used for tier one slots as described under subsection (n) of this section. In  
11 addition a portion of these funds shall be allocated to fund CAP-MR/DD slots statewide  
12 to fund a combination of slots managed under the North Carolina CAP-MR/DD 1915(c)  
13 Medicaid waiver and slots managed under the North Carolina Piedmont Behavioral  
14 Health Care 1915(b) and (c) Medicaid waiver.

15 **SECTION 10.15.(p)** The Department of Health and Human Services shall  
16 implement a plan to catch up Piedmont Behavioral Health (PBH) CAP-MR/DD slots to  
17 the State average such that one percent (1%) of the funds for turnover CAP-MR/DD  
18 slots shall be transferred each year to PBH until PBH CAP-MR/DD slots reach the State  
19 per capita average of slots.

20 **SECTION 10.15.(q)** The North Carolina Institute of Medicine (IOM) shall  
21 study and report on the transition for persons with developmental disabilities from one  
22 life setting to another, including barriers to transition and best practices in successful  
23 transitions. The IOM should conduct this study using funds appropriated for IOM  
24 studies in the 2007 Session. The study should encompass at least the following topics:  
25 (i) the transition for adolescents leaving high school, including adolescents in foster care  
26 and those in other settings; (ii) the transition for persons with developmental disabilities  
27 who live with aging parents; and (iii) the transition from the developmental centers to  
28 other settings. The IOM shall report its findings and recommendations to the House of  
29 Representatives Appropriations Subcommittee on Health and Human Services, the  
30 Senate Appropriations Committee on Health and Human Services, the Fiscal Research  
31 Division, and the Joint Legislative Oversight Committee on Mental Health,  
32 Developmental Disabilities, and Substance Abuse Services on or before March 1, 2009.

33 **SECTION 10.15.(r)** The Department of Health and Human Services shall  
34 review State-County Special Assistance rates to develop an appropriate rate for special  
35 care units for persons with a mental health disability, including individuals with  
36 Traumatic Brain Injury (TBI), and shall review current rules pertaining to special care  
37 units for persons with a mental health disability to determine if additional standards are  
38 necessary. The Department shall report its findings and recommendations to the House  
39 of Representatives Appropriations Subcommittee on Health and Human Services, the  
40 Senate Appropriations Committee on Health and Human Services, the Joint Legislative  
41 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
42 Abuse Services, and the Fiscal Research Division not later than January 1, 2009.

43 **SECTION 10.15.(s)** The Department of Health and Human Services shall  
44 ensure that veterans and their families comprise one of the target populations for mental

1 health, developmental disabilities, and substance abuse services in order that this  
2 population is eligible for existing funding.

3       **SECTION 10.15.(t)** In order to ensure accountability for services provided  
4 and funds expended for community services, the Department of Health and Human  
5 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
6 Services, shall develop a tiered rate structure to replace the blended rate currently used  
7 for community support services. Under the new tiered structure, services that are  
8 necessary but do not require the skill, education, or knowledge of a qualified  
9 professional should not be paid at the same rate as services provided by qualified skilled  
10 professionals. The Department shall not implement the tiered rate structure until 15  
11 days after it has notified the House of Representatives Appropriations Subcommittee on  
12 Health and Human Services, the Senate Appropriations Committee on Health and  
13 Human Services, and the Joint Legislative Oversight Committee on Mental Health,  
14 Developmental Disabilities, and Substance Abuse Services. The Department shall report  
15 on the development of the structure to the Joint Legislative Oversight Committee on  
16 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than  
17 October 1, 2008.

18       **SECTION 10.15.(u)** The lead paragraph of Section 10.49(ee) of S.L.  
19 2007-323 reads as rewritten:

20       "**SECTION 10.49.(ee)** ~~For~~This subsection does not apply to community support  
21 services offered under a Medicaid managed care, capitated, at-risk waiver. For all other  
22 community support services, for the purpose of avoiding overutilization of community  
23 support services and overexpenditure of funds for these services, the Department of  
24 Health and Human Services shall immediately conduct an in-depth evaluation of the use  
25 and cost of community support services to identify existing and potential areas of  
26 overutilization and overexpenditure. The Department shall also adopt or revise as  
27 necessary management policies and practices that will ensure that at a minimum:"

28       **SECTION 10.15.(v)** The Department of Health and Human Services,  
29 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
30 shall develop a service authorization process that separates the assessment function  
31 from the service delivery function whenever possible to avoid self-referral and that  
32 requires a comprehensive clinical assessment to be completed by a licensed clinician  
33 prior to service delivery. The Department shall require that the licensed professional  
34 that signs a medical order for behavioral health services must indicate on the order  
35 whether the licensed professional (i) has had direct contact with the consumer, and (ii)  
36 has reviewed the consumer's assessment. The Department shall report on the  
37 development of the service authorization process to the Joint Legislative Oversight  
38 Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
39 Services not later than October 1, 2008. The Department shall not implement the  
40 service authorization process until 15 days after it has notified the House of  
41 Representatives Appropriations Subcommittee on Health and Human Services, the  
42 Senate Appropriations Committee on Health and Human Services, and the Joint  
43 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and  
44 Substance Abuse Services

1           **SECTION 10.15.(w)** The Department of Health and Human Services shall  
2 develop a plan to return the service authorization, utilization review, and utilization  
3 management functions to LMEs for all clients. Not later than February 1, 2009, the  
4 Department shall report on the development of the plan to the House of Representatives  
5 Appropriations Subcommittee on Health and Human Services, the Senate  
6 Appropriations Committee on Health and Human Services, the Joint Legislative  
7 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
8 Abuse Services, and the Fiscal Research Division. Not later than July 1, 2009,  
9 utilization review, utilization management, and service authorization for publicly  
10 funded mental health, developmental disabilities, and substance abuse services should  
11 be returned to LMEs representing in total at least fifty percent (50%) of the State's  
12 population. The Department shall comply with the requirements of S.L. 2007-323,  
13 Section 10.49(ee). The Department shall not contract with an outside vendor for  
14 service authorization, utilization review, or utilization management functions, or  
15 otherwise obligate the State for these functions beyond September 30, 2009. The  
16 Department shall require LMEs to include in their service authorization, utilization  
17 management, and utilization review a review of assessments, as well as person-centered  
18 plans and random or triggered audits of services and assessments.

19           **SECTION 10.15.(x)** The Department of Health and Human Services,  
20 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
21 shall study Medicaid waivers, including 1915(b) and (c) waivers, for all LMEs. In cases  
22 where Medicaid waivers are not appropriate for an LME, the Department shall identify  
23 and recommend strategies to increase LME flexibility to provide case management,  
24 assessment, limit provider networks, or other innovative approach for managing care.  
25 Not later than March 1, 2009, the Department shall report its findings and  
26 recommendations to the House of Representatives Appropriations Subcommittee on  
27 Health and Human Services, the Senate Appropriations Committee on Health and  
28 Human Services, the Joint Legislative Oversight Committee on Mental Health,  
29 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research  
30 Division.

31           **SECTION 10.15.(y)** The Piedmont Behavioral Health (PBH) local  
32 management entity (LME) shall be deemed by the Department as a demonstration  
33 model in the PBH LME catchment area. The Department shall also adopt as part of the  
34 demonstration model the PBH 1915(b) and 1915(c) Medicaid waivers, and  
35 single-stream funding for State services funds, which include funds previously  
36 transferred from State institution budgets.

37           **SECTION 10.15.(z)** The Secretary of the Department of Health and Human  
38 Services shall not take any action prior to January 1, 2010, that would result in the  
39 merger or consolidation of LMEs operating on January 1, 2008, or that would establish  
40 consortia or regional arrangements for the same purpose, except that:

- 41           (1) LMEs that do not meet the catchment area requirements of  
42           G.S. 122C-115 as of January 1, 2008, may initiate, continue, or  
43           implement the LMEs' merger or consolidation plans to overcome  
44           noncompliance with G.S. 122C-115, and

- 1           (2) The Guilford Center for Behavioral Health and Disability Services, the  
2 Smoky Mountain Center, and the Mecklenburg County Area Mental  
3 Health, Developmental Disability and Substance Abuse Authority may  
4 continue with or implement the proposed administrative service  
5 organization under development as of March 1, 2008, for merger or  
6 consolidation of any combination of these entities.

7           **SECTION 10.15.(aa)** If the Secretary of the Department of Health and  
8 Human Services desires to merge LMEs, the Secretary shall develop a detailed plan for  
9 General Assembly review on its recommendation to merge, consolidate, or establish  
10 regional arrangements or consortia of LMEs. In developing the plan, the Secretary shall  
11 consult with LMEs to obtain input on the feasibility and effectiveness of potential  
12 mergers and the time frame needed to fully implement the mergers, regional  
13 arrangements, or consortia at the local level. The Secretary shall provide the plan to the  
14 House of Representatives Appropriations Subcommittee on Health and Human  
15 Services, the Senate Appropriations Committee on Health and Human Services, the  
16 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,  
17 and Substance Abuse Services, and the Fiscal Research Division not later than March  
18 1, 2009.

19  
20 **MENTAL HEALTH COMMUNITY SERVICES APPEALS/PROVIDER**  
21 **ACCREDITATION/ DEPARTMENTAL STUDY**

22           **SECTION 10.15A.(a)** For the purposes of realizing substantial savings to  
23 the Medicaid budget in the 2008-2009 fiscal year and beyond, the Department shall  
24 undertake immediately the studies required under this section.

25           **SECTION 10.15A.(b)** The Department of Health and Human Services shall  
26 study the feasibility of requiring providers of community supports services to be  
27 accredited by an entity approved by the Secretary that accredits mental health,  
28 developmental disabilities, and substance abuse services. The Department shall report  
29 its findings and recommendations to the House of Representatives Appropriations  
30 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
31 Health and Human Services, the Joint Legislative Oversight Committee on Mental  
32 Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal  
33 Research Division not later than March 1, 2009.

34           **SECTION 10.15A.(c)** The Department of Health and Human Services shall  
35 study the feasibility of expediting appeals by Medicaid recipients and providers by  
36 conducting appeals exclusively within the Department through an independent  
37 departmental hearing officer. Because of the departmental backlog of pending appeals  
38 with respect actions taken by the Department on community support services, the  
39 appeals process should give priority to those pending appeals. The Department shall  
40 report its findings and recommendations to the House of Representatives Appropriations  
41 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
42 Health and Human Services, the Joint Legislative Oversight Committee on Mental  
43 Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal  
44 Research Division not later than March 1, 2009.



NON-MEDICAID REIMBURSEMENT CHANGES

SECTION 10.16. Section 10.5 of S.L. 2007-323 reads as rewritten:

"SECTION 10.5. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

The Department of Health and Human Services may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

DSB Medical Eye Care	125% FPL
DSB Independent Living <55	125% FPL
DSB Independent Living 55>	200% FPL
DSB Vocational Rehabilitation	125% FPL
DVR Independent Living	125% FPL
DVR Vocational Rehabilitation	125% FPL

~~The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts, for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.~~

~~State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:~~

<u>Income</u> (% of poverty)	<u>State Participation</u>	<u>Client Participation</u>
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%



1		
2	Division of Public Health	
3		
4	12. Teen Pregnancy Prevention Initiatives	450,000
5		
6	DHHS Administration	
7		
8	13. Division of Social Services	995,142
9		
10	14. Office of the Secretary	66,101
11		
12	15. Office of the Secretary/DIRM – TANF	
13	Automation Projects	595,541
14		
15	16. Office of the Secretary/DIRM – NC FAST	
16	Implementation	1,300,000
17		
18	Transfers to Other Block Grants	
19		
20	Division of Child Development	
21		
22	17. Transfer to the Child Care and	
23	Development Fund	84,330,900
24		
25	Division of Social Services	
26		
27	18. Transfer to Social Services Block Grant for	
28	Department of Juvenile Justice and Delinquency	
29	Prevention – Support Our Students	2,749,642
30		
31	19. Transfer to Social Services Block Grant for Child	
32	Protective Services – Child Welfare Training in	
33	Counties	2,738,827
34		
35	20. Transfer to Social Services Block Grant for	
36	Maternity Homes	838,000
37		
38	21. Transfer to Social Services Block Grant for Teen	
39	Pregnancy Prevention Initiatives	2,500,000
40		
41	22. Transfer to Social Services Block Grant for County	
42	Departments of Social Services for Children's Services	4,620,619
43		
44	23. Transfer to Social Services Block Grant for	

1	Foster Care Services	2,372,587
2		
3	24. Transfer to Social Services Block Grant for	
4	Medically Fragile Children	190,000
5		
6	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
7	(TANF) BLOCK GRANT	\$378,018,805
8		
9	SOCIAL SERVICES BLOCK GRANT	
10		
11	Local Program Expenditures	
12		
13	Divisions of Social Services and Aging and Adult Services	
14		
15	01. County Departments of Social Services	\$ 28,868,189
16	(Transfer from TANF – \$4,620,619)	
17		
18	02. State In-Home Services Fund	2,101,113
19		
20	03. State Adult Day Care Fund	2,155,301
21		
22	04. Child Protective Services/CPS Investigative	
23	Services-Child Medical Evaluation Program	238,321
24		
25	05. Foster Care Services	2,372,587
26	(Transfer from TANF)	
27		
28	06. Child Protective Services-Child Welfare Training	
29	for Counties	2,738,827
30	(Transfer from TANF)	
31		
32	07. Maternity Homes	838,000
33	(Transfer from TANF)	
34		
35	08. Special Children Adoption Incentive Fund	500,000
36		
37	Division of Aging and Adult Services	
38		
39	09. Home and Community Care Block Grant (HCCBG)	1,834,077
40		
41	Division of Mental Health, Developmental Disabilities, and Substance	
42	Abuse Services	
43		
44	10. Mental Health Services Program	422,003

1		
2	11.	Developmental Disabilities Services Program 5,000,000
3		
4	12.	Mental Health Services-Adult and
5		Child/Developmental Disabilities Program/
6		Substance Abuse Services-Adult 3,234,601
7		
8		Division of Child Development
9		
10	13.	Subsidized Child Care Program 3,150,000
11		
12		Division of Vocational Rehabilitation
13		
14	14.	Vocational Rehabilitation Services – Easter Seal
15		Society/UCP 188,263
16		
17		Division of Public Health
18		
19	15.	Teen Pregnancy Prevention Initiatives 2,500,000
20		(Transfer from TANF)
21		
22	16.	Services to Medically Fragile Children 290,000
23		
24		DHHS Program Expenditures
25		
26		Division of Aging and Adult Services
27		
28	17.	UNC-CARES Training Contract 247,920
29		
30		Division of Services for the Blind
31		
32	18.	Independent Living Program 3,633,077
33		
34		Division of Facility Services
35		
36	19.	Adult Care Licensure Program 411,897
37		
38	20.	Mental Health Licensure and Certification Program 205,668
39		
40		DHHS Administration
41		
42	21.	Division of Aging and Adult Services 675,593
43		
44	22.	Division of Social Services 869,058

1		
2	23.	Office of the Secretary/Controller's Office 135,093
3		
4	24.	Office of the Secretary/DIRM 82,009
5		
6	25.	Division of Child Development 15,000
7		
8	26.	Division of Mental Health, Developmental
9		Disabilities, and Substance Abuse Services 28,860
10		
11	27.	Division of Facility Services 216,418
12		
13	28.	Office of the Secretary-NC Inter-Agency Council
14		For Coordinating Homeless Programs 250,000
15		
16	29.	Office of the Secretary-Housing Coalition 100,000
17		
18	30.	Office of the Secretary 46,819
19		
20	Transfers to Other State Agencies	
21		
22	Department of Administration	
23		
24	31.	NC Commission of Indian Affairs In-Home
25		Services for the Elderly 203,198
26		
27	Department of Juvenile Justice and Delinquency Prevention	
28		
29	32.	Support Our Students 2,749,642
30		(Transfer from TANF)
31		
32	Transfers to Other Block Grants	
33		
34	Division of Public Health	
35		
36	33.	Transfer to Preventive Health Services Block Grant for
37		HIV/STD Prevention and Community Planning 145,819
38		
39	TOTAL SOCIAL SERVICES BLOCK GRANT \$ 66,447,353	
40	LOW-INCOME ENERGY BLOCK GRANT	
41		
42		
43	Local Program Expenditures	
44		

1	Division of Social Services	
2		
3	01. Low-Income Energy Assistance Program (LIHEAP)	\$ 19,510,559
4		
5	02. Crisis Intervention Program (CIP)	14,588,514
6		
7	Office of the Secretary – Office of Economic Opportunity	
8		
9	03. Weatherization Program	6,268,946
10		
11	04. Heating Air Repair & Replacement Program (HARRP)	2,923,950
12		
13	Local Administration	
14		
15	Division of Social Services	
16		
17	05. County DSS Administration	2,259,757
18		
19	Office of the Secretary – Office of Economic Opportunity	
20		
21	06. Local Residential Energy Efficiency Service	
22	Providers – Weatherization	268,146
23		
24	07. Local Residential Energy Efficiency Service	
25	Providers – HARRP	125,067
26		
27	DHHS Administration	
28		
29	08. Division of Social Services	219,410
30		
31	09. Division of Mental Health, Developmental	
32	Disabilities, and Substance Abuse Services	7,389
33		
34	10. Office of the Secretary/DIRM	245,395
35		
36	11. Office of the Secretary/Controller's Office	11,211
37		
38	12. Office of the Secretary/Office of Economic	
39	Opportunity – Weatherization	268,146
40		
41	13. Office of the Secretary/Office of Economic	
42	Opportunity – HARRP	125,067
43		
44	Transfers to Other State Agencies	

1		
2	14. Department of Administration –	
3	N.C. State Commission of Indian Affairs	60,947
4		
5	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 46,882,504
6		
7	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
8		
9	Local Program Expenditures	
10		
11	Division of Child Development	
12		
13	01. Subsidized Child Care Services	\$148,484,960
14		
15	02. Child Care Services Support-Contract	504,695
16		
17	03. Subsidized Child Care Services	
18	(TANF to CCDF)	84,330,900
19		
20	DHHS Program Expenditures	
21		
22	Division of Child Development	
23		
24	04. Quality and Availability Initiatives	27,000,000
25		
26	Local Administrations	
27		
28	Division of Child Development	
29		
30	05. Administrative Expenses (Nondirect Subsidy	
31	Services Support)	15,813,021
32		
33	DHHS Administration	
34		
35	06. DCD Administrative Expenses	6,540,707
36		
37	DHHS Central Management and Support	
38		
39	07. DHHS Central Administration-DIRM	
40	Technical Services	749,081
41		
42	TOTAL CHILD CARE AND DEVELOPMENT FUND	
43	BLOCK GRANT	\$283,423,364
44		



1	MENTAL HEALTH SERVICES BLOCK GRANT	
2		
3	Local Program Expenditures	
4		
5	01. Mental Health Services – Adult	\$ 6,954,932
6		
7	02. Mental Health Services – Child	3,921,991
8		
9	03. Comprehensive Treatment Service	
10	Program	1,500,000
11		
12	04. Mental Health Services – Schizophrenia	
13	Services for Young Adults	200,000
14		
15	Local Administration	
16		
17	05. Division of Mental Health	100,000
18		
19	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,676,923
20		
21	SUBSTANCE ABUSE PREVENTION	
22	AND TREATMENT BLOCK GRANT	
23		
24	Local Program Expenditures	
25		
26	01. Substance Abuse Services – Adult	\$ 21,938,080
27		
28	02. Substance Abuse Services – ADATC	
29	One-Time Expenses	70,000
30		
31	03. Substance Abuse Treatment Alternative for	
32	Women	8,069,524
33		
34	04. Substance Abuse – HIV and IV Drug	5,116,378
35		
36	05. Substance Abuse Prevention – Child	7,186,857
37		
38	06. Substance Abuse Services – Child	4,940,500
39		
40	Division of Public Health	
41		
42	07. Risk Reduction Projects	633,980
43		
44	08. Aid-to-Counties	209,576

1		
2	09. Maternal Health	37,779
3		
4	DHHS Administration	
5		
6	10. Division of Mental Health	500,000
7		
8	TOTAL SUBSTANCE ABUSE PREVENTION	
9	AND TREATMENT BLOCK GRANT	\$ 48,702,674
10		
11	MATERNAL AND CHILD HEALTH BLOCK GRANT	
12		
13	Local Program Expenditures	
14		
15	Division of Public Health	
16		
17	01. Children's Health Services	6,565,569
18		
19	02. Women's Health	6,654,019
20		
21	03. Oral Health	35,951
22		
23	DHHS Program Expenditures	
24		
25	Division of Public Health	
26		
27	04. Children's Health Services	1,654,428
28		
29	05. Women's Health	121,285
30		
31	06. State Center for Health Statistics	120,364
32		
33	07. Quality Improvement in Public Health	14,646
34		
35	08. Health Promotion	84,843
36		
37	09. Office of Minority Health	51,562
38		
39	10. Immunization Program – Vaccine Distribution	2,010,667
40		
41	DHHS Administration	
42		
43	11. Division of Public Health Administration	631,966
44		

1	TOTAL MATERNAL AND CHILD	
2	HEALTH BLOCK GRANT	\$ 17,945,300
3		
4	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
5		
6	Local Program Expenditures	
7		
8	01. NC Statewide Health Promotion	\$1,755,653
9		
10	02. Services to Rape Victims	197,112
11		
12	03. HIV/STD Prevention and Community Planning	
13	(Transfer from Social Services Block Grant)	145,819
14		
15	DHHS Program Expenditures	
16		
17	04. NC Statewide Health Promotion	1,508,889
18		
19	05. Oral Health	70,000
20		
21	06. State Laboratory of Public Health	16,600
22		
23	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,694,073
24		
25	COMMUNITY SERVICES BLOCK GRANT	
26		
27	Local Program Expenditures	
28		
29	Office of Economic Opportunity – Community Services Block Grant	
30		
31	01. Community Action Agencies	\$ 16,062,653
32		
33	02. Limited Purpose Agencies	892,370
34		
35	DHHS Administration	
36		
37	03. Office of Economic Opportunity	892,369
38		
39	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 17,847,392
40		

**GENERAL PROVISIONS**

42 **SECTION 10.17.(b)** Information to Be Included in Block Grant Plans. –  
43 The Department of Health and Human Services shall submit a separate plan for each

1 Block Grant received and administered by the Department, and each plan shall include  
2 the following:

- 3 (1) A delineation of the proposed allocations by program or activity,  
4 including State and federal match requirements.
- 5 (2) A delineation of the proposed State and local administrative  
6 expenditures.
- 7 (3) An identification of all new positions to be established through the  
8 Block Grant, including permanent, temporary, and time-limited  
9 positions.
- 10 (4) A comparison of the proposed allocations by program or activity with  
11 two prior years' program and activity budgets and two prior years'  
12 actual program or activity expenditures.
- 13 (5) A projection of current year expenditures by program or activity.
- 14 (6) A projection of federal Block Grant funds available, including unspent  
15 federal funds from the current and prior fiscal years.

16 **SECTION 10.17.(c)** Changes in Federal Fund Availability. – If the Congress  
17 of the United States increases the federal fund availability for any of the Block Grants  
18 administered by the Department of Health and Human Services from the amounts  
19 appropriated in this section, the Department shall allocate the increase proportionally  
20 across the program and activity appropriations identified for that Block Grant in this  
21 section. In allocating an increase in federal fund availability, the Department shall not  
22 propose funding for new programs or activities not appropriated in this section or  
23 increase State administrative expenditures.

24 If the Congress of the United States decreases the federal fund availability for  
25 any of the Block Grants administered by the Department of Health and Human Services  
26 from the amounts appropriated in this section, the Department shall reduce State  
27 administration by at least the percentage of the reduction in federal funds. After  
28 determining the State administration, the remaining reductions shall be allocated  
29 proportionately across the program and activity appropriations identified for that Block  
30 Grant in this section. In allocating a decrease in federal fund availability, the  
31 Department shall not eliminate the funding for a program or activity appropriated in this  
32 section unless it is related to the State administration.

33 Prior to allocating the change in federal fund availability, the proposed  
34 allocation must be approved by the Office of State Budget and Management. If the  
35 Department adjusts the allocation of any Block Grant due to changes in federal fund  
36 availability, then a report shall be made to the Joint Legislative Commission on  
37 Governmental Operations, the House of Representatives Appropriations Subcommittee  
38 on Health and Human Services, the Senate Appropriations Committee on Health and  
39 Human Services, and the Fiscal Research Division.

40 **SECTION 10.17.(d)** All changes to the budgeted allocations to the Block  
41 Grants administered by the Department of Health and Human Services that are not  
42 specifically addressed in this section shall be approved by the Office of State Budget  
43 and Management, and a report shall be submitted to the Joint Legislative Commission  
44 on Governmental Operations for review prior to implementing the changes. All changes

1 to the budgeted allocations to the Block Grant shall be reported immediately to the  
2 House of Representatives Appropriations Subcommittee on Health and Human  
3 Services, the Senate Appropriations Committee on Health and Human Services, and the  
4 Fiscal Research Division. This subsection does not apply to Block Grant changes  
5 caused by legislative salary increases and benefit adjustments.  
6

7 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT**  
8 **(TANF)**

9 **SECTION 10.17.(e)** The sum of nine hundred ninety-five thousand one  
10 hundred forty-two dollars (\$995,142) appropriated in this section in the TANF Block  
11 Grant to the Department of Health and Human Services, Division of Social Services, for  
12 the 2008-2009 fiscal year shall be used to support administration of TANF-funded  
13 programs.

14 **SECTION 10.17.(f)** The sum of two million two hundred thousand dollars  
15 (\$2,200,000) appropriated under this section in the TANF Block Grant to the  
16 Department of Health and Human Services, Division of Social Services, for the  
17 2008-2009 fiscal year shall be used to provide domestic violence services to Work First  
18 recipients. These funds shall be used to provide domestic violence counseling, support,  
19 and other direct services to clients. These funds shall not be used to establish new  
20 domestic violence shelters or to facilitate lobbying efforts. The Division of Social  
21 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to  
22 support one administrative position within the Division of Social Services to implement  
23 this subsection.

24 Each county department of social services and the local domestic violence  
25 shelter program serving the county shall jointly develop a plan for utilizing these funds.  
26 The plan shall include the services to be provided and the manner in which the services  
27 shall be delivered. The county plan shall be signed by the county social services director  
28 or the director's designee and the domestic violence program director or the director's  
29 designee and submitted to the Division of Social Services by December 1, 2008. The  
30 Division of Social Services, in consultation with the Council for Women, shall review  
31 the county plans and shall provide consultation and technical assistance to the  
32 departments of social services and local domestic violence shelter programs, if needed.

33 The Division of Social Services shall allocate these funds to county  
34 departments of social services according to the following formula: (i) each county shall  
35 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall  
36 receive an allocation of the remaining funds based on the county's proportion of the  
37 statewide total of the Work First caseload as of July 1, 2008, and the county's proportion  
38 of the statewide total of the individuals receiving domestic violence services from  
39 programs funded by the Council for Women as of July 1, 2008. The Division of Social  
40 Services may reallocate unspent funds to counties that submit a written request for  
41 additional funds.

42 **SECTION 10.17.(g)** The sum of two million two hundred forty-nine  
43 thousand six hundred forty-two dollars (\$2,249,642) appropriated in this section in the  
44 TANF Block Grant to the Department of Health and Human Services, Division of

1 Social Services, for the 2008-2009 fiscal year shall be used to expand after-school  
2 programs and services for at-risk children. The Department shall develop and  
3 implement a grant program to award grants to community-based programs that  
4 demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and  
5 gang participation. The Department shall award grants to community-based  
6 organizations that demonstrate the ability to develop and implement linkages with local  
7 departments of social services, area mental health programs, schools, and other human  
8 services programs in order to provide support services and assistance to the child and  
9 family. These funds may be used to fund one position within the Division of Social  
10 Services to coordinate at-risk after-school programs and shall not be used for other State  
11 administration.

12 **SECTION 10.17.(h)** The sum of fourteen million four hundred fifty-two  
13 thousand three hundred ninety-one dollars (\$14,452,391) appropriated in this section to  
14 the Department of Health and Human Services, Division of Social Services, in the  
15 TANF Block Grant for the 2008-2009 fiscal year for child welfare improvements, shall  
16 be allocated to the county departments of social services for hiring or contracting staff  
17 to investigate and provide services in Child Protective Services cases; to provide foster  
18 care and support services; to recruit, train, license, and support prospective foster and  
19 adoptive families; and to provide interstate and postadoption services for eligible  
20 families.

21 **SECTION 10.17.(i)** The sum of three million dollars (\$3,000,000)  
22 appropriated in this section in the TANF Block Grant to the Department of Health and  
23 Human Services, Special Children Adoption Fund, for the 2008-2009 fiscal year shall  
24 be used in accordance with Section 10.31 of S.L. 2007-323. The Division of Social  
25 Services, in consultation with the North Carolina Association of County Directors of  
26 Social Services and representatives of licensed private adoption agencies, shall develop  
27 guidelines for the awarding of funds to licensed public and private adoption agencies  
28 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments  
29 received from the Special Children Adoption Fund by participating agencies shall be  
30 used exclusively to enhance the adoption services program. No local match shall be  
31 required as a condition for receipt of these funds.

32 **SECTION 10.17.(j)** The sum of one million three hundred thousand dollars  
33 (\$1,300,000) in this section appropriated to the Department of Health and Human  
34 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be used to  
35 implement N.C. FAST (North Carolina Families Accessing Services through  
36 Technology). The N.C. FAST Program involves the entire automation initiative through  
37 which families access services and local departments of social services deliver benefits,  
38 supervised by the Department of Health and Human Services, Divisions of Social  
39 Services, Aging and Adult Services, Medical Assistance, and Child Development. The  
40 statewide automated initiative shall be implemented in compliance with federal  
41 regulations in order to ensure federal financial participation in the project. The  
42 Department of Health and Human Services shall report on its compliance with this  
43 subsection to the House of Representatives Appropriations Subcommittee on Health and

1 Human Services, the Senate Appropriations Committee on Health and Human Services,  
2 and the Fiscal Research Division no later than January 1, 2009.

3 **SECTION 10.17.(k)** The sum of five hundred thousand dollars (\$500,000)  
4 appropriated in this section to the Department of Health and Human Services, Division  
5 of Social Services, in the TANF Block Grant for the 2008-2009 fiscal year shall be used  
6 to expand after-school programs for at-risk children attending middle school. The  
7 Department shall develop and implement a grant program to award funds to  
8 community-based programs demonstrating the capacity to reach children at risk of teen  
9 pregnancy, school dropout, and gang participation. These funds shall not be used for  
10 training or administration at the State level. All funds shall be distributed to  
11 community-based programs, focusing on those communities where similar programs do  
12 not exist in middle schools.

13 **SECTION 10.17.(l)** In implementing the TANF Block Grant, the  
14 Department of Health and Human Services shall review policies, programs, and  
15 initiatives to ensure that they support men in their role as fathers and strengthen fathers'  
16 involvement in their children's lives. The Department shall encourage county  
17 departments of social services to ensure their Work First programs emphasize  
18 responsible fatherhood and increased participation by noncustodial fathers.

19 **SECTION 10.17.(m)** The sum of five hundred fifty thousand dollars  
20 (\$550,000) appropriated in this section to the Department of Health and Human  
21 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be transferred to  
22 Connect, Inc. Connect, Inc., shall report on the number of people served and the  
23 services received as a result of the receipt of funds. The report shall contain expenditure  
24 data, including the amount of funds used for administration and direct training. The  
25 report shall also include the number of people who have been employed as a direct  
26 result of services provided by Connect, Inc., including the length of employment in the  
27 new position. The Department of Health and Human Services shall evaluate the  
28 program and ensure that services provided are not duplicative of local employment  
29 security commissions in the nine counties served by Connect, Inc. The evaluation report  
30 shall be submitted to the House of Representatives Appropriations Subcommittee on  
31 Health and Human Services, the Senate Appropriations Committee on Health and  
32 Human Services, and the Fiscal Research Division no later than May 1, 2008.

33 **SECTION 10.17.(n)** The sum of two million dollars (\$2,000,000)  
34 appropriated in this section to the Department of Health and Human Services in the  
35 TANF Block Grant for Boys and Girls Clubs for the 2008-2009 fiscal year shall be used  
36 to make grants for approved programs. The Department of Health and Human Services,  
37 in accordance with federal regulations for the use of TANF Block Grant funds, shall  
38 administer a grant program to award funds to the Boys and Girls Clubs across the State  
39 in order to implement programs that improve the motivation, performance, and  
40 self-esteem of youths and to implement other initiatives that would be expected to  
41 reduce gang participation, school dropout, and teen pregnancy rates. The Department  
42 shall encourage and facilitate collaboration between the Boys and Girls Clubs and  
43 Support Our Students, Communities in Schools, and similar programs to submit joint  
44 applications for the funds if appropriate.

1           **SECTION 10.17.(o)** The Department of Health and Human Services,  
2 Division of Social Services, shall continue implementing county demonstration grants  
3 that began in the 2006-2007 fiscal year. The county demonstration grants may be  
4 awarded for up to three years with all projects ending no later than the end of fiscal year  
5 2009-2010. The purpose of the county demonstration grants is to identify best practices  
6 that can be used by counties to improve the work participation rates. The Division of  
7 Social Services is authorized to establish two time-limited positions to manage the grant  
8 award process and monitor the demonstration projects through fiscal year 2009-2010.

9           Funding provided under the county demonstration grants shall not be used to  
10 supplant local funds, and counties shall be required to maintain the current level of  
11 effort and funding for the Work First program.

12           The Department of Health and Human Services, Division of Social Services,  
13 shall report on the status of county demonstration grants implemented pursuant to this  
14 subsection to the House of Representatives Appropriations Subcommittee on Health and  
15 Human Services, the Senate Appropriations Committee on Health and Human Services,  
16 and the Fiscal Research Division no later than February 1, 2009.

## 17 18 **SOCIAL SERVICES BLOCK GRANT**

19           **SECTION 10.17.(p)** Social Services Block Grant funds appropriated to the  
20 North Carolina Inter-Agency Council for Coordinating Homeless Programs and the  
21 North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R  
22 .0201(3).

23           **SECTION 10.17.(q)** The sum of two million seven hundred forty-nine  
24 thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the  
25 Social Services Block Grant to the Department of Health and Human Services and  
26 transferred to the Department of Juvenile Justice and Delinquency Prevention for the  
27 2008-2009 fiscal year shall be used to support the existing Support Our Students  
28 Program, including gang prevention, and to expand the Program statewide, focusing on  
29 low-income communities in unserved areas. These funds shall not be used for  
30 administration of the Program.

31           **SECTION 10.17.(r)** The sum of two million seven hundred thirty-eight  
32 thousand eight hundred twenty-seven dollars (\$2,738,827) appropriated in this section  
33 in the Social Services Block Grant to the Department of Health and Human Services,  
34 Division of Social Services, for the 2008-2009 fiscal year shall be used to support  
35 various child welfare training projects as follows:

- 36           (1) Provide a regional training center in southeastern North Carolina.
- 37           (2) Support the Master's Degree in Social Work/Baccalaureate Degree in  
38           Social Work Collaborative.
- 39           (3) Provide training for residential child-caring facilities.
- 40           (4) Provide for various other child welfare training initiatives.

41           **SECTION 10.17.(s)** The sum of eight hundred thirty-eight thousand dollars  
42 (\$838,000) appropriated in this section in the Social Services Block Grant to the  
43 Department of Health and Human Services for the 2008-2009 fiscal year shall be used  
44 to purchase services at maternity homes throughout the State.



1           **SECTION 10.17.(t)** The sum of two million three hundred seventy-two  
2 thousand five hundred eighty-seven dollars (\$2,372,587) appropriated in this section in  
3 the Social Services Block Grant for child-caring agencies for the 2008-2009 fiscal year  
4 shall be allocated to the State Private Child-Caring Agencies Fund.

5           **SECTION 10.17.(u)** The sum of two hundred ninety thousand dollars  
6 (\$290,000) appropriated in this section in the Social Services Block Grant for services  
7 to medically fragile children for the 2008-2009 fiscal year shall be used for the child  
8 care component of pediatric day treatment centers for medically fragile children.

9           **SECTION 10.17.(v)** The Department of Health and Human Services is  
10 authorized, subject to the approval of the Office of State Budget and Management, to  
11 transfer Social Services Block Grant funding allocated for departmental administration  
12 between divisions that have received administrative allocations from the Social Services  
13 Block Grant.

#### 14 15 **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

16           **SECTION 10.17.(w)** Additional emergency contingency funds received may  
17 be allocated for Energy Assistance Payments or Crisis Intervention Payments without  
18 prior consultation with the Joint Legislative Commission on Governmental Operations.  
19 Additional funds received shall be reported to the Joint Legislative Commission on  
20 Governmental Operations and the Fiscal Research Division upon notification of the  
21 award. The Department of Health and Human Services shall not allocate funds for any  
22 activities, including increasing administration, other than assistance payments, without  
23 prior consultation with the Joint Legislative Commission on Governmental Operations.

#### 24 25 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

26           **SECTION 10.17.(x)** The sum of no more than four hundred thousand dollars  
27 (\$400,000) appropriated in this section to the Department of Health and Human  
28 Services in the Child Care and Development Fund Block Grant for the 2008-2009 fiscal  
29 year may be used for the operations of the Medical Child Care Pilot.

30           **SECTION 10.17.(y)** Payment for subsidized child care services provided  
31 with federal TANF funds shall comply with all regulations and policies issued by the  
32 Division of Child Development for the subsidized child care program.

33           **SECTION 10.17.(z)** If funds appropriated through the Child Care and  
34 Development Fund Block Grant for any program cannot be obligated or spent in that  
35 program within the obligation or liquidation periods allowed by the federal grants, the  
36 Department may move funds to child care subsidies, unless otherwise prohibited by  
37 federal requirements of the grant, in order to use the federal funds fully.

#### 38 39 **MENTAL HEALTH BLOCK GRANT**

40           **SECTION 10.17.(aa)** The sum of one million five hundred thousand dollars  
41 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the  
42 Department of Health and Human Services, Division of Mental Health, Developmental  
43 Disabilities, and Substance Abuse Services, for the 2008-2009 fiscal year and the sum  
44 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this

1 section in the Social Services Block Grant to the Department of Health and Human  
2 Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to  
3 continue a Comprehensive Treatment Services Program for Children in accordance with  
4 Section 10.10 of S.L. 2007-323.

5  
6 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

7 **SECTION 10.17.(bb)** The sum of one million seven hundred thousand  
8 dollars (\$1,700,000) appropriated in this section in the Maternal and Child Health Block  
9 Grant to the Department of Health and Human Services, Department of Public Health,  
10 for the 2008-2009 fiscal year shall be used for influenza vaccinations for children.

11 **SECTION 10.17.(cc)** If federal funds are received under the Maternal and  
12 Child Health Block Grant for abstinence education, pursuant to section 912 of Public  
13 Law 104-193 (42 U.S.C. § 710), for the 2008-2009 fiscal year, then those funds shall be  
14 transferred to the State Board of Education to be administered by the Department of  
15 Public Instruction. The Department of Public Instruction shall use the funds to establish  
16 an Abstinence Until Marriage Education Program and shall delegate to one or more  
17 persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The  
18 Department of Public Instruction shall carefully and strictly follow federal guidelines in  
19 implementing and administering the abstinence education grant funds.

20 **SECTION 10.17.(dd)** The Department of Health and Human Services shall  
21 ensure that there will be follow-up testing in the Newborn Screening Program.

22  
23 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

24  
25 **STUDY CERTAIN DEPARTMENT OF AGRICULTURE AND CONSUMER**  
26 **SERVICES FEES**

27 **SECTION 11.1.(a)** The Department of Agriculture and Consumer Services,  
28 in consultation with the Office of State Budget and Management and the Fiscal  
29 Research Division, shall study the following:

- 30 (1) The feasibility and advisability of increasing the fees imposed by  
31 either the Board of Agriculture or the Department regarding services  
32 provided by the Rollins Laboratory System.  
33 (2) The feasibility and advisability of establishing fees for soil testing  
34 services provided by the Agronomics Division of the Department.  
35 (3) The feasibility and advisability of using alternative sources of funding  
36 for the "Agricultural Review", an agriculture newsletter published by  
37 the Department, including charging fees for advertisements or  
38 classified advertisements and soliciting private sponsors for the  
39 newsletter.

40 **SECTION 11.1.(b)** In the course of the study under subsection (a) of this  
41 section, the Department may consider other fees imposed by either the Board of  
42 Agriculture or the Department, the administrative costs associated with these fees, and  
43 current usage rates for various services provided by the Department.

1           **SECTION 11.1.(c)** No later than March 1, 2009, the Department of  
2 Agriculture and Consumer Services shall report the results of the study under this  
3 section, including any recommendations or legislative proposals, to the Chairs of the  
4 House of Representatives and Senate Appropriations Subcommittees on Natural and  
5 Economic Resources.

6  
7 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL**  
8 **RESOURCES**

9  
10 **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**  
11 **AMENDMENTS.**

12           **SECTION 12.1.** G.S. 87-98 reads as rewritten:

13 **"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

14           (a) The Bernard Allen Memorial Emergency Drinking Water Fund is established  
15 under the control and direction of the Department. The Fund shall be a nonreverting,  
16 interest-bearing fund consisting of monies appropriated by the General Assembly or  
17 made available to the Fund from any other source and investment interest credited to the  
18 Fund.

19           (b) The Fund may be used to pay for notification, to the extent practicable, of  
20 persons aged 18 and older who reside in any dwelling unit, and the senior official in  
21 charge of any business, at which drinking water is supplied from a private drinking  
22 water well or improved spring that is located within 1,500 feet of, and at risk from,  
23 known groundwater contamination. The senior official in charge of the business shall  
24 take reasonable measures to notify all employees of the business of the groundwater  
25 contamination, including posting a notice of the contamination in a form and at a  
26 location that is readily accessible to the employees of the business. The Fund may also  
27 be used by the Department to pay the costs of testing of private drinking water wells and  
28 improved springs for suspected contamination up to once every three years upon request  
29 by a person who uses the well and for the temporary or permanent provision of  
30 alternative drinking water supplies to persons whose drinking water well or improved  
31 spring is contaminated. Under this subsection, an alternative drinking water supply  
32 includes the repair or replacement of a contaminated well or the connection to a public  
33 water supply.

34           (c) The Department shall disburse monies from the Fund based on financial need  
35 and on the risk to public health posed by groundwater contamination and shall give  
36 priority to the provision of services under this section to instances when an alternative  
37 source of funds is not available. ~~The Fund shall not be used for remediation of~~  
38 ~~groundwater contamination. Nothing in this section expands, contracts, or modifies the~~  
39 ~~obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General~~  
40 ~~Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify~~  
41 ~~receptors, or remediate groundwater or soil contamination.~~ The Fund shall not be used  
42 to provide alternative water supply to households with incomes greater than three  
43 hundred percent (300%) of the current federal poverty level. The Fund ~~shall not~~may be  
44 used to provide alternative drinking water supplies ~~unless if the~~ Department determines

1 that the concentration of one or more contaminants in the private drinking water well or  
2 improved spring exceeds the federal Maximum Contaminant Level~~maximum~~  
3 contaminant level, or the federal drinking water action level as defined in 40 Code of  
4 Federal Regulations § 141.1 through § 141.571 (1 July 2006)2007) and 40 Code of  
5 Federal Regulations § 143.3 (1 July 2006)2007). For a contaminant for which a federal  
6 maximum contaminant level or drinking water action level has not been established, the  
7 State groundwater standard established by the Environmental Management Commission  
8 for the concentration of that contaminant shall be used to determine whether the Fund  
9 may be used to provide alternative drinking water supplies. The Fund may also be used  
10 to provide alternative drinking water supplies as provided in this section if the  
11 Department determines that the concentration of one or more contaminants in a private  
12 drinking water well is increasing over time and that there is a significant risk that the  
13 concentration of a contaminant will exceed the federal maximum contaminant level or  
14 drinking water action level, or the State groundwater standard. A determination of the  
15 concentration of a contaminant shall be based on a sample of water collected from the  
16 private drinking water well within the past 12 months. The Fund shall not be used to  
17 provide temporary water supplies in any calendar quarter until all needs for permanent  
18 replacement water supplies that have been identified in that calendar quarter have been  
19 met through hookups to public water supplies, repair, or replacement of contaminated  
20 wells.

21 (c1) In disbursing monies from the Fund, ~~preference shall be given to providing the~~  
22 Department shall give preference to provision of permanent replacement water supplies  
23 by connection to public water supplies and repair or replacement of contaminated wells  
24 over the provision of temporary water supplies. In providing alternative drinking water  
25 supplies, the Department shall give preference to connection to a public water supply  
26 system or to construction of a new private drinking water well over the use of a  
27 filtration system if the Department determines that the costs of periodic required  
28 maintenance of the filtration system would be cost-prohibitive for users of the  
29 alternative drinking water supply.

30 (c2) If the Department provides an alternative drinking water supply by extension  
31 of a waterline, the Department may disburse from the Fund no more than ten thousand  
32 dollars (\$10,000) per household or other service connection. No more than one-third of  
33 the total cost of the project may be paid from the Fund. The Department may combine  
34 monies from the Fund with monies from other sources in order to pay the total cost of  
35 the project.

36 (c3) The Fund shall be used to provide alternative drinking water supplies only if  
37 the Department determines that the person or persons who are responsible for the  
38 contamination of the private drinking water well is or are not financially viable or  
39 cannot be identified or located and if the Department determines that one of the  
40 following applies:

41 (1) The contamination of the private drinking water well is naturally  
42 occurring.

1           (2) The owner of the property on which the private drinking water well is  
2           located did not cause or contribute to the contamination or control the  
3           source of the contamination.

4           (3) The source of the contamination is the application or disposal of a  
5           hazardous substance or pesticide that occurred without the consent of  
6           the owner of the property on which the private drinking water well is  
7           located.

8           (c4) The Department may use up to one hundred thousand dollars (\$100,000) of  
9           the monies in the Fund to pay the personnel and other direct costs associated with the  
10          implementation of this section.

11          (c5) The Fund shall not be used for remediation of groundwater contamination.

12          (c6) Nothing in this section expands, contracts, or modifies the obligation of  
13          responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this  
14          Article, or Article 21A of this Chapter to assess contamination, identify receptors, or  
15          remediate groundwater or soil contamination.

16          (d) The Department shall establish criteria by which the Department is to  
17          evaluate applications and disburse monies from this Fund and may adopt any rules  
18          necessary to implement this section.

19          (e) The Department, in consultation with the Commission for Public Health and  
20          local health departments, shall report no later than 1 October of each year to the  
21          Environmental Review Commission, the House of Representatives and Senate  
22          Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal  
23          Research Division of the General Assembly on the implementation of this section. The  
24          report shall include the purpose and amount of all expenditures from the Fund during  
25          the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of  
26          the section, and may also include recommendations for any legislative action."  
27

## 28 **INACTIVE HAZARDOUS WASTE SITES REPORT REQUIREMENT**

29           **SECTION 12.1A.(a)** G.S. 130A-310.2 reads as rewritten:

### 30 **"§ 130A-310.2. Inactive Hazardous Waste Sites Priority List.**

31           (a) No later than six months after July 1, 1987, the Commission shall develop a  
32           system for the prioritization of inactive hazardous substance or waste disposal sites  
33           based on the extent to which such sites endanger the public health and the environment.  
34           The Secretary shall apply the prioritization system to the inventory of sites to create and  
35           maintain an Inactive Hazardous Waste Site Priority List, which shall rank all inactive  
36           hazardous substance or waste disposal sites in decreasing order of danger. This list  
37           shall identify the location of each site and the type and amount of hazardous substances  
38           or waste known or believed to be located on the site. The first such list shall be  
39           published within two years after July 1, 1987, with subsequent lists to be published at  
40           intervals of not more than two years thereafter. The Secretary shall notify owners,  
41           operators, and responsible parties of sites listed on the Inactive Hazardous Waste Sites  
42           Priority List of their ranking on the list. The Inactive Hazardous Sites Priority List shall  
43           be used by the Department in determining budget requests and in allocating any State  
44           appropriation which may be made for remedial action, but shall not be used so as to

1 impede any other action by the Department, or any remedial or other action for which  
 2 funds are available.

3 (b) No later than January 1 of each year, the Department shall report to each  
 4 member of the General Assembly who has an inactive hazardous substance or waste  
 5 disposal site in the member's district. This report shall include the location of each  
 6 inactive hazardous substance or waste disposal site in the member's district, the type and  
 7 amount of hazardous substances or waste known or believed to be located on each of  
 8 these sites, the last action taken at each of these sites, and the date of that last action."

9 **SECTION 12.1A.(b)** The initial report under G.S. 130A-310.2(b), as  
 10 amended by this section, shall be due no later than January 1, 2009.

11  
 12 **GRASSROOTS SCIENCE PROGRAM**

13 **SECTION 12.2.** Section 12.5(a) of S.L. 2007-323 reads as rewritten:

14 **"SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of  
 15 Environment and Natural Resources for the Grassroots Science Program, the sum of  
 16 three million nine hundred six thousand three hundred forty dollars (\$3,906,340) for the  
 17 2007-2008 fiscal year and the sum of ~~three million four hundred eighty one thousand~~  
 18 ~~three hundred forty dollars (\$3,481,340)~~three million three hundred eighty-six thousand  
 19 two hundred ninety-nine dollars (\$3,386,299) for the 2008-2009 fiscal year is allocated  
 20 as grants-in-aid for each fiscal year as follows:

	2007-2008	2008-2009	
Aurora Fossil Museum	\$59,057	<del>\$59,057</del>	<u>\$57,445</u>
Cape Fear Museum	\$161,007	<del>\$161,007</del>	<u>\$156,611</u>
Carolina Raptor Center	\$112,174	<del>\$112,174</del>	<u>\$109,112</u>
Catawba Science Center	\$146,356	<del>\$146,356</del>	<u>\$142,360</u>
Colburn Earth Science Museum, Inc.	\$74,545	<del>\$74,545</del>	<u>\$72,510</u>
Core Sound Waterfowl Museum	\$50,000	<del>\$50,000</del>	<u>\$48,635</u>
Discovery Place	\$662,865	<del>\$662,865</del>	<u>\$644,769</u>
Eastern NC Regional Science Center	\$350,000	<del>\$50,000</del>	<u>\$48,635</u>
Fascinate-U	\$81,072	<del>\$81,072</del>	<u>\$78,859</u>
Granville County Museum Commission, Inc.–Harris Gallery	\$56,422	<del>\$56,422</del>	<u>\$54,882</u>
Greensboro Children's Museum	\$135,076	<del>\$135,076</del>	<u>\$131,388</u>
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$155,611	<del>\$155,611</del>	<u>\$151,363</u>
Highlands Nature Center	\$79,268	<del>\$79,268</del>	<u>\$77,104</u>
Imagination Station	\$86,034	<del>\$86,034</del>	<u>\$83,685</u>
The Iredell Museums, Inc.	\$61,306	<del>\$61,306</del>	<u>\$59,632</u>
Kidsenses	\$81,282	<del>\$81,282</del>	<u>\$79,063</u>
Museum of Coastal Carolina	\$78,020	<del>\$78,020</del>	<u>\$75,890</u>
The Natural Science Center of Greensboro, Inc.	\$311,354	<del>\$186,354</del>	<u>\$181,267</u>

1	North Carolina Museum of Life			
2	and Science	\$379,826	<del>\$379,826</del>	<u>\$369,457</u>
3	Pisgah Astronomical Research Institute	\$50,000	<del>\$50,000</del>	<u>\$48,635</u>
4	Port Discover: Northeastern			
5	North Carolina's Center for			
6	Hands-On Science, Inc.	\$50,000	<del>\$50,000</del>	<u>\$48,635</u>
7	Rocky Mount Children's Museum	\$72,254	<del>\$72,254</del>	<u>\$70,281</u>
8	Schiele Museum of Natural History			
9	and Planetarium, Inc.	\$229,547	<del>\$229,547</del>	<u>\$223,280</u>
10	Sci Works Science Center and			
11	Environmental Park of Forsyth County	\$146,499	<del>\$146,499</del>	<u>\$142,500</u>
12	Sylvan Heights Waterfowl Park			
13	and Eco-Center	\$50,000	<del>\$50,000</del>	<u>\$48,635</u>
14	Western North Carolina Nature Center	\$112,879	<del>\$112,879</del>	<u>\$109,797</u>
15	Wilmington Children's Museum	\$73,886	<del>\$73,886</del>	<u>\$71,869</u>
16				
17	Total	\$3,906,340	<del>\$3,481,340</del>	<u>\$3,386,299"</u>

#### 19 BEAVER DAMAGE CONTROL PROGRAM FUNDS

20 **SECTION 12.3.(a)** Of the funds available to the Wildlife Resources  
 21 Commission, the sum of five hundred thousand dollars (\$500,000) for the 2008-2009  
 22 fiscal year shall be used to provide the State share necessary to support the beaver  
 23 damage control program established in G.S. 113-291.10, provided the sum of at least  
 24 twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal year of  
 25 the biennium to provide the federal share.

26 **SECTION 12.3.(b)** G.S. 113-291.10(f) reads as rewritten:

27 "(f) Each county that volunteers to participate in this program for a given fiscal  
 28 year shall provide written notification of its wish to participate no later than September  
 29 30 of that year and shall commit the sum of four thousand dollars (\$4,000) in local  
 30 funds no later than September 30 of that year. The remaining funds needed each fiscal  
 31 year of the biennium to provide the State share necessary to support this program shall  
 32 be paid from funds available to the Wildlife Resources Commission, provided the sum  
 33 of at least twenty-five thousand dollars (\$25,000) in federal funds is available each  
 34 fiscal year of the biennium to provide the federal share."  
 35

#### 36 AGRICULTURAL DROUGHT RESPONSE COST SHARE PROGRAM

37 **SECTION 12.4.(a)** Agricultural Drought Response Cost Share Program. –  
 38 The Agricultural Drought Response Cost Share Program is established. The Program  
 39 shall provide cost share funds to assist North Carolina farmers who suffered damage  
 40 from the severe and extreme drought conditions in North Carolina in 2007. These cost  
 41 share funds shall be used to assist farmers with the following projects:

- 42 (1) To redrill damaged wells or to drill new wells to be used as a water  
 43 supply for livestock or for irrigation.

1           (2) To renovate damaged or inadequate farm ponds or construct new farm  
2 ponds to be used as a water supply for livestock or for irrigation.

3           (3) To renovate pastures depleted by the 2007 drought.

4           **SECTION 12.4.(b)** Program Administration. – The Program shall be  
5 implemented and supervised by the Soil and Water Conservation Commission through  
6 the Agriculture Cost Share Program for Nonpoint Source Pollution Control. The  
7 Commission shall administer this Program as provided in this section and in Part 9 of  
8 Article 21 of Chapter 143 of the General Statutes.

9           **SECTION 12.4.(c)** Program Functions. – Under the Agricultural Drought  
10 Response Cost Share Program, the Division shall:

11           (1) Within funds available for this Program, provide cost share funds  
12 subject to all of the following limitations and requirements:

13           a. Except as provided in G.S. 143-215.74(b)(9), State funding  
14 shall be limited to:

15                   1. Seventy-five percent (75%) of the average cost for each  
16 project with the assisted person providing twenty-five  
17 percent (25%) of the project cost, which may include  
18 in-kind support of the project.

19                   2. A maximum of seventy-five thousand dollars (\$75,000)  
20 per year to each applicant.

21           b. Applicants shall be limited to farmers who have an adjusted  
22 gross income in each of the previous two years that is at or  
23 below two hundred fifty thousand dollars (\$250,000), unless at  
24 least seventy-five percent (75%) of this adjusted gross income  
25 is derived directly from farming, ranching, or forestry  
26 operations.

27           c. To be eligible for cost share funds under subdivision (1) or  
28 subdivision (2) of subsection (a) of this section, applicants must  
29 demonstrate that their existing water supplies are insufficient to  
30 provide reliable water to meet current needs for livestock  
31 watering or irrigation.

32           d. Applicants may apply for cost share funds for projects under  
33 subsection (a) of this section that were installed as of August 1,  
34 2007, so long as the costs of installation are documented to the  
35 satisfaction of the Commission.

36           e. The requirements and limitations under subdivisions (1), (2),  
37 (5), and (8) of subsection (b) of G.S. 143-215.74 do not apply.  
38 All other limitations and requirements set out in Part 9 of  
39 Article 21 of Chapter 143 of the General Statutes, as modified  
40 by this section, apply.

41           (2) Establish criteria to prioritize the redrilling of damaged wells and the  
42 drilling of new wells, the renovation of damaged or inadequate farm  
43 ponds and the construction of new farm ponds, and the renovation of  
44 pastures depleted by the drought.



- 1 (3) Establish criteria for the selection of applicants who are eligible for  
2 participation in the Program.
- 3 (4) Develop a process for soliciting and reviewing applications and for  
4 selecting farmers to participate in the Program.
- 5 (5) Investigate and pursue other funding sources to supplement State  
6 funds, including federal, local, and private funding sources.
- 7 (6) Provide technical assistance to participating persons to assist with the  
8 projects that are eligible for cost share funds under subsection (a) of  
9 this section and to facilitate the timely transfer of technology among  
10 participating persons.

11 **SECTION 12.4.(d)** Report. – No later than 31 January of each year, the  
12 Division shall prepare a comprehensive report on the implementation of subsections (a)  
13 through (c) of this section. The report shall be submitted to the Environmental Review  
14 Commission as a part of the report required by G.S. 143-215.74(e). The first report  
15 required by this subsection shall be submitted to the Environmental Review  
16 Commission no later than 31 January 2009.

17 **SECTION 12.4.(e)** Program Funds. – The Soil and Water Conservation  
18 Commission may use up to three hundred thousand dollars (\$300,000) of the funds  
19 appropriated in this act to the Department of Environment and Natural Resources for the  
20 2008-2009 fiscal year to be used for the Agricultural Drought Response Cost Share  
21 Program for the Division of Soil and Water Conservation and for the Soil and Water  
22 Conservation Districts for the costs of providing engineering assistance, providing  
23 technical assistance, and administering the Program. Further, twenty-five percent (25%)  
24 of the remaining funds shall not be allocated during the initial funding cycle, but shall  
25 be retained to be allocated by the Commission consistent with the limitations under this  
26 section, for the purposes under this section, and to address future drought emergencies  
27 or to allocate to farmers who received cost share funds under this section who need  
28 additional funds to achieve the purpose of the initial cost share disbursement.

## 30 PART XIII. DEPARTMENT OF COMMERCE

### 31 ONE NORTH CAROLINA FUND

32 **SECTION 13.1.** Section 13.1 of S.L. 2007-323 reads as rewritten:

33 "SECTION 13.1.(a) Of the funds appropriated in this act to the One North Carolina  
34 Fund for the ~~2007-2008~~2008-2009 fiscal year, the Department of Commerce may use  
35 up to three hundred thousand dollars (\$300,000) to cover its expenses in administering  
36 the One North Carolina Fund and other economic development incentive grant  
37 programs during the ~~2007-2008~~2008-2009 fiscal year.

38 **SECTION 13.1.(b)** Of the funds appropriated in this act to the One North Carolina  
39 Fund for the 2007-2008 fiscal year, the sum of six hundred fifty thousand dollars  
40 (\$650,000) shall be transferred to the Department of Environment and Natural  
41 Resources, Division of Information Technology Services, for the development of a Tier  
42 II hazardous chemicals inventory database and Web-based access application.  
43

1       **SECTION 13.1.(c)** If any One North Carolina funds that have been previously  
2 awarded and disbursed are recovered by the Department of Commerce during the  
3 2007-2008 fiscal year, the Department of Commerce may use up to one million dollars  
4 (\$1,000,000) of the recovered funds to supplement the Department's budget for  
5 statewide economic development marketing and business assistance, including  
6 continued development and maintenance of the Department's Web site, development of  
7 software and systems to improve service to North Carolina businesses, and the  
8 promotion of North Carolina nationally and internationally as a location for business  
9 growth and expansion through advertising, events-related marketing, and hosting  
10 international economic development conferences. Funds recovered by the Department  
11 of Commerce under this subsection in the 2007-2008 fiscal year that are unencumbered  
12 and unexpended as of June 30, 2008, may be used by the Department in the 2008-2009  
13 fiscal year for Client Relationship Management software and to upgrade the building  
14 and sites database and website for the Certified Sites Program."  
15

#### 16 **NC GREEN BUSINESS FUND**

17       **SECTION 13.2.** Of the funds appropriated in this act to the NC Green  
18 Business Fund for the 2008-2009 fiscal year, the Department of Commerce may use up  
19 to fifty thousand dollars (\$50,000), if necessary, to cover the Department's expenses in  
20 administering the NC Green Business Fund.  
21

#### 22 **WELCOME/VISITOR CENTER CONSTRUCTION**

23       **SECTION 13.3.** S.L. 2007-356 reads as rewritten:

24       **"SECTION 1.** The Department of Commerce and the Department of Transportation  
25 shall consult with the Joint Legislative Commission on Governmental Operations and  
26 the House and Senate Appropriations Subcommittees on Natural and Economic  
27 Resources before beginning the design or construction of any new welcome center or  
28 visitor center buildings.

29       **"SECTION 2.** The Department of Commerce and the Department of Transportation  
30 shall immediately cease the planning, design, or construction of any new welcome  
31 center buildings in Randolph County and shall not resume the planning, design, or  
32 construction of any new welcome center buildings in that county before consulting with  
33 the Joint Legislative Commission on Governmental Operations and the House and  
34 Senate Appropriations Subcommittees on Natural and Economic Resources.

35       **"SECTION 3.** Nothing in this act shall be interpreted to prohibit or restrict the  
36 Department of Transportation from constructing visitor center buildings in Randolph  
37 County and Wilkes County that were in the planning, design, or construction phase  
38 prior to the effective date of this act. ~~The Department of Commerce shall operate the~~  
39 ~~Randolph County visitor center with funding sources consistent with the existing nine~~  
40 ~~welcome centers, excluding use of funds from the Special Registration Plate Account~~  
41 ~~and the Highway Fund."~~  
42

#### 43 **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

44       **SECTION 13.4.** Section 13.3A of S.L. 2007-323 reads as rewritten:

1 "SECTION 13.3A.(a) Funds appropriated to the Department of Commerce for the  
 2 ~~2006-2007~~2007-2008 fiscal year for the Wanchese Seafood Industrial Park that are  
 3 unexpended and unencumbered as of ~~June 30, 2007~~,June 30, 2008, shall not revert to  
 4 the General Fund on ~~June 30, 2007~~,June 30, 2008, but shall remain available to the  
 5 Department to be expended by the Wanchese Seafood Industrial Park for operations,  
 6 maintenance, repair, and capital improvements in accordance with Article 23C of  
 7 Chapter 113 of the General Statutes. These funds shall be in addition to funds available  
 8 to the North Carolina Seafood Industrial Park Authority for operations, maintenance,  
 9 repair, and capital improvements under Article 23C of Chapter 113 of the General  
 10 Statutes.

11 "SECTION 13.3A.(b) Funds appropriated to the Department of Commerce for the  
 12 ~~2006-2007~~2007-2008 fiscal year for the Oregon Inlet Project that are unexpended and  
 13 unencumbered as of ~~June 30, 2007~~,June 30, 2008, shall not revert to the General Fund  
 14 on ~~June 30, 2007~~,June 30, 2008, but shall remain available to the Department to be  
 15 expended by the Wanchese Seafood Industrial Park for securing adequate channel  
 16 maintenance of the Oregon Inlet and for operations, maintenance, repair, and capital  
 17 improvements in accordance with Article 23C of Chapter 113 of the General Statutes.  
 18 These funds shall be in addition to funds available to the North Carolina Seafood  
 19 Industrial Park Authority for operations, maintenance, repair, and capital improvements  
 20 under Article 23C of Chapter 113 of the General Statutes.

21 "SECTION 13.3A.(c) This section becomes effective ~~June 30, 2007~~,June 30,  
 22 2008."  
 23

24 **NER BLOCK GRANTS**

25 **SECTION 13.5.(a)** Appropriations from federal block grant funds are made  
 26 for fiscal year ending June 30, 2009, according to the following schedule:  
 27

28 **COMMUNITY DEVELOPMENT BLOCK GRANT**

30	01. State Administration	\$ 1,000,000
31		
32	02. Urgent Needs and Contingency	1,000,000
33		
34	03. Scattered Site Housing	13,200,000
35		
36	04. Economic Development	8,710,000
37		
38	05. Small Business/Entrepreneurship	1,000,000
39		
40	06. Community Revitalization	13,000,000
41		
42	07. State Technical Assistance	450,000
43		
44	08. Housing Development	1,500,000

1		
2	09. Infrastructure	5,140,000
3		
4	TOTAL COMMUNITY DEVELOPMENT	
5	BLOCK GRANT – 2009 Program Year	\$ 45,000,000
6		

7           **SECTION 13.5.(b)** Decreases in Federal Fund Availability. – If federal  
8 funds are reduced below the amounts specified above after the effective date of this act,  
9 then every program in each of these federal block grants shall be reduced by the same  
10 percentage as the reduction in federal funds.

11           **SECTION 13.5.(c)** Increases in Federal Fund Availability for Community  
12 Development Block Grant. – Any block grant funds appropriated by the Congress of the  
13 United States in addition to the funds specified in this section shall be expended as  
14 follows: each program category under the Community Development Block Grant shall  
15 be increased by the same percentage as the increase in federal funds.

16           **SECTION 13.5.(d)** Limitations on Community Development Block Grant  
17 Funds. – Of the funds appropriated in this section for the Community Development  
18 Block Grant, the following shall be allocated in each category for each program year: up  
19 to one million dollars (\$1,000,000) may be used for State Administration; not less than  
20 one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to  
21 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered  
22 Site Housing; eight million seven hundred ten thousand dollars (\$8,710,000) may be  
23 used for Economic Development; up to one million dollars (\$1,000,000) may be used  
24 for Small Business/Entrepreneurship; not less than thirteen million dollars  
25 (\$13,000,000) shall be used for Community Revitalization; up to four hundred fifty  
26 thousand dollars (\$450,000) may be used for State Technical Assistance; up to one  
27 million five hundred thousand dollars (\$1,500,000) may be used for Housing  
28 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may  
29 be used for Infrastructure. If federal block grant funds are reduced or increased by the  
30 Congress of the United States after the effective date of this act, then these reductions or  
31 increases shall be allocated in accordance with subsection (b) or (c) of this section, as  
32 applicable.

33           **SECTION 13.5.(e)** Increase Capacity for Nonprofit Organizations. –  
34 Assistance to nonprofit organizations to increase their capacity to carry out  
35 CDBG-eligible activities in partnership with units of local government is an eligible  
36 activity under any program category in accordance with federal regulations. Capacity  
37 building grants may be made from funds available within program categories, program  
38 income, or unobligated funds.

39           **SECTION 13.5.(f)** The Department of Commerce shall consult with the  
40 Joint Legislative Commission on Governmental Operations prior to reallocating  
41 Community Development Block Grant Funds. Notwithstanding the provisions of this  
42 subsection, whenever the Director of the Budget finds that:

- 43           (1) A reallocation is required because of an emergency that poses an  
44           imminent threat to public health or public safety, the Director of the

1 Budget may authorize the reallocation without consulting the  
 2 Commission. The Department of Commerce shall report to the  
 3 Commission on the reallocation no later than 30 days after it was  
 4 authorized and shall identify in the report the emergency, the type of  
 5 action taken, and how it was related to the emergency.

- 6 (2) The State will lose federal block grant funds or receive less federal  
 7 block grant funds in the next fiscal year unless a reallocation is made.  
 8 The Department of Commerce shall provide a written report to the  
 9 Commission on the proposed reallocation and shall identify the reason  
 10 that failure to take action will result in the loss of federal funds. If the  
 11 Commission does not hear the issue within 30 days of receipt of the  
 12 report, the Department may take the action without consulting the  
 13 Commission.  
 14

## 15 EMPLOYMENT SECURITY COMMISSION FUNDS

16 **SECTION 13.6.** Section 13.4 of S.L. 2007-323 reads as rewritten:

17 **"SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve  
 18 Fund shall be available to the Employment Security Commission of North Carolina to  
 19 use as collateral to secure federal funds and to pay the administrative costs associated  
 20 with the collection of the Employment Security Commission Reserve Fund surcharge.  
 21 The total administrative costs paid with funds from the Reserve in the  
 22 ~~2007-2008~~2008-2009 fiscal year shall not exceed two million five hundred thousand  
 23 dollars (\$2,500,000).

24 **"SECTION 13.4.(b)** There is appropriated from the Employment Security  
 25 Commission Reserve Fund to the Employment Security Commission of North Carolina  
 26 the sum of ~~seven million three hundred thousand dollars (\$7,300,000)~~twenty million  
 27 dollars (\$20,000,000) for the ~~2007-2008~~2008-2009 fiscal year to be used for the  
 28 following purposes:

- 29 (1) ~~Seven million dollars (\$7,000,000)~~Nineteen million seven hundred  
 30 thousand dollars (\$19,700,000) for the operation and support of local  
 31 ESC offices.  
 32 (2) Two hundred thousand dollars (\$200,000) for the State Occupational  
 33 Information Coordinating Committee to develop and operate an  
 34 interagency system to track former participants in State education and  
 35 training programs.  
 36 (3) One hundred thousand dollars (\$100,000) to maintain compliance with  
 37 Chapter 96 of the General Statutes, which directs the Commission to  
 38 employ the Common Follow-Up Management Information System to  
 39 evaluate the effectiveness of the State's job training, education, and  
 40 placement programs.

41 **"SECTION 13.4.(c)** There is appropriated from the Employment Security  
 42 Commission Reserve Fund to the Employment Security Commission of North Carolina  
 43 an amount not to exceed ~~two million five hundred thousand dollars (\$2,500,000)~~one

1 million dollars (\$1,000,000) for the ~~2007-2008~~2008-2009 fiscal year to fund State  
2 initiatives not currently funded through federal grants.

3 "SECTION 13.4.(d) There is appropriated from the Employment Security  
4 Commission Reserve Fund to the Employment Security Commission of North Carolina  
5 an amount not to exceed three hundred fifty thousand dollars (\$350,000) for the  
6 ~~2007-2008~~2008-2009 fiscal year to allow the Commission to continue to work with  
7 Connect, Inc., to provide dislocated workers with assistance in obtaining health care  
8 benefits, receiving vocational training, and securing employment.

9 "SECTION 13.4.(e) This section becomes effective ~~July 1, 2007.~~July 1, 2008."  
10

### 11 REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

12 SECTION 13.7.(a) Funds appropriated in this act to the Department of  
13 Commerce for regional economic development commissions shall be allocated to the  
14 following commissions in accordance with subsection (b) of this section: Western North  
15 Carolina Regional Economic Development Commission, Research Triangle Regional  
16 Partnership, Southeastern North Carolina Regional Economic Development  
17 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional  
18 Economic Development Commission, North Carolina's Eastern Region Economic  
19 Development Partnership, and Carolinas Partnership, Inc.

20 SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this  
21 section shall be allocated to each regional economic development commission as  
22 follows:

- 23 (1) First, the Department shall establish each commission's allocation by  
24 determining the sum of allocations to each county that is a member of  
25 that commission. Each county's allocation shall be determined by  
26 dividing the county's development factor by the sum of the  
27 development factors for eligible counties and multiplying the resulting  
28 percentage by the amount of the appropriation. As used in this  
29 subdivision, the term "development factor" means a county's  
30 development factor as calculated under G.S. 143B-437.08; and
- 31 (2) Next, the Department shall subtract from funds allocated to the North  
32 Carolina's Eastern Region Economic Development Partnership the  
33 sum of four hundred sixty-nine thousand seven hundred forty dollars  
34 (\$469,740) in the 2008-2009 fiscal year, which sum represents: (i) the  
35 total interest earnings in the prior fiscal year on the estimated balance  
36 of seven million five hundred thousand dollars (\$7,500,000)  
37 appropriated to the Global TransPark Development Zone in Section 6  
38 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest  
39 earnings in the prior fiscal year on loans made from the seven million  
40 five hundred thousand dollars (\$7,500,000) appropriated to the Global  
41 TransPark Development Zone in Section 6 of Chapter 561 of the 1993  
42 Session Laws; and
- 43 (3) Next, the Department shall redistribute the sum of four hundred sixty-  
44 nine thousand seven hundred forty dollars (\$469,740) in the 2008-

1 2009 fiscal year to the seven regional economic development  
2 commissions named in subsection (a) of this section. Each  
3 commission's share of this redistribution shall be determined according  
4 to the development factor formula set out in subdivision (1) of this  
5 subsection. This redistribution shall be in addition to each  
6 commission's allocation determined under subdivision (1) of this  
7 subsection.

8 **SECTION 13.7.(c)** No more than one hundred twenty thousand dollars  
9 (\$120,000) in State funds shall be used for the annual salary of any one employee of a  
10 regional economic development commission.

11 **SECTION 13.7.(d)** The General Assembly finds that successful economic  
12 development requires the collaboration of the State, regions of the State, counties, and  
13 municipalities. Therefore, the regional economic development commissions are  
14 encouraged to seek supplemental funding from their county and municipal partners to  
15 continue and enhance their efforts to attract and retain business in the State.

16  
17 **FUNDS FOR LOCAL GOVERNMENT WATER AND SEWER**  
18 **IMPROVEMENT GRANTS**

19 **SECTION 13.8.(a)** Allocation of Funds. – Of the funds appropriated in this  
20 act to the Rural Economic Development Center, Inc., (Rural Center) the sum of fifty  
21 million dollars (\$50,000,000) for the 2008-2009 fiscal year shall be allocated as follows:

22 (1) Up to \$25,000,000 may be used to provide grants to local government  
23 units for wastewater-related projects under subsection (b) of this  
24 section.

25 (2) Up to \$25,000,000 may be used to provide grants to local government  
26 units for public water system-related projects under subsection (b) of  
27 this section.

28 **SECTION 13.8.(b)** Definitions. – The definitions in G.S. 159G-20 and the  
29 following definitions apply in this section. In addition, the following definitions shall  
30 apply in this section unless otherwise provided:

31 (1) Ability to pay. – An assessment of the ability of a local government  
32 unit to pay for a water infrastructure project as calculated annually by  
33 the Division of Community Assistance in the Department of  
34 Commerce.

35 (2) Economically distressed area. – Any of the following:

36 a. An economically distressed county as defined in  
37 G.S. 143B-437.01.

38 b. That part of a county in which the poverty rate is at least one  
39 hundred fifty percent (150%) of the State poverty rate. The  
40 poverty rate is the percentage of the population whose income  
41 is below the most recent federal poverty level set by the U.S.  
42 Bureau of the Census.

1 c. That part of a county that experiences an actual or imminent  
2 loss of jobs in a number equal to or greater than five percent  
3 (5%) of the total number of jobs in the part.

4 (3) Rural county. – A county with a population density of fewer than 250  
5 people per square mile based on the most recent federal decennial  
6 census.

7 **SECTION 13.8.(c) Eligible Applicants; Eligible Projects.** – A local  
8 government unit is not eligible for a grant under subsection (a) of this section unless it  
9 meets the eligibility requirements under subsection (d) or subsection (e) of this section  
10 for that type of grant. The funds allocated under this section may be used to provide  
11 either a planning grant that meets the requirements under subsection (d) of this section  
12 or a supplemental grant that meets the requirements of subsection (e) of this section.  
13 The following projects are eligible for receiving a grant under this section:

14 (1) Wastewater collection system.

15 (2) Wastewater treatment works.

16 (3) Public water system.

17 (4) Wastewater and drinking water infrastructure planning.

18 (5) Multijurisdictional wastewater, drinking water, water quality, and  
19 stormwater planning.

20 **SECTION 13.8.(d) Planning Grants.** – A planning grant under this section is  
21 available for the costs associated with preliminary planning for wastewater collection  
22 system projects, wastewater treatment works projects, and public water system projects.  
23 Preliminary planning includes developing a capital improvement plan, developing a  
24 comprehensive land-use plan, conducting a study, developing a regional or  
25 multijurisdictional infrastructure or water quality improvement plan, assembling a  
26 financing plan to carry out a project, completing a grant application, and preparing a  
27 preliminary engineering report for a proposed project. A planning grant is subject to the  
28 following restrictions:

29 (1) Eligibility. – For purposes of this subsection, a regional council of  
30 government organized under G.S. 160A-460 or a regional planning  
31 and development commission organized under G.S. 153A-391 is  
32 considered a local government unit. A local government unit is eligible  
33 for a planning grant if it meets the following criteria:

34 a. It is a rural county or is located in one of these counties.

35 b. It is an economically distressed county or is located in an  
36 economically distressed county or an economically distressed  
37 area.

38 c. It is applying for a regional or multijurisdictional planning  
39 project involving two or more units of local government.

40 (2) Maximum. – A planning grant shall not exceed forty thousand dollars  
41 (\$40,000) for each unit of local government.

42 (3) Matching funds. – A local government unit shall match a planning  
43 grant on a dollar-for-dollar basis unless the unit meets one or more of



1 the following descriptions, in which instance the Rural Center may  
2 require a match of less than fifty percent (50%):

- 3 a. It is an economically distressed county or located in an  
4 economically distressed county.
- 5 b. Its poverty rate is at least one hundred fifty percent (150%) of  
6 the State poverty rate.
- 7 c. If it is not a county, its ability to pay is less than fifty percent  
8 (50%) of the ability to pay of the county in which it is located.

9 **SECTION 13.8.(e)** Supplemental Grants. – A supplemental grant is  
10 available to match other funds to be applied to the construction costs of an eligible  
11 project. Other funds include federal funds, State funds received under Article 2 of  
12 Chapter 159G of the General Statutes, and local funds. A supplemental grant is subject  
13 to the following restrictions:

- 14 (1) Eligibility. – A local government unit is eligible for a supplemental  
15 grant if it meets the following criteria:
  - 16 a. It is a rural county or is located in one of these counties.
  - 17 b. It adopts a resolution to set the household user fee for water and  
18 sewer service in the area served by the project at an amount that  
19 equals or exceeds the high-unit-cost threshold.
- 20 (2) Maximum. – A supplemental grant shall not exceed five hundred  
21 thousand dollars (\$500,000) unless the applicant meets one or more of  
22 these descriptions:
  - 23 a. It is an economically distressed county or is located in an  
24 economically distressed county.
  - 25 b. Its poverty rate is at least one hundred fifty percent (150%) of  
26 the State poverty rate.
  - 27 c. If it is not a county, its ability to pay is less than fifty percent  
28 (50%) of the ability to pay of the county in which it is located.
- 29 (3) Matching funds. – A local government unit shall match a supplemental  
30 grant on a dollar-for-dollar basis unless the unit meets one or more of  
31 the following descriptions, in which instance the Rural Center may  
32 require a match of less than fifty percent (50%):
  - 33 a. It is an economically distressed county or is located in an  
34 economically distressed county.
  - 35 b. Its poverty rate is at least one hundred fifty percent (150%) of  
36 the State poverty rate.
  - 37 c. If it is not a county, its ability to pay is less than fifty percent  
38 (50%) of the ability to pay of the county in which it is located.

39 **SECTION 13.8.(f)** Criteria for Grants. – The criteria in G.S. 159G-23, the  
40 criteria set out in this section, and any other criteria established by the Board of  
41 Directors of the Rural Center shall apply to a grant provided under this section. An  
42 application for a project that serves an economically distressed area shall have priority  
43 over a project that does not.

1           **SECTION 13.8.(g)** Grant Applications. – Any application for a grant under  
2 this section shall be submitted by the local government unit to the Rural Center. An  
3 application shall be submitted on a form prescribed by the Rural Center and shall  
4 contain the information required by the Rural Center. An applicant shall submit to the  
5 Rural Center any additional information requested by the Rural Center to enable the  
6 Rural Center to make a determination on the application. An application that does not  
7 contain information required on the application or requested by the Rural Center is  
8 incomplete and is not eligible for consideration. An applicant may submit an application  
9 in as many categories as it is eligible for consideration under this section.

10           **SECTION 13.8.(h)** Environmental Assessment. – An application submitted  
11 under this section for any grant other than a planning grant for a project under  
12 subdivision (b)(4) or (b)(5) of this section shall state whether the project to be funded by  
13 the grant requires an environmental assessment. If the application indicates that an  
14 environmental assessment is not required, it must identify the exclusion in the North  
15 Carolina Environmental Policy Act, Article 1 of Chapter 113A of the General Statutes,  
16 that applies to the project. The Rural Center shall give the Department of Environment  
17 and Natural Resources a copy of an application that indicates an environmental  
18 assessment is not required. If the Department of Environment and Natural Resources  
19 determines that the project requires an environmental assessment, the Department shall  
20 notify the Rural Center and the applicant, and the applicant shall submit the assessment  
21 to the Department before the Center continues its review of the application.

22           An application that does not identify an exclusion in the North Carolina  
23 Environmental Policy Act shall include the environmental assessment of the project's  
24 probable impacts on the environment that was submitted to the Department of  
25 Environment and Natural Resources. If the Department notifies the Rural Center that an  
26 environmental impact statement is required, the Rural Center shall not award the  
27 applicant a grant until a final environmental assessment impact statement has been  
28 completed and approved as provided in the Environmental Policy Act.

29           **SECTION 13.8.(i)** Review of Applications and Award of Grant. –

30           (1) Point Assignment. – The Rural Center shall review all grant  
31 applications submitted under this section for an application period, to  
32 be determined by the Rural Center, and shall rank each application in  
33 accordance with the points assigned to the evaluation criteria. The  
34 Rural Center shall make a written determination of an application's  
35 rank and attach the determination to the application. The Rural  
36 Center's determination of rank is conclusive.

37           (2) Reconsideration. – When an application's rank is too low to receive an  
38 award of a grant for the application period, the Rural Center may  
39 reconsider an amended application, provided the application addresses  
40 questions from the previous grant round.

41           (3) Notification of decision. – When the Rural Center determines that an  
42 application's rank makes it eligible for an award of a grant, the Rural  
43 Center shall send the applicant a letter of intent to award the grant. The  
44 notice shall set out any conditions the applicant must meet to receive

1 an award of a grant. When the applicant satisfies the conditions set out  
2 in the letter of intent, the Rural Center shall send the applicant an offer  
3 to award a grant. The applicant shall give the Rural Center written  
4 notice of whether it accepts or rejects the offer. A grant is considered  
5 awarded the date the offer to award the grant is sent by the Rural  
6 Center.

7 **SECTION 13.8.(j)** Disbursement of Grant. – A planning grant awarded  
8 under this section may be disbursed in one payment. Other grants awarded under this  
9 section shall be disbursed in two or more payments based on the progress of the project  
10 for which the grant was awarded. To obtain a payment, a grant recipient shall submit a  
11 request for payment to the Rural Center and shall document the expenditures for which  
12 the payment is requested. The Rural Center shall review the payment request for  
13 compliance with all grant conditions.

14 **SECTION 13.8.(k)** Withdrawal of Grant. – An award for a grant for a  
15 project is withdrawn if the applicant fails to enter into a construction contract for the  
16 project within one year after the date of the award for supplemental grants under  
17 subsection (d) of this section, unless the Board of Directors of the Rural Center finds  
18 that the applicant has good cause for the failure. If the Rural Center finds good cause for  
19 an applicant's failure, the Rural Center shall set a date by which the applicant must take  
20 action or forfeit the grant. This subsection does not apply to a planning grant for a  
21 project under subdivision (b)(4) or (b)(5) of this section.

22 **SECTION 13.8.(l)** Inspection of Project. –

23 (1) Authority. – The Rural Center may inspect a project for which it  
24 awards a grant under this section to determine the progress made on  
25 the project and whether the construction of the project is consistent  
26 with the project described in the grant application. The inspection may  
27 be performed by personnel of the Rural Center or by a professional  
28 engineer licensed under Chapter 89C of the General Statutes.

29 (2) Disqualification. – An individual may not perform an inspection of a  
30 project under this section if the individual meets any of the following  
31 criteria:

- 32 a. Is an officer or employee of the local government unit that  
33 received the grant award for the project.  
34 b. Is an owner, officer, employee, or agent of a contractor or  
35 subcontractor engaged in the construction of the project for  
36 which the grant was made.

37 **SECTION 13.8.(m)** The Rural Center may use a portion of the funds  
38 allocated under this section for administration, not to exceed two percent (2%), for the  
39 life of the grant program created by this section. Of these funds for administrative costs,  
40 the sum of two hundred fifty thousand dollars (\$250,000) may be used to fund the  
41 ongoing work of the State Water Infrastructure Commission in the 2008-2009 fiscal  
42 year.

43 **SECTION 13.8.(n)** Reporting Requirement. – The Rural Center shall report  
44 to the Joint Legislative Commission on Governmental Operations on a quarterly basis

1 concerning the progress of the grant program created under this section. The first report  
2 is due no later than December 1, 2008.

3 **SECTION 13.8.(o)** Separate Accounts. – Each grant that is provided under  
4 this section shall be administered through a separate account.

5 **SECTION 13.8.(p)** Loans Prohibited. – The Rural Center shall not use the  
6 funds allocated under this section to make loans.

## 7 8 **RURAL CENTER ECONOMIC INFRASTRUCTURE FUND**

9 **SECTION 13.9.(a)** Of the funds appropriated in this act to the North  
10 Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of ten  
11 million dollars (\$10,000,000) for the 2008-2009 fiscal year shall be used to expand the  
12 North Carolina Rural Economic Infrastructure Fund with targeted priority to severely  
13 distressed rural areas.

14 **SECTION 13.9.(b)** The Rural Center shall use the funds appropriated in this  
15 act to establish and implement the Rural Economic Transition Program. This program  
16 shall provide grants and equity investments to carry out transformative economic  
17 development and agricultural enhancement projects that will generate jobs and expand  
18 business activity.

19 **SECTION 13.9.(c)** Units of local government and nonprofit organizations in  
20 rural areas are eligible for grants, with priority to applicants in development tier one  
21 areas as defined in G.S. 143B-437.08.

22 **SECTION 13.9.(d)** Priority for grant funds shall be given to economic  
23 development projects that satisfy one or more of the following criteria:

- 24 (1) It is located in a county or census area with a persistently high poverty  
25 rate of at least one hundred fifty percent (150%) of the State's poverty  
26 rate according to the most recent decennial census.
- 27 (2) It is located in a community that has experienced a sudden and severe  
28 economic downturn as reflected in numbers of business closings,  
29 layoffs, and unemployment rate during the previous 12 months.
- 30 (3) It is located in a small town with a population under 10,000, an  
31 agrarian growth zone as defined in G.S. 143B-437.010, or an urban  
32 progress zone as defined in G.S. 143B-437.09.
- 33 (4) It is identified in community-based strategic planning efforts and  
34 coordinated with other economic development and  
35 community-building initiatives, such as the North Carolina Rural  
36 Economic Development Center Small Town Economic Prosperity  
37 Program, the North Carolina Department of Commerce 21<sup>st</sup> Century  
38 Communities Program, the North Carolina Department of Commerce  
39 Main Street Program, and federally funded Comprehensive Economic  
40 Development Strategies.
- 41 (5) It is supportive of strategies to expand entrepreneurial small business  
42 activity based on the natural, cultural, or historical assets of the  
43 community.

1           (6) It has the ability to demonstrate benefits to small farm business  
2           diversifying into value-added production and marketing, and it  
3           increases opportunities in food and beverage manufacturing and  
4           distribution for small farm entrepreneurs.

5           **SECTION 13.9.(e)** Eligible units of local government and nonprofit  
6 organizations are not required to match grants received under this section, but shall  
7 demonstrate the commitment of other funds to the project.

8           **SECTION 13.9.(f)** Up to twenty percent (20%) of the funds appropriated in  
9 this section may be used for equity investments and loans through the Rural Venture  
10 Fund to private business ventures that will substantially transform and improve the  
11 economic status of rural areas, with priority to businesses locating or expanding in  
12 development tier one areas as defined in G.S. 143B-437.08.

13           **SECTION 13.9.(g)** The Rural Center may use a portion of the funds  
14 appropriated under this section, not to exceed two percent (2%), for administration of  
15 the programs created by this section.

16           **SECTION 13.9.(h)** The Rural Center may contract with other State agencies  
17 and branches of The University of North Carolina for certain aspects of the programs  
18 created under this section, including the design of program guidelines and evaluation of  
19 program results.

20           **SECTION 13.9.(i)** The Rural Center shall report to the Joint Legislative  
21 Commission on Governmental Operations on a quarterly basis concerning the progress  
22 of the programs created under this section. The first report is due no later than  
23 December 1, 2008.

## 24 25 **PART XIV. JUDICIAL DEPARTMENT**

### 26 27 **PILOT PROGRAM FOR ALTERNATIVE SCHEDULING**

28           **SECTION 14.1.** Of the funds appropriated to the Office of Indigent Defense  
29 Services in this act, the Office of Indigent Defense Services may spend up to the sum of  
30 twenty-five thousand dollars (\$25,000) to support one or more pilot programs of  
31 alternative scheduling in district or superior court that would reduce defense attorney  
32 wait time and State expense. The establishment of any pilot program under this section  
33 would require the prior agreement of the district attorney, chief district court judge, and  
34 senior resident superior court judge for the district.

### 35 36 **STUDY TO IDENTIFY MISDEMEANORS THAT SHOULD BE** 37 **DECRIMINALIZED**

38           **SECTION 14.2.** The sum of ten thousand dollars (\$10,000) in funds  
39 appropriated in this act to the Office of Indigent Defense Services shall be used by the  
40 Sentencing and Policy Advisory Commission, in consultation with the Office of  
41 Indigent Defense Services and the Administrative Office of the Courts, to conduct a  
42 study to determine whether there are offenses that are currently classified as  
43 misdemeanors that should be infractions because jail sentences are rarely or never  
44 imposed and because significant State funds are being spent for the representation of

1 indigent persons accused of the misdemeanors. A report on the results of this study shall  
 2 be included in the Office of Indigent Defense Services' annual report due March 1,  
 3 2009.

4  
 5 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION OF EXISTING**  
 6 **PUBLIC DEFENDER OFFICES**

7 **SECTION 14.3.** Section 14.4(a) of S.L. 2007-323 reads as rewritten:

8 "**SECTION 14.4.(a)** The Judicial Department, Office of Indigent Defense Services,  
 9 may use up to the sum of two million one hundred ninety-two thousand three hundred  
 10 fifty dollars (\$2,192,350) in appropriated funds during the 2007-2008 fiscal year ~~and up~~  
 11 ~~to the sum of two million eighty-two thousand five hundred ten dollars (\$2,082,510) in~~  
 12 ~~appropriated funds during the 2008-2009 fiscal year~~ for the expansion of existing or  
 13 new public defender offices currently providing legal services to the indigent population  
 14 under the oversight of the Office of Indigent Defense Services by creating up to 20 new  
 15 attorney positions and 10 new support staff ~~positions.~~ positions during the 2007-2008  
 16 fiscal year. In addition, the Office of Indigent Defense Services may use up to the sum  
 17 of two million three hundred thousand eight hundred fifty dollars (\$2,300,850) in  
 18 appropriated funds during the 2008-2009 fiscal year to create up to 20 new attorney and  
 19 10 new support staff positions in existing offices during the 2008-2009 fiscal year.  
 20 These funds may be used for salaries, benefits, equipment, and related expenses. Prior  
 21 to using funds for this purpose, the Office of Indigent Defense Services shall report to  
 22 the Chairs of the House of Representatives and the Senate Appropriations  
 23 Subcommittees on Justice and Public Safety on the proposed expansion."  
 24

25 **REPEAL PUBLIC DEFENDER EXPANSION AUTHORITY**

26 **SECTION 14.4.(a)** Section 14.4(b) of S.L. 2007-323 is repealed.  
 27

28 **REPEAL JUDICIAL DEPARTMENT GRANT FUNDS MATCHING**  
 29 **AUTHORIZATION AND REPORTING REQUIREMENT**

30 **SECTION 14.5.** Section 14.2 of S.L. 2007-323 is repealed.  
 31

32 **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

33 **SECTION 14.6.** G.S. 7A-60(a1) reads as rewritten:

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

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	7 <u>8</u>

1	3A	Pitt	11
2	3B	Carteret, Craven, Pamlico	12
3	4	Duplin, Jones, Onslow,	18
4		Sampson	
5	5	New Hanover, Pender	<del>17</del> <u>18</u>
6	6A	Halifax	5
7	6B	Bertie, Hertford,	6
8		Northampton	
9	7	Edgecombe, Nash, Wilson	<del>18</del> <u>19</u>
10	8	Greene, Lenoir, Wayne	14
11	9	Franklin, Granville,	12
12		Vance, Warren	
13	9A	Person, Caswell	<del>5</del> <u>6</u>
14	10	Wake	<del>39</del> <u>41</u>
15	11	Harnett, Johnston, Lee	<del>17</del> <u>18</u>
16	12	Cumberland	<del>22</del> <u>23</u>
17	13	Bladen, Brunswick, Columbus	13
18	14	Durham	<del>16</del> <u>18</u>
19	15A	Alamance	<del>10</del> <u>11</u>
20	15B	Orange, Chatham	10
21	16A	Scotland, Hoke	<del>6</del> <u>7</u>
22	16B	Robeson	13
23	17A	Rockingham	<del>6</del> <u>7</u>
24	17B	Stokes, Surry	<del>7</del> <u>8</u>
25	18	Guilford	<del>31</del> <u>32</u>
26	19A	Cabarrus	9
27	19B	Montgomery, Randolph	<del>9</del> <u>10</u>
28	19C	Rowan	<del>7</del> <u>8</u>
29	19D	Moore	5
30	20A	Anson, Richmond,	<del>11</del> <u>12</u>
31		Stanly	
32	20B	Union	<del>9</del> <u>10</u>
33	21	Forsyth	<del>24</del> <u>25</u>
34	22	Alexander, Davidson, Davie,	20
35		Iredell	
36	23	Alleghany, Ashe, Wilkes,	8
37		Yadkin	
38	24	Avery, Madison, Mitchell,	7
39		Watauga, Yancey	
40	25	Burke, Caldwell, Catawba	<del>18</del> <u>19</u>
41	26	Mecklenburg	<del>53</del> <u>57</u>
42	27A	Gaston	<del>14</del> <u>15</u>
43	27B	Cleveland,	<del>10</del> <u>11</u>
44		Lincoln	

1	28	Buncombe	<del>13</del> 14
2	29A	McDowell, Rutherford	7
3	29B	Henderson, Polk, Transylvania	8
4	30	Cherokee, Clay, Graham,	11
5		Haywood, Jackson, Macon,	
6		Swain."	

**FEASIBILITY STUDY ON PROVIDING THE OFFICE OF INDIGENT DEFENSE SERVICES WITH INDIGENT CASE INFORMATION WHEN CASES ARE INITIATED**

**SECTION 14.7.** The Office of Indigent Defense Services and the Administrative Office of the Courts shall consult on developing a statewide system to enable the Office of Indigent Defense Services to obtain information about indigent cases when counsel is first appointed and shall develop a proposal for statewide implementation of such a system. A report on this proposal shall be included in the Office of Indigent Defense Services' annual report due March 1, 2009.

**JCPC EFFECTIVENESS STUDY**

**SECTION 14.8.(a)** The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission, shall conduct a feasibility study for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council (JCPC) grant funds. All State agencies and community-based programs that receive JCPC funding shall provide data as requested by the Commission.

The Sentencing and Policy Advisory Commission shall provide an interim report on the results of the feasibility study to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by December 1, 2008. The final plan for measuring the effectiveness of JCPC programs shall be provided to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by May 1, 2009.

**SECTION 14.8.(b)** G.S. 143B-519 is repealed.

**LEGAL ASSISTANCE TO HOMEOWNERS**

**SECTION 14.9.** G.S. 7A-474.3(b) reads as rewritten:

"(b) Eligible Cases. – Legal assistance shall be provided to eligible clients under this Article only in the following types of cases:

- (1) Family violence or spouse abuse;
- (2) Assistance for the disabled in obtaining federal Social Security benefits;
- (2a) Assistance for eligible clients in obtaining benefits or assistance under any federal law or program providing benefits or assistance for human trafficking victims;



- 1 (3) Representation of eligible farmers faced with the potential of farm  
2 foreclosure;
- 3 (4) Representation of eligible clients over the age of 60 regarding the  
4 following matters:
- 5 a. Wills and estates;
- 6 b. Safe and sanitary housing;
- 7 c. Pensions and retirement rights;
- 8 d. Social Security and Medicare rights;
- 9 e. Access to health care;
- 10 f. Food and nutrition; and
- 11 g. Transportation.
- 12 (5) Representation of eligible clients designed to enable them to obtain the  
13 necessary skills and means to obtain meaningful employment at a  
14 decent wage and reduce the public welfare rolls; and
- 15 (6) Representation of eligible clients under the age of 21 or eligible  
16 families with legal problems affecting persons under the age of 21  
17 regarding the following matters:
- 18 a. Financial support and custody of children;
- 19 b. Child care;
- 20 c. Child abuse or neglect;
- 21 d. Safe and sanitary housing;
- 22 e. Food and nutrition; and
- 23 f. Access to health care.
- 24 (7) Legal assistance to consumers in cases involving predatory mortgage  
25 lending, mortgage broker and loan services abuses, foreclosure  
26 defense, and other legal issues that relate to helping consumers avoid  
27 foreclosure and home loss."
- 28

29 **RESTORE FUNDING FOR CONFERENCE OF CLERKS OF SUPERIOR**  
30 **COURT AND CONFERENCE OF DISTRICT ATTORNEYS**

31 **SECTION 14.10.(a)** Notwithstanding any other provision of this act, the  
32 sum of one hundred twenty-one thousand four hundred two dollars (\$121,402) in  
33 recurring funds appropriated to the Judicial Department for the 2008-2009 fiscal year to  
34 provide training for judges, prosecutors, clerks of superior court, and magistrates shall  
35 be used to restore funding and positions to the Conference of Clerks of Superior Court.

36 **SECTION 14.10.(b)** Notwithstanding any other provision of this act, the  
37 sum of fifty-eight thousand five hundred ninety-eight dollars (\$58,598) in recurring  
38 funds appropriated to the Judicial Department for the 2008-2009 fiscal year to provide  
39 training for judges, prosecutors, clerks of superior court, and magistrates shall be used  
40 to restore funding and positions to the Conference of District Attorneys.

41 **SECTION 14.10.(c)** Notwithstanding any other provision of this act, funds  
42 appropriated to the Department of Correction for the 2008-2009 fiscal year for  
43 contractual support positions for construction projects is reduced by the sum of three

1 hundred forty-two thousand six hundred ninety-one dollars (\$342,691) in recurring  
2 funds.

3 **SECTION 14.10.(d)** The sum of three hundred forty-two thousand six  
4 hundred ninety-one dollars (\$342,691) in recurring funds made available by the  
5 reduction in subsection (c) of this section is appropriated to the Judicial Department for  
6 the 2008-2009 fiscal year to restore funding and positions to the Conference of District  
7 Attorneys.

8 **SECTION 14.10.(e)** Notwithstanding any other provision of this act, the  
9 sum of seventy thousand dollars (\$70,000) in nonrecurring funds appropriated to the  
10 Judicial Department for the 2008-2009 fiscal year to provide training for judges,  
11 prosecutors, clerks of superior court, and magistrates shall be used to provide funding  
12 for telephone equipment.

### 13 **ESTABLISH DOMESTIC VIOLENCE RESERVE**

14 **SECTION 14.11.(a)** Notwithstanding any other provision of this act, funds  
15 appropriated to the Judicial Department for the 2008-2009 fiscal year for a domestic  
16 violence reserve are reduced by the sum of ten thousand dollars (\$10,000).

17 **SECTION 14.11.(b)** The sum of ten thousand dollars (\$10,000) in non-  
18 recurring funds made available by the reduction in subsection (a) of this section is  
19 appropriated to the Department of Crime Control and Public Safety for the 2008-2009  
20 fiscal year for a reserve for Sheriff's department grants.

21 **SECTION 14.11.(c)** Notwithstanding any other provision of this act, funds  
22 appropriated to the Department of Correction for the 2008-2009 fiscal year for  
23 contractual support positions for construction projects are reduced by the sum of one  
24 hundred thousand dollars (\$100,000) in recurring funds.

25 **SECTION 14.11.(d)** The sum of one hundred thousand dollars (\$100,000) in  
26 recurring funds made available by the reduction in subsection (c) of this section is  
27 appropriated to the Judicial Department for the 2008-2009 fiscal year to establish a  
28 reserve contingent upon the passage of House Bill 44.

### 29 **REPEAL THE REQUIREMENT THAT COUNTIES PROVIDE TELEPHONE** 30 **EQUIPMENT AND INFRASTRUCTURE FOR COURT FACILITIES**

31 **SECTION 14.12.(a)** Section 14.16 of S.L. 2007-323 is repealed.

32 **SECTION 14.12.(b)** Subsection (a) of this section becomes effective June  
33 30, 2008.

34 **SECTION 14.12.(c)** Notwithstanding any other provision of this act, there  
35 shall be no reduction in the Judicial Department budget for telephone services.

36 **SECTION 14.12.(d)** Notwithstanding any other provision of this act, funds  
37 appropriated to the Judicial Department for the 2008-2009 fiscal year for telephone  
38 equipment shall be reduced by the sum of eighty-eight thousand one hundred ninety-two  
39 dollars (\$88,192) in recurring funds and the sum of six hundred twenty-five thousand  
40 eighty-four dollars (\$625,084) in non-recurring funds.

41 **SECTION 14.12.(e)** Notwithstanding any other provision of this act, funds  
42 appropriated to the Office of Indigent Defense Services for the 2008-2009 fiscal year to  
43

1 establish additional public defender offices and for private-assigned counsel payments  
2 shall be reduced by the sum of one million five hundred seventy thousand fifty-seven  
3 dollars (\$1,570,057) in recurring funds and the sum of one million dollars (\$1,000,000)  
4 in non-recurring funds.

5 **SECTION 14.12.(f)** The sum of two million five hundred seventy thousand  
6 fifty-seven dollars (\$2,570,057) in funds made available by the reduction in subsection  
7 (e) of this section is appropriated to the Judicial Department for the 2008-2009 fiscal  
8 year to provide funding for telephone services and telephone equipment.

9 **SECTION 14.12.(g)** The Administrative Office of the Courts, in  
10 consultation with the North Carolina Association of County Commissioners, shall  
11 conduct a study to identify alternative means of paying for the cost of county courthouse  
12 telephone equipment and services from sources other than the General Fund.

13 The Administrative Office of the Courts shall submit a written report of the  
14 findings and recommendations to the Chairs of the House of Representatives and Senate  
15 Appropriations Subcommittees on Justice and Public Safety by March 1, 2009.

## 16 17 **PART XV. DEPARTMENT OF JUSTICE**

### 18 19 **FUNDS FOR PENDING CIVIL LITIGATION EXPENSES**

20 **SECTION 15.1.** Notwithstanding G.S. 143-215.3A, from funds in the Water  
21 and Air Quality Account, the Department of Environment and Natural Resources shall  
22 transfer the sum of one million dollars (\$1,000,000) for the 2008-2009 fiscal year to the  
23 Office of State Budget and Management, Litigation Reserve. These funds shall be used  
24 by the Department of Justice solely for expenses related to either ex rel. Cooper v.  
25 Tennessee Valley Authority, No. 1:06CV20 (W.D.N.C. filed Jan 30, 2006) or South  
26 Carolina v. North Carolina, No. 220138 ORG (U.S. Sup. Ct. filed June 7, 2007). Any of  
27 these funds that remain unused on June 30, 2009, shall revert to the Water and Air  
28 Quality Account.

### 29 30 **USE OF SEIZED AND FORFEITED RECEIPTS FOR REPLACEMENT 31 LABORATORY EQUIPMENT AND FORENSIC FIREARMS ANALYST 32 START-UP COSTS**

33 **SECTION 15.2.** The Department of Justice is authorized to use up to one  
34 hundred forty thousand dollars (\$140,000) of receipts transferred to the Department  
35 pursuant to applicable federal law to purchase replacement laboratory equipment and  
36 for start-up costs associated with the forensic firearms analyst positions approved in this  
37 act. Notwithstanding Section 15.3 of S.L. 2007-323, the Department is not required to  
38 seek prior approval to use these funds for the purposes described in this section.

## 39 40 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY 41 PREVENTION**

### 42 43 **JCPC GRANT REPORTING AND CERTIFICATION**

44 **SECTION 16.1.(a)** Section 18.2(a) of S.L. 2007-323 reads as rewritten:

1       "**SECTION 18.2.(a)** On or before ~~April 1~~ October 1 of each year, the Department  
2 of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative  
3 Commission on Governmental Operations and the Appropriations Committees of the  
4 Senate and House of Representatives a list of the recipients of the grants awarded, or  
5 preapproved for award, from funds appropriated to the Department for local Juvenile  
6 Crime Prevention Council ~~grants. The list shall include for each recipient~~ grants,  
7 including:

- 8           (1) ~~the~~ The amount of the grant awarded, ~~awarded.~~
- 9           (2) ~~the~~ The membership of the local committee or council administering  
10 the award funds on the local level, ~~and~~ level.
- 11           (3) The type of program funded.
- 12           (4) a ~~A~~ short description of the local services, programs, or projects that  
13 will receive ~~funds.~~ funds.
- 14           (5) ~~The list shall also identify~~ Identification of any programs that received  
15 grant funds at one time but for which funding has been eliminated by  
16 the ~~Department of Juvenile Justice and Delinquency Prevention.~~  
17 Department.
- 18           (6) The number of at-risk, diverted, and adjudicated juveniles served by  
19 county.
- 20           (7) The Department's actions to ensure that county JCPC's prioritize  
21 funding for dispositions of intermediate and community-level  
22 sanctions for court-adjudicated juveniles under minimum standards  
23 adopted by the Department.
- 24           (8) The total cost for each funded program, including the cost per juvenile  
25 and the essential elements of the program.

26       A written copy of the list and other information regarding the projects shall also be  
27 sent to the Fiscal Research Division of the General Assembly."

28       **SECTION 16.1.(b)** Section 18.2(d) of S.L. 2007-323 is repealed.

## 30 **SUPPORT OUR STUDENTS (SOS) GRANT ELIGIBILITY**

31       **SECTION 16.2.** G.S. 143B-152.4(a) reads as rewritten:

32       "(a) ~~A~~ Any of the following may apply for a grant:

- 33           (1) A community- or neighborhood-based 501(c)(3) entity or a consortium  
34 consisting of one or more local 501(c)(3) entities and one or more  
35 local school administrative units may apply for a grant entity.
- 36           (2) A community-based, public or private nonprofit, tax exempt  
37 organization.
- 38           (3) A school system.
- 39           (4) A local government agency."

## 41 **JUVENILE CRIME PREVENTION COUNCILS (JCPC) FORMULA REVISION**

42       **SECTION 16.3.** The Department of Juvenile Justice and Delinquency  
43 Prevention, the NC Juvenile Services Association, and the Community Alternatives for  
44 Youth, in consultation with the Fiscal Research Division, shall develop and propose a

1 revision to the county allocation formula for Juvenile Crime Prevention Councils. The  
2 Department shall report the recommendations to the Joint Legislative Corrections,  
3 Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of  
4 Representatives and Senate Appropriations Committees and the Chairs of the  
5 Subcommittees on Justice and Public Safety of the House of Representatives and Senate  
6 Appropriations Committees by December 1, 2008.

## 8 STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

9 **SECTION 16.4.** Section 18.5 of S.L. 2007-323 reads as rewritten:

10 "SECTION 18.5. Funds appropriated in this act from the General Fund to the  
11 Department of Juvenile Justice and Delinquency Prevention for the ~~2007-2008 fiscal~~  
12 ~~year-2008-2009 fiscal year~~ may be used as matching funds for the Juvenile  
13 Accountability Incentive Block Grants. If North Carolina receives Juvenile  
14 Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of  
15 State Budget and Management and the Governor's Crime Commission shall consult  
16 with the Department of Juvenile Justice and Delinquency Prevention regarding the  
17 criteria for awarding federal funds. The Office of State Budget and Management, the  
18 Governor's Crime Commission, and the Department of Juvenile Justice and  
19 Delinquency Prevention shall report to the Appropriations Committees of the House of  
20 Representatives and Senate and the Joint Legislative Commission on Governmental  
21 Operations prior to allocation of the federal funds. The report shall identify the amount  
22 of funds to be received for the ~~2007-2008 fiscal year,~~2008-2009 fiscal year, the amount  
23 of funds anticipated for the ~~2008-2009 fiscal year,~~2009-2010 fiscal year, and the  
24 allocation of funds by program and purpose."

## 26 PART XVII. DEPARTMENT OF CORRECTION

### 28 TEMPORARY HOUSING FUNDS

29 **SECTION 17.1.(a)** The Department of Correction may use funds available  
30 during the 2008-2009 fiscal year to secure appropriate temporary housing for offenders  
31 on post-release supervision, probation, or parole. The Department may use available  
32 funds to secure housing in a homeless shelter, halfway house, or other housing provider  
33 that is already under contract with the federal government in order to provide housing  
34 for offenders who do not have a viable home placement plan and are at risk of being  
35 homeless. The Department shall ensure that no offender is placed in a hotel, motel,  
36 nursing home, adult care facility, group home containing the physically or  
37 developmentally disabled, or residential facility where minors are housed.

38 **SECTION 17.1.(b)** The Department may not use available funds as  
39 authorized by this section to provide housing for any offender for a continuous period  
40 exceeding 30 days.

41 **SECTION 17.1.(c)** The Department of Correction shall study the feasibility  
42 of establishing a central facility or facilities to provide temporary housing for offenders  
43 on post-release supervision, probation, or parole who do not have a viable home  
44 placement plan and are at risk of being homeless. The Department shall report its

1 findings to the Joint Legislative Corrections, Crime Control, and Juvenile Justice  
2 Oversight Committee by January 1, 2009.

### 4 FEDERAL GRANT MATCHING FUNDS

5 SECTION 17.2. Section 17.12 of S.L. 2007-323 reads as rewritten:

6 "SECTION 17.12. Notwithstanding the provisions of G.S. 143C-6-9, the  
7 Department of Correction may use up to the sum of one million two hundred thousand  
8 dollars (\$1,200,000) during the 2007-2008 fiscal year and up to the sum of one million  
9 five hundred thousand dollars (\$1,500,000) during the 2008-2009 fiscal year from funds  
10 available to the Department to provide the State match needed in order to receive  
11 federal grant funds. Prior to using funds for this purpose, the Department shall report to  
12 the Chairs of the House of Representatives and Senate Appropriations Subcommittees  
13 on Justice and Public Safety and the Joint Legislative Commission on Governmental  
14 Operations on the grants to be matched using these funds."

### 16 RESERVE FUND FOR PROBATION AND PAROLE STAFFING AND 17 RESOURCES

18 SECTION 17.3. Of the funds appropriated in this act to the Department of  
19 Correction, a reserve fund of three million dollars (\$3,000,000) is established in the  
20 Office of State Budget and Management to address critical staffing and resource needs  
21 in Probation and Parole Field Services, Department of Correction. The designation of  
22 these funds is pending the outcome of a National Institute of Corrections review. The  
23 sum of one million dollars (\$1,000,000) in nonrecurring funds in the reserve shall not  
24 revert at the end of the fiscal year, but shall remain available to the Department for the  
25 purposes identified in the NIC review.

26 Prior to using any funds from the reserve authorized by this section, the  
27 Department of Correction shall consult with the Joint Legislative Commission on  
28 Governmental Operations and the Chairs of the House of Representatives and Senate  
29 Appropriations Subcommittees on Justice and Public Safety on the proposed use of the  
30 funds and the reasons for the proposal.

### 32 REPORT ON PROBATION AND PAROLE CASELOADS

33 SECTION 17.4. Section 17.16 of S.L. 2007-323 reads as rewritten:

34 "SECTION 17.16.(a) The Department of Correction shall report by March 1 of  
35 each year to the Chairs of the House of Representatives and Senate Appropriations  
36 Subcommittees on Justice and Public Safety and the Joint Legislative Corrections,  
37 Crime Control, and Juvenile Justice Oversight Committee on caseload averages for  
38 probation and parole officers. The report shall include:

- 39 (1) Data on current caseload averages for Probation Parole Officer I,  
40 Probation Parole Officer II, ~~and Probation Parole Officer III positions;~~  
41 and Chief Probation Parole Officer positions;
- 42 (2) An analysis of the optimal caseloads for these officer classifications;
- 43 (3) An assessment of the role of surveillance officers;

- 1 (4) The number and role of paraprofessionals in supervising low-risk  
2 caseloads;
- 3 (5) An update on the Department's implementation of the  
4 recommendations contained in the National Institute of Correction  
5 study conducted on the Division of Community Corrections in 2004;
- 6 (6) The selection of a risk assessment and the resulting distribution of  
7 offenders among risk levels; The process of assigning offenders to an  
8 appropriate supervision level based on a risk assessment, and an  
9 examination of other existing resources for assessment and case  
10 planning, including the Sentencing Services Program in the Office of  
11 Indigent Defense Services, and the range of screening and assessment  
12 services provided by the Division of Mental Health, Developmental  
13 Disability, and Substance Abuse Services in the Department of Health  
14 and Human Services; and
- 15 (7) Any position reallocations in the previous 12 months, and the reasons  
16 for and fiscal impact of those reallocations.

17 **"SECTION 17.16.(b)** The Department of Correction shall conduct a study of  
18 probation/parole officer workload at least biannually. The study shall include analysis of  
19 the type of offenders supervised, the distribution of the probation/parole officers' time  
20 by type of activity, the caseload carried by the officers, and comparisons to practices in  
21 other states. The study shall be used to determine whether the caseload goals established  
22 by the Structured Sentencing Act are still appropriate, based on the nature of the  
23 offenders supervised and the time required to supervise those offenders.

24 **"SECTION 17.16.(c)** The Department of Correction shall report the results of the  
25 study and recommendations for any adjustments to caseload goals to the House of  
26 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety  
27 by January 1, 2009.

28 **"SECTION 17.16.(d)** The Office of State Personnel, in conjunction with the  
29 Department of Correction, shall conduct a compensation study of Probation Parole  
30 Officers, including a comparison with other states, Juvenile Justice court counselors,  
31 other law enforcement, social workers, and other comparable job classifications with a  
32 role in assessing client needs and developing case plans to address those risks and  
33 needs. The Office of State Personnel shall report the results of the study and  
34 recommendations for any adjustments to the House of Representatives and Senate  
35 Appropriations Subcommittees on Justice and Public Safety by March 1, 2009."

## 36 37 **INMATE DRUG AND ALCOHOL TREATMENT**

38 **SECTION 17.5.** Notwithstanding any other provision of this act, the sum of  
39 two hundred thirty-nine thousand eight hundred five dollars (\$239,805) in funds  
40 appropriated to the Department of Correction for the 2008-2009 fiscal year for  
41 contractual support positions for construction projects shall instead be used to increase  
42 the capacity for intensive treatment of chemically-dependent male inmates.

## 43 44 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

1  
2 **GOVERNOR'S CRIME COMMISSION STUDY/EXPAND JUVENILE**  
3 **JURISDICTION**

4 **SECTION 18.1.(a)** The Governor's Crime Commission and its adjunct  
5 committees shall study the legal, systematic, and organizational impact of expanding the  
6 jurisdiction of the Department of Juvenile Justice and Delinquency Prevention to  
7 include persons 16 and 17 years of age who commit crimes or infractions under State  
8 law or under an ordinance of local government. In particular, the Commission shall  
9 perform the following functions regarding the proposed expansion of the jurisdiction of  
10 the Department of Juvenile Justice and Delinquency Prevention to include 16- and  
11 17-year-olds who commit crimes or infractions under State or local law:

- 12 (1) Identify the costs to the State court system and State and local law  
13 enforcement.
- 14 (2) Review the relevant State laws that should be conformed or amended,  
15 including, but not limited to, the motor vehicle and criminal laws, the  
16 laws regarding expunction of criminal records, and other juvenile laws.
- 17 (3) Review the experience of any other states which have within recent  
18 years expanded the juvenile justice jurisdiction to 16- and  
19 17-year-olds.
- 20 (4) Identify the practical issues for the Department of Juvenile Justice and  
21 Delinquency Prevention to implement best practices for programs and  
22 facilities that would meet the unique needs of the older youth under the  
23 proposal without adversely affecting the existing departmental  
24 programming.
- 25 (5) Review the relevant State laws on sharing of juvenile information with  
26 other State departments and agencies.
- 27 (6) Create a specific plan of the actions that are necessary to implement  
28 the expansion of the jurisdiction of the Department of Juvenile Justice  
29 and Delinquency Prevention.
- 30 (7) Determine the total cost of expanding the jurisdiction of the  
31 Department of Juvenile Justice and Delinquency Prevention.
- 32 (8) Conduct a cost benefit analysis of expanding the jurisdiction of the  
33 Department of Juvenile Justice and Delinquency Prevention with  
34 specific information on possible future fiscal savings anywhere within  
35 State government as a result of expenditures necessary to implement  
36 the expansion.
- 37 (9) Determine whether federal or other funds are available to aid in the  
38 transition and expansion, or both, of the age of juvenile jurisdiction to  
39 16- and 17-year-olds.

40 **SECTION 18.1.(b)** The Commission may contract with an independent  
41 group or groups for the oversight and management of this study project, a service needs  
42 study, and a courts study, and to periodically report those findings to the Commission.

43 **SECTION 18.1.(c)** The Department of Juvenile Justice and Delinquency  
44 Prevention and all other departments, agencies, institutions, or officers of the State or



1 any political subdivision of the State, shall cooperate with the Commission in this study,  
2 shall provide the Commission with any requested facilities, data, or other assistance,  
3 and help the Commission identify any collateral effect which might result from  
4 implementation of the proposal on the program and operations of the relevant State  
5 department, agency, or the political subdivision.

6 **SECTION 18.1.(d)** The Commission shall submit a report of its findings and  
7 legislative, administrative, and funding recommendations by April 1, 2009, to the  
8 General Assembly and the Governor.

9 In addition to its final report, the Commission shall report in writing on the  
10 progress of this study on a quarterly basis beginning on October 1, 2008, and by the first  
11 day of every quarter thereafter until the Commission submits its final report to the  
12 General Assembly, to the chairs and cochairs, as applicable, of the standing committees  
13 or subcommittees of the General Assembly listed in subsections (e) and (f) of this  
14 section. A copy of each progress report made to the standing committee and  
15 subcommittee chairs shall also be filed in the Legislative Library.

16 **SECTION 18.1.(e)** The Commission shall report to all of the following  
17 standing committees or subcommittees in the House of Representatives pursuant to this  
18 section:

- 19 (1) Appropriations: Justice and Public Safety.
- 20 (2) Children, Youth, and Families.
- 21 (3) Education: Preschool, Elementary, and Secondary Education.
- 22 (4) Juvenile Justice.
- 23 (5) All of the Judiciary Committees.

24 **SECTION 18.1.(f)** The Commission shall report to all of the following  
25 standing committees or subcommittees in the Senate pursuant to this section:

- 26 (1) Appropriations: Justice and Public Safety.
- 27 (2) Education and Higher Education.
- 28 (3) All of the Judiciary Committees.

29 **SECTION 18.1.(g)** Of the funds appropriated by this act to the Department  
30 of Crime Control and Public Safety, the Governor's Crime Commission for the  
31 2008-2009 fiscal year, the Commission may use up to two hundred thousand dollars  
32 (\$200,000) to conduct the study authorized by this section. The Commission may also  
33 apply for, receive, or accept grants and contributions from any source of money or any  
34 other thing of value to be held and used for the purposes of the study authorized by this  
35 section.

### 36 **ENHANCE RAPE VICTIMS ASSISTANCE PROGRAM**

37 **SECTION 18.2.(a)** G.S. 143B-480.2 reads as rewritten:

38 **"§ 143B-480.2. Victim assistance.**

39 (a) Eligibility for Assistance. – Sexual assault victims or victims of attempted  
40 sexual assault are eligible for assistance under this Program if the sexual assault or the  
41 attempted sexual assault is reported to a law enforcement officer within ~~five days~~72  
42 hours of the occurrence of the assault or the attempted sexual assault and if a forensic  
43 medical examination is performed within ~~five days~~72 hours of the sexual assault or the  
44

1 attempted sexual assault. The Secretary may waive either ~~five-day~~ 72-hour requirement  
 2 for good cause. The term "sexual assault" as used in this section refers to the following  
 3 crimes: first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in  
 4 G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree  
 5 sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A.

6 (b) Eligible Expenses. – Assistance is limited to the following expenses incurred  
 7 by the victim:

- 8 (1) Immediate and short-term medical expenses.
- 9 (2) Ambulance services from the place of the attack to a place where  
 10 medical treatment is provided.
- 11 (3) Mental health services provided by a professional licensed or certified  
 12 by the State to provide such services.
- 13 (4) A forensic medical examination. As used in this section, the term  
 14 "forensic medical examination" means an examination provided to a  
 15 sexual assault victim eligible for assistance under subsection (a) of this  
 16 section by medical ~~medical~~-personnel who gather evidence of a sexual  
 17 assault in a manner suitable for use in a court of law. The examination  
 18 should include an examination of physical trauma, a patient interview,  
 19 and a collection and evaluation of evidence.
- 20 (5) Counseling treatment following the attack.

21 (c) Amount of Assistance. – The Program shall pay for the ~~full out of pocket~~  
 22 cost of the victim's forensic medical ~~examination~~ examination up to eight hundred  
 23 dollars (\$800.00). Specifically, the Program shall pay amounts for services in  
 24 accordance with the following schedule:

<u>Service:</u>	<u>Maximum Amount Paid by Program:</u>
26 <u>Physician or SANE Nurse</u>	27 <u>\$350.00</u>
28 <u>Hospital/Facility Fee</u>	29 <u>\$250.00</u>
30 <u>Ambulance Fee</u>	31 <u>\$200.00</u>
32 <b><u>Total:</u></b>	<b><u>\$800.00</u></b>

33 The Program shall pay for all other eligible expenses set out in subsection (b) of this  
 34 section in an amount not to exceed the difference between the ~~full out of pocket~~ cost of  
 35 the forensic medical examination and one thousand dollars (\$1,000). ~~If the full~~  
 36 ~~out of pocket cost for the forensic medical examination costs more than one thousand~~  
 37 ~~dollars (\$1,000), then the Program shall pay only for the full out of pocket cost of the~~  
 38 ~~forensic medical examination.~~ Assistance not to exceed fifty dollars (\$50.00) shall be  
 39 provided to victims to replace clothing that was held for evidence tests.

40 (d) Payment Directly to Provider. – ~~With the exception of assistance authorized~~  
 41 ~~under subsection (f) of this section, assistance for expenses authorized under this section~~  
 42 ~~is to be paid directly to any hospital, ambulance service, attending physicians, or mental~~  
 43 ~~health professionals providing counseling, upon the filing of proper forms. Payment for~~  
 44 ~~the full out of pocket cost of the forensic medical examination shall be paid to the~~

1 ~~provider no later than 90 days after receiving the required written notification of the~~  
2 ~~victim's expense. If the entity seeking payment for expenses authorized under this~~  
3 ~~section is a hospital, ambulance service, or mental health professional providing~~  
4 ~~counseling, the Program shall make payment directly to that entity upon the filing of~~  
5 ~~proper forms. If the entity seeking payment for expenses authorized under this section is~~  
6 ~~an attending physician or licensed registered nurse, the Program shall make payment to~~  
7 ~~a hospital, which shall then pay the entity seeking payment. Attending physicians and~~  
8 ~~licensed registered nurses shall not bill or otherwise seek payment directly from the~~  
9 ~~Program, but shall instead seek payment from the hospital that accepted payment on the~~  
10 ~~entity's behalf. No payment for the cost of the forensic medical examination shall be~~  
11 ~~made under this subsection unless the recipient agrees in writing that receipt of that~~  
12 ~~payment shall constitute payment in full for the amount owed for the cost of the~~  
13 ~~examination and expenses related to the examination.~~

14 (e) Judicial Review. – Upon an adverse determination by the Secretary on a  
15 claim for medical expenses, a victim is entitled to judicial review of that decision. The  
16 person seeking review shall file a petition in the Superior Court of Wake County.

17 (f) ~~Examinations by Licensed Registered Nurse. — If the forensic medical~~  
18 ~~examination is conducted by a licensed registered nurse who has successfully completed~~  
19 ~~a program approved under G.S. 90-171.38(b), payment for the full out of pocket cost of~~  
20 ~~the forensic medical examination may be made directly to the licensed registered nurse~~  
21 ~~in lieu of any payment which may otherwise have been made under subsection (d) of~~  
22 ~~this section. Payment for the full out of pocket costs of a forensic medical examination~~  
23 ~~under this subsection shall be paid no later than 90 days after receiving the required~~  
24 ~~written notification of the victim's expense. The Secretary shall adopt rules to facilitate~~  
25 ~~the payments authorized under this subsection and to encourage, whenever practical, the~~  
26 ~~use of licensed registered nurses trained under G.S. 90-171.38(b) to conduct medical~~  
27 ~~examinations and procedures."~~

28 **SECTION 18.2.(b)** G.S. 143B-480.3 reads as rewritten:

29 **"§ 143B-480.3. Reduction of benefits; restitution; actions.**

30 (a) Assistance shall be reduced or denied to the extent the medical expenses are  
31 recouped through a public or private insurance plan or other victim benefit  
32 ~~source.~~ source, except that the Program shall pay any co-payment that the victim is  
33 required to pay in connection with the forensic medical examination up to the maximum  
34 amount that the Program will pay for a forensic medical exam under  
35 G.S. 143B-480.2(c).

36 (b) The Program shall be an eligible recipient for restitution or reparation under  
37 G.S. 15A-1021, 15A-1343, 148-33.1, 148-33.2, 148-57.1, and any other applicable  
38 statutes.

39 (c) When any victim who:

- 40 (1) Has received assistance under this Part;
- 41 (2) Brings an action for damages arising out of the rape, attempted rape,  
42 sexual offense, or attempted sexual offense for which she received that  
43 assistance; and

1 (3) Recovers damages including the expenses for which she was awarded  
2 assistance,  
3 the court shall make as part of its judgment an order for reimbursement to the Program  
4 of the amount of any assistance awarded less reasonable expenses allocated by the court  
5 to that recovery.

6 (d) Funds appropriated to the Department of Crime Control and Public Safety for  
7 this program may be used to purchase and distribute rape evidence collection kits  
8 approved by the State Bureau of Investigation."

9 **SECTION 18.2.(c)** Of the funds appropriated by this act to the Department  
10 of Crime Control and Public Safety for the 2008-2009 fiscal year, the sum of one  
11 million seventy-eight thousand seventy-eight dollars (\$1,078,078) may be used to  
12 enhance the ability of the Assistance Program for Victims of Rape and Sex Offenses to  
13 provide assistance to victims of rape and sexual offenses.

#### 14 **REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

15 **SECTION 18.3.** No later than March 1, 2009, the North Carolina Sheriffs'  
16 Association shall submit a report to the Chairs of the House and Senate Appropriations  
17 Committees and the Chairs of the House and Senate Appropriations Subcommittees on  
18 Justice and Public Safety on the operations and effectiveness of the Illegal Immigration  
19 Project. The report shall include all of the following:  
20

- 21 (1) An overview of the program.
- 22 (2) The program budget.
- 23 (3) A summary of work done with funds received, which shall include the  
24 following information:
  - 25 a. The total number of law enforcement agencies that received  
26 funding from the program for officer training.
  - 27 b. The total number of officers trained.
  - 28 c. The total number of training sessions administered.
  - 29 d. Copies of educational/informational materials distributed.
- 30 (4) Recommendations on ways that federal, State, and local resources can  
31 be used to further improve the effectiveness of the Illegal Immigration  
32 Project and other immigration enforcement initiatives.

#### 33 **PART XIX. DEPARTMENT OF ADMINISTRATION**

##### 34 **SEXUAL ASSAULT AND RAPE CRISIS CENTER FUND**

35 **SECTION 19.1.** Article 11 of Chapter 143B of the General Statutes is  
36 amended by adding a new Part to read:

37 "Part 3B. Sexual Assault and Rape Crisis Center Fund.

##### 38 **"§ 143B-480.20. Sexual Assault and Rape Crisis Center Fund.**

39 (a) The Sexual Assault and Rape Crisis Center Fund is established within the  
40 State Treasury. The fund shall be administered by the Department of Administration,  
41 North Carolina Council for Women, and shall be used to make grants to centers for  
42 victims of sexual assault or rape crisis and to the North Carolina Coalition Against  
43 victims of sexual assault or rape crisis and to the North Carolina Coalition Against  
44 victims of sexual assault or rape crisis and to the North Carolina Coalition Against

1 Sexual Assault, Inc. This fund shall be administered in accordance with the provisions  
2 of the State Budget Act under Chapter 143C of the General Statutes. The Department of  
3 Administration shall make quarterly grants to each eligible sexual assault or rape crisis  
4 center and to the North Carolina Coalition Against Sexual Assault, Inc. To be eligible to  
5 receive funds under this section, a sexual assault or rape crisis center shall meet the  
6 following requirements:

- 7 (1) Have been in operation on the preceding July 1 and continue to be in  
8 operation.
- 9 (2) Offer all of the following services: a hotline, transportation services,  
10 community education programs, daytime services, and call forwarding  
11 during the night; and fulfill other criteria established by the  
12 Department of Administration.
- 13 (3) Be a nonprofit corporation or a local governmental entity.
- 14 (4) Have a mission statement that clearly specifies rape crisis services are  
15 provided.
- 16 (5) Act in support of victims of rape or sexual assault by providing  
17 assistance to ensure victims' interests are represented in law  
18 enforcement and legal proceedings and support and referral services  
19 are provided in medical and community settings.

20 (b) Funds appropriated from the General Fund to the Department of  
21 Administration, North Carolina Council for Women, for the Sexual Assault and Rape  
22 Crisis Center Fund shall be distributed in two shares. The North Carolina Coalition  
23 Against Sexual Assault, Inc., and sexual assault or rape crisis centers whose services are  
24 confined to rape crisis or sexual assault services shall receive an equal share of  
25 thirty-five percent (35%) of the funds. Organizations whose services contain sexual  
26 assault or rape crisis services and domestic violence services or other support services  
27 shall receive an equal share of the remaining sixty-five percent (65%) of the funds."

## 29 SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS

30 SECTION 19.2.(a) G.S. 165-21 reads as rewritten:

### 31 "§ 165-21. Scholarship.

32 (a) A scholarship granted pursuant to this Article shall consist of the following  
33 benefits in either a State or private educational institution:

- 34 (1) With respect to State educational institutions, unless expressly limited  
35 elsewhere in this Article, a scholarship shall consist of:
  - 36 a. ~~Tuition,~~ Tuition at the State educational institution.
  - 37 b. ~~A reasonable standard board allowance,~~ allowance.
  - 38 c. ~~A reasonable standard room allowance,~~ allowance.
  - 39 d. Matriculation and other institutional fees required to be paid as  
40 a condition to remaining in ~~said the~~ institution and pursuing the  
41 course of study ~~selected, excluding charges or fees for books,~~  
42 ~~supplies, tools and clothing.~~ selected.
  - 43 e. An allowance of five hundred dollars (\$500.00) per academic  
44 year for charges or fees for books, supplies, and equipment.

- 1 (2) With respect to private educational institutions, a scholarship shall  
2 consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
- 3 (3) Only one scholarship may be granted pursuant to this Article with  
4 respect to each child and it shall not extend for a longer period than  
5 four academic years, which years, however, need not be consecutive.
- 6 (4) No educational assistance shall be afforded a child under this Article  
7 after the end of an eight-year period beginning on the date the  
8 scholarship is first awarded. Those persons who have been granted a  
9 scholarship under this Article prior to the effective date of this act shall  
10 be entitled to the remainder of their period of scholarship eligibility if  
11 used prior to August 1, 2010. Whenever a child is enrolled in an  
12 educational institution and the period of entitlement ends while  
13 enrolled in a term, quarter or semester, such period shall be extended  
14 to the end of such term, quarter or semester, but not beyond the  
15 entitlement limitation of four academic years.
- 16 (5) A scholarship awarded to a student under this section shall not exceed  
17 the cost of attendance at the State educational institution at which the  
18 student is enrolled. If a student, who is eligible for a scholarship under  
19 this section, also receives a scholarship or other grant covering the cost  
20 of attendance at the State educational institution for which the  
21 scholarship is awarded, then the amount of the scholarship shall be  
22 reduced by an appropriate amount determined by the State educational  
23 institution at which the student is enrolled. The scholarship shall be  
24 reduced so that the sum of all grants and scholarship aid covering the  
25 cost of attendance received by the student, including the scholarship  
26 under this section, shall not exceed the cost of attendance for the State  
27 educational institution at which the student is enrolled.
- 28 (b) Repealed by Session Laws 2002-126, s. 19.3(b), effective November 1, 2002.
- 29 (c) If a child is awarded a scholarship under this Article, the Commission shall  
30 notify the recipient by May 1st of the year in which the recipient enrolls in college."

31 **SECTION 19.2.(b)** G.S. 165-20(6) reads as rewritten:

32 "(6) "State educational institution" means any constituent institution of The  
33 University of North Carolina, educational institution of higher learning  
34 which is owned and operated by the State of North Carolina, or any  
35 community college operated under the provisions of Chapter 115A and  
36 Article 3 of Chapter 116 of the General Statutes of North Carolina, or  
37 the college program of the North Carolina School of the Arts, or any  
38 technical institute operated under the provisions of Chapter 115A of  
39 the Chapter 115D of the General Statutes of North Carolina."

## 41 **PART XIXA. CULTURAL RESOURCES**

42  
43 **SECTION 19A.1.** Article 1 of Chapter 121 of the General Statutes is  
44 amended by adding a new section to read:

1 **"§ 121-7.5. Bentonville Battlefield Fund.**

2 (a) Fund. – The Bentonville Battlefield Fund is created as a nonreverting special  
3 fund in the Department of Cultural Resources, Division of State Historic Sites. The  
4 interest earned by the Fund shall be credited to the Fund by the State Treasurer pursuant  
5 to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for operation,  
6 interpretation, maintenance, preservation, development, and expansion at Bentonville  
7 Battlefield State Historic Site.

8 (b) Disposition of Fees. – Notwithstanding Chapter 146 of the General Statutes,  
9 all receipts derived from donations, or the lease, rental, or other disposition of structures  
10 or products of the land owned by or under the supervision or control of the Division of  
11 Historic Sites in Johnston County shall be credited to the Fund.

12 (c) The monies credited to this Fund pursuant to this section are annually  
13 appropriated to the Department of Cultural Resources."

14  
15 **PART XX. OFFICE OF THE STATE CONTROLLER**

16  
17 **BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING**  
18 **PROGRAM**

19 **SECTION 20.1.** The Office of the State Controller shall use existing  
20 BEACON receipts to establish eight full-time time-limited positions to support the  
21 statewide enterprise training program as follows:

- 22 (1) \$80,375 nonrecurring in fiscal year 2008-2009 for one SAP/NCAS  
23 Training Technology Specialist.  
24 (2) \$141,500 nonrecurring in fiscal year 2008-2009 for two SAP/NCAS  
25 Staff Development Specialists.  
26 (3) \$353,750 nonrecurring in fiscal year 2008-2009 for five SAP/NCAS  
27 Trainers.

28  
29 **PART XXI. HOUSING FINANCE AGENCY**

30  
31 **HOUSING FINANCE AGENCY SHALL CONTINUE AND EXPAND THE**  
32 **HOME PROTECTION PROGRAM**

33 **SECTION 21.1.(a)** G.S. 122A-3 reads as rewritten:

34 **"§ 122A-3. Definitions.**

35 ~~The following words and terms, unless the context clearly indicates a different~~  
36 ~~meaning, shall have the following respective meanings: The following definitions apply~~  
37 ~~in this section:~~

- 38 (1) ~~"Bonds" or "notes" mean the bonds or the bond anticipation notes or~~  
39 ~~construction loan notes authorized to be issued by the Agency under~~  
40 ~~this Chapter;~~  
41 (2) ~~"Agency" means the North Carolina Housing Finance Agency created~~  
42 ~~by this Chapter;~~  
43 (3) ~~Repealed by Session Laws 1973, c. 1296, s. 5;~~  
44 (4) ~~Repealed by Session Laws 1973, c. 1296, s. 6;~~

- 1           (5) ~~"Governmental agency" means any department, division, public~~  
2 ~~agency, political subdivision or other public instrumentality of the~~  
3 ~~State, the federal government, any other State or public agency, or any~~  
4 ~~two or more thereof;~~
- 5           (6) ~~Repealed by Session Laws 1973, c. 1296, s. 8;~~  
6           (7) ~~Repealed by Session Laws 1973, c. 1296, s. 9;~~  
7           (8) ~~"Mortgage" or "mortgage loan" means a mortgage loan for residential~~  
8 ~~housing, including, without limitation, a mortgage loan to finance,~~  
9 ~~either temporarily or permanently, the construction, rehabilitation,~~  
10 ~~improvement, or acquisition and rehabilitation or improvement of~~  
11 ~~residential housing and a mortgage loan insured or guaranteed by the~~  
12 ~~United States or an instrumentality thereof or for which there is a~~  
13 ~~commitment by the United States or an instrumentality thereof to~~  
14 ~~insure such a mortgage;~~
- 15           (9) ~~Repealed by Session Laws 1973, c. 1296, s. 11;~~  
16           (10) ~~"Obligations" means any bonds or bond anticipation notes authorized~~  
17 ~~to be issued by the Agency under the provisions of this Chapter;~~
- 18           (11) ~~"Persons and families of lower income" means persons and families~~  
19 ~~deemed by the Agency to require such assistance as is made available~~  
20 ~~by this Chapter on account of insufficient personal or family income,~~  
21 ~~taking into consideration, without limitation, (i) the amount of the total~~  
22 ~~income of such persons and families available for housing needs, (ii)~~  
23 ~~the size of the family, (iii) the cost and condition of housing facilities~~  
24 ~~available, (iv) the eligibility of such persons and families for federal~~  
25 ~~housing assistance of any type predicated upon a lower income basis~~  
26 ~~and (v) the ability of such persons and families to compete~~  
27 ~~successfully in the normal housing market and to pay the amounts at~~  
28 ~~which private enterprise is providing decent, safe and sanitary housing~~  
29 ~~and deemed by the Agency therefore to be eligible to occupy~~  
30 ~~residential housing financed wholly or in part, with mortgages, or with~~  
31 ~~other public or private assistance;~~
- 32           (12) ~~"Residential housing" means a specific work or improvement~~  
33 ~~undertaken primarily to provide dwelling accommodations for persons~~  
34 ~~and families of lower income, including the rehabilitation of buildings~~  
35 ~~and improvements, and such other nonhousing facilities as may be~~  
36 ~~incidental or appurtenant thereto;~~
- 37           (13) ~~"State" means the State of North Carolina;~~  
38           (14) ~~"Federally insured securities" means an evidence of indebtedness~~  
39 ~~secured by a first mortgage lien on residential housing for persons of~~  
40 ~~lower income and insured or guaranteed as to repayment of principal~~  
41 ~~and interest by the United States or any agency or instrumentality~~  
42 ~~thereof; and~~
- 43           (15) ~~"Mortgage lenders" means any bank or trust company, savings bank,~~  
44 ~~national banking association, savings and loan association, or building~~



1 and loan association, life insurance company, mortgage banking  
2 company, the federal government and any other financial institution  
3 authorized to transact business in the State;

4 (16) ~~"Energy conservation loan" means a loan obtained from a mortgage  
5 lender for the purpose of satisfying an existing obligation of a  
6 borrower who is the resident owner of a single family dwelling or of  
7 "residential housing." The existing obligation of the owner in an  
8 "energy conservation loan" must have been incurred to pay for the  
9 purchase of materials or the installation of materials, or both, which  
10 results in a significant decrease in the amount of consumption of  
11 nonrenewable sources of energy in order to provide or maintain a  
12 comfortable level of room temperatures in his residence during the  
13 winter. "Energy conservation loan" does not include a loan obtained to  
14 refinance an existing loan agreement unless payment or collection of  
15 the original loan was guaranteed by the agency.~~

16 (17) ~~"Rehabilitation" means the renovation or improvement of residential  
17 housing by the owner of said residential housing.~~

18 (1) Agency. – The North Carolina Housing Finance Agency created by  
19 this Chapter.

20 (2) Bonds or notes. – The bonds or the bond anticipation notes or  
21 construction loan notes authorized to be issued by the Agency under  
22 this Chapter.

23 (3) Counseling agency. – A nonprofit counseling agency located in North  
24 Carolina that is approved by the North Carolina Housing Finance  
25 Agency.

26 (4) Energy conservation loan. – A loan obtained from a mortgage lender  
27 for the purpose of satisfying an existing obligation of a borrower who  
28 is the resident owner of a single-family dwelling or of "residential  
29 housing." The existing obligation of the owner in an "energy  
30 conservation loan" must have been incurred to pay for the purchase of  
31 materials or the installation of materials, or both, which results in a  
32 significant decrease in the amount of consumption of nonrenewable  
33 sources of energy in order to provide or maintain a comfortable level  
34 of room temperatures in his residence during the winter. "Energy  
35 conservation loan" does not include a loan obtained to refinance an  
36 existing loan agreement unless payment or collection of the original  
37 loan was guaranteed by the agency.

38 (5) Federally insured securities. – An evidence of indebtedness secured by  
39 a first mortgage lien on residential housing for persons of lower  
40 income and insured or guaranteed as to repayment of principal and  
41 interest by the United States or any agency or instrumentality thereof.

42 (6) Governmental agency. – Any department, division, public agency,  
43 political subdivision, or other public instrumentality of the State, the

- 1 federal government, any other State or public agency, or any two or  
2 more thereof.
- 3 (7) Mortgage or mortgage loan. – A mortgage loan for residential housing,  
4 including, without limitation, a mortgage loan to finance, either  
5 temporarily or permanently, the construction, rehabilitation,  
6 improvement, or acquisition and rehabilitation or improvement of  
7 residential housing and a mortgage loan insured or guaranteed by the  
8 United States or an instrumentality thereof or for which there is a  
9 commitment by the United States or an instrumentality thereof to  
10 insure such a mortgage. A mortgage obligation may be evidenced by a  
11 security document and secured by a lien upon real property, including  
12 a deed of trust and land sale agreement. Mortgage also means an  
13 obligation evidenced by a security lien on real property upon which an  
14 owner-occupied mobile home is located.
- 15 (8) Mortgage lenders. – Any bank or trust company, savings bank,  
16 national banking association, savings and loan association, or building  
17 and loan association, life insurance company, mortgage banking  
18 company, the federal government, and any other financial institution  
19 authorized to transact business in the State.
- 20 (9) Mortgagee. – The owner of a beneficial interest in a mortgage loan, the  
21 servicer for the owner of a beneficial interest in a mortgage loan, or the  
22 trustee for a securitized trust that holds title to a beneficial interest in a  
23 mortgage loan.
- 24 (10) Obligations. – Any bonds or bond anticipation notes authorized to be  
25 issued by the Agency under the provisions of this Chapter.
- 26 (11) Persons and families of lower income. – Persons and families deemed  
27 by the Agency to require such assistance as is made available by this  
28 Chapter on account of insufficient personal or family income, taking  
29 into consideration, without limitation, (i) the amount of the total  
30 income of such persons and families available for housing needs, (ii)  
31 the size of the family, (iii) the cost and condition of housing facilities  
32 available, (iv) the eligibility of such persons and families for federal  
33 housing assistance of any type predicated upon a lower income basis,  
34 and (v) the ability of such persons and families to compete  
35 successfully in the normal housing market and to pay the amounts at  
36 which private enterprise is providing decent, safe, and sanitary housing  
37 and deemed by the Agency therefore to be eligible to occupy  
38 residential housing financed wholly or in part, with mortgages, or with  
39 other public or private assistance.
- 40 (12) Residential housing. – A specific work or improvement undertaken  
41 primarily to provide dwelling accommodations for persons and  
42 families of lower income, including the rehabilitation of buildings and  
43 improvements, and such other nonhousing facilities as may be  
44 incidental or appurtenant thereto.

1           (13) State. – The State of North Carolina.

2           (14) Rehabilitation. – The renovation or improvement of residential  
3           housing by the owner of said residential housing."

4           **SECTION 21.1.(b)** G.S. 122A-5.4(b) reads as rewritten:

5           "(b) The terms "persons and families of lower income" and "persons of lower  
6 income" wherever they appear in this Chapter, except where they appear in G.S. 122A-2  
7 and ~~122A-3(11)~~, G.S. 122A-3, shall be deemed to include "persons and families of  
8 moderate income" as defined in clause (c) of this section."

9           **SECTION 21.1.(c)** Chapter 122A of the General Statutes is amended by  
10 adding a new section to read:

11 **"§ 122A-5.14. Home Protection Program and Fund.**

12           (a) The North Carolina Housing Finance Agency shall establish and administer  
13 the Home Protection Program ("Program") to assist North Carolina workers who have  
14 lost jobs as a result of changing economic conditions in North Carolina when the  
15 workers are in need of assistance to avoid losing their homes to foreclosure. The  
16 Agency shall do all of the following:

17           (1) Develop and administer the Home Protection Program Fund ("Fund")  
18 to ensure that workers in North Carolina have assistance to avoid  
19 losing their homes to foreclosure. The Fund shall be a nonreverting  
20 fund.

21           (2) Make loans secured by liens on residential real property located in  
22 North Carolina to property owners who are eligible for those loans.

23           (3) Develop and administer procedures by which property owners at risk  
24 of being foreclosed upon may qualify for assistance.

25           (4) Designate, approve, and fund nonprofit counseling agencies in North  
26 Carolina to be available to assist the Agency in implementing the  
27 provisions of this section, provide services such as direct mortgagee  
28 negotiations on behalf of unemployed workers, and process loan  
29 applications for the Agency.

30           (5) Develop and fund enhanced methods by which workers may be  
31 notified of foreclosure mitigation services, may easily contact local  
32 nonprofit counseling agencies, and may apply for loans from the  
33 Agency.

34           (b) Home Protection Period. – Notwithstanding Chapters 23, 24, and 45 of the  
35 General Statutes or any other provision of law, upon the proper filing of an application  
36 for loan assistance by a mortgagor under this section, a mortgagee shall not do the  
37 following for a period of 120 days following the date of the mortgagor's properly filed  
38 application:

39           (1) Accelerate the maturity of any mortgage obligation covered under this  
40 section.

41           (2) Commence or continue any legal action, including mortgage  
42 foreclosure pursuant to Chapter 45 of the General Statutes, to recover  
43 the mortgage obligation.

- 1           (3)   Take possession of any security of the mortgagor for the mortgage
- 2           obligation.
- 3           (4)   Procure or receive a deed in lieu of foreclosure.
- 4           (5)   Enter judgment by confession pursuant to a note accompanying a
- 5           mortgage.
- 6           (6)   Proceed to enforce the mortgage obligation pursuant to applicable
- 7           rules of civil procedure.

8           The provisions of this section shall not apply if the mortgagee receives notice from  
 9           the Agency that the mortgagor's application has been denied.

10          If a mortgagee acts as proscribed in subdivisions (1) through (6) of this subsection, a  
 11          mortgagor shall be entitled to injunctive relief without the necessity of providing a  
 12          bond. This relief shall be in addition to any defenses available under G.S. 45-21.16(d)  
 13          and any other remedies at law or equity.

14          Upon the Agency's receipt of a properly filed mortgagor's application for loan  
 15          assistance, the Agency shall mail notice of the application to the mortgagor's mortgagee  
 16          within 10 business days of the Agency's receipt of the application. The Agency shall  
 17          also mail notice of the acceptance or denial of the mortgagor's application to the  
 18          mortgagee within five days of the Agency's determination. Notice shall be deemed  
 19          sufficient if sent to the last known address of the mortgagee.

20          (c)   Rule making. – Solely with respect to the adoption of procedures for the  
 21          program by which property owners at risk of being foreclosed upon may qualify for  
 22          assistance, the Agency is exempt from the requirements of Article 2A of Chapter 150B  
 23          of the General Statutes. Prior to adoption or amendment of procedures, the Agency  
 24          shall:

- 25           (1)   Publish the proposed procedures in the North Carolina Register at least
- 26           30 days prior to the adoption of the final procedures.
- 27           (2)   Accept oral and written comments on the proposed procedures.
- 28           (3)   Hold at least one public hearing on the proposed procedures.

29          (d)   Annual Report. – By April 1 of each year, the Agency shall report to the  
 30          House Appropriations Subcommittee on General Government and Senate  
 31          Appropriations Subcommittee on General Government and Information Technology on  
 32          the effectiveness of the Program in accomplishing its purposes and provide any other  
 33          information the Agency determines is pertinent or that the General Assembly requests."

34           **SECTION 21.1.(d)** Of the funds appropriated to the Housing Finance  
 35          Agency and allocated to the Home Protection Program Fund in this act, at least  
 36          two-thirds shall be used for loans to North Carolina workers who have lost jobs as a  
 37          result of changing economic conditions. If less than two-thirds of the funds allocated to  
 38          the program go to loans, the Housing Finance Agency shall account for and explain the  
 39          failure to meet this requirement during the Housing Finance Agency's annual report to  
 40          the House Appropriations Subcommittee on General Government and Senate  
 41          Appropriations Subcommittee on General Government and Information Technology.

42  
 43          **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

1 **STAFFING ANALYSIS OF THE ETHICS COMMISSION AND THE**  
2 **LOBBYIST REGISTRATION SECTION OF THE DEPARTMENT OF**  
3 **SECRETARY OF STATE**

4 **SECTION 22.1.** The Office of State Budget and Management shall conduct  
5 a staffing analysis of the Ethics Commission and the Lobbyist Registration Section of  
6 the Department of Secretary of State to determine if the staffing is appropriate for the  
7 workload volume that has been generated by the enactment of Session Law 2006-201.  
8 The Office of State Budget and Management shall submit a final report outlining its  
9 findings and staffing recommendations to the House Appropriations Subcommittee on  
10 General Government, Senate Appropriations Subcommittee on General Government  
11 and Information Technology, and the Fiscal Research Division by March 1, 2009.  
12

13 **MODIFY STATE FIRE PROTECTION GRANT FUND**

14 **SECTION 22.2.** Effective July 1, 2008, G.S. 58-85A-1(c) reads as rewritten:  
15 "(c) It is the intent of the General Assembly to appropriate annually to the State  
16 Fire Protection Grant Fund up to ~~three million eight hundred eighty thousand dollars~~  
17 (\$3,880,000) four million one hundred eighty thousand dollars (\$4,180,000) from the  
18 General Fund, one hundred fifty-eight thousand dollars (\$158,000) from the Highway  
19 Fund, and one million three hundred forty-five thousand dollars (\$1,345,000) from  
20 University of North Carolina receipts. Funds received from the General Fund shall be  
21 allocated only for providing local fire protection for State-owned property supported by  
22 the General Fund; funds received from the Highway Fund shall be allocated only for  
23 providing local fire protection for State-owned property supported by the Highway  
24 Fund; and funds received from University of North Carolina receipts shall be allocated  
25 only for providing local fire protection for State-owned property supported by  
26 University of North Carolina receipts."  
27

28 **MILITARY MORALE, RECREATION, AND WELFARE FUNDS**

29 **SECTION 22.3.** Funds appropriated in this act to the Office of State Budget  
30 and Management to the Reserve for the Military Morale, Recreation, and Welfare Fund  
31 and distributed to each military installation on a per capita basis shall be deposited in  
32 the Military Morale, Recreation, and Welfare Fund for each installation and used only  
33 for community services and other expenditures to improve quality of life programs for  
34 military members and their families in North Carolina.  
35

36 **STAFFING ANALYSIS OF THE YOUTH ADVOCACY & INVOLVEMENT**  
37 **OFFICE**

38 **SECTION 22.4.** The Office of State Budget and Management shall conduct  
39 a staffing analysis of the Youth Advocacy and Involvement Office of the Department of  
40 Administration to determine if the staffing is appropriate for the workload volume. The  
41 Office of State Budget and Management shall submit a final report outlining its findings  
42 and staffing recommendations to the House Appropriations Subcommittee on General  
43 Government, the Senate Appropriations Subcommittee on General Government and  
44 Information Technology, and the Fiscal Research Division by March 1, 2009.

1  
2 **STAFFING SURVEY OF STATE AGENCIES AND UNIVERSITIES THAT USE**  
3 **THE BEACON SYSTEM**

4 **SECTION 22.5.** The Office of State Budget and Management shall conduct  
5 a staffing survey of all State agencies and universities that use the BEACON system and  
6 determine the number of FTE staff assigned to BEACON training. The Office of State  
7 Budget and Management shall submit a final report outlining its findings and staffing  
8 recommendations to the House Appropriations Subcommittee on General Government,  
9 the Senate Appropriations Subcommittee on General Government and Information  
10 Technology, and the Fiscal Research Division by March 1, 2009.

11  
12 **PART XXIII. DEPARTMENT OF REVENUE**

13  
14 **USE OF COLLECTION ASSISTANCE FEE**

15 **SECTION 23.1.** Section 6.9(b) of S.L. 2007-323 reads as rewritten:

16 **"SECTION 6.9.(b)** The General Assembly finds that a computer system that  
17 records tax payments and determines when the payments are overdue directly and  
18 primarily relates to the collection of overdue tax debts and that the proceeds of the  
19 collection assistance fee imposed by G.S. 105-243.1 may be applied to the cost of the  
20 computer system is subject to the collection assistance fee set forth in G.S. 105-243.1.  
21 system. The Department of Revenue is authorized to use funds in the 20% Collection  
22 Assistance Fee Account, Budget Code 24704-2474, during the 2007-2008 and  
23 2008-2009 fiscal year-years to replace the Department's current computer system, and  
24 these funds are appropriated to the Department for that purpose. The For fiscal year  
25 2007-2008, the Department shall not use more than fifteen million dollars (\$15,000,000)  
26 from the Account to replace the Department's current computer system. Funds  
27 appropriated to the Department in this subsection remain in the Account until  
28 withdrawn for expenditures for a replacement computer system and shall remain in the  
29 Account if not expended during the 2007-2008 fiscal year for the purposes set forth in  
30 this subsection. For fiscal year 2008-2009, the Department shall not use more than  
31 twenty-five million dollars (\$25,000,000) from the Account to replace the Department's  
32 current computer system.

33 Funds appropriated under this subsection may be transferred to Budget Code  
34 24708-2478 to be applied to expenditures for a replacement computer system. Funds  
35 appropriated under this subsection that are not transferred to Budget Code 24708-2478  
36 remain in the Account until they are transferred to that Budget Code or withdrawn for  
37 expenditures for a replacement computer system. Funds appropriated under this  
38 subsection that are not expended at the end of the 2007-2009 biennium remain available  
39 for expenditure for the purpose designated in this subsection."

40  
41 **PART XXIV. STATE BOARD OF ELECTIONS**

42  
43 **2008 EARLY VOTING FUNDS**

44 **SECTION 24.1.** Section 25.1 of S.L. 2007-323 reads as rewritten:

1       **"SECTION 25.1.(a)** The State Board of Elections shall use funds in the  
2 Maintenance of Effort Reserve as follows:

- 3           (1) \$1,500,000 nonrecurring in fiscal year 2007-2008 and \$500,000  
4           nonrecurring in fiscal year 2008-2009 to rebuild the State Elections  
5           Information Management System (SEIMS).  
6           (2) \$100,000 recurring in fiscal year 2007-2008 for the required training  
7           for all county boards of elections staff on voting equipment operating  
8           procedures.  
9           (3) \$427,500 recurring in fiscal year 2007-2008 to centralize ballot coding  
10          in North Carolina to provide oversight, ensure accuracy of election  
11          preparation, and reduce errors with ballot styles.  
12          (4) \$150,000 recurring in fiscal year 2007-2008 to hire 20 additional  
13          election technicians across the State to deal with technical problems  
14          that arise on a 2008 Election Day in which a federal election is on the  
15          ballot.  
16          (5) \$1,000,000 nonrecurring in fiscal year 2008-2009 provided for  
17          additional operating support for one-stop absentee voting (early  
18          voting) sites for the 2008 general election.

19       **"SECTION 25.1.(b)** The State Board of Elections shall use funds in the Election  
20 Fund under G.S. 163-82.28 (HAVA funds) as follows:

- 21           (1) \$2,525,000 nonrecurring in fiscal year 2007-2008 and \$2,525,000  
22           nonrecurring in fiscal year 2008-2009 for maintenance performed on  
23           voting equipment.  
24           (2) \$750,000 nonrecurring in fiscal year 2007-2008 and \$1,750,000  
25           nonrecurring in fiscal year 2008-2009 provided for additional one-stop  
26           absentee voting (early voting) sites for the 2008 first primary and  
27           general election if a federal election is on the ballot.

28       **"SECTION 25.1.(c)** Section 1 of S.L. 2007-144 is repealed."  
29

## 30 **PART XXV. DEPARTMENT OF TRANSPORTATION**

### 31 **INCREASE ADMINISTRATIVE APPROPRIATION FOR THE HIGHWAY** 32 **TRUST FUND**

34       **SECTION 25.1.** G.S. 136-176(b) reads as rewritten:

35       "(b) Funds in the Trust Fund are annually appropriated to the Department of  
36 Transportation to be allocated and used as provided in this subsection. A sum, not to  
37 exceed ~~four percent (4%)~~ four and eight-tenths percent (4.8%) of the amount of revenue  
38 deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section ~~for the~~  
39 ~~2003-2004 fiscal year, three and eight tenths percent (3.8%) through fiscal year~~  
40 ~~2006-2007, and four and two tenths percent (4.2%) thereafter,~~ may be used each fiscal  
41 year by the Department for expenses to administer the Trust Fund. Operation and  
42 project development costs of the North Carolina Turnpike Authority are eligible  
43 administrative expenses under this subsection. Any funds allocated to the Authority  
44 pursuant to this subsection shall be repaid by the Authority from its toll revenue as soon

1 as possible, subject to any restrictions included in the agreements entered into by the  
2 Authority in connection with the issuance of the Authority's revenue bonds. Beginning  
3 one year after the Authority begins collecting tolls on a completed Turnpike Project,  
4 interest shall accrue on any unpaid balance owed to the Highway Trust Fund at a rate  
5 equal to the State Treasurer's average annual yield on its investment of Highway Trust  
6 Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be  
7 deposited in the Highway Trust Fund upon repayment. The sum up to the amount  
8 anticipated to be necessary to meet the State matching funds requirements to receive  
9 federal-aid highway trust funds for the next fiscal year may be set aside for that purpose.  
10 The rest of the funds in the Trust Fund shall be allocated and used as follows:

- 11 (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design,  
12 and construct projects on segments or corridors of the Intrastate  
13 System as described in G.S. 136-178 and to pay debt service on  
14 highway bonds and notes that are issued under the State Highway  
15 Bond Act of 1996 and whose proceeds are applied to these projects.
- 16 (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and  
17 construct the urban loops described in G.S. 136-180 and to pay debt  
18 service on highway bonds and notes that are issued under the State  
19 Highway Bond Act of 1996 and whose proceeds are applied to these  
20 urban loops.
- 21 (3) Six and one-half percent (6.5%) to supplement the appropriation to  
22 cities for city streets under G.S. 136-181.
- 23 (4) Six and one-half percent (6.5%) for secondary road construction as  
24 provided in G.S. 136-182 and to pay debt service on highway bonds  
25 and notes that are issued under the State Highway Bond Act of 1996  
26 and whose proceeds are applied to secondary road construction.

27 The Department must administer funds allocated under subdivisions (1), (2), and (4)  
28 of this subsection in a manner that ensures that sufficient funds are available to make  
29 the debt service payments on bonds issued under the State Highway Bond Act of 1996  
30 as they become due."  
31

## 32 DEPARTMENT OF TRANSPORTATION TO PRODUCE BIENNIAL STATE 33 TRANSPORTATION MAPS AND COASTAL BOATING GUIDES

34 **SECTION 25.2.(a)** The Department of Transportation shall cease annual  
35 production of the North Carolina State Transportation Map and Coastal Boating Guide  
36 and shall produce a biennial North Carolina State Transportation Map and Coastal  
37 Boating Guide beginning in the 2008-2009 fiscal year.

38 **SECTION 25.2.(b)** The Department shall provide a written report to the  
39 Joint Legislative Transportation Oversight Committee on the biennial map production  
40 plan and identify any cost savings for nonproduction years. The report shall also include  
41 historical budget and production information for the past five years. The report is due by  
42 November 14, 2008.  
43

## 44 ONE-STOP SHOPS FOR DRIVERS LICENSE AND REGISTRATION PLATES



1           **SECTION 25.3.(a)** The Department of Transportation, Division of Motor  
2 Vehicles, is prohibited from opening drivers license issuance, vehicle registration  
3 issuance, and renewal One-Stop Shops until the General Assembly has considered and  
4 appropriated funds for the purpose of One-Stop Shops.

5           **SECTION 25.3.(b)** The Department of Transportation shall develop a plan  
6 that thoroughly outlines the operational plans of combined function centers designated  
7 as One-Stop Shops. The plan may contain recommendations regarding making  
8 necessary changes to G.S. 20-63(h) to expand Division services. The plan should detail  
9 a cost effectiveness comparison between the current means for delivery of service and  
10 the proposed combined function center services. The plan should also include a  
11 thorough justification for each proposed One-Stop Shop location, including any  
12 assumptions made in the justification process. The plan should clearly highlight the  
13 benefits to the State, including customer service enhancements for Division customers  
14 obtained by implementation of One-Stop Shops. The Division shall also conduct an  
15 analysis of the anticipated number of transactions at the One-Stop Shops and consider  
16 the impact on commission contracts for independent license plate agents, as well as any  
17 other interested party affected by the change.

18           **SECTION 25.3.(c)** The Division shall report to the Joint Legislative  
19 Transportation Oversight Committee, the Joint Appropriations Subcommittee for  
20 Transportation, and the Fiscal Research Division no later than October 31, 2008.

21  
22           **REALIGN THE CONTINUATION AND CERTIFIED BUDGETS OF EACH**  
23           **DIVISION WITHIN THE DEPARTMENT**

24           **SECTION 25.4.(a)** The Department of Transportation and the Office of  
25 State Budget and Management shall review each of the Department's division's  
26 expenditure patterns and realign the continuation and certified budget. The certified  
27 budget shall become the current expenditure plan for each division based on actual  
28 expenditure patterns from repeated annually approved budget adjustments for the  
29 Department.

30           **SECTION 25.4.(b)** The Department of Transportation shall prepare reports  
31 on the cash spending plan based on the certified budget's line item detail. The first  
32 report shall show cash expenditure plans for the 2008-2009 fiscal year and the second  
33 report shall include the next biennium's budget.

34           **SECTION 25.4.(c)** The Department of Transportation and the Office of  
35 State Budget and Management shall report on the realignment of the budget and cash  
36 spending plan based on the certified budget to the Joint Legislative Transportation  
37 Oversight Committee, Appropriations Subcommittee for Transportation, and the Fiscal  
38 Research Division no later than August 1, 2008, on the 2008-2009 fiscal year cash  
39 expenditure plan and March 15 for the next biennium's budget.

40  
41           **TRANSFER HIGHWAY TRUST FUND MONIES IN THE AMOUNT OF**  
42           **TWENTY-FIVE MILLION DOLLARS BEGINNING IN FISCAL YEAR**  
43           **2008-2009 AND FORTY-NINE MILLION DOLLARS BEGINNING IN**

1       **FISCAL YEAR 2009-2010 TO THE NC TURNPIKE AUTHORITY FOR**  
2       **DEBT SERVICE ON BONDS**

3               **SECTION 25.5. (a)** G.S. 105-187.9(b) reads as rewritten:

4       "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
5 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
6 transfer of funds authorized by this section may be made by transferring one-fourth of  
7 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
8 annually on July 1 of each fiscal year, subject to the availability of revenue.

9               (1) The sum of one hundred ~~seventy—million—dollars~~  
10              ~~(\$170,000,000).~~ forty-five million dollars (\$145,000,000).

11              (2) In addition to the amount transferred under subdivision (1) of this  
12 subsection, the sum of one million seven hundred thousand dollars  
13 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
14 amount distributed under this subdivision shall increase in the  
15 2002-2003 fiscal year to the sum of two million four hundred thousand  
16 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
17 under this subdivision shall be the amount distributed in the previous  
18 fiscal year plus or minus a percentage of this sum equal to the  
19 percentage by which tax collections under this Article increased or  
20 decreased for the most recent 12-month period for which data are  
21 available."

22              **SECTION 25.5.(b)** G.S. 136-176 is amended by adding a new subsection to  
23 read:

24       "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
25 the Highway Trust Fund the sum of twenty-five million dollars (\$25,000,000) to be  
26 used to service debt on bonds issued for the construction of the Triangle Expressway.  
27 The amounts appropriated to the Authority pursuant to this subsection shall be used by  
28 the Authority to pay debt service or related financing costs and expenses on revenue  
29 bonds or notes issued by the Authority to finance the costs of one or more Turnpike  
30 Projects or to refund such bonds or notes. The appropriations established by this  
31 subsection constitute an agreement by the State to pay the funds appropriated hereby to  
32 the Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is  
33 the intention of the General Assembly that the enactment of this provision and the  
34 issuance of bonds or notes by the Authority in reliance thereon shall not in any manner  
35 constitute a pledge of the faith and credit and taxing power of the State, and nothing  
36 contained herein shall prohibit the General Assembly from amending the appropriations  
37 set forth in this act at any time to decrease or eliminate the amount annually  
38 appropriated to the Authority."

39              **SECTION 25.5.(c)** G.S. 105-187.9(b) reads as rewritten:

40       "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
41 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
42 transfer of funds authorized by this section may be made by transferring one-fourth of  
43 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
44 annually on July 1 of each fiscal year, subject to the availability of revenue.

- 1 (1) The sum of one hundred forty five ~~million~~ dollars  
2 (~~\$145,000,000~~), twenty-one million dollars (\$121,000,000).
- 3 (2) In addition to the amount transferred under subdivision (1) of this  
4 subsection, the sum of one million seven hundred thousand dollars  
5 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
6 amount distributed under this subdivision shall increase in the  
7 2002-2003 fiscal year to the sum of two million four hundred thousand  
8 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
9 under this subdivision shall be the amount distributed in the previous  
10 fiscal year plus or minus a percentage of this sum equal to the  
11 percentage by which tax collections under this Article increased or  
12 decreased for the most recent 12-month period for which data are  
13 available."

14 **SECTION 25.5.(d)** G.S. 136-176(b2), as enacted by subsection (b) of this  
15 section, reads as rewritten:

16 "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
17 the Highway Trust Fund the sum of ~~twenty five~~forty-nine million dollars  
18 (~~\$25,000,000~~), (\$49,000,000). Of the amount allocated by this subsection, twenty-five  
19 million dollars (\$25,000,000) shall be used to pay debt service or related financing costs  
20 and expenses on revenue bonds or notes issued for the construction of the Triangle  
21 Expressway and twenty-four million dollars (\$24,000,000) shall be used to pay debt  
22 service or related financing expenses on revenue bonds or notes issued for the  
23 construction of the Monroe Bypass or to refund such bonds and notes. The amounts  
24 appropriated to the Authority pursuant to this subsection shall be used by the Authority  
25 to pay debt service or related financing costs and expenses on revenue bonds or notes  
26 issued by the Authority to finance the costs of one or more Turnpike Projects or to  
27 refund such bonds or notes. The appropriations established by this subsection constitute  
28 an agreement by the State to pay the funds appropriated hereby to the Authority within  
29 the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the  
30 General Assembly that the enactment of this provision and the issuance of bonds or  
31 notes by the Authority in reliance thereon shall not in any manner constitute a pledge of  
32 the faith and credit and taxing power of the State, and nothing contained herein shall  
33 prohibit the General Assembly from amending the appropriations set forth in this act at  
34 any time to decrease or eliminate the amount annually appropriated to the Authority."

35 **SECTION 25.5.(e)** Subsections (a), (b), and (e) of this section become  
36 effective July 1, 2008. Subsections (c) and (d) of this section become effective July 1,  
37 2009.

38  
39 **FUNDS FOR UNSAFE AND OBSOLETE FIELD FACILITIES**

40 **SECTION 25.6.** Section 27.6 of S.L. 2007-323 is repealed.

41  
42 **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND**  
43 **APPROPRIATIONS**

44 **SECTION 25.7.** Section 27.2 of S.L. 2007-323 is repealed.

1           **SECTION 25.7.** The General Assembly authorizes and certifies anticipated  
2 revenues of the Highway Fund as follows:

3           For Fiscal Year 2009-2010	\$2,070.8 million
4           For Fiscal Year 2010-2011	\$2,066.0 million
5           For Fiscal Year 2011-2012	\$2,064.5 million
6           For Fiscal Year 2012-2013	\$2,075.6 million

7           **SECTION 25.7.** The General Assembly authorizes and certifies anticipated  
8 revenues of the Highway Trust Fund as follows:

9           For Fiscal Year 2009-2010	\$1,178.4 million
10          For Fiscal Year 2010-2011	\$1,199.8 million
11          For Fiscal Year 2011-2012	\$1,226.9 million
12          For Fiscal Year 2012-2013	\$1,263.4 million

13  
14 **DEPARTMENT OF TRANSPORTATION TO APPLY FOR INTERSTATE**  
15 **CORRIDOR GRANT FUNDS**

16           **SECTION 25.8.** The Department of Transportation and the North Carolina  
17 Turnpike Authority shall apply for all federal grant monies available for Interstate  
18 corridors. The grant funds shall be used for the preservation of the highway  
19 infrastructure and to provide for improvements and enhancements to the Interstate.

20           The Department shall report on the status of all grant applications made and  
21 any funding awarded for Interstate corridors to the Joint Legislative Transportation  
22 Oversight Committee no later than December 1, 2008.

23  
24 **AVIATION FUNDS FOR THE MOUNT AIRY-SURRY COUNTY AIRPORT**  
25 **AUTHORITY**

26           **SECTION 25.9.** Of the funds appropriated to the Department of  
27 Transportation, Division of Aviation, for fiscal year 2008-2009, the sum of three million  
28 dollars (\$3,000,000) shall be allocated to the Mount Airy-Surry County Airport  
29 Authority for expansion and renovation of the regional airport.

30  
31 **CLOSURE OF EXITS ON INTERSTATE HIGHWAYS**

32           **SECTION 25.10.(a)** From the date this act becomes effective through July  
33 1, 2009, the Department of Transportation shall not expend any funds to effect a  
34 permanent closure of an existing exit on an Interstate highway unless such exit was  
35 created and exists solely as a temporary exit in a construction zone that would be closed  
36 upon completion of the construction project.

37           **SECTION 25.10.(b)** If any exits on an Interstate highway are scheduled for  
38 permanent closure before July 1, 2009, other than an exit that was created and exists  
39 solely as a temporary exit in a construction zone that would be closed upon completion  
40 of the construction project, the Department of Transportation shall apply for a waiver  
41 from the United States Department of Transportation or any other federal agency, as  
42 required, to keep the exit or exits open to vehicular traffic exiting from the Interstate  
43 highway.

**PART XXVI SALARIES AND BENEFITS**

**GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

**SECTION 26.1.(a)** Effective July 1, 2008, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred thirty five thousand eight hundred fifty four dollars (\$135,854)~~ one hundred thirty-nine thousand five hundred ninety dollars (\$139,590) annually, payable monthly."

**SECTION 26.1.(b)** Section 28.1(b) of S.L. 2007-323 reads as rewritten:

"**SECTION 28.1.(b)** Effective ~~July 1, 2007, July 1, 2008,~~ the annual salaries for the members of the Council of State, payable monthly, for the ~~2007-2008 and 2008-2009~~ fiscal years-year are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	<del>\$119,901</del> <u>\$123,198</u>
Attorney General	<del>119,901</del> <u>123,198</u>
Secretary of State	<del>119,901</del> <u>123,198</u>
State Treasurer	<del>119,901</del> <u>123,198</u>
State Auditor	<del>119,901</del> <u>123,198</u>
Superintendent of Public Instruction	<del>119,901</del> <u>123,198</u>
Agriculture Commissioner	<del>119,901</del> <u>123,198</u>
Insurance Commissioner	<del>119,901</del> <u>123,198</u>
Labor Commissioner	<del>119,901</del> <u>123,198</u> "

**NONELECTED DEPARTMENT HEAD/SALARY INCREASES**

**SECTION 26.2.** Effective July 1, 2008, Section 28.2 of S.L. 2007-323 reads as rewritten:

"**SECTION 28.2.** In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the ~~2007-2008 and 2008-2009~~ fiscal years-year are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	<del>\$117,142</del> <u>\$120,363</u>
Secretary of Correction	<del>117,142</del> <u>120,363</u>
Secretary of Crime Control and Public Safety	<del>117,142</del> <u>120,363</u>
Secretary of Cultural Resources	<del>117,142</del> <u>120,363</u>
Secretary of Commerce	<del>117,142</del> <u>120,363</u>
Secretary of Environment and Natural Resources	<del>117,142</del> <u>120,363</u>
Secretary of Health and Human Services	<del>117,142</del> <u>120,363</u>
Secretary of Juvenile Justice and Delinquency Prevention	<del>117,142</del> <u>120,363</u>
Secretary of Revenue	<del>117,142</del> <u>120,363</u>
Secretary of Transportation	<del>117,142</del> <u>120,363</u> "

**CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

**SECTION 26.3.** Effective July 1, 2008, Section 28.3 of S.L. 2007-323 reads as rewritten:

**"SECTION 28.3.** The annual salaries, payable monthly, for the ~~2007-2008~~ and 2008-2009 fiscal ~~years~~ year for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>	
Chairman, Alcoholic Beverage Control Commission	<del>\$106,621</del>	<u>\$109,553</u>
State Controller	<del>149,216</del>	<u>153,319</u>
Commissioner of Motor Vehicles	<del>106,621</del>	<u>109,553</u>
Commissioner of Banks	<del>119,901</del>	<u>123,198</u>
Chairman, Employment Security Commission		133,161
State Personnel Director	<del>117,142</del>	<u>120,363</u>
Chairman, Parole Commission	<del>97,358</del>	<u>100,035</u>
Members of the Parole Commission	<del>44,942</del>	<u>46,178</u>
Chairman, Utilities Commission	<del>133,531</del>	<u>137,203</u>
Members of the Utilities Commission	<del>119,901</del>	<u>123,198</u>
Executive Director, Agency for Public Telecommunications	<del>89,884</del>	<u>92,356</u>
Director, Museum of Art	<del>109,252</del>	<u>112,256</u>
Executive Director, North Carolina Agricultural Finance Authority	<del>103,781</del>	<u>106,635</u>
State Chief Information Officer	<del>149,126</del>	<u>153,227"</u>

**COMPREHENSIVE SALARY STUDY**

**SECTION 26.3A.** The Legislative Research Commission shall conduct a comprehensive study of the salaries paid to teachers, other school employees, State officers and employees, including members of the General Assembly. The Commission shall report to the General Assembly prior to convening of the 2009 Regular Session.

**JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

**SECTION 26.4.** Effective July 1, 2008, Section 28.4 of S.L. 2007-323 reads as written:

**"SECTION 28.4.(a)** The annual salaries, payable monthly, for specified judicial branch officials for the ~~2007-2008~~ and 2008-2009 fiscal ~~years~~ year are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>	
Chief Justice, Supreme Court	<del>\$137,160</del>	<u>\$140,932</u>
Associate Justice, Supreme Court	<del>133,576</del>	<u>137,249</u>
Chief Judge, Court of Appeals	<del>130,236</del>	<u>133,817</u>
Judge, Court of Appeals	<del>128,011</del>	<u>131,531</u>
Judge, Senior Regular Resident Superior Court	<del>124,532</del>	<u>127,957</u>
Judge, Superior Court	<del>121,053</del>	<u>124,382</u>
Chief Judge, District Court	<del>109,923</del>	<u>112,946</u>

1	Judge, District Court	406,445	109,372
2	District Attorney	116,112	119,305
3	Administrative Officer of the Courts	123,346	126,738
4	Assistant Administrative Officer of the Courts	112,665	115,763
5	Public Defender	116,112	119,305

6  
 7 **"SECTION 28.4.(b)** The district attorney or public defender of a judicial district,  
 8 with the approval of the Administrative Officer of the Courts or the Commission on  
 9 Indigent Defense Services, respectively, shall set the salaries of assistant district  
 10 attorneys or assistant public defenders, respectively, in that district such that the average  
 11 salaries of assistant district attorneys or assistant public defenders in that district do not  
 12 exceed sixty-nine thousand forty-seven dollars (\$69,047), and the minimum salary of  
 13 any assistant district attorney or assistant public defender is at least thirty-six thousand  
 14 eighty-two dollars (\$36,082), effective July 1, 2007.

15 **"SECTION 28.4.(b1)** The district attorney or public defender of a judicial district,  
 16 with the approval of the Administrative Officer of the Courts or the Commission on  
 17 Indigent Defense Services, respectively, shall set the salaries of assistant district  
 18 attorneys or assistant public defenders, respectively, in that district such that the average  
 19 salaries of assistant district attorneys or assistant public defenders in that district do not  
 20 exceed seventy thousand nine hundred forty-six dollars (\$70,946), and the minimum  
 21 salary of any assistant district attorney or assistant public defender is at least  
 22 thirty-seven thousand one hundred eighty-two dollars (\$37,182), effective July 1, 2008.

23 **"SECTION 28.4.(c)** Effective July 1, 2007, the annual salaries of permanent,  
 24 full-time employees of the Judicial Department whose salaries are not itemized in this  
 25 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries  
 26 of permanent, full-time employees of the Judicial Department whose salaries are not  
 27 itemized in this act shall be increased by the greater of one thousand one hundred  
 28 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

29 **"SECTION 28.4.(d)** Effective July 1, 2007, the annual salaries of permanent,  
 30 part-time employees of the Judicial Department whose salaries are not itemized in this  
 31 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries  
 32 of permanent, part-time employees of the Judicial Department whose salaries are not  
 33 itemized in this act shall be increased by pro rata amounts of one thousand one hundred  
 34 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) whichever is  
 35 greater."

36  
 37 **CLERK OF SUPERIOR COURT/SALARY INCREASES**

38 **SECTION 26.5.** Effective July 1, 2008, G.S. 7A-101(a) reads as rewritten:

39 "(a) The clerk of superior court is a full-time employee of the State and shall  
 40 receive an annual salary, payable in equal monthly installments, based on the population  
 41 of the county as determined in subsection (a1) of this section, according to the following  
 42 schedule:

43	Population	Annual Salary
44	Less than 100,000	<del>\$ 80,196</del> <u>\$82,401</u>

1	100,000 to 149,999	<del>89,993</del> <u>92,468</u>
2	150,000 to 249,999	<del>99,792</del> <u>102,536</u>
3	250,000 and above	<del>109,593</del> <u>112,607.</u>

4 When a county changes from one population group to another, the salary of the clerk  
 5 shall be changed, on July 1 of the fiscal year for which the change is reported, to the  
 6 salary appropriate for the new population group, except that the salary of an incumbent  
 7 clerk shall not be decreased by any change in population group during his continuance  
 8 in office."  
 9

10 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

11 **SECTION 26.6.** Effective July 1, 2008, G.S. 7A-102(c1) reads as rewritten:

12 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time  
 13 deputy clerk serving as head bookkeeper per county, shall be paid an annual salary  
 14 subject to the following minimum and maximum rates:

15	Assistant Clerks and	Annual Salary
16	Head Bookkeeper	
17	Minimum	<del>\$31,122</del> <u>\$32,222</u>
18	Maximum	<del>53,304</del> <u>54,767</u>
19		
20	Deputy Clerks	Annual Salary
21	Minimum	<del>\$26,788</del> <u>\$27,888</u>
22	Maximum	<del>41,456</del> <u>42,596.</u>

23  
 24 **MAGISTRATES' SALARY INCREASES**

25 **SECTION 26.7.(a)** Effective July 1, 2008, G.S. 7A-171.1(a) reads as  
 26 rewritten:

27 "(a) The Administrative Officer of the Courts, after consultation with the chief  
 28 district judge and pursuant to the following provisions, shall set an annual salary for  
 29 each magistrate.

30 (1) A full-time magistrate shall be paid the annual salary indicated in the  
 31 table set out in this subdivision. A full-time magistrate is a magistrate  
 32 who is assigned to work an average of not less than 40 hours a week  
 33 during the term of office. The Administrative Officer of the Courts  
 34 shall designate whether a magistrate is full-time. Initial appointment  
 35 shall be at the entry rate. A magistrate's salary shall increase to the  
 36 next step every two years on the anniversary of the date the magistrate  
 37 was originally appointed for increases to Steps 1 through 3, and every  
 38 four years on the anniversary of the date the magistrate was originally  
 39 appointed for increases to Steps 4 through 6.

40 Table of Salaries of Full-Time Magistrates

41	Step Level	Annual Salary
42	Entry Rate	<del>\$31,533</del> <u>\$32,633</u>
43	Step 1	<del>34,425</del> <u>35,525</u>
44	Step 2	<del>37,571</del> <u>38,671</u>



1	Step 3	41,006	<u>42,134</u>
2	Step 4	44,768	<u>45,999</u>
3	Step 5	49,007	<u>50,355</u>
4	Step 6	53,760.	<u>55,238.</u>

(2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, a magistrate who is licensed to practice law in North Carolina or any other state shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4."

**SECTION 26.7.(b)** Effective July 1, 2008, G.S. 7A-171.1(a1)(1) reads as rewritten:

"(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

Less than 1 year of service	<del>\$25,428</del>	<u>\$26,528</u>
1 or more but less than 3 years of service	<del>26,595</del>	<u>27,695</u>
3 or more but less than 5 years of service	<del>28,944.</del>	<u>30,044.</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a)."

**GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

**SECTION 26.8.** Effective July 1, 2008, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred one thousand two hundred ninety-eight dollars (\$101,298)~~ one hundred four thousand eighty-four dollars (\$104,084) payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate,

1 respectively, for additional employment duties beyond those provided by the rules of  
2 their House. The Legislative Services Commission shall review the salary of the  
3 principal clerks prior to submission of the proposed operating budget of the General  
4 Assembly to the Governor and shall make appropriate recommendations for changes in  
5 those salaries. Any changes enacted by the General Assembly shall be by amendment to  
6 this paragraph."  
7

## 8 **SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

9 **SECTION 26.9.** Effective July 1, 2008, G.S. 120-37(b) reads as rewritten:

10 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a  
11 salary of ~~three hundred fifty-nine dollars (\$359.00)~~ three hundred eighty dollars  
12 (\$380.00) per week plus subsistence at the same daily rate provided for members of the  
13 General Assembly, plus mileage at the rate provided for members of the General  
14 Assembly for one round trip only from their homes to Raleigh and return. The  
15 sergeants-at-arms shall serve during sessions of the General Assembly and at such time  
16 prior to the convening of, and subsequent to adjournment or recess of, sessions as may  
17 be authorized by the Legislative Services Commission. The reading clerks shall serve  
18 during sessions only."  
19

## 20 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

21 **SECTION 26.10.** Effective July 1, 2008, the Legislative Services Officer  
22 shall increase the salaries of nonelected employees of the General Assembly in effect  
23 for fiscal year 2007-2008 by the greater of one thousand one hundred dollars (\$1,100)  
24 or two and seventy-five hundredths percent (2.75%). Nothing in this act limits any of  
25 the provisions of G.S. 120-32.  
26

## 27 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

28 **SECTION 26.11.** Section 28.11 of S.L. 2007-323 reads as rewritten:

29 "**SECTION 28.11.(a)** The Director of the Budget shall transfer from the Reserve  
30 for Compensation Increases, created in this act for fiscal years 2007-2008 and  
31 2008-2009, funds to the North Carolina Community Colleges System Office necessary  
32 to provide an annual salary increase of four percent (4.0%) including funds for the  
33 employer's retirement and social security contributions, commencing July 1, 2007, for  
34 all community college employees supported by State funds.

35 "**SECTION 28.11.(a1)** Effective July 1, 2008, the Director of the Budget shall  
36 transfer from the Reserve for Compensation Increases, created in this act for fiscal year  
37 2008-2009, funds to the North Carolina Community Colleges System Office necessary  
38 to provide an annual salary increase of:

39 (1) Three percent (3.0%) including funds for the employer's retirement  
40 and social security contributions, commencing July 1, 2008, for all  
41 community college faculty and professional staff supported by State  
42 funds.

43 (2) The greater of one thousand one hundred dollars (\$1,100) or two and  
44 seventy-five hundredths percent (2.75%) including funds for the

1                    employer's retirement and social security contributions, commencing  
2                    July 1, 2008, for all other community college employees supported by  
3                    State funds.

4            **"SECTION 28.11.(b)** The Director of the Budget shall transfer from the Reserve  
5 for Compensation Increases, created in this act for fiscal years 2007-2008 and  
6 2008-2009, funds to the North Carolina Community Colleges System Office necessary  
7 to provide an additional annual salary increase of one percent (1.0%) for Community  
8 College faculty and professional staff, including funds for the employer's retirement and  
9 social security contributions, supported by State funds."

#### 11 UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

12            **SECTION 26.12.** Section 28.12 of S.L. 2007-323 reads as rewritten:

13            **"SECTION 28.12.(a)** Effective July 1, 2007, the Director of the Budget shall  
14 transfer to the Board of Governors of The University of North Carolina sufficient funds  
15 from the Reserve for Compensation Increases, created in this act for fiscal years  
16 2007-2008 and 2008-2009, including funds for the employer's retirement and social  
17 security contributions, to provide to employees of The University of North Carolina,  
18 other than teachers of the North Carolina School of Science and Mathematics, whose  
19 salaries are supported by State funds and who are exempt from the State Personnel Act  
20 (EPA) an annual salary increase of five percent (5%) for faculty. The percentage annual  
21 salary increase of five percent (5%) authorized by this section shall be made on an  
22 aggregated average basis, according to the rules adopted by the Board of Governors of  
23 The University of North Carolina and may not be used for any purpose other than for  
24 salary increases and necessary employer contributions provided by this section. The  
25 Board of Governors may use a portion of the annual salary increase provided by this  
26 section to improve competitive national peer rankings for faculty.

27            **"SECTION 28.12.(a1)** Effective July 1, 2008, the Director of the Budget shall  
28 transfer to the Board of Governors of The University of North Carolina sufficient funds  
29 from the Reserve for Compensation Increases, created in this act for fiscal year  
30 2008-2009, including funds for the employer's retirement and social security  
31 contributions, to provide to employees of The University of North Carolina, other than  
32 teachers of the North Carolina School of Science and Mathematics, whose salaries are  
33 supported by State funds and who are exempt from the State Personnel Act (EPA) an  
34 annual salary increase of three percent (3%) for faculty and non-faculty. The percentage  
35 annual salary increase of three percent (3%) authorized by this section shall be made on  
36 an aggregated average basis, according to the rules adopted by the Board of Governors  
37 of The University of North Carolina, and may not be used for any purpose other than for  
38 salary increases and necessary employer contributions provided by this section.

39            **"SECTION 28.12.(b)** Effective July 1, 2007, the Director of the Budget shall  
40 transfer to the Board of Governors of The University of North Carolina sufficient funds  
41 from the Reserve for Compensation Increases, created in this act for fiscal years  
42 2007-2008 and 2008-2009, including funds for the employer's retirement and social  
43 security contributions, to provide to employees of The University of North Carolina,  
44 other than teachers of the North Carolina School of Science and Mathematics, whose

1 salaries are supported by State funds and who are exempt from the State Personnel Act  
2 (EPA) an annual salary increase of four percent (4.0%) for nonfaculty.

3 **"SECTION 28.12.(c)** The Director of the Budget shall transfer to the Board of  
4 Governors of The University of North Carolina sufficient funds from the Reserve for  
5 Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009 to  
6 provide an average annual salary increase of five percent (5%) but at least an annual  
7 increase of one thousand two hundred forty dollars (\$1,240), including funds for the  
8 employer's retirement and social security contributions, commencing July 1, 2007, for  
9 all teaching employees of the North Carolina School of Science and Mathematics,  
10 supported by State funds and whose salaries are exempt from the State Personnel Act  
11 (EPA). These funds shall be allocated to individuals according to the rules adopted by  
12 the Board of Trustees of the North Carolina School of Science and Mathematics and  
13 may not be used for any purpose other than for salary increases and necessary employer  
14 contributions provided by this section.

15 **"SECTION 28.12.(c1)** The Director of the Budget shall transfer to the Board of  
16 Governors of The University of North Carolina sufficient funds from the Reserve for  
17 Compensation Increases, created in this act for fiscal year 2008-2009, to provide an  
18 average annual salary increase of three percent (3%), but at least an annual increase of  
19 four hundred seventy dollars (\$470.00), including funds for the employer's retirement  
20 and social security contributions, commencing July 1, 2008, for all teaching employees  
21 of the North Carolina School of Science and Mathematics, supported by State funds and  
22 whose salaries are exempt from the State Personnel Act (EPA). These funds shall be  
23 allocated to individuals according to the rules adopted by the Board of Trustees of the  
24 North Carolina School of Science and Mathematics and may not be used for any  
25 purpose other than for salary increases and necessary employer contributions provided  
26 by this section."

## 27

### 28 **LOTTERY COMMISSION SALARY INCREASES**

29 **SECTION 26.12A.** Chapter 18C of the General Statutes is amended by  
30 adding a new section to read:

#### 31 **"§ 18C-120.1. Limits on compensation.**

32 Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), neither the Director  
33 nor any employee of the Commission may receive a salary increase during any fiscal  
34 year greater than an across-the-board increase granted to all State employees by the  
35 General Assembly, except for promotions and reallocations approved by the State  
36 Personnel Commission."

### 37

### 38 **MOST STATE EMPLOYEES/SALARY INCREASES**

39 **SECTION 26.13.** Effective July 1, 2008, Section 28.14 of S.L. 2007-323  
40 reads as rewritten:

41 **"SECTION 28.14.(a)** The salaries in effect June 30, 2007, of all permanent  
42 full-time State employees whose salaries are set in accordance with the State Personnel  
43 Act, and who are paid from the General Fund or the Highway Fund, shall be increased,  
44 effective July 1, 2007, by four percent (4%). Effective July 1, 2008, the salaries in effect

1 June 30, 2008, of all permanent, full-time State employees whose salaries are set in  
2 accordance with the State Personnel Act, and who are paid from the General Fund or  
3 Highway Fund shall be increased by the greater of one thousand one hundred dollars  
4 (\$1,100) or two and seventy-five hundredths percent (2.75%).

5 "SECTION 28.14.(b) Except as otherwise provided in this act, the fiscal year  
6 2007-2008 salaries for permanent full-time State officials and persons in exempt  
7 positions that are recommended by the Governor and set by the General Assembly shall  
8 be increased by four percent (4%), effective July 1, 2007. Effective July 1, 2008, the  
9 compensation of permanent, full-time State officials and persons in exempt positions  
10 that are recommended by the Governor and set by the General Assembly shall be  
11 increased by the greater of one thousand one hundred dollars (\$1,100) or two and  
12 seventy-five hundredths percent (2.75%).

13 "SECTION 28.14.(c) The salaries in effect for fiscal year 2007-2008 for all  
14 permanent part-time State employees shall be increased, effective July 1, 2007, by the  
15 four percent (4%) salary increase provided for permanent full-time employees covered  
16 under this part. Effective July 1, 2008, the salaries of permanent, part-time State  
17 employees shall be increased by the greater of pro rata amounts of one thousand one  
18 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

19 "SECTION 28.14.(d) The Director of the Budget may allocate out of special  
20 operating funds or from other sources of the employing agency, except tax revenues,  
21 sufficient funds to allow ~~a salary increase, effective July 1, 2007, increases in~~  
22 accordance with subsection (a), (b), or (c) of this section including funds for the  
23 employer's retirement and social security contributions, for the permanent full-time and  
24 part-time employees of the agency, provided the employing agency elects to make  
25 available the necessary funds.

26 "SECTION 28.14.(e) ~~Within~~ For the 2007-2008 fiscal year, within regular State  
27 Budget Act procedures as limited by this act, all State agencies and departments may  
28 increase on an equitable basis the rate of pay of temporary and permanent hourly State  
29 employees, subject to availability of funds in the particular agency or department, by  
30 pro rata amounts of the four percent (4%) salary increase provided for permanent  
31 full-time employees covered by the provisions of subsection (a) of this section,  
32 commencing July 1, 2007. For the 2008-2009 fiscal year, within regular State Budget  
33 Act procedures as limited by this act, all State agencies and departments may increase  
34 on an equitable basis the rate of pay of temporary and permanent hourly State  
35 employees, subject to availability of funds in the particular agency or department, by the  
36 greater of pro rata amounts of one thousand one hundred dollar (\$1,100) or two and  
37 seventy-five hundredths percent (2.75%) salary increase provided for permanent  
38 full-time employees covered by the provisions of subsection (a) of this section,  
39 commencing July 1, 2008."

#### 40 ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

41 SECTION 26.14. Effective July 1, 2008, Section 28.15 of S.L. 2007-323  
42 reads as rewritten:  
43

1 "SECTION 28.15.(a) Salaries and related benefits for positions that are funded  
2 partially from the General Fund or Highway Fund and partially from sources other than  
3 the General Fund or Highway Fund shall be increased from the General Fund or  
4 Highway Fund appropriation only to the extent of the proportionate part of the salaries  
5 paid from the General Fund or Highway Fund.

6 "SECTION 28.15.(b) The granting of the salary increases under this act does not  
7 affect the status of eligibility for salary increments for which employees may be eligible  
8 unless otherwise required by this act.

9 "SECTION 28.15.(c) The fiscal year 2007-2008 salary increases provided in this  
10 act are to be effective July 1, 2007, do not apply to persons separated from State service  
11 due to resignation, dismissal, reduction in force, death, or retirement, or whose last  
12 workday is prior to July 1, 2007. The fiscal year 2008-2009 salary increases provided in  
13 this act are to be effective July 1, 2008, do not apply to persons separated from State  
14 service due to resignation, dismissal, reduction in force, death, or retirement, or whose  
15 last workday is prior to July 1, 2008.

16 Payroll checks issued to employees ~~after July 1, 2007,~~ which represent payment of  
17 services provided prior to ~~July 1, 2007,~~ these increases shall not be eligible for salary  
18 increases provided for in this act. This subsection shall apply to all employees, subject  
19 to or exempt from the State Personnel Act, paid from State funds, including public  
20 schools, community colleges, and The University of North Carolina.

21 "SECTION 28.15.(d) The Director of the Budget shall transfer from the Reserve  
22 for Compensation Increases in this act for fiscal year 2007-2008 and fiscal year  
23 2008-2009 all funds necessary for the salary increases provided by this act, including  
24 funds for the employer's retirement and social security contributions.

25 "SECTION 28.15.(e) Nothing in this act authorizes the transfer of funds between  
26 the General Fund and the Highway Fund for salary increases.

27 "SECTION 28.15.(f) ~~Permanent~~ For the 2007-2008 fiscal year, permanent,  
28 full-time employees who work a nine-, ten-, or eleven-month work year schedule shall  
29 receive the four percent (4.0%) annual increase provided by this act. For the 2008-2009  
30 fiscal year, permanent, full-time employees who work a nine-, ten-, or eleven-month  
31 work year schedule shall receive the greater of the one thousand one hundred dollar  
32 (\$1,100) or two and seventy-five hundredths percent (2.75%) annual increase provided  
33 by this act."

34  
35 **OFFICE OF STATE PERSONNEL TO PERFORM LABOR MARKET**  
36 **ANALYSIS OF CERTAIN POSITIONS**

37 SECTION 26.15.(a) The Office of State Personnel shall conduct a labor  
38 market analysis of the Administrative Support positions in the Department of  
39 Transportation to determine whether current employees are compensated appropriately  
40 relative to market rates for similar positions. If appropriate, the Office of State  
41 Personnel shall recommend to the State Personnel Commission a Salary Range Revision  
42 or establishment of a Special Minimum Rate, as those terms are defined in the State  
43 Personnel Manual. The Office of State Personnel shall report its findings and any  
44 actions of the State Personnel Commission to the Appropriations Committees of the

1 House and Senate no later than two weeks after the convening of the 2009 legislative  
2 session.

3 **SECTION 26.15.(b)** The Office of State Personnel shall conduct a labor  
4 market analysis of the Information Technology and Law Enforcement positions in the  
5 Department of Transportation to determine whether current employees are compensated  
6 appropriately relative to labor market rates for similar positions. This study shall be  
7 based upon employees' competency assessments made at the time these positions were  
8 Career Banded or on the employees' date of hire, if later, and shall not include an  
9 analysis of "career progression adjustments" that could be made under current policy  
10 due to additional skills/competencies demonstrated by an employee subsequent to their  
11 initial competency assessment. The Office of State Personnel shall report its findings to  
12 the Appropriations Committees of the House and Senate no later than two weeks after  
13 the convening of the 2009 legislative session.

14 **SECTION 26.15.(c)** The Office of State Personnel shall conduct an analysis  
15 of the Department of Health and Human Services Division of Mental Health's proposal  
16 to increase salaries of Health Care Technicians, Developmental Disability Trainers, and  
17 Youth Program Assistants based upon the establishment of defined skill and  
18 competency sets and employees' subsequent demonstration of those skills and  
19 competencies. This analysis shall determine whether the Division's goals can be  
20 accomplished through current State Personnel Policy regulating "Reallocations." If so,  
21 the Office of State Personnel shall so advise the Division of Mental Health and assist  
22 them by timely processing any reallocation requests. The Office of State Personnel shall  
23 report its findings and actions to the Appropriations Committees of the House and  
24 Senate no later than two weeks after the convening of the 2009 legislative session.  
25

26 **TEACHER SALARY SCHEDULES**

27 **SECTION 26.16.(a)** Effective for the 2008-2009 school year, the Director of  
28 the Budget shall transfer from the Reserve for Compensation Increases funds necessary  
29 to implement the teacher salary schedules set out in subsection (b) of this section and  
30 for longevity in accordance with subsection (d) of this section, including funds for the  
31 employer's retirement and social security contributions for all teachers whose salaries  
32 are supported from the State's General Fund.

33 These funds shall be allocated to individuals according to rules adopted by  
34 the State Board of Education.

35 **SECTION 26.16.(b)** The following monthly salary schedules shall apply for  
36 the 2008-2009 fiscal year to certified personnel of the public schools who are classified  
37 as teachers. The schedule contains 32 steps with each step corresponding to one year of  
38 teaching experience.  
39

40 2008-2009 Monthly Salary Schedule

41 "A" Teachers

42 Years of Experience	"A" Teachers	NBPTS Certification
43 0	\$3,022	N/A
44 1	\$3,064	N/A

1	2	\$3,108	N/A
2	3	\$3,264	\$3,656
3	4	\$3,404	\$3,812
4	5	\$3,538	\$3,963
5	6	\$3,667	\$4,107
6	7	\$3,771	\$4,224
7	8	\$3,819	\$4,277
8	9	\$3,868	\$4,332
9	10	\$3,918	\$4,388
10	11	\$3,967	\$4,443
11	12	\$4,018	\$4,500
12	13	\$4,069	\$4,557
13	14	\$4,122	\$4,617
14	15	\$4,176	\$4,677
15	16	\$4,231	\$4,739
16	17	\$4,286	\$4,800
17	18	\$4,345	\$4,866
18	19	\$4,403	\$4,931
19	20	\$4,461	\$4,996
20	21	\$4,523	\$5,066
21	22	\$4,584	\$5,134
22	23	\$4,650	\$5,208
23	24	\$4,714	\$5,280
24	25	\$4,779	\$5,352
25	26	\$4,845	\$5,426
26	27	\$4,913	\$5,503
27	28	\$4,984	\$5,582
28	29	\$5,055	\$5,662
29	30	\$5,153	\$5,771
30	31+	\$5,255	\$5,886

2008-2009 Monthly Salary Schedule

"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0	\$3,324	N/A
1	\$3,370	N/A
2	\$3,419	N/A
3	\$3,590	\$4,021
4	\$3,744	\$4,193
5	\$3,892	\$4,359
6	\$4,034	\$4,518
7	\$4,148	\$4,646
8	\$4,201	\$4,705



1	9	\$4,255	\$4,766
2	10	\$4,310	\$4,827
3	11	\$4,364	\$4,888
4	12	\$4,420	\$4,950
5	13	\$4,476	\$5,013
6	14	\$4,534	\$5,078
7	15	\$4,594	\$5,145
8	16	\$4,654	\$5,212
9	17	\$4,715	\$5,281
10	18	\$4,780	\$5,354
11	19	\$4,843	\$5,424
12	20	\$4,907	\$5,496
13	21	\$4,975	\$5,572
14	22	\$5,042	\$5,647
15	23	\$5,115	\$5,729
16	24	\$5,185	\$5,807
17	25	\$5,257	\$5,888
18	26	\$5,330	\$5,970
19	27	\$5,404	\$6,052
20	28	\$5,482	\$6,140
21	29	\$5,561	\$6,228
22	30	\$5,668	\$6,348
23	31+	\$5,781	\$6,475

24

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26 **SECTION 26.16.(c)** Annual longevity payments for teachers shall be at the  
 27 rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State  
 28 service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19  
 29 years of State service, three and twenty-five hundredths percent (3.25%) of base salary  
 30 for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary  
 31 for 25 or more years of State service. The longevity payment shall be paid in a lump  
 32 sum once a year.

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32 **SECTION 26.16.(d)** Certified public schoolteachers with certification based  
 33 on academic preparation at the six-year degree level shall receive a salary supplement of  
 34 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation  
 35 provided for certified personnel of the public schools who are classified as "M"  
 36 teachers. Certified public schoolteachers with certification based on academic  
 37 preparation at the doctoral degree level shall receive a salary supplement of two  
 38 hundred fifty-three dollars (\$253.00) per month in addition to the compensation  
 39 provided for certified personnel of the public schools who are classified as "M"  
 40 teachers.

41 **SECTION 26.16.(e)** The first step of the salary schedule for school  
 42 psychologists shall be equivalent to Step 5, corresponding to five years of experience,  
 43 on the salary schedule established in this section for certified personnel of the public  
 44 schools who are classified as "M" teachers. Certified psychologists shall be placed on

1 the salary schedule at an appropriate step based on their years of experience. Certified  
 2 psychologists shall receive longevity payments based on years of State service in the  
 3 same manner as teachers.

4 Certified psychologists with certification based on academic preparation at  
 5 the six-year degree level shall receive a salary supplement of one hundred twenty-six  
 6 dollars (\$126.00) per month in addition to the compensation provided for certified  
 7 psychologists. Certified psychologists with certification based on academic preparation  
 8 at the doctoral degree level shall receive a salary supplement of two hundred fifty-three  
 9 dollars (\$253.00) per month in addition to the compensation provided for certified  
 10 psychologists.

11 **SECTION 26.16.(f)** Speech pathologists who are certified as speech  
 12 pathologists at the master's degree level and audiologists who are certified as  
 13 audiologists at the master's degree level and who are employed in the public schools as  
 14 speech and language specialists and audiologists shall be paid on the school  
 15 psychologist salary schedule.

16 Speech pathologists and audiologists with certification based on academic  
 17 preparation at the six-year degree level shall receive a salary supplement of one hundred  
 18 twenty-six dollars (\$126.00) per month in addition to the compensation provided for  
 19 speech pathologists and audiologists. Speech pathologists and audiologists with  
 20 certification based on academic preparation at the doctoral degree level shall receive a  
 21 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to  
 22 the compensation provided for speech pathologists and audiologists.

23 **SECTION 26.16.(g)** Certified school nurses who are employed in the public  
 24 schools as nurses shall be paid on the "M" salary schedule.

25 **SECTION 26.16.(h)** As used in this section, the term "teacher" shall also  
 26 include instructional support personnel.

27  
 28 **SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE**

29 **SECTION 26.17.(a)** Effective for the 2008-2009 school year, the Director of  
 30 the Budget shall transfer from the Reserve for Compensation Increases funds necessary  
 31 to implement the salary schedules for school-based administrators as provided in this  
 32 section. These funds shall be used for State-paid employees only.

33 **SECTION 26.17.(b)** The base salary schedule for school-based  
 34 administrators shall apply only to principals and assistant principals. The base salary  
 35 schedule for the 2008-2009 fiscal year, commencing July 1, 2008, is as follows:

36  
 37 2008-2009 Principal and Assistant Principal Salary Schedules

38 Classification

39 Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
41 0-4	\$3,781	-	-	-	-
42 5	\$3,931	-	-	-	-
43 6	\$4,074	-	-	-	-
44 7	\$4,189	-	-	-	-

1	8	\$4,243	\$4,243	-	-	-
2	9	\$4,298	\$4,298	-	-	-
3	10	\$4,353	\$4,353	\$4,408	-	-
4	11	\$4,408	\$4,408	\$4,464	-	-
5	12	\$4,464	\$4,464	\$4,521	\$4,579	-
6	13	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
7	14	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
8	15	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
9	16	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
10	17	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
11	18	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
12	19	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
13	20	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
14	21	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
15	22	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
16	23	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
17	24	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
18	25	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
19	26	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
20	27	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
21	28	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
22	29	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
23	30	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
24	31	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
25	32	-	\$5,956	\$6,075	\$6,197	\$6,321
26	33	-	-	\$6,197	\$6,321	\$6,447
27	34	-	-	\$6,321	\$6,447	\$6,576
28	35	-	-	-	\$6,576	\$6,708
29	36	-	-	-	\$6,708	\$6,842
30	37	-	-	-	-	\$6,979

2008-2009 Principal and Assistant Principal Salary Schedules

		Classification			
Years of Exp	Prin V	Prin VI	Prin VII	Prin VIII	
	(44-54)	(55-65)	(66-100)	(101+)	
37	0-14	\$4,828	-	-	-
38	15	\$4,891	-	-	-
39	16	\$4,956	\$5,025	-	-
40	17	\$5,025	\$5,092	\$5,237	-
41	18	\$5,092	\$5,166	\$5,310	\$5,383
42	19	\$5,166	\$5,237	\$5,383	\$5,458
43	20	\$5,237	\$5,310	\$5,458	\$5,537
44	21	\$5,310	\$5,383	\$5,537	\$5,617

1	22	\$5,383	\$5,458	\$5,617	\$5,725
2	23	\$5,458	\$5,537	\$5,725	\$5,839
3	24	\$5,537	\$5,617	\$5,839	\$5,956
4	25	\$5,617	\$5,725	\$5,956	\$6,075
5	26	\$5,725	\$5,839	\$6,075	\$6,197
6	27	\$5,839	\$5,956	\$6,197	\$6,321
7	28	\$5,956	\$6,075	\$6,321	\$6,447
8	29	\$6,075	\$6,197	\$6,447	\$6,576
9	30	\$6,197	\$6,321	\$6,576	\$6,708
10	31	\$6,321	\$6,447	\$6,708	\$6,842
11	32	\$6,447	\$6,576	\$6,842	\$6,979
12	33	\$6,576	\$6,708	\$6,979	\$7,119
13	34	\$6,708	\$6,842	\$7,119	\$7,261
14	35	\$6,842	\$6,979	\$7,261	\$7,406
15	36	\$6,979	\$7,119	\$7,406	\$7,554
16	37	\$7,119	\$7,261	\$7,554	\$7,705
17	38	\$7,261	\$7,406	\$7,705	\$7,859
18	39	-	\$7,554	\$7,859	\$8,016
19	40	-	\$7,705	\$8,016	\$8,176
20	41	-	-	\$8,176	\$8,340

**SECTION 26.17.(c)** The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals

1 in alternative schools who supervise 33 or more teachers shall be classified according to  
2 the number of teachers supervised.

3 **SECTION 26.17.(d)** A principal shall be placed on the step on the salary  
4 schedule that reflects total number of years of experience as a certificated employee of  
5 the public schools and an additional step for every three years of experience as a  
6 principal. A principal or assistant principal shall also continue to receive any additional  
7 State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000  
8 school years for improvement in student performance or maintaining a safe and orderly  
9 school.

10 **SECTION 26.17.(e)** Principals and assistant principals with certification  
11 based on academic preparation at the six-year degree level shall be paid a salary  
12 supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral  
13 degree level shall be paid a salary supplement of two hundred fifty-three dollars  
14 (\$253.00) per month.

15 **SECTION 26.17.(f)** Longevity pay for principals and assistant principals  
16 shall be as provided for State employees under the State Personnel Act.

17 **SECTION 26.17.(g)** If a principal is reassigned to a higher job classification  
18 because the principal is transferred to a school within a local school administrative unit  
19 with a larger number of State-allotted teachers, the principal shall be placed on the  
20 salary schedule as if the principal had served the principal's entire career as a principal  
21 at the higher job classification.

22 If a principal is reassigned to a lower job classification because the principal  
23 is transferred to a school within a local school administrative unit with a smaller number  
24 of State-allotted teachers, the principal shall be placed on the salary schedule as if the  
25 principal had served the principal's entire career as a principal at the lower job  
26 classification.

27 This subsection applies to all transfers on or after the effective date of this  
28 section, except transfers in school systems that have been created, or will be created, by  
29 merging two or more school systems. Transfers in these merged systems are exempt  
30 from the provisions of this subsection for one calendar year following the date of the  
31 merger.

32 **SECTION 26.17.(h)** Participants in an approved full-time master's in school  
33 administration program shall receive up to a 10-month stipend at the beginning salary of  
34 an assistant principal during the internship period of the master's program. For the  
35 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the  
36 difference between the beginning salary of an assistant principal plus the cost of tuition,  
37 fees, and books and any fellowship funds received by the intern as a full-time student,  
38 including awards of the Principal Fellows Program. The Principal Fellows Program or  
39 the school of education where the intern participates in a full-time master's in school  
40 administration program shall supply the Department of Public Instruction with  
41 certification of eligible full-time interns.

42 **SECTION 26.17.(i)** During the 2008-2009 fiscal year, the placement on the  
43 salary schedule of an administrator with a one-year provisional assistant principal's

1 certificate shall be at the entry-level salary for an assistant principal or the appropriate  
2 step on the teacher salary schedule, whichever is higher.

### 4 **CENTRAL OFFICE SALARIES**

5 **SECTION 26.18.(a)** The monthly salary ranges that follow apply to  
6 assistant superintendents, associate superintendents, directors/coordinators, supervisors,  
7 and finance officers for the 2008-2009 fiscal year, beginning July 1, 2008.

8	School Administrator I	\$3,309	\$6,207
9	School Administrator II	\$3,508	\$6,583
10	School Administrator III	\$3,724	\$6,984
11	School Administrator IV	\$3,874	\$7,262
12	School Administrator V	\$4,030	\$7,556
13	School Administrator VI	\$4,275	\$8,013
14	School Administrator VII	\$4,447	\$8,336

15 The local board of education shall determine the appropriate category and  
16 placement for each assistant superintendent, associate superintendent,  
17 director/coordinator, supervisor, or finance officer within the salary ranges and within  
18 funds appropriated by the General Assembly for central office administrators and  
19 superintendents. The category in which an employee is placed shall be included in the  
20 contract of any employee.

21 **SECTION 26.18.(b)** The monthly salary ranges that follow apply to public  
22 school superintendents for the 2008-2009 fiscal year, beginning July 1, 2008.

23	Superintendent I	\$4,720	\$8,843
24	Superintendent II	\$5,011	\$9,377
25	Superintendent III	\$5,316	\$9,948
26	Superintendent IV	\$5,642	\$10,552
27	Superintendent V	\$5,988	\$11,196

28 The local board of education shall determine the appropriate category and  
29 placement for the superintendent based on the average daily membership of the local  
30 school administrative unit and within funds appropriated by the General Assembly for  
31 central office administrators and superintendents.

32 **SECTION 26.18.(c)** Longevity pay for superintendents, assistant  
33 superintendents, associate superintendents, directors/coordinators, supervisors, and  
34 finance officers shall be as provided for State employees under the State Personnel Act.

35 **SECTION 26.18.(d)** Superintendents, assistant superintendents, associate  
36 superintendents, directors/coordinators, supervisors, and finance officers with  
37 certification based on academic preparation at the six-year degree level shall receive a  
38 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to  
39 the compensation provided pursuant to this section. Superintendents, assistant  
40 superintendents, associate superintendents, directors/coordinators, supervisors, and  
41 finance officers with certification based on academic preparation at the doctoral degree  
42 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per  
43 month in addition to the compensation provided for under this section.

1           **SECTION 26.18.(e)** The State Board of Education shall not permit local  
2 school administrative units to transfer State funds from other funding categories for  
3 salaries for public school central office administrators.

4           **SECTION 26.18.(f)** The annual salary increase for all permanent full-time  
5 personnel paid from the Central Office Allotment shall be the greater of one thousand  
6 one hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%),  
7 commencing July 1, 2008. The State Board of Education shall allocate these funds to  
8 local school administrative units. The local boards of education shall establish  
9 guidelines for providing salary increases to these personnel.

#### 10 11 **NONCERTIFIED PERSONNEL SALARIES**

12           **SECTION 26.19.(a)** The annual salary increase for permanent, full-time  
13 noncertified public school employees whose salaries are supported from the State's  
14 General Fund shall be the greater of one thousand one hundred dollars (\$1,100) or two  
15 and seventy-five hundredths percent (2.75%) commencing July 1, 2008.

16           **SECTION 26.19.(b)** Local boards of education shall increase the rates of  
17 pay for such employees who were employed for all or part of fiscal year 2007-2008 and  
18 who continue their employment for fiscal year 2008-2009 by providing an annual salary  
19 increase for employees of the greater of one thousand one hundred dollars (\$1,100) or  
20 two and seventy-five hundredths percent (2.75%).

21           For part-time employees, the pay increase shall be pro rata based on the  
22 number of hours worked.

23           **SECTION 26.19.(c)** The State Board of Education may adopt salary ranges  
24 for noncertified personnel to support increases of the greater of one thousand one  
25 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) for the  
26 2008-2009 fiscal year.

#### 27 28 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY** 29 **SCHEDULES**

30           **SECTION 26.20.** Effective July 1, 2008, any permanent personnel  
31 employed on July 1, 2008, and paid at the top of the principal and assistant principal  
32 salary schedule shall receive a onetime bonus equivalent to two percent (2%).

33           Effective July 1, 2008, any permanent certified personnel employed on July  
34 1, 2008, and paid on the teacher salary schedule with 31+ years of experience shall  
35 receive a onetime bonus equivalent to one and eight-tenths percent (1.8%). Personnel  
36 defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

#### 37 38 **NO PENALTY FOR TEACHERS TAKING ONE DAY OF PERSONAL LEAVE**

39           **SECTION 26.21.(a)** G.S. 115C-302.1(d) reads as rewritten:

40           "(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for  
41 each full month of employment not to exceed two days per year. Personal leave may be  
42 accumulated without any applicable maximum until June 30 of each year. A teacher  
43 may carry forward to July 1 a maximum of five days of personal leave; the remainder of  
44 the teacher's personal leave shall be converted to sick leave on June 30. At the time of

1 retirement, a teacher may also convert accumulated personal leave to sick leave for  
2 creditable service towards retirement.

3 Personal leave may be used only upon the authorization of the teacher's immediate  
4 supervisor. A teacher shall not take personal leave on the first day the teacher is  
5 required to report for the school year, on a required teacher workday, on days scheduled  
6 for State testing, or on the day before or the day after a holiday or scheduled vacation  
7 day, unless the request is approved by the principal. On all other days, if the request is  
8 made at least five days in advance, the request shall be automatically granted subject to  
9 the availability of a substitute teacher, and the teacher cannot be required to provide a  
10 reason for the request. Teachers may transfer personal leave days between local school  
11 administrative units. The local school administrative unit shall credit a teacher who has  
12 separated from service and is reemployed within 60 months from the date of separation  
13 with all personal leave accumulated at the time of separation. Local school  
14 administrative units shall not advance personal leave. Teachers using up to one day of  
15 personal leave per year shall receive full salary less the required substitute  
16 deduction salary. Teachers using more than one day per year shall receive full salary  
17 less the required substitute deduction. As used in this subsection, 'teachers' means  
18 classroom teachers and media specialists who require a substitute."

19 **SECTION 26.21.(b)** This section expires June 30, 2009.  
20

## 21 SALARY-RELATED CONTRIBUTIONS/EMPLOYER

22 **SECTION 26.22.** Section 28.19(c) of S.L. 2007-323 reads as rewritten:

23 "**SECTION 28.19.(c)** Effective July 1, 2008, the State's employer contribution rates  
24 budgeted for retirement and related benefits as percentage of covered salaries for the  
25 2008-2009 fiscal year are: (i) ~~seven and eighty three hundredths percent (7.83%)~~ eight  
26 and fourteen hundredths percent (8.14%) – Teachers and State Employees; (ii) ~~twelve~~  
27 ~~and eighty three hundredths percent (12.83%)~~ thirteen and fourteen hundredths percent  
28 (13.14%) – State Law Enforcement Officers; (iii) eleven and forty-six hundredths  
29 percent (11.46%) – University Employees' Optional Retirement System; (iv) eleven and  
30 forty-six hundredths percent (11.46%) – Community College Optional Retirement  
31 Program; (v) seventeen and thirty-one hundredths percent (17.31%) – Consolidated  
32 Judicial Retirement System; and (vi) four and ten hundredths percent (4.10%) –  
33 Legislative Retirement System. Each of the foregoing contribution rates includes four  
34 and ten hundredths percent (4.10%) for hospital and medical benefits. The rate for  
35 Teachers and State Employees, State Law Enforcement Officers, Community College  
36 Optional Retirement Program, and for the University Employees' Optional Retirement  
37 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.  
38 The rates for Teachers and State Employees and State Law Enforcement Officers  
39 include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for  
40 State Law Enforcement Officers includes five percent (5%) for Supplemental  
41 Retirement Income."  
42

## 43 PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE 44 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE



1       **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**  
2       **RETIREMENT SYSTEM**

3       **SECTION 26.23.(a)** G.S. 135-5 is amended by adding a new subsection to  
4 read:

5       "(rrr) From and after July 1, 2008, the retirement allowance to or on account of  
6 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
7 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008, in  
8 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement  
9 allowance to or on account of beneficiaries whose retirement commenced after July 1,  
10 2007, but before June 30, 2008, shall be increased by a prorated amount of two and  
11 two-tenths percent (2.2%) of the allowance payable as determined by the Board of  
12 Trustees based upon the number of months that a retirement allowance was paid  
13 between July 1, 2007, and June 30, 2008."

14       **SECTION 26.23.(b)** G.S. 135-65 is amended by adding a new subsection to  
15 read:

16       "(cc) From and after July 1, 2008, the retirement allowance to or on account of  
17 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
18 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008.  
19 Furthermore, from and after July 1, 2008, the retirement allowance to or on account of  
20 beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,  
21 shall be increased by a prorated amount of two and two-tenths percent (2.2%) of the  
22 allowance payable as determined by the Board of Trustees based upon the number of  
23 months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

24       **SECTION 26.23.(c)** G.S. 120-4.22A is amended by adding a new subsection  
25 to read:

26       "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,  
27 the retirement allowance to or on account of beneficiaries whose retirement commenced  
28 on or before January 1, 2008, shall be increased by two and two-tenths percent (2.2%)  
29 of the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the  
30 retirement allowance to or on account of beneficiaries whose retirement commenced  
31 after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount  
32 of two and two-tenths percent (2.2%) of the allowance payable as determined by the  
33 Board of Trustees based upon the number of months that a retirement allowance was  
34 paid between January 1, 2008, and June 30, 2008."

35  
36       **INCLUDE THE DIRECTOR OF THE OFFICE OF INDIGENT DEFENSE**  
37       **SERVICES AS A MEMBER OF THE CONSOLIDATED JUDICIAL**  
38       **RETIREMENT SYSTEM**

39       **SECTION 26.24.(a)** G.S. 135-50(b) reads as rewritten:

40       "(b) The purpose of this Article is to improve the administration of justice by  
41 attracting and retaining the most highly qualified talent available within the State to the  
42 positions of justice and judge, district attorney and solicitor, public defender, the  
43 Director of Indigent Defense Services, and clerk of superior court, within the General  
44 Court of Justice."

1           **SECTION 26.24.(b)** G.S. 135-51 reads as rewritten:

2   **"§ 135-51. Scope.**

3       (a) This Article provides consolidated retirement benefits for all justices and  
4 judges, district attorneys, and solicitors who are serving on January 1, 1974, and who  
5 become such thereafter; and for all clerks of superior court who are so serving on  
6 January 1, 1975, and who become such after that date; and for all public defenders who  
7 are serving on July 1, 2007, and who become public defenders after that ~~date~~date; and  
8 for the Director of Indigent Defense Services who is serving on July 1, 2008, and those  
9 who become Director of Indigent Defense Services after that date.

10       (b) For justices and judges of the appellate and superior court divisions of the  
11 General Court of Justice who so served prior to January 1, 1974, the provisions of this  
12 Article supplement and, under certain circumstances, replace the provisions of Articles  
13 6 and 8, as the case may be, of Chapter 7A of the General Statutes.

14       For district attorneys and judges of the district court of the General Court of Justice  
15 who so served prior to January 1, 1974, the provisions of this Article supplement and,  
16 under certain circumstances, replace the provisions of Article 1 of this Chapter.

17       For clerks of superior court of the General Court of Justice who so served prior to  
18 January 1, 1975, the provisions of this Article supplement and, under certain  
19 circumstances, replace the provisions of Article 1 of this Chapter.

20       (c) The retirement benefits of any person who becomes a justice or judge, district  
21 attorney, or solicitor on and after January 1, 1974, or clerk of superior court on and after  
22 January 1, 1975, or public defender on or after July 1, 2007, or the Director of Indigent  
23 Defense Services on or after July 1, 2008, shall be determined solely in accordance with  
24 the provisions of this Article."

25           **SECTION 26.24.(c)** G.S. 135-53 reads as rewritten:

26   **"§ 135-53. Definitions.**

27       The following words and phrases as used in this Article, unless a different meaning  
28 is plainly required by the context, shall have the following meanings:

- 29       (1) "Accumulated contributions" with respect to any member shall mean  
30 the sum of all the amounts deducted from the compensation of the  
31 member pursuant to G.S. 135-68 since he last became a member and  
32 credited to his account in the annuity savings fund, plus any amount  
33 standing to his credit pursuant to G.S. 135-67(c) as a result of a prior  
34 period of membership, plus any amounts credited to his account  
35 pursuant to G.S. 135-28.1(b) or 135-56(b), together with regular  
36 interest on all such amounts computed as provided in G.S. 135-7(b).
- 37       (2) "Actuarial equivalent" shall mean a benefit of equal value when  
38 computed upon the bases of such mortality tables as shall be adopted  
39 by the Board of Trustees, and regular interest.
- 40       (2a) "Average final compensation" shall mean the average annual  
41 compensation of a member during the 48 consecutive calendar months  
42 of membership service producing the highest such average.
- 43       (3) "Beneficiary" shall mean any person in receipt of a retirement  
44 allowance or other benefit as provided in this Article.

- 1 (4) "Board of Trustees" shall mean the Board of Trustees established by  
2 G.S. 135-6.
- 3 (4a) "Clerk of superior court" shall mean the clerk of superior court  
4 provided for in G.S. 7A-100(a).
- 5 (5) "Compensation" shall mean all salaries and wages derived from public  
6 funds which are earned by a member of the Retirement System for his  
7 service as a justice or judge, or district attorney, or clerk of superior  
8 court, or public ~~defender~~ defender, or the Director of Indigent Defense  
9 Services.
- 10 (6) "Creditable service" shall mean for any member the total of his prior  
11 service plus his membership service.
- 12 (6a) "District attorney" shall mean the district attorney or solicitor provided  
13 for in G.S. 7A-60.
- 14 (6b) "Director of Indigent Defense Services" shall mean the Director of  
15 Indigent Defense Services as provided for in G.S. 7A-498.6.
- 16 (7) "Filing" when used in reference to an application for retirement shall  
17 mean the receipt of an acceptable application on a form provided by  
18 the Retirement System.
- 19 (8) "Final compensation" shall mean for any member the annual  
20 equivalent of the rate of compensation most recently applicable to him.
- 21 (9) "Judge" shall mean any justice or judge of the General Court of Justice  
22 and the administrative officer of the courts.
- 23 (10) "Medical board" shall mean the board of physicians provided for in  
24 G.S. 135-6.
- 25 (11) "Member" shall mean any person included in the membership of the  
26 Retirement System as provided in this Article.
- 27 (12) "Membership service" shall mean service as a judge, district attorney,  
28 clerk of superior court, ~~or public defender~~ defender, or the Director of  
29 Indigent Defense Services rendered while a member of the Retirement  
30 System.
- 31 (13) "Previous system" shall mean, with respect to any member, the  
32 retirement benefit provisions of Article 6 and Article 8 of Chapter 7A  
33 of the General Statutes, to the extent that such Article or Articles were  
34 formerly applicable to the member, and in the case of judges of the  
35 district court division, district attorney, public defender, the Director of  
36 Indigent Defense Services, and clerk of superior court of the General  
37 Court of Justice, the Teachers' and State Employees' Retirement  
38 System.
- 39 (14) "Prior service" shall mean service rendered by a member, prior to his  
40 membership in the Retirement System, for which credit is allowable  
41 under G.S. 135-56.
- 42 (14a) "Public defender" means a public defender provided for in  
43 G.S. 7A-498.7, the appellate defender provided for in G.S. 7A-498.8,  
44 the capital defender, and the juvenile defender.

- 1 (15) "Regular interest" shall mean interest compounded annually at such a  
2 rate as shall be determined by the Board of Trustees in accordance  
3 with G.S. 135-7(b).
- 4 (16) "Retirement" shall mean the withdrawal from active service with a  
5 retirement allowance granted under the provisions of this Chapter. In  
6 order for a member's retirement to become effective in any month, the  
7 member must render no service at any time during that month.
- 8 (17) "Retirement allowance" shall mean the periodic payments to which a  
9 beneficiary becomes entitled under the provisions of this Article.
- 10 (18) "Retirement System" shall mean the "Consolidated Judicial Retirement  
11 System" of North Carolina, as established in this Article.
- 12 (19) "Year" as used in this Article shall mean the regular fiscal year  
13 beginning July 1 and ending June 30 in the following calendar year,  
14 unless otherwise defined by regulation of the Board of Trustees."

15 **SECTION 26.24.(d)** G.S. 135-54 reads as rewritten:

16 **"§ 135-54. Name and date of establishment.**

17 A Retirement System is hereby established and placed under the management of the  
18 Board of Trustees for the purpose of providing retirement allowances and other benefits  
19 under the provisions of this Article for justices and judges, district attorneys, public  
20 defenders, the Director of Indigent Defense Services, and clerks of superior court of the  
21 General Court of Justice of North Carolina, and their survivors. The Retirement System  
22 so created shall be established as of January 1, 1974.

23 The Retirement System shall have the power and privileges of a corporation and  
24 shall be known as the "Consolidated Judicial Retirement System of North Carolina,"  
25 and by such name all of its business shall be transacted."

26 **SECTION 26.24.(e)** G.S. 135-55 reads as rewritten:

27 **"§ 135-55. Membership.**

28 (a) The membership of the Retirement System shall consist of:

- 29 (1) All judges and district attorneys in office on January 1, 1974;
- 30 (2) All persons who become judges and district attorneys or reenter  
31 service as judges and district attorneys after January 1, 1974;
- 32 (3) All clerks of superior court in office on January 1, 1975;
- 33 (4) All persons who become clerks of superior court or reenter service as  
34 clerks of superior court after January 1, 1975;
- 35 (5) All public defenders in office on July 1, 2007; ~~and~~
- 36 (6) All persons who become public defenders or reenter service as public  
37 defenders after ~~July 1, 2007.~~ July 1, 2007;
- 38 (7) The Director of Indigent Defense Services on July 1, 2008; and
- 39 (8) All persons who become the Director of Indigent Defense Services or  
40 reenter service as the Director of Indigent Defense Services after July  
41 1, 2008.

42 (b) The membership of any person in the Retirement System shall cease upon:

- 1 (1) The withdrawal of his accumulated contributions after he is no longer
- 2 a judge, district attorney, public defender, the Director of Indigent
- 3 Defense Services, or clerk of superior court, or
- 4 (2) His retirement under the provisions of the Retirement System, or
- 5 (3) His death."

6 **SECTION 26.24.(f)** G.S. 135-58(a5) reads as rewritten:

7 "(a5) Any member who retires under the provisions of G.S. 135-57(a) or  
8 G.S. 135-57(c) on or after July 1, 2007, but before July 1, 2008, after the member has  
9 either attained the member's 65th birthday or has completed 24 years or more of  
10 creditable service, shall receive an annual retirement allowance, payable monthly,  
11 which shall commence on the effective date of the member's retirement and shall be  
12 continued on the first day of each month thereafter during the member's lifetime, the  
13 amount of which shall be computed as the sum of the amounts in subdivisions (1), (2),  
14 (3), (4), and (5) of this subsection, provided that in no event shall the annual allowance  
15 payable to any member be greater than an amount which, when added to the allowance,  
16 if any, to which the member is entitled under the Teachers' and State Employees'  
17 Retirement System, the Legislative Retirement System, or the Local Governmental  
18 Employees' Retirement System (prior in any case to any reduction for early retirement  
19 or for an optional mode of payment), would total three-fourths of the member's final  
20 compensation:

- 21 (1) Four and two hundredths percent (4.02%) of the member's final
- 22 compensation, multiplied by the number of years of creditable service
- 23 rendered as a justice of the Supreme Court or judge of the Court of
- 24 Appeals;
- 25 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
- 26 compensation, multiplied by the number of years of creditable service
- 27 rendered as a judge of the superior court or as Administrative Officer
- 28 of the Courts;
- 29 (3) Three and two hundredths percent (3.02%) of the member's final
- 30 compensation, multiplied by the number of years of creditable service
- 31 rendered as a judge of the district court, district attorney, clerk of
- 32 superior court, or public defender;
- 33 (4) A service retirement allowance computed in accordance with the
- 34 service retirement provisions of Article 3 of Chapter 128 of the
- 35 General Statutes using an average final compensation as defined in
- 36 G.S. 135-53(2a) and creditable service equal to the number of years of
- 37 the member's creditable service that was transferred from the Local
- 38 Governmental Employees' Retirement System to this System as
- 39 provided in G.S. 135-56; and
- 40 (5) A service retirement allowance computed in accordance with the
- 41 service retirement provisions of Article 1 of this Chapter using an
- 42 average final compensation as defined in G.S. 135-53(2a) and
- 43 creditable service, including any sick leave standing to the credit of the
- 44 member, equal to the number of years of the member's creditable

1 service that was transferred from the Teachers' and State Employees'  
2 Retirement System or the Legislative Retirement System to this  
3 System as provided in G.S. 135-56."

4 **SECTION 26.24.(g)** G.S. 135-58 is amended by adding a new subsection to  
5 read:

6 "(a6) Any member who retires under the provisions of G.S. 135-57(a) or  
7 G.S. 135-57(c) on or after July 1, 2008, after the member has either attained the  
8 member's 65th birthday or has completed 24 years or more of creditable service, shall  
9 receive an annual retirement allowance, payable monthly, which shall commence on the  
10 effective date of the member's retirement and shall be continued on the first day of each  
11 month thereafter during the member's lifetime, the amount of which shall be computed  
12 as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) of this subsection,  
13 provided that in no event shall the annual allowance payable to any member be greater  
14 than an amount which, when added to the allowance, if any, to which the member is  
15 entitled under the Teachers' and State Employees' Retirement System, the Legislative  
16 Retirement System, or the Local Governmental Employees' Retirement System (prior in  
17 any case to any reduction for early retirement or for an optional mode of payment),  
18 would total three-fourths of the member's final compensation:

- 19 (1) Four and two hundredths percent (4.02%) of the member's final  
20 compensation, multiplied by the number of years of creditable service  
21 rendered as a justice of the Supreme Court or judge of the Court of  
22 Appeals;
- 23 (2) Three and fifty-two hundredths percent (3.52%) of the member's final  
24 compensation, multiplied by the number of years of creditable service  
25 rendered as a judge of the superior court or as Administrative Officer  
26 of the Courts;
- 27 (3) Three and two hundredths percent (3.02%) of the member's final  
28 compensation, multiplied by the number of years of creditable service  
29 rendered as a judge of the district court, district attorney, clerk of  
30 superior court, public defender, or the Director of Indigent Defense  
31 Services;
- 32 (4) A service retirement allowance computed in accordance with the  
33 service retirement provisions of Article 3 of Chapter 128 of the  
34 General Statutes using an average final compensation as defined in  
35 G.S. 135-53(2a) and creditable service equal to the number of years of  
36 the member's creditable service that was transferred from the Local  
37 Governmental Employees' Retirement System to this System as  
38 provided in G.S. 135-56; and
- 39 (5) A service retirement allowance computed in accordance with the  
40 service retirement provisions of Article 1 of this Chapter using an  
41 average final compensation as defined in G.S. 135-53(2a) and  
42 creditable service, including any sick leave standing to the credit of the  
43 member, equal to the number of years of the member's creditable  
44 service that was transferred from the Teachers' and State Employees'

1 Retirement System or the Legislative Retirement System to this  
 2 System as provided in G.S. 135-56."

3 **SECTION 26.24.(h)** G.S. 135-56 is amended by adding a new subsection to  
 4 read:

5 "(i) On and after July 1, 2008, the creditable service of a member who is the  
 6 Director of Indigent Defense Services and a member of the Teachers' and State  
 7 Employees' Retirement System at the time of transfer of membership from the previous  
 8 system to this System shall include service as the Director of Indigent Defense Services  
 9 and as a public defender that was creditable in the previous system immediately prior to  
 10 July 1, 2008. The accumulated contributions, creditable service, and reserves, if any, of  
 11 a member as clerk of the Supreme Court or clerk of the Court of Appeals shall be  
 12 transferred from the previous system to this System in the same manner as prescribed  
 13 under G.S. 135-28.1 as it pertained to judges of the district court division of the General  
 14 Court of Justice."

15  
 16 **PART XXVII. CAPITAL APPROPRIATIONS.**

17  
 18 **CAPITAL APPROPRIATIONS/GENERAL FUND**

19 **SECTION 27.1.** There is appropriated from the General Fund for the  
 20 2008-2009 fiscal year the following amounts for capital improvements:

<b>Capital Improvements – General Fund</b>	<b>2008-2009</b>
Department of Administration	
Capital Area Visitors Center and Parking Garage Planning	\$ 2,600,000
North Carolina Freedom Monument Planning	500,000
Department of Agriculture and Consumer Services	
Agriculture Building Comprehensive Renovation Planning	1,225,000
Motor Fuels/Metrology Laboratory Planning	1,000,000
Southeastern North Carolina Agricultural Center Pavilion Planning	314,585
Study Evaluation of the Veterinary Diagnostic Laboratory System	620,000
Governor James B. Hunt Horse Complex – Horse Barn	900,000
Department of Commerce	
Port of Morehead City Port-wide Berth Structure Construction	2,500,000
Port of Wilmington Berth 8 Replacement – Phase I	5,000,000
Wanchese Seafood Industrial Park – Capital Improvements	605,700
Department of Correction	
Lanesboro Correctional Institution – Medium Security	
Addition Planning and Site Development	6,950,000
Department of Crime Control and Public Safety	

1	Butner Training Site Buffer – Phase II	126,200
2	Butner Training Site Sewer Extension and Latrine Replacement	245,430
3	Gastonia Armory Rehabilitation Addition and Alteration	527,100
4	Master Facilities Planning Statewide – Phase II	300,300
5	Siler City Armory Rehabilitation Addition and Alteration	929,600
6		
7	Department of Cultural Resources	
8	Charlotte Hawkins Brown State Historic Site	1,000,000
9	Mattamuskeet Lodge Renovations – Phase II	6,615,500
10	Museum of History Chronology Exhibit – Phase I to 1900 (Supplement)	1,000,000
11		
12	Department of Environment and Natural Resources	
13	Land for Tomorrow Parks and Conservation Land Acquisition	50,000,000
14	Water Resources Development Projects	20,000,000
15	Zoo Africa Pavilion Replacement Planning	600,000
16	Zoo Polar Bear Exhibit Addition and Renovation	2,700,000
17		
18	Department of Justice	
19	Addition to SBI Buildings 17 and 18	1,792,006
20		
21	State Highway Patrol	
22	Training Academy Facilities and Dormitory Planning	1,790,300
23		
24	University of North Carolina System	
25	Appalachian State University – College of Nursing and	
26	Health Sciences Building Planning	2,100,000
27		
28	Elizabeth City State University – School of Aviation Complex	
29	Planning and Site Development	1,500,000
30		
31	East Carolina University – New Family Medicine/Geriatric	
32	Center Planning	1,874,932
33		
34	Fayetteville State University – Teaching Education	
35	and General Classroom Building Planning	1,700,000
36		
37	Millennium Campus – Joint Primary Data Center Planning	1,852,016
38		
39	North Carolina Agricultural and Technical State University – Horse	
40	Barns	2,438,068
41		
42	North Carolina School of Science and Mathematics Discovery Center	
43	Planning and Site Development	7,250,000
44		



1	North Carolina School of the Arts – Central Storage Facility Planning	444,000
2		
3	North Carolina State University – 4-H Camps Improvements	2,500,000
4		
5	University of North Carolina at Asheville – Replace Carmichael	
6	Hall & University Lecture Hall Planning	1,100,000
7		
8	University of North Carolina at Chapel Hill	
9	Biomedical Research Imaging Center Planning	4,000,000
10	School of Law Replacement Planning	3,500,000
11		
12	University of North Carolina at Charlotte – Science Building Planning	2,400,000
13		
14	University of North Carolina at Pembroke – Information	
15	Commons Building Planning	2,000,000
16		
17	University of North Carolina at Wilmington – Allied Health and	
18	Human Sciences Building Planning	1,700,000
19		
20	Western Carolina University– Education and Allied Professions	
21	Building Planning	1,900,000
22		
23	Winston-Salem State University	
24	Sciences and General Office Building Planning	3,000,000
25	Student Activity Center – Budget Supplement	9,799,000
26		
27	University of North Carolina General Administration Upper Coastal	
28	Plain Education and Health Center Planning	1,000,000
29		
30	University of North Carolina System Wide	
31	Fire Safety Improvements – Student Residence Halls	3,000,000
32	Land Acquisition	5,000,000
33		
34	<b>TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND</b>	<b>\$169,899,737</b>
35		

**WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

**SECTION 27.2.(a)** The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

	<b>Name of Project</b>	<b>2008-2009</b>
41		
42		
43	(1) Wilmington Harbor Deepening	\$ 1,000,000
44	(2) Wilmington Harbor Maintenance	500,000

1	(3)	Morehead City Harbor Maintenance	0
2	(4)	B. Everett Jordan Water Supply Storage	200,000
3	(5)	Dredging Contingency Fund	2,500,000
4	(6)	Deep Creek Structure 5-D (Yadkin County)	5,444,000
5	(7)	North Carolina Beach and Inlet Management Plan	250,000
6	(8)	Neuse River Basin Study	33,000
7	(9)	Manteo (Shallowbag Bay) Channel Maintenance	100,000
8	(10)	Currituck Sound Water Management Study	50,000
9	(11)	Planning Assistance to Communities	100,000
10	(12)	Bogue Banks Beach Protection	120,000
11	(13)	West Onslow Beach (Topsail Beach, Pender County)	0
12	(14)	Belhaven Harbor Feasibility Study	15,000
13	(15)	Princeville Flood Control	0
14	(16)	Surf City – N. Topsail Beach Protection (Pender County)	0
15	(17)	North Carolina International Terminal	500,000
16	(18)	AIWW Dredging	1,638,000
17	(19)	State-Local Projects	2,000,000
18	(20)	Swan Quarter Dike Project (Hyde County)	250,000
19	(21)	Aquatic Plant Control, Statewide and Lake Gaston	200,000
20	(22)	Aquatic Weed Program Storage Facility	100,000
21	(23)	Hammocks Beach SP – Cow Channel Dredging	2,600,000
22	(24)	Dillsboro Dam Removal	400,000
23	(25)	Topsail Beach Emergency Nourishment	2,000,000
24			
25	<b>TOTALS</b>		<b>\$20,000,000</b>

27 **SECTION 27.2.(b)** Where the actual costs are different from the estimated  
 28 costs under subsection (a) of this section, the Department may adjust the allocations  
 29 among projects as needed. If any projects funded under subsection (a) of this section are  
 30 delayed and the budgeted State funds cannot be used during the 2008-2009 fiscal year,  
 31 or if the projects funded under subsection (a) of this section are accomplished at a lower  
 32 cost, the Department may use the resulting fund availability to fund any of the  
 33 following:

- 34 (1) U.S. Army Corps of Engineers project feasibility studies.
- 35 (2) U.S. Army Corps of Engineers projects whose schedules have  
 36 advanced and require State-matching funds in fiscal year 2008-2009.
- 37 (3) State-local water resources development projects.

38 Funds not expended or encumbered for these purposes shall revert to the General Fund  
 39 at the end of the 2009-2010 fiscal year.

40 **SECTION 27.2.(c)** The Department shall make semiannual reports on the  
 41 use of these funds to the Joint Legislative Commission on Governmental Operations,  
 42 the Fiscal Research Division, and the Office of State Budget and Management. Each  
 43 report shall include all of the following:

- 44 (1) All projects listed in this section.

- 1 (2) The estimated cost of each project.
- 2 (3) The date that work on each project began or is expected to begin.
- 3 (4) The date that work on each project was completed or is expected to be
- 4 completed.
- 5 (5) The actual cost of each project.

6 The semiannual reports shall also show those projects advanced in schedule,  
7 those projects delayed in schedule, and an estimate of the amount of funds expected to  
8 revert to the General Fund.

## 10 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

11 **SECTION 27.3.(a)** Of the funds in the Reserve for Repairs and Renovations  
12 for the 2008-2009 fiscal year, the sum of five million dollars (\$5,000,000) shall be  
13 allocated to the Energy Efficiency Reserve for the purposes set forth in subsection (c) of  
14 this section. Of the remaining funds in the Reserve for Repairs and Renovations for the  
15 2008-2009 fiscal year, forty-six percent (46%) shall be allocated to the Board of  
16 Governors of The University of North Carolina for repairs and renovations pursuant to  
17 G.S. 143C-4-3, in accordance with guidelines developed in The University of North  
18 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as  
19 approved by the Board of Governors of The University of North Carolina, and fifty-four  
20 percent (54%) shall be allocated to the Office of State Budget and Management for  
21 repairs and renovations pursuant to G.S. 143C-4-3.

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

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

31 **SECTION 27.3.(b)** Of the funds allocated to the Board of Governors of The  
32 University of North Carolina in subsection (a) of this section, a portion shall be used by  
33 the Board of Governors for the installation of fire sprinklers in University residence  
34 halls. This portion shall be in addition to funds otherwise appropriated in this act for the  
35 same purpose. Such funds shall be allocated among the University's constituent  
36 institutions by the President of The University of North Carolina, who shall consider the  
37 following factors when allocating those funds:

- 38 (1) The safety and well-being of the residents of campus housing
- 39 programs.
- 40 (2) The current level of housing rents charged to students and how that
- 41 compares to an institution's public peers and other UNC institutions.
- 42 (3) The level of previous authorizations to constituent institutions for the
- 43 construction or renovation of residence halls funded from the General

1 Fund, or from bonds or certificates of participation supported by the  
2 General Fund, since 1996.

3 (4) The financial status of each constituent institution's housing system,  
4 including debt capacity, debt coverage ratios, credit rankings, required  
5 reserves, the planned use of cash balances for other housing system  
6 improvements, and the constituent institution's ability to pay for the  
7 installation of fire sprinklers in all residence halls.

8 (5) The total cost of each proposed project, including the cost of installing  
9 fire sprinklers and the cost of other construction, such as asbestos  
10 removal and additional water supply needs.

11 The Board of Governors shall submit progress reports to the Joint Legislative  
12 Commission on Governmental Operations. Reports shall include the status of  
13 completed, current, and planned projects. Reports shall also include information on the  
14 financial status of each constituent institution's housing system, the constituent  
15 institution's ability to pay for fire protection in residence halls, and the timing of  
16 installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until  
17 all residence halls have fire sprinklers.

18 **SECTION 27.3.(c)** The Energy Efficiency Reserve shall be administered by  
19 the State Energy Office. The State Energy Office, in consultation with the State  
20 Construction Office, shall use the funds in the Energy Efficiency Reserve to provide  
21 funding for projects designed to make State, university, or community college facilities  
22 more energy efficient. Projects eligible to make State, university, or community college  
23 facilities more energy efficient from remaining funds in the Energy Efficiency Reserve  
24 include:

25 (1) Replacement of incandescent light bulbs with compact fluorescent  
26 light bulbs, installation of exit signs that employ light-emitting diode  
27 (LED) technology, the installation of occupancy sensors or optical  
28 sensors, and other lighting efficiency improvements.

29 (2) For windows that need replacement, installation of more energy  
30 efficient windows.

31 (3) Insulation improvements when practicable.

32 (4) Replacement of inefficient or oversized heating, ventilation, and  
33 air-conditioning (HVAC) systems when those systems are subject to  
34 replacement and installation of programmable automation systems.

35 (5) Installation of aerators in sink faucets that reduce the flow rate and  
36 other water system projects that reduce water consumption.

37 (6) Any other retrofit or replacement projects that make State, university,  
38 or community college facilities more energy efficient for which the  
39 incremental cost of the project will be equal to or less than the energy  
40 or water savings that result over a period of three years after  
41 completion.

42 Funds appropriated to the Reserve for the 2008-2009 fiscal year shall not  
43 revert and shall remain available until expended. The State Energy Office shall report to

1 the House of Representatives and Senate Appropriations Committees on the use of the  
2 Reserve funds no later than May 1, 2009.

3  
4 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

5 **SECTION 27.4.(a)** The General Assembly authorizes the following capital  
6 projects to be funded with receipts or from other non-General Fund sources:

7 8 9 <b>Name of Project</b>	<b>Amount of Non-General Fund Funding Authorized for 2008-2009</b>
10 11 Department of Agriculture and Consumer Services	
12 Caswell Research Farm – Repair Shop	\$ 450,000
13 Piedmont Research Station – Grain Storage Facility Renovation	400,000
14 Raleigh Farmers Market – Capital Improvements	900,000
15 Research Stations – Irrigation System Renovation	200,000
16 Research Stations – Storage Facilities	225,000
17 Senator Bob Martin Eastern Agricultural	
18 Center – Capital Improvements	500,000
19 State Fair – Campground	6,341,601
20 State Fair – Infrastructure Improvements	200,000
21 State Fair – Pond Improvements	500,000
22 Tidewater Research Station – Steer Barn	350,000
23 Triad Farmers Market – Capital Improvements	3,000,000
24 WNC Agricultural Center – New Vision Plan	900,000
25	
26 Department of Correction	
27 Broughton Correctional Center – Laundry Steam Plant	1,400,000
28 Umstead Correctional Center – Laundry Steam Plant	1,322,965
29 Wayne Correctional Center – Chase Laundry Steam Plant	1,368,926
30	
31 Department of Crime Control and Public Safety	
32 NC National Guard – Armory Improvements	8,402,273
33 NC National Guard – Asheville Field Maintenance Shop	3,743,000
34 NC National Guard – Camp Butner Training	
35 Site – Cantonment Complex	15,617,000
36 NC National Guard – Fixed Wing Hanger Complex – Morrisville	6,466,000
37	
38 Department of Cultural Resources	
39 Museum of Art – Enhanced Landscaping	7,500,000
40 USS North Carolina Battleship Memorial – Phase 3 Renovations	1,977,000
41	
42 Department of Environment and Natural Resources	
43 Bladen Lakes State Forest – Shop Building	943,800
44 Forest Resources – Region 2 Training Building	460,500

1		
2	Department of Transportation	
3	Statewide Transportation Operations Center	7,650,000
4		
5	Wildlife Resources Commission	
6	Armstrong Hatchery – Lower Raceway Renovation	1,725,000
7	Boating Access Area Improvements	2,800,000
8	Centennial Campus Center for Wildlife Education –	
9	Exhibit Completion	200,000
10	Centennial Campus Center for Wildlife Education –	
11	Heat and Humidity Controls	6,000
12	Chowan Bridge Fishing Pier and Boating Access	2,000,000
13	Land Acquisitions – State Game Lands	62,660,000
14	Marion Depot – Drainage Repairs	200,000
15	McKinney Lake Hatchery – Kettle Replacement	1,955,000
16	New Coldwater Fish Hatchery	7,900,000
17	New Construction Depot	500,000
18	Outer Banks Center for Wildlife Education – Repairs and	
19	Improvements	223,000
20	Outer Banks Center for Wildlife Education – Teaching Facility	700,000
21	Pisgah Center for Wildlife Education – Gift Shop Extension	200,000
22	Pisgah Center for Wildlife Education – Outdoor Exhibit	450,000
23	Pisgah Center for Wildlife Education – Repairs and	
24	Improvements	148,000
25	Pisgah Center for Wildlife Education – Storage Building	150,000
26	Pisgah Center for Wildlife Education – Teaching Facility	564,905
27	Pisgah Center for Wildlife Education – Teaching Facility	
28	Upfit and Pavilion	280,000
29	Rhodes Pond Dam Repairs	500,000
30	Table Rock Hatchery – New Building	575,000
31	Table Rock Hatchery – Office Building and Workshop	345,000
32	Watha Fish Hatchery – Residence Replacement	707,250
33		
34	<b>TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL</b>	
35	<b>PROJECTS AUTHORIZED</b>	<b>\$155,607,220</b>
36		

37           **SECTION 27.4.(b)** From funds deposited with the State Treasurer in a  
38 capital improvement account to the credit of the Department of Agriculture and  
39 Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars  
40 (\$30,000) for the 2008-2009 fiscal year shall be transferred to the Department of  
41 Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the  
42 Department for its plant conservation program under Article 19B of Chapter 106 of the  
43 General Statutes for costs incidental to the acquisition of land, such as land appraisals,

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

3 **SECTION 27.4.(c)** Of the funds previously authorized to be used for the  
4 construction of a frozen dough manufacturing facility at Maury Correctional Institution,  
5 the Department of Correction may use one million five hundred thousand dollars  
6 (\$1,500,000) to upfit a general industry operation at Tabor Correctional Institution.  
7

#### 8 **STUDY RELOCATION OF HIGHWAY PATROL TRAINING FACILITIES**

9 **SECTION 27.5.** The Department of Crime Control and Public Safety, in  
10 consultation with the Department of Administration, shall study suitable locations all  
11 across this State for a relocation of the Highway Patrol's Garner Road complex and shall  
12 report its findings and recommendations to the Chairs of the House and Senate  
13 Appropriations Committees and to the Chairs of the House Appropriations  
14 Subcommittee on Capital no later than February 1, 2009.  
15

#### 16 **ACCESS TO DRY CLEANING SOLVENT CLEANUP FUND FOR GREEN** 17 **SQUARE PROJECT**

18 **SECTION 27.6.** The limitation contained in G.S. 143-215.104N(b)(9) shall  
19 not apply to costs incurred by the Department of Environment and Natural Resources in  
20 connection with the Green Square Project site, originally authorized in Section 1 of S.L.  
21 2005-255.  
22

#### 23 **CHRONOLOGY EXHIBIT ON FIRST FLOOR OF NC MUSEUM OF HISTORY**

24 **SECTION 27.7.** The Department of Cultural Resources may use all of the  
25 funds appropriated in this act and in Section 29.1 of S.L. 2007-323 for the North  
26 Carolina Museum of History Chronology Exhibit to make capital improvements  
27 necessary to ensure that the entire exhibit is located on the first floor of the Museum.  
28

#### 29 **SPECIAL INDEBTEDNESS PROJECTS**

30 **SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer  
31 and the Council of State, as provided in Article 9 of Chapter 142 of the General  
32 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to  
33 the State to be used, together with other available funds, to pay the capital facility costs  
34 of the projects described in this subsection. In accordance with G.S. 142-83, this  
35 subsection authorizes the issuance or incurrence of special indebtedness:

- 36 (1) In the maximum aggregate principal amount of sixty-two million  
37 dollars (\$62,000,000) to finance the capital facility costs of completing  
38 a School of Dentistry building at East Carolina University and no more  
39 than 10 satellite dental clinics across the State. No more than a  
40 maximum aggregate amount of twenty million dollars (\$20,000,000)  
41 of special indebtedness may be issued or incurred under this  
42 subdivision prior to July 1, 2009. No more than a maximum aggregate  
43 amount of fifty-five million dollars (\$55,000,000) of special

- 1 indebtedness may be issued or incurred under this subdivision prior to  
2 July 1, 2010.
- 3 (2) In the maximum aggregate principal amount of eighteen million  
4 dollars (\$18,000,000) to finance the capital facility costs of a School of  
5 Education building at Elizabeth City State University. No more than a  
6 maximum aggregate amount of five million dollars (\$5,000,000) of  
7 special indebtedness may be issued or incurred under this subdivision  
8 prior to July 1, 2009. No more than a maximum aggregate amount of  
9 fifteen million dollars (\$15,000,000) of special indebtedness may be  
10 issued or incurred under this subdivision prior to July 1, 2010.
- 11 (3) In the maximum aggregate principal amount of twenty million four  
12 hundred ninety thousand dollars (\$20,490,000) to finance the capital  
13 facility costs of completing a general classroom building at North  
14 Carolina Agricultural and Technical State University. No more than a  
15 maximum aggregate amount of ten million dollars (\$10,000,000) of  
16 special indebtedness may be issued or incurred under this subdivision  
17 prior to July 1, 2009.
- 18 (4) In the maximum aggregate principal amount of twenty-four million  
19 five hundred thousand dollars (\$24,500,000) to finance the capital  
20 facility costs of completing a School of Nursing building at North  
21 Carolina Central University. No more than a maximum aggregate  
22 amount of seven million dollars (\$7,000,000) of special indebtedness  
23 may be issued or incurred under this subdivision prior to July 1, 2009.  
24 No more than a maximum aggregate amount of fifteen million dollars  
25 (\$15,000,000) of special indebtedness may be issued or incurred under  
26 this subdivision prior to July 1, 2010.
- 27 (5) In the maximum aggregate principal amount of one hundred nine  
28 million one hundred thousand dollars (\$109,100,000) to finance the  
29 capital facility costs of completing the Centennial Campus library at  
30 North Carolina State University. No more than a maximum aggregate  
31 amount of thirty million dollars (\$30,000,000) of special indebtedness  
32 may be issued or incurred under this subdivision prior to July 1, 2009.  
33 No more than a maximum aggregate amount of sixty million dollars  
34 (\$60,000,000) of special indebtedness may be issued or incurred under  
35 this subdivision prior to July 1, 2010. No more than a maximum  
36 aggregate amount of ninety million dollars (\$90,000,000) of special  
37 indebtedness may be issued or incurred under this subdivision prior to  
38 July 1, 2011.
- 39 (6) In the maximum aggregate principal amount of sixty-nine million  
40 dollars (\$69,000,000) to finance the capital facility costs of completing  
41 a School of Dentistry expansion at the University of North Carolina at  
42 Chapel Hill. No special indebtedness may be issued or incurred under  
43 this subdivision prior to July 1, 2009. No more than a maximum  
44 aggregate amount of twenty-five million dollars (\$25,000,000) of



1 special indebtedness may be issued or incurred under this subdivision  
2 prior to July 1, 2010. No more than a maximum aggregate amount of  
3 sixty-one million dollars (\$61,000,000) of special indebtedness may be  
4 issued or incurred under this subdivision prior to July 1, 2011.

5 (7) In the maximum aggregate principal amount of forty-two million six  
6 hundred seventy thousand dollars (\$42,670,000) to finance the capital  
7 facility costs of completing an academic classroom and office building  
8 at the University of North Carolina at Greensboro. No more than a  
9 maximum aggregate amount of twenty-one million dollars  
10 (\$21,000,000) of special indebtedness may be issued or incurred under  
11 this subdivision prior to July 1, 2009.

12 (8) In the maximum aggregate principal amount of forty-five million one  
13 hundred seventy thousand five hundred dollars (\$45,170,500) to  
14 finance the capital facility costs of completing a health care and mental  
15 health facility at the North Carolina Correctional Institute for Women.  
16 No more than a maximum aggregate amount of seventeen million  
17 dollars (\$17,000,000) of special indebtedness may be issued or  
18 incurred under this subdivision prior to July 1, 2009. No more than a  
19 maximum aggregate amount of forty-one million dollars (\$41,000,000)  
20 of special indebtedness may be issued or incurred under this  
21 subdivision prior to July 1, 2010.

22 (9) In the maximum aggregate principal amount of thirteen million ten  
23 thousand dollars (\$13,010,000) to finance the capital facility costs of  
24 completing a minimum security addition at Scotland Correctional  
25 Institution. No more than a maximum aggregate amount of six million  
26 dollars (\$6,000,000) of special indebtedness may be issued or incurred  
27 under this subdivision prior to July 1, 2009. No more than a maximum  
28 aggregate amount of ten million dollars (\$10,000,000) of special  
29 indebtedness may be issued or incurred under this subdivision prior to  
30 July 1, 2010.

31 (10) In the maximum aggregate principal amount of eighteen million nine  
32 hundred fifty thousand dollars (\$18,950,000) to finance the capital  
33 facility costs of completing a medium security addition at Bertie  
34 Correctional Institution. No more than a maximum aggregate amount  
35 of seven million dollars (\$7,000,000) of special indebtedness may be  
36 issued or incurred under this subdivision prior to July 1, 2009. No  
37 more than a maximum aggregate amount of fourteen million dollars  
38 (\$14,000,000) of special indebtedness may be issued or incurred under  
39 this subdivision prior to July 1, 2010.

40 (11) In the maximum aggregate principal amount of thirteen million ten  
41 thousand dollars (\$13,010,000) to finance the capital facility costs of  
42 completing a minimum security addition at Tabor Correctional  
43 Institution. No more than a maximum aggregate amount of six million  
44 dollars (\$6,000,000) of special indebtedness may be issued or incurred

1 under this subdivision prior to July 1, 2009. No more than a maximum  
 2 aggregate amount of ten million dollars (\$10,000,000) of special  
 3 indebtedness may be issued or incurred under this subdivision prior to  
 4 July 1, 2010.

5 (12) In the maximum aggregate principal amount of one hundred seven  
 6 million dollars (\$107,000,000) to finance the capital facility costs of  
 7 completing the Green Square Project in the Department of  
 8 Environment and Natural Resources, originally authorized in S.L.  
 9 2005-255. No special indebtedness may be issued or incurred under  
 10 this subdivision prior to July 1, 2009. No more than a maximum  
 11 aggregate amount of forty million dollars (\$40,000,000) of special  
 12 indebtedness may be issued or incurred under this subdivision prior to  
 13 July 1, 2010. No more than a maximum aggregate amount of one  
 14 hundred four million dollars (\$104,000,000) of special indebtedness  
 15 may be issued or incurred under this subdivision prior to July 1, 2011.

16 **SECTION 27.8.(b)** Section 1.1 of S.L. 2004-179, as amended by Section  
 17 30.3A of S.L. 2005-276 and Section 2.1 of S.L. 2006-146, reads as rewritten:

18 **"SECTION 1.1.** In accordance with G.S. 142-83, this section authorizes the  
 19 issuance or incurrence of special indebtedness in the following maximum aggregate  
 20 principal amounts to finance the costs of the following projects. The table below  
 21 provides the maximum principal amounts. The first column is the aggregate maximum  
 22 principal amount. The second column is the maximum portion of this amount that can  
 23 be issued or incurred before July 1, 2005. The State, with the prior approval of the State  
 24 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the  
 25 General Statutes, is authorized to issue or incur special indebtedness in order to provide  
 26 funds to the State to be used, together with other available funds, to pay the cost of these  
 27 projects.

Aggregate Maximum	Maximum before 7/1/05	Project
\$180,000,000	\$110,000,000	Acquiring, constructing, and equipping a new cancer rehabilitation and treatment center, a nearby physicians' office building, and a walkway between the two, all to be located at the University of North Carolina Hospitals at Chapel Hill.
60,000,000	30,000,000	Acquiring, constructing, and equipping the North Carolina Cardiovascular Diseases Institute at East Carolina University.
35,000,000	25,000,000	Acquiring, constructing, and equipping a Bioinformatics Center at the University of North Carolina at Charlotte.
28,000,000	25,000,000	Acquiring, constructing, and equipping a stand-alone facility to house the new Pharmacy School program to be located at

1			Elizabeth City State University, and interim
2			temporary facilities to house the program
3			during construction of the facility.
4	35,000,000	25,000,000	Acquiring, constructing, and equipping a
5			Center for Health Promotion and Partnerships
6			at the University of North Carolina at
7			Asheville.
8	10,000,000	10,000,000	Land acquisition, site preparation,
9			engineering, architectural, and other
10			consulting services, and construction for the
11			Southeastern North Carolina Nursing
12			Education and Research Center at Fayetteville
13			State University.
14	10,000,000	10,000,000	Site preparation, engineering, architectural,
15			and other consulting services and the
16			construction of a research building on the joint
17			Millennial Campus of North Carolina
18			Agricultural and Technical State University
19			and the University of North Carolina at
20			Greensboro.
21	10,000,000	10,000,000	Land acquisition, site preparation,
22			engineering, architectural, and other
23			consulting services, and construction of a
24			Nursing and Allied Health Building at the
25			University of North Carolina at Pembroke.
26	10,000,000	10,000,000	To Western Carolina University for land
27			acquisition, site preparation, engineering,
28			architectural, and other consulting services,
29			and construction of a building for Western
30			Carolina University and the Mountain Area
31			Health Education Consortium for the North
32			Carolina Center for Health and Aging to be
33			operated as a consortium among Western
34			Carolina University, the University of North
35			Carolina at Asheville, and the Mountain Area
36			Health Education Consortium.
37	<del>10,000,000</del> 11,500,000	10,000,000	Land acquisition, site preparation,
38			engineering, architectural, and other
39			consulting services, and construction of a
40			Center for Design Innovation in the Piedmont
41			Triad Research Park to be operated jointly by
42			Winston-Salem State University and the North
43			Carolina School of the Arts.
44	<b>TOTAL:</b>		

1 \$388,000,000\$389,500,000 \$265,000,000"

2 SECTION 27.8.(c) Section 23.12(a) of S.L. 2006-66 reads as rewritten:

3 "SECTION 23.12.(a) In accordance with G.S. 142-83, this subsection authorizes  
4 the issuance or incurrence of special indebtedness in the maximum aggregate principal  
5 amount of ~~forty million dollars (\$40,000,000)~~ forty-five million one hundred thirty  
6 thousand dollars (\$45,130,000) to finance the costs of constructing new buildings and  
7 pavilions and renovating existing buildings at the North Carolina Museum of Art. The  
8 State, with the prior approval of the State Treasurer and the Council of State, as  
9 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or  
10 incur special indebtedness in order to provide funds to the State to be used, together  
11 with other available funds, to pay the costs of constructing and renovating the project  
12 described in this subsection."

13 SECTION 27.8.(d) This section is effective when it becomes law.

14  
15 PART XXVIII. TAX LAW CHANGES

16  
17 IRC UPDATE

18 SECTION 28.1.(a) G.S. 105-228.90(b)(1b) reads as rewritten:

19 "(1b) Code. – The Internal Revenue Code as enacted as of ~~January 1, 2007,~~  
20 May 1, 2008, including any provisions enacted as of that date which  
21 become effective either before or after that date."

22 SECTION 28.1.(b) Notwithstanding subsection (a) of this section, any  
23 amendments to the Internal Revenue Code enacted after January 1, 2007, that increase  
24 North Carolina taxable income for the 2007 taxable year become effective for taxable  
25 years beginning on or after January 1, 2008.

26 SECTION 28.1.(c) G.S. 105-130.5(a) reads as rewritten:

27 "(a) The following additions to federal taxable income shall be made in  
28 determining State net income:

29 ...

30 (15) ~~The~~ For taxable years 2002-2005, the applicable percentage of the  
31 amount allowed as a special accelerated depreciation deduction under  
32 section 168(k) or section 1400L of the Code, as set out in the table  
33 below. In addition, a taxpayer who was allowed a special accelerated  
34 depreciation deduction under section 168(k) or section 1400L of the  
35 Code in a taxable year beginning before January 1, 2002, and whose  
36 North Carolina taxable income in that earlier year reflected that  
37 accelerated depreciation deduction must add to federal taxable income  
38 in the taxpayer's first taxable year beginning on or after January 1,  
39 2002, an amount equal to the amount of the deduction allowed in the  
40 earlier taxable year. These adjustments do not result in a difference in  
41 basis of the affected assets for State and federal income tax purposes.  
42 The applicable percentage is as follows:

43  
44 Taxable Year Percentage

1	2002	100%
2	2003	70%
3	2004	70%
4	2005 and thereafter	0%

5 ...."

6 **SECTION 28.1.(d)** G.S. 105-130.5(a) is amended by adding a new  
 7 subdivision to read:

8 "(a) The following additions to federal taxable income shall be made in  
 9 determining State net income:

10 ...

11 (15a) The applicable percentage of the amount allowed as a special  
 12 accelerated depreciation deduction under section 168(k) of the Code  
 13 for property placed in service after December 31, 2007, but before  
 14 January 1, 2009. In addition, a taxpayer who was allowed a special  
 15 accelerated depreciation deduction in taxable year 2007 for property  
 16 placed in service during that period, and whose North Carolina taxable  
 17 income for that year reflected that accelerated depreciation deduction  
 18 must add to federal taxable income in the taxpayer's 2008 taxable year  
 19 an amount equal to the applicable percentage of the deduction amount  
 20 allowed in the 2007 taxable year. These adjustments do not result in a  
 21 difference in basis of the affected assets for State and federal income  
 22 tax purposes. The applicable percentage under this subdivision is  
 23 eighty-five percent (85%).

24 ...."

25 **SECTION 28.1.(e)** G.S. 105-134.6(c) reads as rewritten:

26 "(c) Additions. – The following additions to taxable income shall be made in  
 27 calculating North Carolina taxable income, to the extent each item is not included in  
 28 taxable income:

29 ...

30 (8) ~~The~~ For taxable years 2002-2005, the applicable percentage of the  
 31 amount allowed as a special accelerated depreciation deduction under  
 32 section 168(k) or section 1400L of the Code, as set out in the table  
 33 below. In addition, a taxpayer who was allowed a special accelerated  
 34 depreciation deduction under section 168(k) or section 1400L of the  
 35 Code in a taxable year beginning before January 1, 2002, and whose  
 36 North Carolina taxable income in that earlier year reflected that  
 37 accelerated depreciation deduction must add to federal taxable income  
 38 in the taxpayer's first taxable year beginning on or after January 1,  
 39 2002, an amount equal to the amount of the deduction allowed in the  
 40 earlier taxable year. These adjustments do not result in a difference in  
 41 basis of the affected assets for State and federal income tax purposes.  
 42 The applicable percentage is as follows:

43	Taxable Year	Percentage
44	2002	100%

1	2003	70%
2	2004	70%
3	2005 <del>and thereafter</del>	0%

4 ...."

5 **SECTION 28.1.(f)** G.S. 105-134.6(c) is amended by adding a new  
6 subdivision to read:

7 "(c) Additions. – The following additions to taxable income shall be made in  
8 calculating North Carolina taxable income, to the extent each item is not included in  
9 taxable income:

10 ...

11 (8a) The applicable percentage of the amount allowed as a special  
12 accelerated depreciation deduction under section 168(k) of the Code  
13 for property placed in service after December 31, 2007, but before  
14 January 1, 2009. In addition, a taxpayer who was allowed a special  
15 accelerated depreciation deduction in taxable year 2007 for property  
16 placed in service for that period, and whose North Carolina taxable  
17 income for that year reflected that accelerated depreciation deduction  
18 must add to federal taxable income in the taxpayer's 2008 taxable year  
19 an amount equal to the applicable percentage of the deduction amount  
20 allowed in the 2007 taxable year. These adjustments do not result in a  
21 difference in basis of the affected assets for State and federal income  
22 tax purposes. The applicable percentage under this subdivision is  
23 eighty-five percent (85%).

24 ...."

25 **SECTION 28.1.(g)** G.S. 105-130.5(b) is amended by adding a new  
26 subdivision to read:

27 "(b) The following deductions from federal taxable income shall be made in  
28 determining State net income:

29 ...

30 (21a) In each of the taxpayer's first five taxable years beginning on or after  
31 January 1, 2009, an amount equal to twenty percent (20%) of the  
32 amount added to taxable income in taxable year 2008 as accelerated  
33 depreciation under subdivision (a)(15a) of this section.

34 ...."

35 **SECTION 28.1.(h)** G.S. 105-134.6(b) is amended by adding a new  
36 subdivision to read:

37 "(b) Deductions. – The following deductions from taxable income shall be made  
38 in calculating North Carolina taxable income, to the extent each item is included in  
39 taxable income:

40 ...

41 (17a) In each of the taxpayer's first five taxable years beginning on or after  
42 January 1, 2009, an amount equal to twenty percent (20%) of the  
43 amount added to taxable income in taxable year 2008 as accelerated  
44 depreciation under subdivision (c)(8a) of this section.

...."

**SECTION 28.1.(i)** Subsections (c) through (h) of this section are effective for taxable years beginning on or after January 1, 2008. The remainder of this section is effective when it becomes law.

**EXTEND CREDIT FOR RESEARCH AND DEVELOPMENT**

**SECTION 28.2.(a)** G.S. 105-129.51(b) reads as rewritten:

"(b) This Article is repealed for taxable years beginning on or after January 1, ~~2009-2014.~~"

**SECTION 28.2.(b)** This section is effective when it becomes law.

**EXTEND LOW-INCOME HOUSING CREDIT**

**SECTION 28.3.(a)** G.S. 105-129.45 reads as rewritten:

**"§ 105-129.45. Sunset.**

This Article is repealed effective January 1, ~~2010-2015.~~ The repeal applies to developments to which federal credits are allocated on or after January 1, ~~2010-2015.~~"

**SECTION 28.3.(b)** This section is effective when it becomes law.

**EXTEND MILL REHABILITATION TAX CREDIT**

**SECTION 28.4.(a)** G.S. 105-129.70 reads as rewritten:

**"§ 105-129.70. Definitions.**

The following definitions apply in this Article:

- (1) Certified historic structure. – Defined in section 47 of the Code.
- (2) Certified rehabilitation. – Defined in G.S. 105-129.36.
- (3) Cost certification. – The certification obtained by the State Historic Preservation Officer from the taxpayer of the amount of the qualified rehabilitation expenditures or the rehabilitation expenses incurred with respect to a certified rehabilitation of an eligible site.
- (3a) Development tier area. – Defined in G.S. 143B-437.08.
- (4) Eligibility certification. – The certification obtained from the State Historic Preservation Officer that the applicable facility comprises an eligible ~~site.site and that the rehabilitation is a certified rehabilitation.~~
- (5) Eligible site. – A site located in this State that satisfies all of the following conditions:
  - a. It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.
  - b. It is a certified historic structure or a State-certified historic structure.
  - c. It has been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the eligibility certification is made.
  - d. ~~The cost certification documents that the qualified rehabilitation expenditures for a site for which a taxpayer is allowed a credit~~

~~under section 47 of the Code or the rehabilitation expenses for a site for which the taxpayer is not allowed a credit under section 47 of the Code exceed three million dollars (\$3,000,000) for the site as a whole.~~

- (6) Repealed by Session Laws 2006-252, s. 2.22, effective January 1, 2007.
- (7) Pass-through entity. – Defined in G.S. 105-228.90.
- (8) Qualified rehabilitation expenditures. – Defined in section 47 of the Code.
- (9) Rehabilitation expenses. – Defined in G.S. 105-129.36.
- (10) State-certified historic structure. – Defined in G.S. 105-129.36.
- (11) State Historic Preservation Officer. – Defined in G.S. 105-129.36."

**SECTION 28.4.(b)** G.S. 105-129.71(a) reads as rewritten:

"(a) Credit. – A taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least three million dollars (\$3,000,000) with respect to a certified rehabilitation of an eligible site is allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. The credit may be claimed in the year in which the eligible site is placed into service. When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the qualified rehabilitation expenditures associated with the phase placed into service during that year. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost certification. The amount of the credit is as follows:

- (1) For an eligible site located in a development tier one or two area, determined as of the date of the eligibility certification, the amount of the credit is equal to forty percent (40%) of the qualified rehabilitation expenditures.
- (2) For an eligible site located in a development tier three area, determined as of the date of the eligibility certification, the amount of the credit is equal to thirty percent (30%) of the qualified rehabilitation expenditures."

**SECTION 28.4.(c)** G.S. 105-129.72(a) reads as rewritten:

"(a) Credit. – A taxpayer who is not allowed a federal income tax credit under section 47 of the Code and who makes rehabilitation expenses of at least three million dollars (\$3,000,000) with respect to a certified rehabilitation of an eligible site is allowed a credit equal to a percentage of the rehabilitation expenses. The entire credit may not be taken for the taxable year in which the property is placed in service, but must be taken in five equal installments beginning with the taxable year in which the property is placed in service. When the eligible site is placed into service in two or more phases in different years, the amount of credit that may be claimed in a year is the amount based on the rehabilitation expenses associated with the phase placed into service during that year. In order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary a copy of the eligibility certification and the cost



1 certification. For an eligible site located in a development tier one or two area,  
2 determined as of the date of the eligibility certification, the amount of the credit is equal  
3 to forty percent (40%) of the rehabilitation expenses. No credit is allowed for a site  
4 located in a development tier three area."

5 **SECTION 28.4.(d)** G.S. 105-129.75 reads as rewritten:

6 "**§ 105-129.75. Sunset.**

7 This Article expires January 1, 2011, for rehabilitation projects for which an  
8 application for an eligibility certification is submitted on or after that date.~~for qualified~~  
9 ~~rehabilitation expenditures and rehabilitation expenses incurred on or after January 1,~~  
10 ~~2011."~~

11 **SECTION 28.4.(e)** This section is effective for taxable years beginning on  
12 or after January 1, 2008.

### 14 **EXTEND SUNSET FOR STATE PORTS TAX CREDIT**

15 **SECTION 28.5.(a)** G.S. 105-130.41(c1) reads as rewritten:

16 "(c1) Report. – The Department of Revenue must publish by May 1 of each year  
17 the following information itemized by taxpayer for the 12-month period ending the  
18 preceding December 31:

19 (1) The number of taxpayers taking a credit allowed in this section.

20 (2) The total amount of charges assessed for the taxable year.

21 (3) The amount of the charges attributable to imports.

22 (4) The amount of the charges attributable to exports.

23 ~~(3)~~(5) The total cost to the General Fund of the credits taken."

24 **SECTION 28.5.(b)** G.S. 105-130.41(d) reads as rewritten:

25 "(d) Sunset. – This section is repealed effective for taxable years beginning on or  
26 after January 1, ~~2009-2014.~~"

27 **SECTION 28.5.(c)** G.S. 105-151.22(c1) reads as rewritten:

28 "(c1) Report. – The Department of Revenue must publish by May 1 of each year  
29 the following information itemized by taxpayer for the 12-month period ending the  
30 preceding December 31:

31 (1) The number of taxpayers taking a credit allowed in this section.

32 (2) The total amount of charges assessed for the taxable year.

33 (3) The amount of the charges attributable to imports.

34 (4) The amount of the charges attributable to exports.

35 ~~(3)~~(5) The total cost to the General Fund of the credits taken."

36 **SECTION 28.5.(d)** G.S. 105-151.22(d) reads as rewritten:

37 "(d) Sunset. – This section is repealed effective for taxable years beginning on or  
38 after January 1, ~~2009-2014.~~"

39 **SECTION 28.5.(e)** This section is effective when it becomes law.

### 41 **EXEMPT DISASTER ASSISTANCE DEBIT SALES**

42 **SECTION 28.6.(a)** G.S. 105-164.13 is amended by adding a new  
43 subdivision to read:

1           "(58) Tangible personal property purchased with a client assistance debit  
2           card issued for disaster assistance relief by a State agency or a federal  
3           agency or instrumentality."

4           **SECTION 28.6.(b)** This section becomes effective July 1, 2008, and applies  
5 to purchases made on or after that date.

6  
7 **CLOSE FRANCHISE TAX LOOPHOLES BY REQUIRING A LIMITED**  
8 **LIABILITY COMPANY THAT ELECTS TO BE TREATED AS A**  
9 **CORPORATION AND A CAPTIVE REIT TO PAY FRANCHISE TAX**

10           **SECTION 28.7.(a)** G.S. 105-114(b) reads as rewritten:

11           "(b) Definitions. – The following definitions apply in this Article:

12           ...

13           (2) Corporation. – A domestic corporation, a foreign corporation, an  
14           electric membership corporation organized under Chapter 117 of the  
15           General Statutes or doing business in this State, or an association that  
16           is organized for pecuniary gain, has capital stock represented by  
17           shares, whether with or without par value, and has privileges not  
18           possessed by individuals or partnerships. The term includes a mutual  
19           or capital stock savings and loan association or building and loan  
20           association chartered under the laws of any state or of the United  
21           States. The term includes a limited liability company that elects to be  
22           taxed as a ~~C Corporation~~ corporation under the Code, but does not  
23           otherwise include a limited liability company.

24           ...."

25           **SECTION 28.7.(b)** G.S. 105-114.1(a)(5) reads as rewritten:

26           "(5) Noncorporate limited liability company. – A limited liability company  
27           that does not elect to be taxed as a ~~C Corporation~~ corporation under the  
28           Code."

29           **SECTION 28.7.(c)** G.S. 105-125(b) reads as rewritten:

30           "(b) Certain Investment Companies. —~~A corporation doing business in North~~  
31 ~~Carolina that qualifies as a "regulated investment company" under section 851 of the~~  
32 ~~Code or as a "real estate investment trust" under section 856 of the Code and elects for~~  
33 ~~federal income tax purposes to be treated as a "regulated investment company" or as a~~  
34 ~~"real estate investment trust,"~~ A corporation doing business in North Carolina that meets  
35 one or more of the following conditions may, in determining its basis for franchise tax,  
36 deduct the aggregate market value of its investments in the stocks, bonds, debentures, or  
37 other securities or evidences of debt of other corporations, partnerships, individuals,  
38 municipalities, governmental agencies, or ~~governments~~ governments:

39           (1) A regulated investment company. – A regulated investment company  
40 is an entity that qualifies as a regulated investment company under  
41 section 851 of the Code.

42           (2) A REIT, unless the REIT is a captive REIT. – The terms 'REIT' and  
43 'captive REIT' have the same meanings as defined in  
44 G.S. 105-130.12."

1           **SECTION 28.7.(d)** This section is effective for taxable years beginning on  
2 or after January 1, 2009.

3  
4 **PUBLICLY TRADED PARTNERSHIPS**

5           **SECTION 28.8.(a)** G.S. 105-154 reads as rewritten:

6 **"§ 105-154. Information at the source returns.**

7           (a) Repealed by Session Laws 1993, c. 354, s. 14.

8           (b) Information Returns of Payers. – A person who is a resident of this State, has  
9 a place of business in this State, or has an employee, an agent, or another representative  
10 in any capacity in this State shall file an information return as required by the Secretary  
11 if the person directly or indirectly pays or controls the payment of any income to any  
12 taxpayer. The return shall contain all information required by the Secretary. The filing  
13 of any return in compliance with this section by a foreign corporation is not evidence  
14 that the corporation is doing business in this State.

15           (c) Information Returns of Partnerships. – A partnership doing business in this  
16 State and required to file a return under the Code shall file an information return with  
17 the Secretary. A partnership that the Secretary believes to be doing business in this State  
18 and to be required to file a return under the Code shall file an information return when  
19 requested to do so by the Secretary. The information return shall contain all information  
20 required by the Secretary. It shall state specifically the items of the partnership's gross  
21 income, the deductions allowed under the Code, and the adjustments required by this  
22 Part. The information return shall also include the name and address of each person who  
23 would be entitled to share in the partnership's net income, if distributable, and the  
24 amount each person's distributive share would be. The information return shall specify  
25 the part of each person's distributive share of the net income that represents corporation  
26 dividends. The information return shall be signed by one of the partners under  
27 affirmation in the form required by the Secretary.

28           A partnership that files an information return under this subsection shall furnish to  
29 each person who would be entitled to share in the partnership's net income, if  
30 distributable, any information necessary for that person to properly file a State income  
31 tax return. The information shall be in the form prescribed by the Secretary and must be  
32 furnished on or before the due date of the information return.

33           (d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business  
34 conducted in this State is owned by a nonresident individual or by a partnership having  
35 one or more nonresident members, the manager of the business shall report the earnings  
36 of the business in this State, the distributive share of the income of each nonresident  
37 owner or partner, and any other information required by the Secretary. The manager of  
38 the business shall pay with the return the tax on each nonresident owner or partner's  
39 share of the income computed at the rate levied on individuals under  
40 G.S. 105-134.2(a)(3). The business may deduct the payment for each nonresident owner  
41 or partner from the owner or partner's distributive share of the profits of the business in  
42 this State. If the nonresident partner is not an individual and the partner has executed an  
43 affirmation that the partner will pay the tax with its corporate, partnership, trust, or  
44 estate income tax return, the manager of the business is not required to pay the tax on

1 the partner's share. In this case, the manager shall include a copy of the affirmation with  
2 the report required by this subsection.

3 (e) Publicly Traded Partnership. – The information return and payment  
4 requirements under this section are modified as follows for a publicly traded partnership  
5 that is described in section 7704(c) of the Code:

6 (1) The information return required under subsection (c) of this section is  
7 limited to partners whose distributive share of the partnership's net  
8 income during the tax year was more than five hundred dollars  
9 (\$500.00).

10 (2) The payment requirements under subsection (d) of this section do not  
11 apply."

12 **SECTION 28.8.(b)** This section is effective for taxable years beginning on  
13 or after January 1, 2008.

#### 14 **INCREASE EARNED INCOME TAX CREDIT TO FIVE PERCENT**

15 **SECTION 28.9.(a)** G.S. 105-151.31(a) reads as rewritten:

16 "(a) Credit. – An individual who claims for the taxable year an earned income tax  
17 credit under section 32 of the Code is allowed a credit against the tax imposed by this  
18 Part equal to ~~three and one half percent (3.5%)~~ five percent (5%) of the amount of credit  
19 the individual qualified for under section 32 of the Code. A nonresident or part-year  
20 resident who claims the credit allowed by this section must reduce the amount of the  
21 credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as  
22 appropriate."  
23

24 **SECTION 28.9.(b)** This section is effective for taxable years beginning on  
25 or after January 1, 2008.

#### 26 **INCREASE THE CREDIT FOR SMALL BUSINESS EMPLOYEE HEALTH** 27 **BENEFITS AND EXTEND THE SUNSET**

28 **SECTION 28.10.(a)** G.S. 105-129.16E reads as rewritten:

29 **"§ 105-129.16E. Credit for small business employee health benefits.**

30 (a) Credit. – A small business that provides health benefits for all of its eligible  
31 employees during the taxable year is allowed a credit to offset its costs in providing  
32 health benefits for its eligible employees. For the purposes of this subsection, a taxpayer  
33 provides health benefits if it pays at least fifty percent (50%) of the premiums for health  
34 care coverage that equals or exceeds the minimum provisions of the basic health care  
35 plan of coverage recommended by the Small Employer Carrier Committee pursuant to  
36 G.S. 58-50-125 or if its employees have qualifying existing coverage.  
37

38 The credit is equal to a dollar amount per eligible employee whose total wages or  
39 salary received from the business does not exceed forty thousand dollars (\$40,000) on  
40 an annual basis. The dollar amount is ~~two hundred fifty dollars (\$250.00),~~ three hundred  
41 dollars (\$300.00), not to exceed the taxpayer's costs of providing health benefits for the  
42 employee during the taxable year.

43 (b) Allocation. – If the taxpayer is an individual who is a nonresident or a  
44 part-year resident, the taxpayer must reduce the amount of the credit by multiplying it

1 by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. If the taxpayer  
2 is not an individual and is required to apportion its multistate business income to this  
3 State, the taxpayer must reduce the amount of the credit by multiplying it by the  
4 apportionment fraction used to apportion its apportionable income to this State.

5 (c) Definitions. – The following definitions apply in this section:

6 (1) Eligible employee. – Defined in G.S. 58-50-110.

7 (2) Qualifying existing coverage. – Defined in G.S. 58-50-130(a)(4a).

8 (3) Small business. – A taxpayer that employs no more than 25 eligible  
9 employees throughout the taxable year.

10 (d) Sunset. – This section expires for taxable years beginning on or after January  
11 1, ~~2009~~.2014."

12 **SECTION 28.10.(b)** This section is effective for taxable years beginning on  
13 or after January 1, 2009.

14  
15 **PROVIDE A PROPERTY TAX EXCLUSION FOR HONORABLY**  
16 **DISCHARGED DISABLED VETERANS AND THEIR SURVIVING**  
17 **SPOUSES AND TO REIMBURSE LOCAL GOVERNMENTS FOR THE**  
18 **RESULTING REVENUE LOSS**

19 **SECTION 28.11.(a)** G.S. 105-275(21) is repealed.

20 **SECTION 28.11.(b)** Article 12 of Chapter 105 of the General Statutes is  
21 amended by adding a new section to read:

22 "**§ 105-277.1C. Property tax homestead exclusion for disabled veterans and for**  
23 **surviving spouses of disabled veterans; election of benefit; application.**

24 (a) Exclusion. – A permanent residence owned and occupied by a qualifying  
25 owner is designated a special class of property under Article V, Section 2(2) of the  
26 North Carolina Constitution and is taxable in accordance with this section. The amount  
27 of the appraised value of the residence equal to the exclusion amount is excluded from  
28 taxation. The exclusion amount is the greater of forty-eight thousand dollars (\$48,000)  
29 or fifty percent (50%) of the appraised value of the residence, not to exceed fifty percent  
30 (50%) of the maximum amount of a conventional mortgage authorized under 12 U.S.C.  
31 § 1717(b)(2).

32 If the qualifying owner predeceases his or her spouse and if, upon the death of the  
33 qualifying owner, the spouse holds legal or beneficial title to the homestead and  
34 permanently resides on the homestead, the exclusion from taxation provided by this  
35 section carries over to the benefit of the surviving spouse until he or she remarries. If  
36 the spouse sells the property, an exclusion not to exceed the amount granted from the  
37 most recent ad valorem tax roll may be transferred to his or her new residence, as long  
38 as it is used as his or her primary residence and he or she does not remarry. The  
39 exclusion amount for newly acquired property is subject to the valuation limitations in  
40 the preceding paragraph of this subsection.

41 (1) Temporary absence. – An otherwise qualifying owner does not lose the  
42 benefit of this exclusion because of a temporary absence from his or  
43 her permanent residence for reasons of health or because of an  
44 extended absence while confined to a rest home or nursing home, so

- 1            long as the residence is unoccupied or occupied by the owner's spouse  
2            or other dependent.
- 3            (2) Multiple ownership. – A permanent residence owned and occupied by  
4            husband and wife as tenants by the entirety is entitled to the full  
5            benefit of this exclusion notwithstanding that only one of them meets  
6            the disability requirements of this section. When a permanent  
7            residence is owned and occupied by two or more persons other than  
8            husband and wife and one or more of the owners qualifies for this  
9            exclusion, each qualifying owner is entitled to the full amount of the  
10           exclusion not to exceed his or her proportionate share of the valuation  
11           of the property. No part of an exclusion available to one co-owner may  
12           be claimed by any other co-owner, and in no event may the total  
13           exclusion allowed for a permanent residence exceed the exclusion  
14           amount provided in this section.
- 15        (b) Definitions. – The following definitions apply in this section:
- 16           (1) Owner. – A person who holds legal or equitable title, whether  
17           individually, as a tenant by the entirety, a joint tenant, or a tenant in  
18           common, or as the holder of a life estate or an estate for the life of  
19           another. A manufactured home jointly owned by husband and wife is  
20           considered property held by the entirety.
- 21           (2) Permanent residence. – A person's legal residence. It includes the  
22           dwelling, the dwelling site, not to exceed one acre, and related  
23           improvements. The dwelling may be a single-family residence, a unit  
24           in a multifamily residential complex, or a manufactured home.
- 25           (3) Qualifying owner. – An owner who is an honorably discharged veteran  
26           of any branch of the Armed Forces of the United States who, as of  
27           January 1 preceding the taxable year for which the exclusion is  
28           claimed, is a North Carolina resident and who meets either one of the  
29           following criteria:
- 30                a. Has been certified by the United States Government or the  
31                United States Department of Veterans Affairs, or its  
32                predecessor, with a permanent total disability that is  
33                service-connected.
- 34                b. Receives benefits under 38 U.S.C. § 2101.
- 35        (c) Election. – An owner who qualifies for more than one form of property tax  
36        relief under this section, G.S. 105-277.1, and G.S. 105-277.1B may elect to receive only  
37        one of these forms of relief.
- 38        (d) Application. –
- 39                (1) Time for filing. – An application for the exclusion provided by this  
40                section should be filed during the regular listing period, but may be  
41                filed and must be accepted at any time up to and through June 1  
42                preceding the tax year for which the exclusion is claimed.
- 43                (2) Separate applications for multiple ownership. – When property is  
44                owned by two or more persons other than husband and wife and one or

1 more of them qualifies for this exclusion, each owner must apply  
2 separately for his or her proportionate share of the exclusion.

3 (3) Proof of disability or receipt of federal housing assistance. – Persons  
4 applying for this exclusion shall (i) enter the appropriate information  
5 on a form made available by the assessor under G.S. 105-282.1 and (ii)  
6 furnish acceptable proof of qualification. The proof must be in the  
7 form of a letter or other document from the United States Government  
8 or the United States Department of Veterans Affairs certifying that the  
9 applicant is an honorably discharged veteran who either has a  
10 service-connected total and permanent disability or who is receiving  
11 benefits under 38 U.S.C. § 2101."

12 **SECTION 28.11.(c)** Article 12 of Chapter 105 of the General Statutes is  
13 amended by adding a new section to read:

14 **"§ 105-277.1D. Property classified for taxation at reduced valuation; duties of tax**  
15 **collectors; reimbursement of localities for tax lost.**

16 (a) Tax Collectors to Furnish List of Qualifying Taxpayers. – On December 1 of  
17 each year, the tax collector of each county and the tax collector of each municipality  
18 shall furnish to the Secretary of Revenue a list containing the name and address of each  
19 taxpayer who has qualified in that year for the exclusion provided in G.S. 105-277.1C.  
20 The list shall also contain for each name the total amount of property excluded, the tax  
21 rate to which the property is subject, and the product obtained by multiplying those two  
22 numbers by each other. The lists shall be accompanied by an affidavit attesting to the  
23 accuracy of the list and shall all be on a form prescribed by the Secretary of Revenue.

24 (b) Extension. – The Secretary of Revenue may, for cause, grant an extension for  
25 the submission of a list required by this section.

26 (c) Reimbursement to Counties and Municipalities. – Before May 31, 2009, the  
27 Secretary of Revenue shall distribute to each county and municipality with taxpayers  
28 who qualified for the exclusion provided in G.S. 105-277.1C one hundred percent  
29 (100%) of the total lost revenue. The lost revenue is determined by multiplying the tax  
30 exclusion for each taxpayer on the list in subsection (a) of this section by the applicable  
31 tax rate. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay  
32 the lost revenue to each county and municipality that was entitled to receive a  
33 distribution under this subsection in 2009.

34 (d) Funds Collected for Other Units of Local Government. – Any funds received  
35 by any county or municipality under this section because the county or municipality was  
36 collecting taxes for another municipality shall be credited to the funds of that other  
37 municipality in accordance with rules issued by the Local Government Commission.

38 (e) Funding for Reimbursement. – In order to pay for the reimbursement under  
39 this section, there is annually appropriated to each county and municipality with  
40 taxpayers who qualified for the exclusion provided in G.S. 105-277.1C an amount equal  
41 to the reimbursement amount. In order to pay for the cost to the Department of Revenue  
42 of administering reimbursement, there is annually appropriated to the Department of  
43 Revenue the cost of administration."

44 **SECTION 28.11.(d)** G.S. 105-282.1(a)(2)c. reads as rewritten:

1 "c. Special classes of property classified for taxation at a reduced  
2 valuation under G.S. 105-277(h), 105-277.1, 105-277.1C,  
3 105-277.10, 105-277.13, 105-278."

4 **SECTION 28.11.(e)** This section is effective for taxes imposed for taxable  
5 years beginning on or after July 1, 2008. Notwithstanding the provisions of  
6 G.S. 105-282.1(a), an application for the benefit provided in this act for the 2008-2009  
7 tax year shall be considered timely if it is filed on or before September 1, 2008.  
8

9 **SALES TAX HOLIDAY FOR CERTAIN ENERGY STAR RATED**  
10 **APPLIANCES**

11 **SECTION 28.12.(a)** G.S. 105-164.3 is amended by adding a new  
12 subdivision to read:

13 **"§ 105-164.3. Definitions.**

14 The following definitions apply in this Article:

15 ...

16 (8g) Energy Star qualified product. – Defined in the Streamlined  
17 Agreement."

18 **SECTION 28.12.(b)** Article 5 of Chapter 105 of the General Statutes is  
19 amended by adding a new section to read:

20 **"§ 105-164.13D. Sales and use tax holiday for Energy Star qualified products.**

21 (a) The taxes imposed by this Article do not apply to the Energy Star qualified  
22 products listed in this section if sold between 12:01 A.M. on the first Friday of  
23 November and 11:59 P.M. the following Sunday. The qualified products are:

24 (1) Clothes washers, dishwashers, freezers, or refrigerators.

25 (2) Room air conditioners, dehumidifiers, or programmable thermostats.

26 (3) Compact fluorescent light bulbs.

27 (b) The exemption allowed by this section does not apply to the following:

28 (1) Sales of a product for use in a trade or business.

29 (2) Rentals."

30 **SECTION 28.12.(c)** G.S. 105-467 reads as rewritten:

31 **"§ 105-467. Scope of sales tax.**

32 ...

33 (b) Exemptions and Refunds. – The State exemptions and exclusions contained  
34 in G.S. 105-164.13, the State sales and use tax ~~holiday~~ holidays contained in  
35 G.S. 105-164.13C and G.S. 105-164.13D, and the State refund provisions contained in  
36 G.S. 105-164.14 apply to the local sales and use tax authorized to be levied and imposed  
37 under this Article. Except as provided in this subsection, a taxing county may not allow  
38 an exemption, exclusion, or refund that is not allowed under the State sales and use tax.  
39 A local school administrative unit and a joint agency created by interlocal agreement  
40 among local school administrative units pursuant to G.S. 160A-462 to jointly purchase  
41 food service-related materials, supplies, and equipment on their behalf is allowed an  
42 annual refund of sales and use taxes paid by it under this Article on direct purchases of  
43 tangible personal property and services, other than electricity, telecommunications  
44 service, and ancillary service. Sales and use tax liability indirectly incurred by the entity



1 on building materials, supplies, fixtures, and equipment that become a part of or  
2 annexed to any building or structure that is owned or leased by the entity and is being  
3 erected, altered, or repaired for use by the entity is considered a sales or use tax liability  
4 incurred on direct purchases by the entity for the purpose of this subsection. A request  
5 for a refund shall be in writing and shall include any information and documentation  
6 required by the Secretary. A request for a refund is due within six months after the end  
7 of the entity's fiscal year. Refunds applied for more than three years after the due date  
8 are barred.

9 (c) Sourcing. – The local sales tax authorized to be imposed and levied under this  
10 Article applies to taxable transactions by retailers whose place of business is located  
11 within the taxing county. The sourcing principles in G.S. 105-164.4B apply in  
12 determining whether the local sales tax applies to a transaction."

13 **SECTION 28.12.(d)** The second paragraph of Section 4 of Chapter 1096 of  
14 the 1967 Session Laws reads as rewritten:

15 "The exemptions and exclusions contained in G.S. 105-164.13 and the sales and use  
16 tax ~~holiday~~ holidays contained in G.S. 105-164.13C and G.S. 105-164.13D apply with  
17 equal force and like manner to the local sales tax authorized to be imposed and levied  
18 under this division. The county shall have no authority, with respect to the local sales  
19 and use tax imposed under this division, to change, alter, add, or delete any exemptions  
20 or exclusions contained under G.S. 105-164.13."

21 **SECTION 28.12.(e)** This section is effective when it becomes law and  
22 applies to sales made on or after that date.

### 23 SET INSURANCE REGULATORY FEE

24 **SECTION 28.13.(a)** The percentage rate to be used in calculating the  
25 insurance regulatory charge under G.S. 58-6-25 is five and one-half percent (5.5%) for  
26 the 2008 calendar year.

27 **SECTION 28.13.(b)** This section is effective when it becomes law.

### 28 SET REGULATORY FEE FOR UTILITIES COMMISSION

29 **SECTION 28.14.(a)** The percentage rate to be used in calculating the public  
30 utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent  
31 (0.12%) for each public utility's North Carolina jurisdictional revenues earned during  
32 each quarter that begins on or after July 1, 2008.

33 **SECTION 28.14.(b)** The electric membership corporation regulatory fee  
34 imposed under G.S. 62-302(b1) for the 2008-2009 fiscal year is two hundred thousand  
35 dollars (\$200,000).

36 **SECTION 28.14.(c)** This section becomes effective July 1, 2008.

### 37 EXTEND AND AMEND TAX CREDIT FOR REINVESTMENT

38 **SECTION 28.15.(a)** G.S. 105-129.28 reads as rewritten:

39 **"§ 105-129.28. Credit for reinvestment.**

40 (a) Credit. – A major recycling facility that is accessible by neither ocean barge  
41 nor ship and that transports materials to the facility or products away from the facility is  
42

1 allowed a credit against the tax imposed by Part 1 of Article 4 of this Chapter equal to  
 2 its additional transportation and transloading expenses incurred with respect to the  
 3 materials and products due to its inability to use ocean barges or ships. The additional  
 4 expenses for which credit is allowed are expenses due to using river barges and  
 5 expenses due to having to use another mode of transportation because the quantity that  
 6 is transported by river barge is insufficient to meet the facility's needs. In order to claim  
 7 the credit allowed by this section, the facility must provide the Secretary of Commerce  
 8 audited documentation of the amount of its additional transportation and transloading  
 9 expenses incurred during the taxable year.

10 (b) Cap. – The credit allowed to a major recycling facility under this section for  
 11 the taxable year may not exceed the applicable annual cap provided in the following  
 12 table:

Taxable Year	Cap
1998	\$ 150,000
1999	\$ 640,000
2000	\$ 3,860,000
2001	\$ 8,050,000
2002	\$ 9,550,000
2003	\$ 10,100,000
2004-2007	\$ 10,400,000
<u>2008 and thereafter</u>	<u>\$ 1,000,000</u>

22 (c) Reduction. – ~~For the first ten taxable years after the owner begins~~  
 23 ~~transporting materials and products to and from the major recycling facility, the~~The  
 24 credit allowed by this section must be reduced by the amount of credit allowed in  
 25 previous years that was used for a purpose other than an allowable purpose under  
 26 subsection (d) of this section, as certified by the Secretary of Commerce.

27 (d) Use of Credited Amount. – ~~For the first ten taxable years after the owner~~  
 28 ~~begins construction of the major recycling facility, the owner~~The taxpayer must use the  
 29 amount of credit allowed under this section to pay for (i) investment in rail or roads  
 30 associated with the facility, (ii) investment in water system infrastructure designed to  
 31 reduce the expense of transporting materials and products to and from the recycling  
 32 facility, and (iii) investment in land and infrastructure for other industrial sites located in  
 33 the same county as the recycling facility. If the ~~owner~~Department of Commerce, after  
 34 consultation with the owner, determines that there are no reasonable economic  
 35 opportunities in a given year to use the total amount of credit for the expenditures  
 36 described above, the owner may use the excess for investment at or in connection with  
 37 the recycling facility above the initial required investment of three hundred million  
 38 dollars (\$300,000,000).

39 Expenses incurred for the purposes allowed in this subsection during a taxable year  
 40 ~~in the ten year period~~ may be counted toward a credit allowed in a later taxable year ~~in~~  
 41 ~~the ten year period year.~~ If the owner is not able to use the full amount of the credit  
 42 during a taxable year for any of the purposes allowed by this subsection, the excess may  
 43 be used for these purposes in subsequent taxable years.

1 The owner must provide the Secretary of Commerce with annual audited  
2 documentation demonstrating that the amount of credit received under this section  
3 during the previous twelve-month period has not been used for a purpose inconsistent  
4 with this subsection. If the Secretary of Commerce determines that the owner has used  
5 any of the credit for a purpose that is inconsistent with the requirements of this  
6 subsection, the Secretary of Commerce shall certify the amount so used to the Secretary  
7 of Revenue and the credit allowed the owner under this section for the following taxable  
8 year shall be reduced by that amount in accordance with subsection (c) of this section.

9 ~~After the end of the ten year period, the amount of any credit allowed under this~~  
10 ~~section that has not yet been used may be used for investment at or in connection with~~  
11 ~~the recycling facility above the initial required investment of three hundred million~~  
12 ~~dollars (\$300,000,000).~~

13 (e) ~~Credit Refundable.—If the credit allowed by this section exceeds the amount~~  
14 ~~of tax imposed by Part 1 of Article 4 of this Chapter for the taxable year reduced by the~~  
15 ~~sum of all credits allowable, the Secretary shall refund the excess to the taxpayer. The~~  
16 ~~refundable excess is governed by the provisions governing a refund of an overpayment~~  
17 ~~by the taxpayer of the tax imposed in Part 1 of Article 4 of this Chapter. In computing~~  
18 ~~the amount of tax against which multiple credits are allowed, nonrefundable credits are~~  
19 ~~subtracted before refundable credits.~~ Limitations. – The credit provided in this section is  
20 allowed against the franchise tax levied in Article 3 of this Chapter and the income tax  
21 levied in Part 1 of Article 4 of this Chapter. The credit provided in this section may not  
22 exceed the amount of tax against which it is claimed for the taxable year, reduced by the  
23 sum of all other credits allowed against that tax, except tax payments made by or on  
24 behalf of the owner. Any unused portion of the credit may be carried forward for the  
25 succeeding five years.

26 (f) Sunset. – This section expires for taxable years beginning on or after January  
27 1, 2013."

28 **SECTION 28.15.(b)** G.S. 105-129.27 is amended by adding a new  
29 subsection to read:

30 "(g) Sunset. – This section expires for purchases or leases made on or after  
31 January 1, 2013."

32 **SECTION 28.15.(c)** Section 19 of S.L. 1998-55 is repealed.

33 **SECTION 28.15.(d)** Subsection (a) of this section is effective for taxable  
34 years beginning on or after January 1, 2008. The remainder of this section is effective  
35 when it becomes law.

## 36 **PART XXIX. FEES**

### 37 **FEE INCREASE FOR DOMESTIC VIOLENCE PROGRAMS**

38 **SECTION 29.1.(a)** G.S. 7A-305(a2) reads as rewritten:

39 "(a2) In every action for absolute divorce filed in the district court, a cost of  
40 ~~fifty five dollars (\$55.00)~~ seventy-five dollars (\$75.00) shall be assessed against the  
41 person filing the divorce action. Costs collected by the clerk pursuant to this subsection  
42 shall be remitted to the State ~~Treasurer for~~ Treasurer, who shall deposit fifty-five dollars  
43  
44

1 ~~(\$55.00)~~ to the North Carolina Fund for Displaced Homemakers established under  
2 ~~G.S. 143B-394.10~~ G.S. 143B-394.10 and twenty dollars (\$20.00) to the Domestic  
3 Violence Center Fund established under G.S. 50B-9. Costs assessed under this  
4 subsection shall be in addition to any other costs assessed under this section."

5 **SECTION 29.1.(b)** This section becomes effective July 1, 2008.

6  
7 **FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT**  
8 **RATES**

9 **SECTION 29.2.(a)** G.S. 113A-192(c) through G.S. 113A-192(e) are  
10 repealed.

11 **SECTION 29.2.(b)** This section becomes effective July 1, 2008.

12  
13 **ADJUST SECURITIES FILING FEES**

14 **SECTION 29.3.(a)** G.S. 78A-31(a)(4) reads as rewritten:

15 "**§ 78A-31. Notice filings for securities covered under federal law.**

16 (a) The Administrator, by rule or order, may require the filing of any of the  
17 following documents with regard to a security covered under section 18(b)(2) of the  
18 Securities Act of 1933 (15 U.S.C. § 77r(b)(2)):

19 ...

20 (4) A notice filing pursuant to this section shall expire on December 31 of  
21 each year or some other date not more than one year from its effective  
22 date as the Administrator may by rule or order provide. A notice filing  
23 of the offer of securities covered under federal law that are to be  
24 offered for a period in excess of one year shall be renewed annually by  
25 payment of a renewal fee of ~~two hundred fifty dollars (\$250.00)~~ one  
26 thousand dollars (\$1,000) and by filing any documents and reports that  
27 the Administrator may by rule or order require consistent with this  
28 section. The renewal shall be effective upon the expiration of the prior  
29 notice period.

30 ...."

31 **SECTION 29.3.(b)** This section becomes effective July 1, 2008.

32  
33 **NEWBORN SCREENING FEE CHANGES**

34 **SECTION 29.4.(a)** G.S. 130A-125(c) reads as rewritten:

35 "(c) A fee of ~~fourteen dollars (\$14.00)~~ eighteen dollars and ninety-one cents  
36 (\$18.91) applies to a laboratory test performed by the State ~~Public Health~~ Public Health Laboratory of  
37 Public Health performed pursuant to this section. Fees collected shall remain in the  
38 Department to be used to offset the cost of the Newborn Screening ~~Program~~ Program  
39 and shall be assessed for all specimens of the non-Medicaid eligible population. The  
40 Director of the State Laboratory of Public Health shall review the fee annually, and each  
41 time a new test is added to the Newborn Screening Program, to determine if an increase  
42 is necessary to cover the laboratory's newborn screening costs. If the actual cost to  
43 perform newborn screening exceeds the amount of the fee authorized under this section,

1 then the Department shall recommend an increase in the fee for consideration by the  
 2 Director of the Budget and the General Assembly."

3 **SECTION 29.4.(b)** The Department of Health and Human Services,  
 4 Division of Public Health, may use one dollar and forty-six cents (\$1.46) of the fee  
 5 authorized under G.S. 130A-125(c), as enacted by this section, to support two positions  
 6 in the Division of Public Health. One position shall be for working with families who  
 7 have an infant that has tested positive for cystic fibrosis, and one shall be used for health  
 8 promotion and public awareness.

9 **SECTION 29.4.(c)** This section becomes effective July 1, 2008.

10  
 11 **HEALTH CARE FACILITY CONSTRUCTION PROJECT FEE INCREASES**

12 **SECTION 29.5.(a)** G.S. 131E-267 reads as rewritten:

13 **"§ 131E-267. Fees for departmental review of licensed health care facility or**  
 14 **Medical Care Commission bond-financed construction projects.**

15 (a) The Department of Health and Human Services shall charge a fee for the  
 16 review of each health care facility construction project to ensure that project plans and  
 17 construction are in compliance with State law. The fee shall be charged on a one-time,  
 18 per-project basis as provided in this section. In no event may a fee imposed under this  
 19 section exceed two hundred thousand dollars (\$200,000) for any single project. The first  
 20 seven hundred twelve thousand six hundred twenty-six dollars (\$712,626) in fees  
 21 collected under this section shall remain in the Division of Health Service Regulation.  
 22 Additional fees collected shall be credited to the General Fund as nontax revenue and  
 23 are intended to offset rather than replace appropriations made for this purpose.

24 (b) The fee imposed for the review of a hospital construction project varies  
 25 depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
26 0	27 5,000	27 <del>\$750.00</del> plus \$0.25 per square foot
28 5,000	28 10,000	28 \$1,500 plus \$0.40 per square foot
29 10,000	29 20,000	29 \$2,000 plus \$0.50 per square foot
30 20,000	30 NA	30 \$3,000 plus \$0.75 per square foot
31 0	31 5,000	31 <u>\$1,500 plus \$0.25 per square foot</u>
32 5,000	32 10,000	32 <u>\$3,000 plus \$0.25 per square foot</u>
33 10,000	33 20,000	33 <u>\$4,500 plus \$0.45 per square foot</u>
34 20,000	34 NA	34 <u>\$6,000 plus \$0.45 per square foot</u>

35 (c) The fee imposed for the review of a nursing home construction project varies  
 36 depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
37 0	37 2,000	37 \$250.00 plus \$0.15 per square foot
38 2,000	38 NA	38 <del>\$250.00</del> plus \$0.16 per square foot
39 2,000	39 NA	39 <u>\$500.00 plus \$0.25 per square foot</u>

40 (d) The fee imposed for the review of an ambulatory surgical facility  
 41 construction project varies depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
42 0	42 2,000	42 \$200.00 plus \$0.15 per square foot



**FEE FOR FLOODPLAIN MAP USE**

**SECTION 29.7.(a)** G.S. 143-215.56 is amended by adding a new subsection to read:

"(h) The Department may charge a fee of ten dollars (\$10.00) for each commercial flood hazard determination performed for improved real estate and mobile homes in North Carolina. The proceeds of the fee must be credited to a special, nonreverting account within the Department and used for the production and maintenance of Flood Insurance Rate Maps. The Department must issue a unique digital flood use stamp to indicate payment of the fee required by this subsection. A member bank or mortgage institution for which a commercial flood hazard determination is performed must acquire a unique flood use stamp each time a Standard Flood Hazard Determination Form is completed. The member bank or mortgage institution must retain a copy of the unique flood use stamp for the same period that the member bank must retain a copy of the Standard Flood Hazard Determination Form under 12 C.F.R. § 208.25(f). For purposes of this subsection, the term 'commercial flood hazard determination' means a flood hazard determination for which all of the following are true:

- (1) A member bank is required to use the Standard Flood Hazard Determination Form pursuant to 12 C.F.R. § 208.25(f).
- (2) The entity performing the flood hazard determination is the member bank, mortgage institution, contracted company, or person performing the determination on behalf of the member bank or mortgage institution."

**SECTION 29.7.(b)** This section becomes effective January 1, 2009.

**PART XXX. MISCELLANEOUS PROVISIONS**

**STATE BUDGET ACT APPLIES**

**SECTION 30.1.** The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

**COMMITTEE REPORT**

**SECTION 30.2.(a)** The "N.C. House of Representatives Appropriations Committee Report On The Continuation, Expansion and Capital Budgets for House Bill 2436, Committee Substitute, 3<sup>rd</sup> Edition, dated June 3, 2008, which was distributed in the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

**SECTION 30.2.(b)** The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the

1 State for the 2008-2009 budget as provided in G.S. 143C-3-5. This budget includes the  
2 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

3 The Director of the Budget submitted recommended adjustments to the  
4 2008-2009 budget to the General Assembly in May 2008 in the documents "The North  
5 Carolina State Budget Recommended Adjustments 2008-2009" and "Governor's  
6 Recommended Budget Governmental and Proprietary Funds and Selected Component  
7 Units 2008-2009" for the 2008-2009 fiscal year for the various departments, institutions,  
8 and other spending agencies of the State.

9 **SECTION 30.2.(c)** The budget enacted by the General Assembly shall also  
10 be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and  
11 other appropriate legislation.

12 In the event that there is a conflict between the line-item budget certified by  
13 the Director of the Budget and the budget enacted by the General Assembly, the budget  
14 enacted by the General Assembly shall prevail.

15  
16 **MOST TEXT APPLIES ONLY TO 2007-2009**

17 **SECTION 30.3.** Except for statutory changes or other provisions that clearly  
18 indicate an intention to have effects beyond the 2007-2009 fiscal biennium, the textual  
19 provisions of this act apply only to funds appropriated for, and activities occurring  
20 during, the 2007-2009 fiscal biennium.

21  
22 **EFFECT OF HEADINGS**

23 **SECTION 30.4.** The headings to the parts and sections of this act are a  
24 convenience to the reader and are for reference only. The headings do not expand, limit,  
25 or define the text of this act, except for effective dates referring to a part.

26  
27 **SEVERABILITY CLAUSE**

28 **SECTION 30.5.** If any section or provision of this act is declared  
29 unconstitutional or invalid by the courts, it does not affect the validity of this act as a  
30 whole or any part other than the part so declared to be unconstitutional or invalid.

31  
32 **EFFECTIVE DATE**

33 **SECTION 30.6.** Except as otherwise provided, this act becomes effective  
34 July 1, 2008.