

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

**SESSION LAW 2019-250  
HOUSE BILL 200**

AN ACT TO PROVIDE FUNDS FOR DISASTER RELIEF FROM HURRICANE DORIAN AND OTHER NAMED STORMS, FUNDS FOR RESILIENCY MEASURES AGAINST FUTURE STORMS, AND FUNDING FOR THE RURAL HEALTH CARE STABILIZATION FUND; TO MAKE CORRECTIONS TO VARIOUS BUDGET RELATED BILLS; AND TO ENACT CERTAIN BUDGET PROVISIONS FROM HOUSE BILL 966, 2019 REGULAR SESSION.

The General Assembly of North Carolina enacts:

**PART I. APPROPRIATIONS AND ALLOCATIONS**

**SECTION 1.1.** State Match. – The State Controller shall transfer the sum of one hundred twenty-one million five hundred eighty-five thousand five hundred ninety-four dollars (\$121,585,594) from the Savings Reserve Account to the General Fund, and those funds are hereby appropriated as follows:

- (1) \$70,812,336 to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 for the Department of Public Safety to be used to provide State match for Hurricane Florence federal disaster assistance programs.
- (2) \$33,173,258 to the State Emergency Response and Disaster Relief Fund for the Department of Public Safety, Division of Emergency Management to be used as follows:
  - a. \$11,197,013 to provide State match for federal disaster assistance programs related to Hurricane Matthew.
  - b. \$4,176,245 to provide State match for federal disaster assistance programs related to Hurricane Michael.
  - c. \$17,800,000 to provide State match for federal disaster assistance programs and funding for equivalent State assistance programs related to Hurricane Dorian.
- (3) \$17,600,000 to the Department of Environmental Quality to match additional federal funds for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund.

**SECTION 1.2.** Other Disaster Relief and Resiliency Appropriations/Nonrecurring Funds. – In addition to any other funds appropriated during the 2019-2020 fiscal year, there is appropriated from the unappropriated balance in the General Fund the sum of fifty-nine million fifty thousand dollars (\$59,050,000) in nonrecurring funds for the 2019-2020 fiscal year to be allocated as follows:

- (1) \$5,000,000 to the Office of State Budget and Management for the State Emergency Response and Disaster Relief Fund to ensure that sufficient funds are available to provide relief and assistance for Hurricane Dorian, recent storms, and future emergencies, as authorized by G.S. 166A-19.42.
- (2) \$9,800,000 to the Department of Public Safety, Division of Emergency Management to be used as follows:
  - a. \$5,000,000 to expand flood mitigation studies.



- b. \$4,800,000 for water level and breach monitoring systems for 1,510 high and intermediate risk dams.
- (3) \$15,000,000 to the Department of Public Safety, Office of Recovery and Resiliency to be used as follows:
  - a. \$10,000,000 to provide flexible local government loans to assist distressed communities impacted by Hurricane Matthew, Hurricane Florence, Hurricane Michael, or Hurricane Dorian. The Office shall enter into agreements with local governments to ensure the proper use of the funds and the return of the funds to the State once the local governments have received federal reimbursement. Loans may be used for cash flow assistance while awaiting federal reimbursement. NCORR shall operate the program on a revolving loan fund basis to assist the maximum number of local governments possible.
  - b. \$5,000,000 to provide flexible local government grants to assist distressed communities impacted by Hurricane Dorian. Grants may be used for repairs, staff support and technical assistance, cash flow assistance, and other related activities.
- (4) \$15,000,000 to the Office of State Budget and Management for the Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., to provide grants to governmental entities and organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The funds may be used to repair, replace, construct, or improve infrastructure or equipment damaged as a result of Hurricane Matthew, Florence, Michael, or Dorian, as well as to construct or improve infrastructure to support hazard mitigation. For the purposes of this program, infrastructure includes nonresidential buildings that serve the public, water, sewer, stormwater, and other publicly owned assets. The Golden L.E.A.F. may also provide grants to 501(c)(3) nonprofit organizations and established religious organizations to repair or replace places of worship damaged or destroyed by Hurricane Florence.

The funds allocated to the Golden L.E.A.F. in this subdivision are not subject to G.S. 143C-6-23(d).

- (5) \$5,000,000 to the Department of Agriculture and Consumer Services, Division of Soil and Water Conservation for stream debris removal.
- (6) \$5,200,000 to Elizabeth City State University for repairs to academic and residential buildings impacted by Hurricane Dorian.
- (7) \$1,700,000 to the Department of Public Instruction as a directed grant to Hyde County for repairs to the Ocracoke School necessitated by Hurricane Dorian.
- (8) \$1,800,000 to the Office of State Budget and Management to provide a directed grant to Hyde County for construction of a pump station and related watershed restoration infrastructure for the Lake Mattamuskeet watershed.
- (9) \$50,000 to the Department of Environmental Quality for repair, restoration, and related environmental disaster recovery activities at the Department's Coastal Reserves.
- (10) \$500,000 to the Wildlife Resources Commission for two grant programs to be administered by the Outdoor Heritage Advisory Council.

**SECTION 1.3.(a)** Other Disaster Relief and Resiliency Appropriations/Recurring Funds. – In addition to any other funds appropriated during the 2019-2021 fiscal biennium, the sum of one million eight hundred fifty-seven thousand eight hundred thirteen dollars (\$1,857,813) in recurring funds is appropriated from the General Fund to the Department of Public Safety for the 2019-2020 fiscal year and the sum of two million two hundred fifty-three

thousand one hundred twenty-five dollars (\$2,253,125) in recurring funds is appropriated for the 2020-2021 fiscal year to be allocated as follows:

- (1) \$250,000 in recurring funds in each year of the 2019-2021 fiscal biennium for a grant to the United Way of North Carolina, a nonprofit organization, to support operations of the NC 2-1-1 program.
- (2) \$107,813 in recurring funds in the 2019-2020 fiscal year allocated to the Division of Emergency Management for three additional full-time equivalent positions and \$503,125 in recurring funds and seven full-time equivalent positions in the 2020-2021 fiscal year. The positions shall be used to support the management of federal grants and other Division operations. The positions funded during the 2019-2020 fiscal year are effective January 1, 2020.
- (3) \$1,500,000 in recurring funds in each year of the 2019-2021 fiscal biennium for the long-term service contract for software and service upgrades to the Voice Interoperability Plan for Emergency Responders (VIPER) system.

**SECTION 1.3.(b)** Applicability and Contingency. – Section 2.1 of this act does not apply to this section. If House Bill 966, 2019 Regular Session, becomes law, this section is repealed.

**SECTION 1.4.** Rural Health Care Stabilization Fund Appropriation. – There is appropriated from the General Fund to the Office of State Budget and Management the sum of thirteen million three hundred ninety-seven thousand dollars (\$13,397,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of six million six hundred three thousand dollars (\$6,603,000) in nonrecurring funds for the 2020-2021 fiscal year to be used for the Rural Health Care Stabilization Fund created in Part V of S.L. 2019-240. Sections 2.1 and 4.1 through 4.8 of this act do not apply to this section. If House Bill 966, 2019 Regular Session, becomes law, this section is repealed.

## **PART II. COUNTIES COVERED BY ACT**

**SECTION 2.1.** Applicability. – Except as otherwise provided, Sections 1.1 and 1.2 of this act apply to the following North Carolina counties:

- (1) For disaster relief and recovery related to Hurricane Matthew, those counties identified in Part III of S.L. 2016-124.
- (2) For disaster relief and recovery related to Hurricane Florence or Michael, those counties identified in S.L. 2018-136 or S.L. 2019-3.
- (3) Declared a major disaster by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Dorian.

## **PART III. IMPLEMENTATION OF ACT/OTHER DISASTER RECOVERY-RELATED CORRECTIONS AND MODIFICATIONS**

### **FLEXIBILITY FOR USE OF CERTAIN FUNDS/REPORTING**

**SECTION 3.1.(a)** Notwithstanding any other provision of law, any State agency that received funds pursuant to this act or any of the following enactments may reallocate unexpended and unobligated program funds to the same programs or purposes for damage caused by Hurricane Matthew, Florence, Michael, Dorian, or future storms:

- (1) S.L. 2016-124.
- (2) S.L. 2017-119.
- (3) Section 5.6 of S.L. 2018-5.
- (4) S.L. 2018-134.
- (5) S.L. 2018-136.
- (6) S.L. 2018-138.
- (7) S.L. 2019-3.

(8) S.L. 2019-224.

**SECTION 3.1.(b)** Any State agency that reallocates funds pursuant to subsection (a) of this section shall report, at least 30 days prior to the reallocation, to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House of Representatives Appropriations Committee, and the Fiscal Research Division. The report shall identify all of the following:

- (1) The original funding authorization.
- (2) The original program or purpose for the use of the funds.
- (3) The amount of funds expended or obligated for the original program or purpose.
- (4) The amount of funds that remain unexpended or unencumbered.
- (5) The amount of funds to be reallocated.
- (6) The hurricane or other authorized event to which the funds are being reallocated.

**SECTION 3.1.(c)** For purposes of subsection (a) of this section, "State agency" includes the Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., but the Golden L.E.A.F. is not subject to subsection (b) of this section.

**SECTION 3.1.(d)** This section expires when all funds appropriated under this act or any act listed in subsection (b) of this section have been expended or obligated.

## **USE OF PREQUALIFIED CONSTRUCTION CONTRACTORS BY LOCAL GOVERNMENTS**

**SECTION 3.2.** G.S. 166A-19.15(f) reads as rewritten:

"(f) Additional Powers. – In carrying out the provisions of this Article each political subdivision is authorized to do the following:

- (1) To appropriate and expend funds, make contracts, obtain and distribute equipment, materials, and supplies for emergency management purposes and to provide for the health and safety of persons and property, including emergency assistance, consistent with this Article.
- (1a) To award contracts for the repair, rehabilitation, or construction of private residential structures funded by State or federal funds provided to the political subdivision as a result of a disaster declared by the Governor under G.S. 166A-19.21 covering the political subdivision. For purposes of contracts awarded under this subdivision for a particular disaster, a political subdivision is authorized to contract with contractors prequalified by the Division in accordance with G.S. 143-135.8 for that disaster. In so contracting, the political subdivision is not required to follow the procedures for prequalifying contractors set forth in G.S. 143-135.8. Nothing in this subdivision is intended to exempt a political subdivision from other requirements of Article 8 of Chapter 143 of the General Statutes.

...."

## **COMMUNITY DEVELOPMENT BLOCK GRANT FOR DISASTER RECOVERY MODIFICATION**

**SECTION 3.3.** Section 5.11(a) of S.L. 2016-124 reads as rewritten:

"**SECTION 5.11.(a)** Notwithstanding any other provision of law, all Community Development Block Grant Disaster Recovery ~~Program funds awards~~ received by the ~~Department of Commerce~~ State in response to the declarations and executive orders described in Section 3.1 of this ~~act~~ act, or in any subsequent federally declared disasters, shall be ~~transferred to the Emergency Management Division of the Department of Public Safety~~ administered by the North Carolina Office of Recovery and Resiliency of the Department of Public Safety, including

circumstances where the designated grantee is an agency other than the North Carolina Office of Recovery and Resiliency."

### **COMMUNITY COLLEGE OFFSET**

**SECTION 3.4.** Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section 6.1 of that act to the contrary, funds allocated to the Community Colleges System Office in Section 4.1 of S.L. 2018-136 may be used to offset a receipt shortfall due to enrollment declines caused by Hurricane Florence.

### **MODIFICATIONS TO DISASTER RECOVERY RECOMMENDED BY THE JOINT LEGISLATIVE COMMITTEE ON PROGRAM EVALUATION**

**SECTION 3.5.(a)** G.S. 166A-19.11 reads as rewritten:

**"§ 166A-19.11. Powers of the Secretary of Public Safety.**

The Secretary shall be responsible to the Governor for State emergency management activities. The Secretary shall have the following powers and duties as delegated by the Governor:

...

(3a) To notify the Director of the Budget, the Office of the Governor, the chairs of the House of Representatives and Senate Appropriations Committees, the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety, the Fiscal Research Division, and any other State entities deemed necessary of the potential for using Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to cover the nonfederal share of matching requirements for eligible programs at the following times:

a. June 1 of each year.

b. Within five days of a presidential disaster declaration for the State of North Carolina.

(3b) To report annually by December 1 to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on the amount of State funds used to pay contractors for performing CDBG-DR activities that could have been paid for using federal CDBG-DR funds during the calendar year.

...."

**SECTION 3.5.(b)** Article 1A of Chapter 166A of the General Statutes is amended by adding a new section to read:

**"§ 166A-19.13. Data collection, reporting, use of State and federal funds.**

(a) The Department of Public Safety shall establish mechanisms to regularly solicit input from entities receiving federal or State disaster recovery funds regarding ways to improve the administration of the funds and associated programs. The mechanisms may include surveys and focus groups.

(b) By December 1, 2020, the Department of Public Safety shall modify its policies and procedures for disaster recovery to do the following:

(1) Where permitted by State law and administrative rule, require the Office of Recovery and Resiliency (Office) to use cost as a factor when awarding contracts for professional services that may be eligible for reimbursement from federal funds. Contracts subject to Article 3D of Chapter 143 of the General Statutes are exempt from this subsection.

(2) Establish minimum competencies for staff who administer the Community Development Block Grant-Disaster Recovery (CDBG-DR) program, including experience with either traditional CDBG programs or CDBG-DR programs.

- (3) Describe how the input obtained from the mechanisms established in subsection (a) of this section will be incorporated into revisions of its policies and procedures.

(c) By January 1, 2020, the Office of Recovery and Resiliency (Office) shall develop performance metrics for all entities receiving federal or State disaster recovery funds, including the following:

- (1) Total number of projects managed overall.
- (2) Outreach and intake metrics.
- (3) Amount of disaster recovery funds spent on administrative activities.
- (4) Amount of disaster recovery funds disbursed on behalf of recipients."

**SECTION 3.5.(c)** Section 5.8 of S.L. 2018-136, as amended by Section 2.14(a) of S.L. 2018-138, reads as rewritten:

**"SECTION 5.8.(a)** Beginning January 1, 2019, the Office of Recovery and Resiliency (Office) shall provide separate quarterly reports to the Director of the Budget, the standing Appropriations Committees of the Senate and the House of Representatives, and the Fiscal Research Division on the use of disaster recovery and assistance funds expended from the Hurricane Florence Recovery Fund and from Fund, the State Emergency Response and Disaster Relief Fund for Hurricane ~~Matthew~~. ~~Matthew~~, and funds appropriated for disaster relief for Hurricane Dorian. The separate reports shall summarize oversight activities and the results achieved as well as all the following:

- (1) Expenditures by program and by source of funds.
- (2) Expenditures required to receive federal grants.
- (3) Federal funding provided to the State to refund certain federally related spending.
- (4) Actual and projected State spending data including time lines and milestones.
- (5) Total State spending data by agency and by program.
- (6) Total State spending by program and county, where practicable.
- (7) Location and job responsibilities of all time-limited State positions created under this act or paid for with federal funds received as a result of Hurricane Florence.

**"SECTION 5.8.(a1)** Beginning January 1, 2020, the Office shall provide quarterly reports to the Director of the Budget, the standing Appropriations Committees of the Senate and the House of Representatives, and the Fiscal Research Division on the use of Community Development Block Grant-Disaster Recovery funds expended starting December 1, 2019, and thereafter. The reports shall include the following performance metrics:

- (1) Average time-cycle by process step, including from application to fund distribution, by county where practicable.
- (2) Number of projects by process step and managed overall, by county where practicable.
- (3) Average cost per project, excluding the infrastructure program, by county where practicable.
- (4) Outreach and intake metrics by county where practicable.
- (5) Amount and percentage of disaster recovery funds spent on administrative activities.
- (6) Amount and percentage of disaster recovery funds disbursed on behalf of recipients.
- (7) Additional performance metrics developed by the Office.

**"SECTION 5.8.(a2)** Beginning January 1, 2020, the Office shall provide separate quarterly reports to the Director of the Budget, the standing Appropriations Committees of the Senate and the House of Representatives, and the Fiscal Research Division on the use of disaster recovery and assistance funds, other than Community Development Block Grant-Disaster Recovery funds,

expended starting December 1, 2019, and thereafter from the Hurricane Florence Recovery Fund and from the State Emergency Response and Disaster Relief Fund for Hurricane Matthew. The separate reports shall include the following performance metrics:

- (1) The average number of days from application to fund distribution, project commencement, and project completion, where applicable and practicable.
- (2) Average cost per project, by county where practicable.
- (3) Amount and percentage of disaster recovery funds spent on administrative activities.
- (4) Amount and percentage of disaster recovery funds obligated for administrative activities.
- (5) Amount and percentage of disaster recovery funds disbursed on behalf of recipients.
- (6) Amount and percentage of disaster recovery funds obligated on behalf of recipients.
- (7) Number of individuals, households, entities, or other unit served, by county where practicable.

The separate reports shall provide the performance metrics for each funding stream, where practicable.

**"SECTION 5.8.(b)** In addition to the quarterly reports required under ~~subsection (a)~~ subsections (a), (a1), and (a2) of this section and beginning January 1, 2020, the Office shall provide annual reports that compile the information contained in the quarterly reports. The annual reports shall be submitted to the entities required under subsection (a) of this section.

**"SECTION 5.8.(c)** Each report required by this section shall include information about all funds expended or encumbered pursuant to this act or any other act providing funds to address the impacts of Hurricanes ~~Matthew and Florence, Matthew, Florence, Michael, and Dorian~~, regardless of which State agency or non-State entity administers the funds. State agencies and non-State entities that administer or receive any funds appropriated in this act shall assist and fully cooperate with the Office of Recovery and Resiliency in meeting the Office's obligations under this section."

**SECTION 3.5.(d)** The Office of Recovery and Resiliency (Office) shall make recommendations regarding the staffing levels that are necessary to do the following:

- (1) Administer the Community Development Block Grant-Disaster Recovery (CDBG-DR) program during times when the Office is administering CDBG-DR funds.
- (2) Administer the CDBG-DR program during times when the Office is not administering CDBG-DR funds.
- (3) Maintain a base-level of staff to provide resiliency planning and coordination, provide continuous required disaster recovery functions, and ensure the State is adequately prepared to expand its disaster recovery efforts in the event of future natural disasters.
- (4) Expand from a base-level of staff to provide necessary functions immediately following a natural disaster.

**SECTION 3.5.(e)** For each recommendation required under subsection (d) of this section, the Office shall include the class and number of temporary or permanent full-time equivalent positions. For each position, the Office shall include an explanation of the necessity for the position to be permanent if applicable, the funding source of the position, and a job description of the position with corresponding salary requirements. The Office shall report the recommendations to the chairs of the House of Representatives and Senate Appropriations Committees, the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by March 1, 2020.

**SECTION 3.5.(f)** The Joint Legislative Program Evaluation Oversight Committee shall include in the biennial work plan of the Program Evaluation Division an evaluation of the Department of Public Safety's coordination with nonprofit organizations for disaster recovery planning. The Program Evaluation Division shall submit its evaluation to the Joint Legislative Program Evaluation Oversight Committee and to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety.

### **CORRECTION TO 2019 DISASTER RECOVERY ACT**

**SECTION 3.6.(a)** Section 1.1 of S.L. 2019-224 reads as rewritten:

**"SECTION 1.1.** Transfer from Hurricane Florence Disaster Recovery Reserve. – The State Controller shall transfer the sum of ~~ninety four million one hundred three thousand dollars (\$94,103,000)~~ eighty-nine million one hundred three thousand dollars (\$89,103,000) in nonrecurring funds for the 2019-2020 fiscal year from the Hurricane Florence Disaster Recovery Reserve in the General Fund to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134, and these funds are appropriated within the Fund and shall be allocated as provided in Part II of this act."

**SECTION 3.6.(b)** This section becomes effective July 1, 2019.

### **MODIFICATIONS TO FLOOD INSURANCE PILOT**

**SECTION 3.7.(a)** Section 2.1 of S.L. 2019-224 reads as rewritten:

**"SECTION 2.1.** Allocations. – The funds appropriated and reallocated in Part I of this act in the Hurricane Florence Disaster Recovery Fund shall be allocated as follows:

...  
(7) \$6,000,000 to the Department of Public Safety, Division of Emergency Management to be used as follows:

...  
d. \$2,000,000 to develop a pilot program to help pay for the cost of up to two years' flood insurance for eligible applicants and eligible properties. Subject to the eligibility requirements contained in this sub-subdivision, when awarding funds, the Division shall give priority to applicants and subject properties in the most impacted and distressed counties as determined by the United States Department of Housing and Urban Development for Hurricane Matthew, Hurricane Florence, or both. In order to be eligible for funds under the pilot program, all of the following shall apply:

1. The applicant earned no more than eighty percent (80%) of the subject area median income during the preceding calendar year ~~and has not received flood insurance for the subject property from any federal program, including by the Community Development Block Grant Disaster Recovery or the Federal Emergency Management Agency (FEMA) Housing Assistance Program year.~~
2. The subject property is the applicant's primary residence, ~~is insurable, and has experienced a repetitive loss as that term is defined by FEMA.~~ residence and is insurable.

...."  
**SECTION 3.7.(b)** This section becomes effective July 1, 2019.

### **CLARIFY DOT REPORTING REQUIREMENTS**

**SECTION 3.8.** Effective May 16, 2019, Section 3 of S.L. 2019-15 reads as rewritten:



**"SECTION 3.** Transfer from the Office of State Budget and Management. – Of the funds allocated to the Department under Section 4.1 of S.L. 2018-136, the Office of State Budget and Management shall transfer the remaining sum to the Fund. The reporting requirements contained in S.L. 2018-136 and S.L. 2018-138 continue to apply to these funds and any other funds, whether State or federal, the Department receives or expends for the purpose of disaster recovery, relief, or resiliency."

## **PART IV. MISCELLANEOUS**

### **REIMBURSEMENT FOR FUNDS PROVIDED UNDER THIS ACT**

**SECTION 4.1.** A recipient of State funds under this act shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the State funds are provided, including funds from insurance policies in effect and available federal aid. State funds paid under this act are declared to be excess over funds received by a recipient from the settlement of a claim for loss or damage covered under the recipient's applicable insurance policy in effect. Further, each institution of higher education and non-State entity that receives State funds under this act shall also seek private donations to help cover the losses or needs for which these State funds are provided.

### **ADDITIONAL LIMITATIONS ON USE OF FUNDS**

**SECTION 4.2.(a)** The Governor shall ensure that funds appropriated in this act are expended in a manner that does not adversely affect any person's or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of Hurricane Florence. The Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

**SECTION 4.2.(b)** The Governor may not use the funds described in this act to make reallocations under G.S. 166A-19.40(c). Nothing in this act shall be construed to prohibit the Governor from exercising the Governor's authority under this statute with respect to funds other than those described in this act.

### **INVOLVEMENT OF HISTORICALLY UNDERUTILIZED BUSINESSES**

**SECTION 4.3.** It is the intent of the General Assembly that, during this time of rebuilding and relief efforts, each State agency should strive to acquire goods and services from historically underutilized business vendors, whether directly as principal contractors or indirectly as subcontractors or otherwise.

### **LEGISLATIVE REVIEW OF FEDERAL FUNDING AND REMAINING UNMET NEEDS**

**SECTION 4.4.** It is the intent of the General Assembly to review the funds appropriated by Congress for disaster relief and to consider actions needed to address any remaining unmet needs. It is also the intent of the General Assembly to review the adequacy of the measures funded by this act at that time.

### **PROHIBITION ON USE OF STATE FUNDS TO CONSTRUCT CERTAIN RESIDENCES**

**SECTION 4.5.(a)** No State funds appropriated in this act may be expended for the construction of any new residence within the 100-year floodplain unless the construction is in an area regulated by a unit of local government pursuant to a floodplain management ordinance and the construction complies with the ordinance. For purposes of this act, the term "100-year floodplain" means any area subject to inundation by the one percent (1%) annual chance flood

event, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency under the National Flood Insurance Program.

**SECTION 4.5.(b)** Homeowners in the 100-year floodplain who receive homeowner's housing assistance pursuant to this act shall have in effect federal flood insurance, if available, as a precondition to receipt of State homeowner's housing assistance for losses resulting from future flooding.

**SECTION 4.5.(c)** Funds loaned to small and mid-sized businesses shall be used only for eligible purposes under the Small Business Administration (SBA) disaster loan assistance program, as described in the federal disaster declarations designated by the SBA as NC-00111. Payments for economic losses shall be limited to documented business expenses necessary for the continued operation of the business.

#### **EACH APPROPRIATION AND ALLOCATION IS MAXIMUM AND CONDITIONAL**

**SECTION 4.6.** The appropriations and allocations made in this act are for maximum amounts necessary to implement this act. Savings shall be effected where the total amounts appropriated or allocated are not required to implement this act.

#### **APPROPRIATION OF FEDERAL FUNDS**

**SECTION 4.7.** Appropriation/Federal Funds. – Funds received on or after September 1, 2019, for federal disaster assistance programs for State disasters as a result of Hurricane Dorian are appropriated in the amounts provided in the notifications of award from the federal government or any entity acting on behalf of the federal government to administer federal disaster recovery funds. The Office of State Budget and Management and affected State agencies shall report all notifications of award to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly.

#### **DIRECTED GRANTS TO NON-STATE ENTITIES**

**SECTION 4.8.(a)** Definitions. – For purposes of this act, the following definitions apply:

- (1) Directed grant. – Nonrecurring funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly.
- (2) Non-State entity. – As defined in G.S. 143C-1-1.

**SECTION 4.8.(b)** Requirements. – Nonrecurring funds appropriated in this act as directed grants are subject to all of the following requirements:

- (1) Directed grants are subject to the provisions of subsections (b) through (k) of G.S. 143C-6-23.
- (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars (\$100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law.
- (3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall include updates on (i) the date of the initial contact, (ii) the date the contract was sent to the entity receiving the funds, (iii) the date the disbursing agency

received the fully executed contract back from the entity, (iv) the contract execution date, and (v) the payment date.

- (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act as directed grants shall not revert until June 30, 2021.
- (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious purposes only.

**SECTION 4.8.(c)** This section expires on June 30, 2021.

**PART V. VARIOUS CHANGES TO BUDGET MATTERS**

**CORRECTIONS TO BASE BUDGET**

**SECTION 5.1.(a)** Section 2.1 of S.L. 2019-242 is repealed.

**SECTION 5.1.(b)** S.L. 2019-242 is amended by adding a new section to read:

"**SECTION 2.1A.** The General Fund availability derived from State tax revenue, nontax revenue, and other adjustments used in developing the budget for each year of the 2019-2021 fiscal biennium is as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Unappropriated Balance	645,592,678	2,356,664,283
Actual and Anticipated Reversions	287,029,354	200,000,000
Over Collections	896,662,617	-
Highway Fund Recovery Act (S.L. 2019-15)	(120,000,000)	-
<b>Total, Prior Year-End Fund Balance</b>	<b>1,709,284,649</b>	<b>2,556,664,283</b>
<b>Tax Revenues</b>		
Personal Income	13,110,400,000	13,700,300,000
Sales and Use	8,141,200,000	8,486,500,000
Corporate Income	732,600,000	787,600,000
Franchise	749,700,000	769,900,000
Insurance	565,300,000	579,800,000
Alcoholic Beverage	411,500,000	425,700,000
Tobacco Products	256,200,000	254,900,000
Other Tax Revenues	132,700,000	136,400,000
<b>Subtotal, Tax Revenues</b>	<b>24,099,600,000</b>	<b>25,141,100,000</b>
<b>Non-tax Revenues</b>		
Judicial Fees	228,800,000	225,300,000
Investment Income	167,200,000	168,300,000
Disproportionate Share	165,300,000	130,000,000
Master Settlement Agreement	136,200,000	131,800,000
Insurance	87,800,000	90,100,000
Other Non-tax Revenues	202,800,000	204,300,000
<b>Subtotal, Non-tax Revenues</b>	<b>988,100,000</b>	<b>949,800,000</b>
<b>Total, Net Revenues</b>	<b>25,087,700,000</b>	<b>26,090,900,000</b>
<b>Adjustment to Tax Revenue: 2019 Session</b>		
Extend Tax Credits/Other Finance Changes (S.L. 2019-237)	(3,900,000)	(16,500,000)
Various Finance Law Changes (S.L. 2019-246)	(15,300,000)	(41,200,000)
<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(19,200,000)</b>	<b>(57,700,000)</b>

<b>Reservations of Tax Revenue</b>		
Savings Reserve	(36,555,000)	(150,450,000)
<b>Subtotal, Statutory Reservations of Revenue</b>	<b>(36,555,000)</b>	<b>(150,450,000)</b>
<b>Other Adjustments to Availability</b>		
Adjustment to Transfer from Department of Insurance	1,249,541	2,700,421
Adjustment to Transfer from State Treasurer	41,913	91,132
NC G.R.E.A.T. Program Funding (S.L. 2019-230)	(15,000,000)	(15,000,000)
<b>Subtotal, Other Adjustments to Availability</b>	<b>(13,708,546)</b>	<b>(12,208,447)</b>
<b>Revised Total Net General Fund Availability</b>	<b>26,727,521,103</b>	<b>28,427,205,836</b>
<b>General Fund Appropriations</b>		
2019 Storm Recovery/Various Budget Corrections (House Bill 200, 2019 Regular Session)	(74,304,813)	(8,856,125)
Ensuring Authorization of Federal Funds (S.L. 2019-192, as amended)	6,023,842	15,223,842
Salary Increases/Adult Correctional Employees (S.L. 2019-208)	(35,914,734)	(56,829,468)
Pay Increases/State Employees (S.L. 2019-209)	(239,220,554)	(572,705,157)
Pay Increases/State Highway Patrol (S.L. 2019-210)	(3,600,000)	(7,200,000)
Pay Increases/SBI & ALE (S.L. 2019-211)	(2,680,000)	(3,360,000)
Standing Up for Rape Victims Act of 2019 (S.L. 2019-221)	(3,000,000)	(3,000,000)
School Safety Funds, Programs, and Reports (S.L. 2019-222)	(38,833,333)	(29,800,000)
Prison Safety/TANF State Plan/Clarifications (S.L. 2019-223)	(4,471,149)	-
Raise the Age Funding (S.L. 2019-229, as amended)	(28,878,616)	(43,402,450)
Community Colleges Budget/2019-2021 Biennium (S.L. 2019-235, as amended)	(28,216,988)	(25,436,606)
Combat Absentee Ballot Fraud (S.L. 2019-239, as amended)	(1,156,004)	(44,923)
2019-2021 Base Budgets/Certain Agencies (S.L. 2019-242)	(23,900,304,471)	(23,981,490,408)
Teacher Step Act (S.L. 2019-247)	(16,300,000)	(16,300,000)
<b>Subtotal, General Fund Appropriations</b>	<b>(24,370,856,820)</b>	<b>(24,733,201,295)</b>
<b>Unappropriated Balance Remaining</b>	<b>2,356,664,283</b>	<b>3,694,004,541"</b>

**SECTION 5.1.(c)** Section 3.6(b) of S.L. 2019-242 is amended by adding a new subdivision to read:

"(5) The Director of the Budget shall ensure the prompt payment of the principal and interest on bonds and notes of the State according to their terms."

**STATE BOARD OF ELECTIONS BUDGET CORRECTIONS**

**SECTION 5.2.(a)** Section 5.1 of S.L. 2019-239 reads as rewritten:

"**SECTION 5.1.** The appropriations made in this ~~Part and S.L. 2019-209 act~~, S.L. 2019-209, S.L. 2019-242, and any other legislation enacted during the 2019-2021 fiscal biennium expressly making appropriations to the State Board of Elections are for maximum amounts necessary to

provide the services and accomplish the purposes described in the budget for the State Board of Elections in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law."

**SECTION 5.2.(b)** Section 5.2 of S.L. 2019-239 reads as rewritten:

**"SECTION 5.2.** ~~Appropriations~~ In addition to the appropriations set forth in S.L. 2019-209, S.L. 2019-242, and any other legislation enacted during the 2019-2021 fiscal biennium expressly appropriating funds to the State Board of Elections, appropriations from the General Fund for the budget of the State Board of Elections are made for the fiscal biennium ending June 30, 2021, as follows:

...."

**SECTION 5.2.(c)** Section 5.7 of S.L. 2019-239 is rewritten to read:

**"SECTION 5.7.** There is appropriated from the State Board of Elections Special Fund (28025) the sum of three million dollars (\$3,000,000) on a nonrecurring basis in each year of the 2019-2021 fiscal biennium to modernize the Statewide Elections Information Management System."

## **COMMUNITY COLLEGE CORRECTIONS**

**SECTION 5.3.(a)** Section 1.1 of S.L. 2019-235 reads as rewritten:

**"SECTION 1.1.** The appropriations made in this ~~act and S.L. 2019-209 act~~, S.L. 2019-209, S.L. 2019-242, and any other legislation enacted during the 2019-2021 fiscal biennium expressly appropriating funds to the Community College System are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget for the Community College System in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law."

**SECTION 5.3.(b)** Section 1.2 of S.L. 2019-235 reads as rewritten:

**"SECTION 1.2.** In addition to the appropriations set forth in ~~S.L. 2019-209~~ S.L. 2019-209, 2019-242, and any other legislation enacted during the 2019-2021 fiscal biennium expressly appropriating funds for the Community College System, appropriations from the General Fund for the budget of the Community College System are made for the fiscal biennium ending June 30, 2021, as follows:

...."

**SECTION 5.3.(c)** Section 2.1(16) of S.L. 2019-235 reads as rewritten:

"(16) Workforce-Focused Multicampus Centers (Fund Code 1625) – ~~Two million two hundred sixty six thousand four hundred forty eight dollars (\$2,266,448)~~ Two million two hundred twenty-six thousand three hundred forty-eight dollars (\$2,226,348) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium to support four approved multicampus sites as follows: Forsyth Tech Transportation Campus, RTP Campus of Wake Technical Community College, the Scotland County Campus of Richmond Community College, and the Aviation Campus of Guilford Technical Community College."

## **INCLUDE POWELL BILL FUNDS IN DEPARTMENT OF TRANSPORTATION BUDGET**

**SECTION 5.4.(a)** S.L. 2019-231 is amended by adding a new section to read:

**"ADDITIONAL POWELL BILL FUNDS FOR SMALLER MUNICIPALITIES**

**SECTION 4.4A.** The additional sum of seven million three hundred seventy-five thousand dollars (\$7,375,000) in recurring funds appropriated in this act for the 2020-2021 fiscal year to the Department of Transportation for the Powell Bill Program (Fund Code 7836) shall be allocated in accordance with the requirements of G.S. 136-41.1(a) only to municipalities with a population of 200,000 or less according to the most recent federal decennial census completed as of the effective date of this section. Nothing in this section shall be construed as (i) prohibiting municipalities eligible for funds under this section from being eligible for recurring funds appropriated in this act to the Department of Transportation for the State Aid–Powell Bill Fund or (ii) otherwise modifying the allocation of recurring funds appropriated in this act to the Department of Transportation for the State Aid–Powell Bill Fund."

**SECTION 5.4.(b)** If House Bill 966, 2019 Regular Session, becomes law, Section 40.4 of that act is repealed.

#### **DEPARTMENT OF REVENUE CONTINGENCY**

**SECTION 5.5.** If House Bill 966, 2019 Regular Session, becomes law, then Section 8 of S.L. 2019-237 is repealed.

#### **CONTINGENT REPEAL OF CERTAIN FINANCE PROVISIONS**

**SECTION 5.6.** If House Bill 966, 2019 Regular Session, becomes law, Sections 41.4, 41.5, and 41.10 of that act are repealed.

#### **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

**SECTION 5.7.(a)** Article 6 of Chapter 147 of the General Statutes is amended by adding a new section to read:

**"§ 147-76.1. Require deposit into the State treasury of funds received by the State.**

**(a) Definition.** – For purposes of this section, the term "cash gift or donation" means any funds provided, without valuable consideration, to the State, for use by the State, or for the benefit of the State.

**(b) Requirement.** – Except as otherwise specifically provided by law, all funds received by the State, including cash gifts and donations, shall be deposited into the State treasury. Nothing in this subsection shall be construed as exempting from the requirement set forth in this subsection funds received by a State officer or employee acting on behalf of the State.

**(c) Terms Binding.** – Except as otherwise provided by subsection (b) of this section, the terms of an instrument evidencing a cash gift or donation are a binding obligation of the State. Nothing in this section shall be construed to supersede, or authorize a deviation from the terms of an instrument evidencing a gift or donation setting forth the purpose for which the funds may be used."

**SECTION 5.7.(b)** G.S. 147-83 reads as rewritten:

**"§ 147-83. Receipts from federal government ~~and gifts not affected.~~**

General Statutes 147-77, 147-78, 147-80, 147-81, 147-82, 147-83 and 147-84 shall not be held or construed to affect or interfere with the receipts and disbursements of any funds received by any institution or department of this State from the federal government ~~or any gift or donation to any institution or department of the State or commission or agency thereof~~ when either in the act of Congress, relating to such funds received from the federal government, ~~or in the instrument evidencing the said private donation or gift,~~ a contrary disposition or handling is prescribed or required, and the said sections shall not apply to any moneys paid to any department, institution or agency, or undertaking of the State of North Carolina, as a part of any legislative appropriation, or allotment from any contingent fund, as provided by law, after the same has been paid out of the State treasury."

**SECTION 5.7.(c)** This section becomes effective July 1, 2019, and applies to funds received on or after that date.

## DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT

### SECTION 5.8. G.S. 143B-10(c) reads as rewritten:

"(c) Department Staffs. – The head of each principal State department may establish necessary subordinate positions within ~~his~~the department, make appointments to those positions, and remove persons appointed to those positions, all within the limitations of appropriations and subject to the State Budget Act and the North Carolina Human Resources Act. All employees within a principal State department shall be under the supervision, direction, and control of the head of that department. The head of each principal State department may establish or abolish positions, transfer officers and employees between positions, and change the duties, titles, and compensation of existing offices and positions as ~~he~~the head of the department deems necessary for the efficient functioning of the department, subject to the State Budget Act and the North Carolina Human Resources Act and the limitations of available appropriations. For the purposes of the foregoing provisions, a member of a board, commission, council, committee, or other citizen group shall not be considered an "employee within a principal department. Nothing in this subsection shall be construed as authorizing the transfer of officers and employees between departments without express authorization of the General Assembly."

## STATE BUDGET ACT AMENDMENTS

### SECTION 5.9.(a) G.S. 143C-1-3(a) reads as rewritten:

"(a) Types. – The Controller shall account for State resources through use of the fund types listed in this subsection. The Controller may not establish a fund type that differs from the listed fund types unless the Governmental Accounting Standards Board has approved the use of the different fund type.

The fund types are described as follows, except that where a conflict exists between a description used in this section and the definition of the corresponding fund type issued by the Governmental Accounting Standards Board, it is presumed that the definition issued by the Governmental Accounting Standards Board shall prevail.

#### Governmental Funds.

- (1) Capital Projects Funds. – Accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds or ~~in trust funds for individuals, private organizations, or other governments.~~ fiduciary funds. Capital outlays financed from general obligation bond proceeds should be accounted for through a capital projects fund.
- (2) Debt Service Funds. – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- (3) General Fund. – Accounts for all financial resources except those required to be reported in another fund.
- (4) Special Revenue Funds. – Accounts for the proceeds of specific revenue sources, other than ~~trusts for individuals, private organizations, or other governments~~ debt service or for major capital projects, that are legally restricted to expenditure for specified purposes.
- (5) Permanent Funds. – Accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

#### Proprietary Funds.

- (6) Enterprise Funds. – Accounts for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Each of these

criteria should be applied in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
  - b. Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.
  - c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.
- (7) Internal Service Funds. – Accounts for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund.
- ~~Agency and Trust~~ Fiduciary Funds.
- (8) ~~Agency~~ Custodial Funds. – Accounts for resources held by the reporting government in a purely custodial capacity. ~~Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments capacity. Custodial funds are fiduciary activities that are not required to be reported in investment trust funds, pensions and other employee benefit trust funds, and private-purpose trust funds, as described in this section.~~
- (9) Investment Trust Funds. – Accounts for the external portion of investment pools reported by the sponsoring government.
- (10) Pension and Other Employee Benefit Trust Funds. – Accounts for resources that are required to be held in trust for ~~the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.~~ pension plans, other postemployment benefit plans, and other employee benefit plans that meet certain Governmental Accounting Standards Board (GASB) criteria.
- (11) Private-Purpose Trust Funds. – Accounts for all other trust arrangements ~~under which principal and income benefit individuals, private organizations, or other governments.~~ that are not required to be reported in investment trust funds and pension and other employee benefit trust funds."

**SECTION 5.9.(b)** G.S. 143C-3-5 reads as rewritten:

**"§ 143C-3-5. Budget recommendations and budget message.**

(a) Budget Proposals. – The Governor shall present budget recommendations, consistent with G.S. 143C-3-1, 143C-3-2, and 143C-3-3 to each regular session of the General Assembly at a mutually agreeable time to be fixed by joint resolution.

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

- (1) A Recommended State Budget setting forth goals for improving the State with recommended expenditure requirements, funding sources, and performance information for each State government program and for each proposed capital improvement. The Recommended State Budget may be presented in a format chosen by the Director, except that the Recommended State Budget shall clearly distinguish program base budget requirements, program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6.



- (1a) The Governor's Recommended State Budget shall include a base budget, which shall be presented ~~in the budget support document~~ pursuant to subdivision (2) of this subsection.
- (2) A ~~Budget Support Document~~ Recommended Base Budget showing, for each budget code and purpose or program in State government, accounting detail corresponding to the Recommended State Budget.
  - a. The ~~Budget Support Document~~ Recommended Base Budget shall employ the North Carolina Accounting System Uniform Chart of Accounts adopted by the State Controller to show both uses and sources of funds and shall display in separate parallel columns all of the following: (i) actual expenditures and receipts for the most recent fiscal year for which actual information is available, (ii) the certified budget for the preceding fiscal year, (iii) the currently authorized budget for the preceding fiscal year, (iv) program base budget requirements for each fiscal year of the biennium, (v) proposed expenditures and receipts for each fiscal year of the biennium, and (vi) proposed increases and decreases.
  - b. The ~~Budget Support Document~~ Recommended Base Budget shall include detailed information on recommended expenditures for capital improvements as required by G.S. 143C-8-6.
  - c. The ~~Budget Support Document~~ Recommended Base Budget shall include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including tuition collected by university or community college institutions, shall be adjusted to reflect actual collections from the previous fiscal year, unless the Director recommends a change that will result in collections in the budget year that differ from prior year actuals, or the Director otherwise determines there is a more reasonable basis upon which to accurately project receipts. Revenue and expenditure detail provided in the Budget Support Document shall be no less detailed than the two-digit level in the North Carolina Accounting System Uniform Chart of Accounts as prescribed by the State Controller.
  - d. The ~~Budget Support Document~~ Recommended Base Budget shall clearly identify all proposed expenditures supported by existing or proposed appropriations, including statutory appropriations.
- (3) A recommended Current Operations Appropriations Act that makes appropriations for each fiscal year of the upcoming biennium for the operating and capital expenses of all State agencies as contained in the Recommended State Budget.
- (4) The biennial State Information Technology Plan as outlined in Part 2 of Article 15 of Chapter 143B of the General Statutes to be consistent in facilitating the goals outlined in the Recommended State Budget.
- (5) A list of budget adjustments made during the prior fiscal year pursuant to G.S. 143C-6-4 that are included in the proposed base budget for the upcoming fiscal year. The list of budget adjustments shall identify the revision number, revision type, revision title, the purpose or programs affected, and the amount of funds moving between the purpose or programs.
- (6) The Governor's Recommended State Budget shall include a transfer to the Savings Reserve of fifteen percent (15%) of the estimated growth in State tax revenues that are deposited in the General Fund for each fiscal year of the upcoming biennium. This subdivision applies only if, and to the extent that,

the balance of the Savings Reserve remains below the recommended Savings Reserve balance developed pursuant to G.S. 143C-4-2(f).

- (7) The Governor's Recommended State Budget shall include a transfer to the State Capital and Infrastructure Fund of four percent (4%) of the estimated net State tax revenues that are deposited in the General Fund for each fiscal year of the upcoming biennium.

(c) Even-Numbered Years. – In even-numbered years, the Governor may recommend changes in the enacted budget for the second year of the biennium. These recommendations shall be presented as amendments to the enacted budget and shall be incorporated in a recommended Current Operations Appropriations Act. Any recommended changes shall clearly distinguish program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting documentation and accounting detail, consistent with that required by G.S. 143C-3-5(b), corresponding to the recommended amendments to the enacted budget.

(d) Funds Included in Budget. – Consistent with requirements of the North Carolina Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with the Recommended Base Budget and Recommended Capital Improvements Budget Support Document, shall include recommended expenditures of State funds from all Governmental and Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for The University of North Carolina and its constituent institutions that are subject to this Chapter. Except where provided otherwise by federal law, funds received from the federal government become State funds when deposited in the State treasury and shall be classified and accounted for in the Governor's budget recommendations no differently than funds from other sources.

(e) Availability Estimates. – The recommended Current Operations Appropriations Act shall contain a statement showing the estimates of General Fund availability, Highway Fund availability, and Highway Trust Fund availability upon which the Recommended State Budget is based.

(f) Budget Message. – The Governor's budget recommendations shall be accompanied by a written budget message that does all of the following:

- (1) Explains the goals embodied in the recommended budget.
- (2) Explains important features of the activities anticipated in the budget.
- (3) Explains the assumptions underlying the statement of revenue availability.
- (4) Sets forth the reasons for changes from the previous biennium or fiscal year, as appropriate, in terms of programs, program goals, appropriation levels, and revenue yields.
- (5) Identifies anticipated sources of funding for major spending initiatives.
- (6) Prepares a fiscal analysis that addresses the State's budget outlook for the upcoming five-year period. This fiscal analysis shall include detailed estimates for five years for any proposals to create new or significantly expand programs and for proposals to create new or change existing law.

(g) Different Gubernatorial Administrations. – For years in which there will be a change in gubernatorial administrations, the incumbent Governor shall complete the budget recommendations and budget message by December 15 and deliver them to the Governor-elect."

**SECTION 5.9.(c)** G.S. 143C-8-6 reads as rewritten:

**"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended State Budget.**

(a) Budget Director's Recommendations. – The Director of the Budget shall recommend expenditures for repairs and renovations of existing facilities, and real property acquisition, new construction, or rehabilitation of existing facilities in the Recommended State Budget in accordance with G.S. 143C-3-5.

(b) Repairs and Renovations in the Recommended State Budget. – The Recommended State Budget shall contain for repairs and renovations of existing facilities: (i) the amount recommended for each State agency, (ii) a summary of the recommendations by project type, and (iii) the means of financing.

(c) Repairs and Renovations in the Recommended Capital Improvements Budget Support Document. – The Recommended Capital Improvements Budget Support Document shall contain for each repair and renovation project recommended in accordance with subsection (b) of this section: (i) a project description and justification, (ii) a detailed cost estimate, (iii) an estimated schedule for the completion of the project, and (iv) an explanation of the means of financing.

(d) Other Capital Projects in the Recommended State Budget. – The Recommended State Budget shall contain for each capital project involving real property acquisition, new construction, building area (sq. ft.) expansions, or the rehabilitation of existing facilities to accommodate new or expanded uses: (i) a project description and statement of need, (ii) an estimate of acquisition and construction or rehabilitation costs, and (iii) a means of financing the project.

(e) Other Capital Projects in the Capital Improvements Budget Support Document. – The Capital Improvements Budget Support Document shall contain for each capital project recommended in accordance with subsection (d) of this section: (i) a detailed project description and justification, (ii) a detailed estimate of acquisition, planning, design, site development, construction, contingency and other related costs, (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated schedule for the completion of the project, (v) an estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation, and (vi) an explanation of the means of financing.

(f) All Recommended Capital Projects. – The Director of the Budget shall ensure that recommendations in the Recommended State Budget for repairs and renovations of existing facilities, real property acquisition, new construction, or rehabilitation of existing facilities include all of the following information:

- (1) An estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation. If no increase in these expenditures is anticipated because the recommended project would replace an existing facility, then the level of expenditures for the previous five years of operation shall be included instead.
- (2) A recommended funding source for the operating costs identified pursuant to subdivision (1) of this subsection."

## WEB SITE POSTING OF REPORTS

**SECTION 5.10.(a)** G.S. 120-29.5 reads as rewritten:

**"§ 120-29.5. State agency reports to the General Assembly.**

(a) Submission. – Whenever a report is directed by law or resolution to be made to the General Assembly, the State agency preparing the report shall deliver one copy of the report to each of the following officers: the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the House Principal Clerk, and the Senate Principal Clerk; and two copies of the report to the Legislative Library. The State agency is encouraged to inform members of the General Assembly that an electronic copy is available. This section does not affect any responsibilities for depositing documents with the State Library or the State Publications Clearinghouse under Chapter 125 of the General Statutes.

(b) Publication. – A State agency submitting a report pursuant to subsection (a) of this section or a report directed by law or resolution to be made to a committee or subcommittee of the General Assembly shall publish the report on a public Internet Web site maintained by the State agency."

**SECTION 5.10.(b)** This section becomes effective January 1, 2020, and applies to reports submitted on or after that date.

**STATE BUDGET ACT/CLARIFY WHAT CONSTITUTES AN APPROPRIATION**

**SECTION 5.11.** G.S. 143C-1-2(a) reads as rewritten:

"(a) Appropriation Required to Withdraw State Funds From the State Treasury. – In accordance with Section 7 of Article V of the North Carolina Constitution, no money shall be drawn from the State treasury but in consequence of appropriations made by law. A law enacted by the General Assembly that ~~authorizes the expenditure of money~~ expressly appropriates funds from the State treasury is an appropriation; however, an enactment by the General Assembly that ~~authorizes, specifies, or otherwise provides that funds may be used for a particular~~ describes the purpose of a fund, authorizes the use of funds, allows the use of funds, or specifies how funds may be expended, is not an appropriation."

**PART VI. EFFECTIVE DATE**

**SECTION 6.1.** Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 14<sup>th</sup> day of November, 2019.

s/ Philip E. Berger  
President Pro Tempore of the Senate

s/ Tim Moore  
Speaker of the House of Representatives

s/ Roy Cooper  
Governor

Approved 9:32 a.m. this 18<sup>th</sup> day of November, 2019