

May 18, 2010

**H 1791. GOVERNORS BUDGET.** Filed 5/18/10. *TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.*

To be summarized.

**Intro. by Michaux, Adams, M. Alexander, Crawford.**

APPROP, GS 143, 147, 143C, 120, 115D, 108A, 153A, 106, 130A, 143B, 7A, 15A, 20, 105, 122A, 136.

May 20, 2010

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## **PART I. INTRODUCTION AND TITLE OF ACT**

### **TITLE OF ACT**

**SECTION 1.2.** The act is known as "The Current Operations and Capital Improvements Appropriations Act of 2010."

## **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

### **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**SECTION 2.1.** Adjusts appropriations from the General Fund for the 2011 fiscal year as follows:

#### **Current Operations – General Fund 2010-2011**

### **EDUCATION**

Community Colleges System Office  
32,282,306

\$

Department of Public Instruction  
(314,828,201)

University of North Carolina – Board of Governors  
Appalachian State University  
2,867,554

East Carolina University  
Academic Affairs  
5,758,810

Health Affairs  
0  
Elizabeth City State University  
732,222

Fayetteville State University  
1,155,186  
North Carolina Central University  
1,254,688

North Carolina School of the Arts  
219,749

North Carolina State University  
Academic Affairs  
10,454,599

|  |                      |
|--|----------------------|
| Agricultural Extension   |                      |
| 0  |                      |
| Agricultural Research  |                      |
| 0  |                      |
| University of North Carolina at Asheville                      | 1,048,747            |
| University of North Carolina at Chapel Hill                    |                      |
| Academic Affairs   | 6,842,536            |
| Health Affairs   |                      |
| 156,027  |                      |
| Area Health Education Centers                                  |                      |
| 115,360  |                      |
| University of North Carolina at Charlotte                      |                      |
| 6,433,798  |                      |
| University of North Carolina at Greensboro                     |                      |
| 3,521,383  |                      |
| University of North Carolina at Pembroke                       | 789,362              |
| University of North Carolina at Wilmington                     |                      |
| 3,139,825  |                      |
| NCA&T  |                      |
| 2,218,210  |                      |
| Western Carolina University                                    |                      |
| 1,412,533  |                      |
| Winston-Salem State University                                 |                      |
| 798,672  |                      |
| General Administration   |                      |
| (1,909,887)  |                      |
| University Institutional Programs                              |                      |
| (36,298,756)   |                      |
| UNC Related Educational Programs                               |                      |
| 34,856,563   |                      |
| UNC Financial Aid for Private Colleges                         |                      |
| (1,172,542)  |                      |
| North Carolina School of Science and Mathematics               | 0                    |
| UNC Hospitals at Chapel Hill                                   |                      |
| (1,716,463)  |                      |
| <b>Total University of North Carolina – Board of Governors</b> | <b>\$ 42,678,176</b> |

## HEALTH AND HUMAN SERVICES

|   |    |
|---|----|
| Department of Health and Human Services                     |    |
| Division of Central Management and Support                  | \$ |
| (4,291,405)   |    |
| Division of Aging and Adult Services                        |    |
| 1,000,000   |    |
| Division of Services for the Blind and Deaf/Hard of Hearing |    |
| (614,064)   |    |
| Division of Child Development                               |    |
| (17,009,838)  |    |
| Office of Education Services                                |    |
| (1,287,310)   |    |
| Division of Health Service Regulation                       |    |
| (2,478,879)   |    |
| Division of Medical Assistance                              |    |
| (394,083,299)   |    |
| Division of Mental Health, Developmental Disabilities,      |    |

and Substance Abuse Services

33,072,692

NC Health Choice

8,467,643

Division of Public Health

6,777,031

Division of Social Services

(12,655,513)

Division of Vocational Rehabilitation

(3,316,000)

Total Health and Human Services

\$

(386,418,942)

## **NATURAL AND ECONOMIC RESOURCES**

Department of Agriculture and Consumer Services

\$

(4,239,178)

Department of Commerce

Commerce

22,557,213

Commerce State-Aid

5,200,000

NC Biotechnology Center

3,000,000

Rural Economic Development Center

5,000,000

Department of Environment and Natural Resources

Environment and Natural Resources

(116,212)

Clean Water Management Trust Fund

0

Department of Labor

(1,219,388)

## **JUSTICE AND PUBLIC SAFETY**

Department of Correction

\$

(45,551,555)

Department of Crime Control and Public Safety

(819,000)

Judicial Department

(9,216,294)

Judicial Department – Indigent Defense

1,828,954

Department of Justice

(2,802,152)

Department of Juvenile Justice and Delinquency Prevention

(5,852,393)

## GENERAL GOVERNMENT

Department of Administration \$  
(1,712,290)

Office of Administrative Hearings  
(307,026)

Department of State Auditor  
(746,955)

Office of State Controller  
8,594,863

Department of Cultural Resources  
Cultural Resources  
(2,897,180)  
Roanoke Island Commission  
(139,344)

State Board of Elections  
294,735

General Assembly  
(2,731,696)

Office of the Governor  
Office of the Governor  
(303,400)  
Office of State Budget and Management  
407,584  
OSBM – Reserve for Special Appropriations  
750,000  
Housing Finance Agency  
0

Department of Insurance  
Insurance  
(1,796,372)  
Insurance – Volunteer Safety Workers' Compensation  
(400,000)

Office of Lieutenant Governor  
(63,800)

Department of Revenue  
3,521,022

Department of Secretary of State  
(537,958)

Department of State Treasurer  
State Treasurer  
(422,191)  
State Treasurer – Retirement/Benefits  
0

**RESERVES, ADJUSTMENTS AND DEBT SERVICE**

|  |                         |
|--|-------------------------|
| Contingency and Emergency Fund                 | \$                      |
| 0  |                         |
| Compensation Increase Reserve                  |                         |
| 61,136,150                                     |                         |
| "Back to Work" Incentive Fund                  |                         |
| 15,000,000                                     |                         |
| Convert Contractual Employees to Permanent     |                         |
| 0  |                         |
| Pay Reduction Hold Harmless                    |                         |
| 62,500,000                                     |                         |
| Job Development Incentive Grants Reserve       |                         |
| (6,600,000)                                    |                         |
| Statewide Administrative Support Reduction     |                         |
| 0  |                         |
| Motor Fleet Rate Adjustment                    |                         |
| (2,200,000)                                    |                         |
| Health Plan Reserve                            |                         |
| 0  |                         |
| Retirement Rate Adjustment Reserve-COLA        |                         |
| 20,000,000                                     |                         |
| Judicial Retirement                            |                         |
| 0  |                         |
| IT Initiative 0                                |                         |
| Savings Reserve Direct Appropriations          |                         |
| 101,524,821                                    |                         |
| <b>TOTAL CURRENT OPERATIONS – GENERAL FUND</b> | <b>\$ (410,319,016)</b> |

**GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.(a)** Establishes the General Fund availability used in adjusting the 2010-11 budget as shown below:

|   | <b>FY</b>                |
|---|--------------------------|
| <b>2010-2011</b>  |                          |
| Unappropriated Balance from FY 2009-2010, S.L. 2009-451 | \$ 83,171,017            |
| Projected Reversions from FY 2009-2010                  | 0                        |
| Projected Overcollections from FY 2009-2010             | 0                        |
| Less: Credit to Savings Reserve Account                 | 0                        |
| Less: Credit to Repairs and Renovation Reserve Account  | 0                        |
| <b>Beginning Unreserved Fund Balance</b>                | <b>\$ 83,171,017</b>     |
| <b>Revenues Based on Existing Tax Structure</b>         | <b>\$ 18,199,339,654</b> |
| <b>Nontax Revenues</b>                                  |                          |
| Investment Income                                       | \$ 57,500,000            |
| Judicial Fees   | 239,100,000              |
| Disproportionate Share                                  | 100,000,000              |
| Insurance   | 67,000,000               |
| Other Nontax Revenues                                   |                          |
| 182,700,000   |                          |
| Highway Trust Fund Transfer                             |                          |
| 72,894,864  |                          |
| Highway Fund Transfer                                   | 17,504,498               |

|  |           |          |
|--|-----------|----------|
| <b>Subtotal Nontax Revenues</b>  | <b>\$</b> |          |
| <b>736,699,362</b>   |           |          |
| <b>Total General Fund Availability</b>                                   |           |          |
| <b>\$19,752,139,885</b>  |           |          |
| <b>Adjustments to Availability: 2010 Session</b>                         |           |          |
| Conform to Federal HIRE ACT  | \$        |          |
| 4,900,000  |           |          |
| Continue to Phase Out of Highway Trust Fund Transfer                     |           |          |
| (22,000,000)   |           |          |
| Tax Relief for Small Business Equipment Purchases                        |           |          |
| (2,800,000)  |           |          |
| High Unemployment Hiring Incentive                                       |           | 0        |
| Extend Qualified Business Venture Credit and Raise Cap                   |           |          |
| (8,000,000)  |           |          |
| Extend Sunset for Small Business Health Benefits Credit                  |           |          |
| (5,000,000)  |           |          |
| Small Business Start-Up Tax Relief (Founder's Credit)                    |           |          |
| 0  |           |          |
| Extend Refund for Motorsports Aviation                                   |           |          |
| (100,000)  |           |          |
| Transfer from Disproportionate Share Reserve                             |           |          |
| 35,000,000   |           |          |
| Public Safety Fees   |           |          |
| 14,445,560   |           |          |
| Divert Scrap Tire Tax  |           |          |
| 1,514,642  |           |          |
| Divert White Goods Management Tax  |           |          |
| 775,325  |           |          |
| Divert a Portion of Wildlife Taxes                                       |           |          |
| 1,500,000  |           |          |
| Department of Revenue Settlement Initiative                              |           |          |
| 110,000,000  |           |          |
| <b>Subtotal Adjustments to Availability: 2010 Session</b>                | <b>\$</b> |          |
| <b>130,235,527</b>   |           |          |
| <b>Revised General Fund Availability for 2010-2011 Fiscal Year</b>       | <b>\$</b> |          |
| <b>19,149,445,560</b>  |           |          |
| <b>Less: Total General Fund Appropriations for 2010-2011 Fiscal Year</b> | <b>\$</b> |          |
| <b>(19,149,445,560)</b>  |           |          |
| <b>Unappropriated Balance Remaining</b>                                  | <b>\$</b> | <b>0</b> |

**SECTION 2.2. (b), (c)** Decreases to \$71 million the amount to be transferred for 2010-11 from the taxes deposited in the Trust Fund to the General Fund and requires that \$1.8 million also be transferred for 2010-11 according to GS 105-187.9(b2).

**SECTION 2.2. (d), (e)** Provides that the \$50 million appropriated to the Clean Water Management Trust Fund is made pursuant to the statutory appropriation. Provides that the State Health Plan appropriation is made pursuant to the Session Law and are not additional funds.

**SECTION 2.2. (f)** Requires the Secretary of Revenue to transfer specified funds to the State Controller for Interstate Transfers during the 2009-11 biennium to offset public school operations.

**SECTION 2.2. (g)** Requires \$5 million of the funds credited to the Tobacco Trust to be transferred on or after April 30, 2011, for deposit into Interstate Transfers to support 2010-11 General Fund appropriations.

**SECTION 2.2. (h)** Requires \$5 million of the funds credited to the Health Trust Account that would be deposited in the Fund Reserve to be transferred to Interstate Transfers by April 30, 2011, to support 2010-11 General Fund appropriations.

**SECTION 2.2. (i), (j)** Prohibits the State Controller from transferring funds from the unreserved fund balance to the Savings Reserve Account or to the Repairs and Renovations Reserve Account. Effective June 30, 2010.

**SECTION 2.2. (k)** Requires the Secretary of Revenue to credit net tax proceeds to the General Fund that the Secretary is directed by statute to credit to the (1) Scrap Tire Disposal Account and (2) White Goods Management Account. Also directs the Secretary to credit to the General Fund \$1.5 million of the net tax proceeds that the Secretary is directed by statute to transfer to the Wildlife Resources Fund.

### **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

#### **CURRENT OPERATIONS/HIGHWAY FUND**

**SECTION 3.1.** Revises appropriations from the Highway Fund for the fiscal year ending June 30, 2011, as follows:

| <b>Current Operations – Highway Fund</b>          | <b>2010-2011</b>    |
|---|---------------------|
| <b>Adjustments</b>                                |                     |
| DOT – General Administration                      | \$ 1,544,289        |
| Highway Division Administration                   |                     |
| State Match for Federal Aid-Planning and Research |                     |
| Construction Program:                             |                     |
| State Secondary System                            |                     |
| 3,840,718   |                     |
| Division Small Urban Construction                 |                     |
| Discretionary Funds                               |                     |
| Spot Safety Improvements                          |                     |
| Access and Public Services Roads                  |                     |
| <b>Total Construction Program</b>                 | <b>\$ 3,840,718</b> |
| Maintenance Program                               |                     |
| Primary System                                    |                     |
| Secondary System                                  |                     |
| System Preservation                               |                     |
| Contract Resurfacing                              |                     |
| General Maintenance Reserve                       | \$                  |
| (3,698,277)                                       |                     |
| <b>Total Maintenance Program</b>                  | <b>\$</b>           |
| <b>(3,698,277)</b>                                |                     |
| Ferry Operations                                  | \$ 4,805,311        |
| State Aid to Municipalities                       |                     |
| (785,319)   |                     |
| State Aid to Railroads                            | 6,325,000           |
| State Aid for Public Transportation               |                     |
| Airports  |                     |
| OSHA  |                     |
| Governor's Highway Safety Program                 |                     |
| Division of Motor Vehicles                        | 544,623             |

|   |                      |
|---|----------------------|
| <b>Total Department of Transportation</b> | <b>\$ 12,576,345</b> |
|---|----------------------|

Appropriations to Other State Agencies:

|   |           |
|---|-----------|
| Agriculture                                     |           |
| Revenue   |           |
| State Treasurer                                 |           |
| Office of State Controller-BEST Shared Services |           |
| Public Instruction – Civil Penalties            |           |
| Public Instruction – Driver Education           | \$        |
| 32,021,964                                      |           |
| CCPS – Highway Patrol                           |           |
| 4,700,000                                       |           |
| DENR – LUST Trust Fund                          |           |
| (40,000)  |           |
| DHHS – Chemical Test                            |           |
| <b>Total – Other State Agencies</b>             | <b>\$</b> |
| <b>36,681,964</b>                               |           |

Reserves and Transfers:

|   |           |
|---|-----------|
| Minority Contractor Development         |           |
| State Fire Protection Grant             |           |
| Stormwater Discharge Permit             |           |
| Reserve for Visitor's Centers           |           |
| Global TransPark                        |           |
| Reserve for Health Insurance Adjustment |           |
| Employer's Contribution to Retirement   | \$        |
| 930,050                                 |           |
| Reserve for State Employees Payback     |           |
| 2,701,641                               |           |
| <b>Total Reserves and Transfers</b>     | <b>\$</b> |
| <b>3,631,691</b>                        |           |

|   |           |
|---|-----------|
| <b>Total Highway Fund Appropriation</b> | <b>\$</b> |
| <b>52,890,000</b>                       |           |

**HIGHWAY FUND AVAILABILITY STATEMENT**

**SECTION 3.2.** The Highway Fund availability used in developing modifications to the 2010-11 Highway Fund budget is as follows:

|  |                  |
|--|------------------|
| <b>Highway Fund Availability Statement</b> | <b>2010-2011</b> |
|--|------------------|

**Recommended**

|  |           |
|--|-----------|
| Beginning Credit Balance               |           |
| -                                      |           |
| Estimated Revenue                      | \$        |
| 1,792,540,000                          |           |
| Estimated Reversions                   | -         |
| <b>Total Highway Fund Availability</b> | <b>\$</b> |
| <b>1,792,540,000</b>                   |           |

**PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

**HIGHWAY TRUST FUND APPROPRIATIONS**



**SECTION 4.1.** Revised appropriations from the Highway Trust Fund are made for the fiscal year ending June 30, 2011, as follows:

| <b>Highway Trust Fund</b>                      | <b>2010-2011<br/>Adjustments</b> |
|--|----------------------------------|
| Department of Transportation:                  |                                  |
| Maximum Allowance for Administration           | \$ 371,520                       |
| Construction Allocation:                       |                                  |
| Intrastate System                              |                                  |
| 4,995,162                                      |                                  |
| Urban Loop System                              |                                  |
| 2,019,836                                      |                                  |
| Secondary Roads                                |                                  |
| (170,627)                                      |                                  |
| NC Mobility Fund                               |                                  |
| 94,583,983                                     |                                  |
| State Aid to Municipalities                    |                                  |
| 524,109  |                                  |
| Bonds:   |                                  |
| Bond Redemption                                |                                  |
| Bond Interest                                  |                                  |
| NC Turnpike Authority                          |                                  |
| Transfer to the General Fund                   |                                  |
| (22,000,000)                                   |                                  |
| <b>Total Highway Trust Fund Appropriations</b> | <b>\$ 80,323,983</b>             |

#### **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

**SECTION 4.2.** The Highway Trust Fund availability used in modifying the 2010-11 Highway Trust Fund budget contained in this act is shown below:

| <b>Highway Trust Fund Availability Statement</b> | <b>2010-2011<br/>Recommended</b> |
|--|----------------------------------|
| Beginning Credit Balance                         |                                  |
| -  |                                  |
| Estimated Revenue                                | \$                               |
| 1,001,313,983                                    |                                  |
| Estimated Reversions                             | -                                |
| <b>Total Highway Trust Fund Availability</b>     | <b>\$</b>                        |
| <b>1,001,313,983</b>                             |                                  |

#### **PART V. OTHER AVAILABILITY AND APPROPRIATIONS**

##### **EDUCATION LOTTERY**

**SECTION 5.1.** Provides that \$441,347,500 is transferred from the State Lottery Fund to support appropriations made in the act. Appropriates specified amounts from the Education Lottery Fund for class size reduction, prekindergarten program, public school building capital fund, and scholarship for need students. Requires that \$31,881,046 of excess lottery receipts be

transferred to the Public School Building Capital Fund and allocated on the basis of average daily membership to those local school administrative units that did not qualify for funding in 2009-10 under GS 115C-546.2(d)(2). Requires that the balance of the excess lottery revenues in 2009-10 be transferred to the Education Lottery Reserve Fund. Effective June 30, 2010.

#### **INFORMATION TECHNOLOGY FUND APPROPRIATION**

**SECTION 5.3.** Makes the following appropriations from the Information Technology Fund for 2010-11:

#### **Office of Information Technology Services**

**FY 2010-2011**

#### **Information Technology Operations**

|  |             |
|--|-------------|
| Center for Geographic Information and<br>Analysis    | \$740,000   |
| Enterprise Security Remediation Management<br>Office | \$1,101,296 |
| Enterprise Project Management<br>Office              | \$1,795,000 |
| Architecture and<br>Engineering                      | \$648,000   |

#### **Total Information Technology Operations**

**\$4,284,296**

#### **Information Technology Projects**

|                                   |             |
|-----------------------------------|-------------|
| Enterprise<br>Licensing           | \$300,000   |
| State<br>Portal                   | \$500,000   |
| Enterprise Identity<br>Management | \$1,250,000 |
| IT<br>Consolidation               | \$2,733,171 |

#### **Total Information Technology Projects**

**\$4,783,171**

#### **TOTAL**

**\$9,067,467**

#### **OTHER RECEIPTS FROM PENDING GRANT AWARDS**

**SECTION 5.4.** Amends Section 5.6 of SL 2009-451 to remove the requirement the Governor consult with the Joint Legislative Committee on Governmental Operation before allowing agencies to spend funds received from grants awarded under the 2009 Appropriations Act. Also removes reporting requirements to the committee and instead requires that the Office of State Budget and Management report to the Fiscal Research Division within 30 days

on any funds received from grants awarded subsequent to the enactment of the act.

## **PART VI. GENERAL PROVISIONS.**

### **REPEAL REQUIREMENT FOR MAIL LIST CERTIFICATIONS.**

**SECTION 6.1.** Repeals GS 143-169.1 as title indicates.

### **GOVERNMENT REORGANIZATION.**

**SECTION 6.2.** Requires the Governor to review the government reorganization plan proposed by the Budget Reform and Accountability Commission (BRAC) and to make recommendations to the General Assembly for consideration in the 2011 legislative session as provided by Article III, Section 5(10), of the NC Constitution. Allows, where appropriate, the study of proposed government reorganization to be conducted in consultation with other regulatory or oversight agencies such as the Office of State Personnel, the Fiscal Research Division, and the Program Evaluation Division.

### **NETWORK SECURITY ASSESSMENTS.**

**SECTION 6.3.** Amends GS 147-33.111 to require the state chief information officer to conduct assessments of network vulnerability and deletes role of state auditor with respect to network security assessment and testing except when assessing security practices of information technology systems is part of the Auditor's duties and responsibilities. Makes conforming changes.

### **MANAGEMENT FLEXIBILITY REDUCTIONS.**

**SECTION 6.4.** Provides that, except as otherwise specified in Parts VII, VIII, and IX, management flexibility reductions may not be allocated using an across-the-board method but in a manner that recognizes the importance of the core mission of each agency. Also requires that before taking reductions in operational budgets, each agency must consider reducing budgets for senior and middle management personnel, vacant positions, and program efficiencies. Requires that items identified for reduction be presented to the Office of State Budget and Management within 30 days of date this act becomes law and that OSBM review and approve reduction options within 30 days of submission.

### **CARRYFORWARD SEVERANCE EXPENDITURE RESERVE.**

**SECTION 6.5.** Provides that unspent funds previously appropriated to the reserve will remain available for 2010-11 for severance salary continuation payments and noncontributory hospital/medical coverage under the State Health Plan for employees reduced-in-force.

### **AMEND STATE BUDGET ACT.**

**SECTION 6.6.** Amends GS 143C-1-1(d) to define *authorized budget* as the certified budget added to allowable budget adjustments authorized by the State Budget Act and the director of the budget. Amends GS 143C-3-5(d) to require that Governor's recommended budget include all funds established for The University of North Carolina and its constituent institutions that are subject to GS Chapter 143C. Amends GS 143C-6-4(b) to allow a state agency to redistribute salary reserve on a permanent basis to create new positions or provide salary increases or use recurring departmental receipts to hire permanent receipt-supported positions. Amends GS 143C-6-21 to allow appropriations of \$100,000 or less to nonprofit corporations to be made in a single annual payment or in multiple payments in the discretion of the director of the budget. Amends GS 143C-8-7 to allow the Director of the Budget to authorize the construction of a capital improvement project not specifically authorized by the General Assembly if the project will be funded by gifts, federal or private grants, special fund receipts, or other specified funding sources. Makes conforming changes.

### **AMEND PRIOR CONSULTATION STATUTE.**

**SECTION 6.8.** Amends GS 120-76.1(b) to provide that the requirement to consult with the Joint Legislative Commission on Governmental Operations is satisfied if the commission does not hold a meeting to hear the consultation within 30 days of receiving the agency's report.

### **REPEAL SPECIAL FUNDS CONSULTATION.**

**SECTION 6.9.** Repeals Section 6.6B of SL 2009-451.

### **AMEND ARRA FUNDS.**

**SECTION 6.9A.** Requires the Office of State Budget and Management and affected state agencies to report to the Joint Legislative Commission on Governmental Operations on the receipt of American Recovery and Reinvestment Act grants that are not expressly delineated in SL 2009-451.

#### **DRIVER EDUCATION.**

**SECTION 6.10.** Requires the Highway Safety Research Center to work with the Department of Instruction and the Governor's Highway Safety Commission to create a standard curriculum to be used for the public school driver education program. Requires OSBM to determine the most appropriate source of funds to support the driver education program and to establish performance measures to determine the program's effectiveness. Requires OSBM to make recommendations to the Governor and General Assembly by November 1, 2010.

#### **DEPARTMENT OF ADMINISTRATION TO IMPLEMENT PURCHASING STANDARDS FOR IMPROVING ENERGY EFFICIENCY.**

**SECTION 6.11.** Amends GS 143-64.12(b) to allow Department of Administration to require additional deterministic computations to aid in the evaluation of life cycle cost analysis results for new or emerging energy-use reducing technologies when uncertainties about service life, costs, or potential cost savings may introduce uncertainty about the accuracy of life cycle cost analysis.

### **PART VII. PUBLIC SCHOOLS CHILDREN WITH DISABILITIES**

**SECTION 7.1.** Requires that the State Board of Education (SBE) allocate funds for children with disabilities on the basis of \$3,598.55 per child. Directs that each local school administrative unit (LEA) is to receive funds for children with disabilities based on whichever is the lesser number: (1) all students who are identified as children with disabilities or (2) 12.5% of the 2010-11 allocated average daily membership (ADM) in the LEA. Provides that the dollar amounts allocated under this section adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

#### **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

**SECTION 7.2.** Requires that the SBE allocate funds for academically or intellectually gifted children (AG) on the basis of \$1,192.90 per child. Provides that an LEA receive funds for a maximum of 4% of its 2010-11 allocated ADM regardless of the number of children identified as AG in an LEA. Provides that the dollar amounts allocated under this section adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

#### **ABCS OF PUBLIC EDUCATION**

**SECTION 7.3.** Directs SBE to place a moratorium on the financial awards based on 2009-10 student academic performance paid to school personnel in the 2010-11 fiscal year.

#### **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA**

**SECTION 7.4.** Appropriates funds for the North Carolina Virtual Public School (NCVPS). Directs the SBE to begin allocating the appropriated funds to local school administrative units (LEAs) based on the NCVPS allotment formula developed under Section 7.16(d) of SL 2006-66. Repeals Section 7.9(f) (limiting NCVPS to providing only high school courses) of SL 2009-451.

#### **STATE FISCAL STABILIZATION FUND APPROPRIATION**

**SECTION 7.5.** Directs the Office of State Budget and Management (OSBM) to adjust the State Fiscal Stabilization Fund appropriation amounts in order to ensure compliance with Title XIV of the American Recovery and Reinvestment Act of 2009 (ARRA).

#### **MORE AT FOUR PROGRAM**

**SECTION 7.6.** Directs DPI to continue the implementation, in all counties, of the More at Four prekindergarten program for four-year-olds who are at risk for school failure. Directs the More at Four program to serve children who reach the age of four on or before August 31 of that school year and who meet eligibility criteria that indicate a child's risk for school failure. Provides that the More at Four classrooms are to be operated in public schools, Head Start programs, and licensed child care facilities that choose to participate under procedures defined by the Office of Early Learning within the Department of Public Instruction. Requires that all of the participating classrooms are (1) subject to the supervision of the Office of Early Learning and (2) operated in accordance with standards adopted by the SBE.

Enumerates the areas to be addressed by the Office of Early Learning in its program standards and requirements.

Requires the SBE to submit, by March 15 of each year, an annual report that includes data about enrollment numbers, any prior educational experiences of enrollees, the expected costs and the source for local contributions, and the results of an annual evaluation of the program to specified legislative entities.

Directs the Office of Early Learning to establish the More at Four income eligibility requirements at not more than 75% of the state median income; however, permits up to 20% of the children enrolled to have family incomes in 75% of median income if they have other designated risk factors. Also provides that any age-eligible child is eligible for the program who is the child of (1) an active duty member of the armed forces of the United States who is ordered to active duty by the proper authority within the last 18 months or expected to be ordered within the next 18 months or (2) a member of the armed forces of the United States who was injured or killed while serving on active duty.

Prohibits More at Four program funding to be used to supplant any funding for classrooms serving four-year-olds as of the 2005-06 fiscal year. Permits the support of existing four-year-old classrooms with More at Four program funding when current funding is eliminated, reduced, or redirected as required to meet other specified federal or state mandates.

Directs the Office of Early Learning to develop a new More at Four funding model to be implemented in the 2010-11 fiscal year. Specifies that the per-child funding rates are (1) to be based on participating provider cost structures and (2) to require a contribution of local resources to support the full cost of providing high quality prekindergarten. Further directs the Office of Early Learning to implement an administrative cap on More at Four program funding and to establish parameters for allowable administrative costs.

## **LEADERSHIP ACADEMY**

**SECTION 7.7.** Provides that up to \$200,000 of the funds appropriated to DPI for 2010-11 may be used to support a Leadership Academy that provides professional development to superintendents enabling them to train principals to address critical areas such as student achievement and teacher recruitment and retention.

## **PROTECT THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY**

**SECTION 7.8.** Amends Section 7.8 of SL 2009-451 to direct LEAs to reduce spending for the 2010-11 fiscal year (was, 2009-10 and 2010-11) wherever and whenever the budget reductions are appropriate to protect direct classroom services. Directs LEAs to implement administrative and other operating efficiencies *before* dismissing classroom-based personnel. Directs LEAs to maximize federal funding streams such as ARRA, IDEA, and Title I and II and any other federal funding that may be spent on positions.

Directs each LEA to report to the SBE, the OSBM, and DPI (was, DPI) on the flexibility budget reductions it has identified for the LEA within 30 days of the date this act becomes law. Provides that the report should explain how administrative efficiencies, federal funds, and attrition have been maximized before the dismissal of classroom personnel.

## **DEPARTMENT OF PUBLIC INSTRUCTION**

**SECTION 7.9.** Directs the Department of Public Instruction (DPI) to eliminate 47 appropriation-supported full time equivalent (FTE) positions. Specifies that no receipt-supported positions are required to be eliminated. Directs DPI to review all federal funds and reallocate those funds to LEAs whenever possible. Requires DPI to report in the reallocation of any federal funds to LEAs, the Office of the Governor, and the Office of State Budget and Management no later than January 15, 2011.

Repeals Section 7.14 (permitting reorganization of DPI to implement budget reductions) of SL 2009-451.

## **WORKERS' COMPENSATION STUDY**

**SECTION 7.10.** Directs the OSBM in consultation with the Office of State Personnel (OSP) and the Office of the State Controller (Controller) to study the Workers' Compensation program in DPI and the NC Community College System (CCS). Specifies items to be analyzed in the report in comparison to states that are in the Southern Regional Education Board (SREB) region. Enumerates issues related to Workers' Compensation statutes, policies, and practice specific to NC public schools and CCS that the report must address. Requires that a final report be submitted to the OSBM, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division no later than December 1, 2010.

## **CAREER AND COLLEGE-READY, SET, GO!**

**SECTION 7.11.** Directs the SBE to work with all member institutions of the Education Cabinet and the Joint Governing Boards to focus funding and program priorities to ensure that all North Carolina students graduate prepared to successfully pursue a career or further education. Directs each Education Cabinet Institution to prioritize the Governor's Ready, Set, Go! initiative and to ensure that all students PK-20: (1) are prepared to be successful in school; (2) can successfully progress through PK-20 education; (3) receive clear standards and high expectations; (4) benefit from the best teachers and principals that can help them to reach those standards; and (5) fully understand and complete the prerequisites for the career, certification, or degree of choice that promotes workforce success. Includes strategies for meeting the PK-20 Ready, Set Go! initiative goals.

Requires the Education Cabinet to report by January 15, 2010, to the Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight Committee on its progress toward reaching the Governor's goal that every North Carolina student will graduate ready to be successful in a career, a 2- or 4-year college, or technical training.

## **SCHOOL CONNECTIVITY INITIATIVE**

**SECTION 7.12.** Amends Section 7.12(a) of SL 2009-451, as amended, to provide for a biennial transfer (was, annual) up of up to \$350,000 to the Office of the Governor for NC Virtual within the Education Cabinet and for the E-Learning Portal.

## **PART VIII. COMMUNITY COLLEGES**

### **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS**

**SECTION 8.1.** Provides that up to \$1.25 million of the funds appropriated to the Community Colleges System Office for the College Information System does not revert at the end of the 2009-10 fiscal year but remains available until it

is spent. Limits the funds for use to purchase periodic system upgrades. Effective June 30, 2010.

### **ESTABLISH GED TESTING FEES**

**SECTION 8.2.** Directs the State Board of Community Colleges (Board) to assess an initial \$15 fee to students taking the GED test and to charge a \$5 fee for each time an individual retakes the test. Effective August 15, 2010.

Amends GS 115D-5(s) to authorize the Board to establish the fees. Effective July 1, 2011.

Directs the Board to adopt rules implement the fees and requires that the rules be in place before the fees are increased.

### **RESTORE COMMUNITY ENTRY EDUCATION PROGRAMS**

**SECTION 8.3.** Repeals Section 8.11(e) (regarding extension course offerings, community reentry education programs, and tuition waivers at community colleges) of SL 2009-451. Effective July 1, 2010.

Provides that funding in the appropriation act restores funds only for Basic Skills and continuing education courses that ensure adequate literacy and job skills for inmates who will be released from incarceration. Provides that funding for curriculum courses is not restored.

### **PERMIT TRANSFER OF EQUIPMENT TITLED TO THE STATE BOARD FROM ONE COMMUNITY COLLEGE TO ANOTHER**

**SECTION 8.4.** Amends GS 115D-15(a) as the section title indicates.

### **STUDENT SERVICES BUDGET REALIGNMENT**

**SECTION 8.5.** Provides that the Board is to increase formula funding for student services by \$32 million and reduce formula funding for curriculum and continuing education by a matching amount.

### **CARRYFORWARD FOR COMMUNITY COLLEGES EQUIPMENT**

**SECTION 8.6.** Permits the Community College System Office, subject to approval from the OSBM and cash availability, to carry forward up to \$10 million of over-realized tuition and fees that did not revert in the 2009-10 fiscal year. Directs that these funds be reallocated to the State Board of Community Colleges' Equipment Reserve Fund. Effective June 30, 2010.

### **STATE AID BUDGET FLEXIBILITY**

**SECTION 8.7.** Enacts new GS 115D-31(b1) to allow a community college to use appropriated state funds, except Literacy and Customized Training funds, for any authorized purpose under the college's Institutional Effectiveness Plan. Requires each college to document the benefits of funding flexibility in its Plan.

### **MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES**

**SECTION 8.8.** Amends Section 8.24 of SL 2009-451 to prohibit community colleges from reducing financial aid, equipment, or the Small Business Centers as a part of the community colleges' management flexibility reduction plans.

### **CAREER AND COLLEGE PROMISE**

**SECTION 8.9.** Directs the Community College System and the University of North Carolina to develop the Career and College Promise (CCP) program that will allow high school students to take college courses that lead to seamless college and career readiness pathways. Directs that the CCP program be implemented beginning with spring semester of 2011. Directs the Community College System Office, the University of North Carolina General Administration, and the SBE to study and develop a unified plan to provide college-level course to the state's

high school students. Requires the study to be submitted by November 15, 2010, to the Office of the Governor, the chairs of the Appropriations and Education Committees of the House of Representatives and the Senate, the Fiscal Research Division, and the OSBM.

## **PART IX: UNIVERSITIES**

### **UNC BOARD OF GOVERNORS REVIEW OF FACULTY RECRUITMENT AND RETENTION**

**SECTION 9.1.** Requires UNC Board of Governors to review its current policies regarding financial incentives to retain faculty and to report its findings and recommendations for changes to the policies to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division by April 1, 2011.

### **CAMPUS-INITIATED TUITION INCREASES**

**SECTION 9.2.** Amends Section 9.23(a) of SL 2009-451 to allow the campus-initiated tuition increases approved by the UNC Board of Governors for the 2010-11 academic year to be implemented for the 2010-11 academic year.

### **REPORTING ON UNC SCHOOL OF THE ARTS HIGH SCHOOL INITIATIVE**

**SECTION 9.3.** Requires the Board of Governors to conduct a study on the high school program at the University of North Carolina School of the Arts (UNCSA) and to submit the study to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division by March 1, 2011.

### **PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS**

**SECTION 9.4.** Amends Section 9.4 of SL 2009-451 to require that recurring funds appropriated for the 2010-11 fiscal year to the UNC Board of Governors and allocated to the University of North Carolina School of the Arts for the Summer Institute on Roanoke Island program be permanently transferred to the Department of Cultural Resources and allocated to the Roanoke Island Commission.

### **HICKORY METRO HIGHER EDUCATION CENTER MERGER**

**SECTION 9.5.** Merges the Hickory Metro Higher Education Center with the North Carolina Center for Engineering and Technology and names the merged entity the Hickory Metro Higher Education Center. Requires that new center be administered by the University of North Carolina and be housed at the current location of the North Carolina Center for Engineering and Technology.

### **REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) PROGRAMS**

**SECTION 9.6.** Requires the University of North Carolina General Administration to submit to the Office of State Budget and Management by February 15, 2011, a list of programs within the University system whose primary objective is to provide community outreach in the form of (1) teacher professional development programs to strengthen the quality of science or mathematics instruction in the public schools or (2) K-12 student enrichment programs in the areas of science, technology, engineering, or mathematics. Effective July 1, 2011, requires the University of North Carolina General Administration to conduct an annual review of each of the identified programs and report the results to the Office of State Budget and Management and the Fiscal Research Division no later than September 30 of each year to assist with future funding decisions. Requires the Department of Public Instruction to survey math and science educators in North Carolina to identify the number of current math and science educators who attended a UNC sponsored Pre-College or Summer Ventures program before entering college and to report this data to the Office of State Budget and Management and the Fiscal Research Division by February 15, 2011.

### **UNC MANAGEMENT FLEXIBILITY REDUCTION**



**SECTION 9.7.** Amends Section 9.19 of SL 2009-451 to require that the Board of Governors and the campuses of the constituent institutions of the University of North Carolina consider in implementing the management flexibility reduction, reducing budgets for low-performing or redundant programs, adjustments to faculty workload, restructuring of research activities, and programs or positions that can be shifted to receipt-support, along with other factors. Requires Board of Governors and campuses implementing personnel reductions to “make every effort” to abolish vacant positions first. Prohibits budget reductions from consideration in funding available for faculty recruiting and retention or the University of North Carolina School of the Arts high school initiative.

#### **TRANSFER OF A+ SCHOOLS FROM UNC GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES**

**SECTION 9.8.** Transfers the A+ Schools program from the University of North Carolina at Greensboro to the North Carolina Arts Council in the Department of Cultural Resources.

#### **SHORTFALLS IN THE STATE CONTRACTUAL SCHOLARSHIP FUND**

**SECTION 9.9.** Provides that funds appropriated under the tuition grant program be available to meet any shortfall in the State Contractual Scholarship Fund so as to provide each eligible student or licensure student with a full grant at the fixed rate as determined by the General Assembly.

#### **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES CHILD CARE ALLOCATION FORMULA.**

**SECTION 10.1.** Amends Section 10.2 of SL 2009-451 to provide that the overall Smart Start child care subsidy allocation will not be affected by a reduction in appropriations to the program and that the subsidy allocation for 2010-11 will not fall below the level of 2009-10 expenditures.

#### **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES.**

**SECTION 10.2.** Amends Section 10.10 of SL 2009-451 to require the Department of Health and Human Services (DHHS) Division of Child Development to reduce from 5% to 4% the percentage of each county's child care subsidy allocation that may be used for administrative costs for 2010-11.

#### **NC HEALTH CHOICE ENROLLMENT.**

**SECTION 10.3.** Amends Section 10.34 of SL 2009-451 to allow DHHS to expand enrollment to up to 143,035 children by June, 2011.

#### **NCHC CHANGES.**

**SECTION 10.4.** Amends GS 108A-70.21 to expand the scope of dental, oral surgery, and orthodontic services covered by the Health Choice program. Requires recipients to obtain optical services, supplies, and solutions from licensed or certified ophthalmologists, optometrists, or opticians who are enrolled with the program. Requires Health Choice providers to order complete eyeglasses, eyeglass lenses, and ophthalmic frames through Nash Optical Plant. Prohibits coverage of lenses or frames that are not approved by program without prior approval. Provides that payment for Health Choice services will be the per member, per month fees for the management of highly utilized services.

#### **NCHC ER VISIT CO-PAYMENTS.**

**SECTION 10.4A.** Requires NC Health Choice copayments of \$10 or \$25 depending on income, for nonemergency visits to hospital emergency rooms.

#### **COMMUNITY CARE ENHANCED PRIMARY CARE MANAGEMENT SYSTEM.**

**SECTION 10.5.** Repeals provision in Section 10.36 of SL 2009-451 requiring DHHS to contract with Community Care of North Carolina to manage the care of Medicaid recipients through a per member per month reimbursement. Moves up the date on which DHHS must report on Medicaid Cost savings achieved by the CCNC networks. Requires the DHHS Division of

Medical Assistance to contract with North Carolina Community Care Networks, Inc., and 14 participating local community care networks to provide standardized clinical and budgetary coordination, oversight, and reporting for a statewide enhanced primary care management system for Medicaid enrollees. Specifies reporting and assessment requirements for the new primary care management system.

#### **MEDICAID POLICY CHANGES.**

**SECTION 10.6.** Amends Section 10.58 of SL 2009-451 to make the following changes. Provides that Medicaid coverage of services by podiatrists will be limited to the treatment of individuals with diabetes or vascular disease; that Medicaid coverage of dental services for adults will be limited to emergency services only; that coverage of adult physical therapy, occupational therapy, respiratory therapy, and speech therapy is limited to three visits per year and is not allowed when these services are provided at the same time as other covered home care services. Also allows DHHS to require prior authorization on brand-name drugs when “medically necessary” is written on the prescription. Allows coverage of trade or brand-name drugs when they can be dispensed at a lower cost to the Medicaid program than generic drugs. Removes limitation on “prior approval” requirement for medications related to mental illness and HIV/AIDS. Prohibits coverage of experimental or trial procedures. Allows DHHS to apply Medicaid medical policy to recipients who have primary insurance other than Medicare, Medicare Advantage, and Medicaid unless application of Medicaid policy would adversely affect patient care. Removes 30-visit-per-year limitation for hospital outpatient providers.

#### **MEDICAID PREFERRED DRUG LIST**

**SECTION 10.7** Amends Section 10.66(c) of the 2009 Appropriations Act, removing the restriction against considering human immunodeficiency virus or acquired immune deficiency syndrome medications for inclusion on the preferred drug list.

#### **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

**SECTION 10.7A** Amends Section 10.64(b) of the 2009 Appropriations Act, increasing the amount to \$135 million (was \$100 million) that DHHS will deposit for 2010-11 with the Department of State Treasurer to be counted as nontax revenue.

#### **AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM**

**SECTION 10.8** Amends Section 10.68A(a) of the 2009 Appropriations Act to remove the current provisions governing Medicaid Personal Care Services (PCS) and replace with new provisions that implement two new PCS programs – PCS for Children and PCS for Disabled and Elderly. Details procedures, qualifications, and services for each plan. Adds implementation date of January 1, 2011, or later for DHHS to submit information related to the community support services transition to the Centers for Medicare and Medicaid Services (CMS). Adds provision that DMA require prior authorization for outpatient mental health services for children following the 16<sup>th</sup> visit. Includes additional provisions affecting the Medicaid Private Duty Nursing Program. Amends Section 10.68A(c) to require that DHHS provide written notice on policy changes to recipients 10 days before the changes are adopted.

#### **SPECIALTY DRUG PROVIDER NETWORK**

**SECTION 10.9** Directs DHHS to create a specialty drug provider network to oversee hemophilia, hepatitis C, and IVIG drugs.

#### **MEDICAID WAIVER FOR ASSISTED LIVING**

**SECTION 10.10** Directs DMA to create and submit a 1915(c) Home and Community Based Services assisted living waiver to fund personal care services to individuals in adult care homes, and describes related considerations.

#### **STATEWIDE EXPANSION OF CAPITATED 1915(b)/(c) BEHAVIORAL HEALTH WAIVERS**

**SECTION 10.11** Directs DMA to expand the capitated 1915(b)/(c) waivers, currently operating in the Piedmont Behavioral Healthcare local management entity (LME), to the statewide level, and explains requirements for added LMEs.

#### **STUDY MEDICAID PROVIDER RATES**

**SECTION 10.13** Directs DMA to conduct a study of reimbursement rates for Medicaid providers and program benefits, including a comparison of rates and benefits in NC, surrounding states, and two additional states. Directs DMA to report its findings to specified groups by April 1, 2011, and directs DMA to use funds appropriated to DHHS for the study.

#### **MEDICAID PREFERRED DRUG LIST (PDL) POLICY REVIEW PANEL**

**SECTION 10.14** Establishes a Preferred Drug List (PDL) Policy Review Panel to review the Medicaid PDL recommendations submitted by designated groups; specifies the individuals to be appointed to the Panel, with each representative except the DMA Director of Pharmacy serving a two-year term; and provides for public comment and an open meeting before the Division receives policy recommendations.

#### **MEDICAID FRAUD PREVENTION**

**SECTION 10.15** Authorizes DHHS to create a Medicaid fraud prevention program in order to develop a fraud risk analysis of Medicaid providers and recipients. Allows DHHS to propose to extend, modify, or create sole source contracts to achieve Medicaid fraud prevention savings, provided the contracts are approved by the Department of Administration and reported to specified groups. Directs DHHS to report on its progress and findings by April 1, 2011, and terminates the authority granted in this section one year after enactment.

#### **COMMUNITY HEALTH CENTER CHANGES**

**SECTION 10.16** Amends Section 10.37 of the 2009 Appropriations Act to decrease to \$5,809,225 (was \$6.86 million) the funds from Community Health Grants to be allocated to delineated health centers and organizations in 2010-11. Makes other clarifying changes.

#### **MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS**

**SECTION 10.17** Amends Section 10.41 of the 2009 Appropriations Act to increase to \$11,737,414 (was \$8,064,128) the funds from DHHS to be used, by DHHS, to fund the Medicaid Management Information System (MMIS) for 2010-11. Directs DHHS to make MMIS a top priority, and provides further guidance concerning contracts, schedules, reporting, obtaining private counsel, and other administrative details.

#### **ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES**

**SECTION 10.18** Amends Section 10.46A of the 2009 Appropriations Act, adding a subsection to effectuate the transfer of state-owned equipment from DHHS to the county governments or the Eastern Band of Cherokee Indians for administration of child support programs, no later than July 1, 2010.

#### **TANF BENEFIT IMPLEMENTATION**

**SECTION 10.19** Amends Section 10.51 of the 2009 Appropriations Act, updating various TANF applicable dates, and removing the 2009-10 hold harmless and Work First subsections.

#### **JAILS AND DETENTION PROGRAM RECEIPT-SUPPORTED**

**SECTION 10.20** Amends GS 153A-222 to allow DHHS to charge, to each local confinement facility, a nonrefundable annual inspection fee of \$420 and a nonrefundable annual per-bed fee of \$17.50. Provides for fee assessment as of July 1 each year, based on the number of local confinement facilities and beds in operation on the due date.

#### **SENIOR SERVICES: PROJECT C.A.R.E. (CAREGIVER ALTERNATIVES TO RUNNING ON EMPTY).**

**SECTION 10.21.** Establishes the Project C.A.R.E. program and appropriates \$1 million from 2010-11 to the DHHS Division of Aging and Adult Services (DAAS) to assist caregivers of people with Alzheimer's disease and other dementia. Specifies scope of services and eligibility requirements for program. Requires DAAS to use \$200,000 in funding to support Alzheimer's-related activities consistent with the goals of the new program and in accordance with annual plan. Requires DAAS to report on use of these funds annually to the Governor's Advisory Council on Aging and the North Carolina Study Commission on Aging.

**UNIVERSAL CHILDHOOD VACCINE PROGRAM.**

**SECTION 10.21A.** Requires DHHS to negotiate with insurance companies about their voluntary participation in creating the universal childhood vaccine program to assist with the purchase, storage, distribution, and quality assurance of childhood vaccines approved by the Centers for Disease Control and Prevention. If voluntary participation cannot be negotiated by October 1, 2010, DHHS must implement mandatory assessments to require insurance companies to financially support the vaccination of insured children.

**DHHS BLOCK GRANTS.**

**SECTION 10.22.**

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) BLOCK GRANT**

**Local Program Expenditures**

|                             |   |         |         |               |
|-----------------------------|---|---------|---------|---------------|
| Division of Social Services |   |         |         |               |
| 01.                         | Work First Family Assistance                                    |         |         |               |
|                             | \$87,827,996  |         |         |               |
| 02.                         | Work First County Block Grants                                  |         |         |               |
|                             | 94,453,315  |         |         |               |
| 03.                         | Child Protective Services – Child Welfare Workers for Local DSS |         |         |               |
|                             | 14,452,391  |         |         |               |
| 04.                         | Work First – Boys and Girls Clubs                               |         |         |               |
|                             | 1,600,000   |         |         |               |
| 05.                         | Work First – After-School Services for At-Risk Children         |         |         |               |
|                             | 1,639,714   |         |         |               |
| 06.                         | Work First – After School Programs for At-Risk Youth            | in      | Middle  |               |
|                             | Schools   | 400,000 |         |               |
| 07.                         | Work First – Connect, Inc. (Work Central)                       |         |         |               |
|                             | 220,000   |         |         |               |
| 08.                         | Work First – Citizens Schools Program                           |         |         |               |
|                             |   | 360,000 |         |               |
| 09.                         | Adoption Services – Special Children's Adoption Fund            |         |         |               |
|                             | 819,229   |         |         |               |
| 10.                         | Family Prevention   |         | 880,000 | Violence      |
| 11.                         | Child Welfare Transition  |         |         | Collaborative |
|                             |   | 674,784 |         |               |

Division of Child Development  
12. Subsidized Child Care Program  
61,087,077

Division of Public Health  
13. Teen Pregnancy Prevention  
Initiatives 360,000

DHHS Administration  
14. Division of Social Services  
1,093,176

15. Office of the Secretary  
20,000

Transfers to Other Block Grants

Division of Child Development

16. Transfer to the Child Care and  
Development Fund  
84,330,900

Division of Social Services

17. Transfer to Social Services Block Grant for Child  
Protective Services –Training  
1,000,000

18. Transfer to Social Services Block Grant for Maternity Homes  
471,501

19. Transfer to Social Services Block Grant for Teen  
Pregnancy Prevention Initiatives  
1,250,000

20. Transfer to Social Services Block Grant for County  
Departments of Social Services for Children's Services  
4,500,000

21. Transfer to Social Services Block Grant for  
Subsidized Child Care Program  
2,000,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
(TANF) BLOCK GRANT  
\$359,440,083

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

|     |  |         |        |
|-----|--|---------|--------|
| 01. | County Departments of Social Services                                |         |        |
|     | \$ 28,868,189  |         |        |
|     | (Transfer from TANF – \$4,500,000)                                   |         |        |
| 02. | State In-Home Services Fund (DAAS)                                   |         |        |
|     | 2,101,113  |         |        |
| 03. | State Adult Day Care Fund (DAAS)                                     |         |        |
|     | 2,155,301  |         |        |
| 04. | Child Protective Services/CPS Investigative                          |         |        |
|     | Services-Child Medical Evaluation Program (DSS)                      |         |        |
|     | 609,455  |         |        |
| 05. | Foster Care Services   |         |        |
|     | 1,989,363  |         |        |
| 06. | Maternity Homes (Transfer from TANF)                                 |         |        |
|     | 471,501  |         |        |
| 07. | Special Children Adoption Incentive Fund                             |         |        |
|     | 500,000  |         |        |
| 08. | Child Protective Services-Child Welfare Training                     |         |        |
|     | for Counties   |         |        |
|     | 1,000,000  |         |        |
|     | (Transfer from TANF)   |         |        |
| 09. | Home and Community Care Block Grant (HCCBG)                          |         |        |
|     | 1,834,077  |         |        |
|     | Division of Mental Health, Developmental Disabilities, and Substance |         |        |
|     | Abuse Services   |         |        |
| 10. | Mental Health Services Program                                       |         |        |
|     | 422,003  |         |        |
| 11. | Developmental Disabilities Services Program                          |         |        |
|     | 5,000,000  |         |        |
| 12. | Mental Health Services-Adult and                                     |         |        |
|     | Child/Developmental Disabilities Program/                            |         |        |
|     | Substance Abuse Services-Adult                                       |         |        |
|     | 3,234,601  |         |        |
|     | Division of Child Development  |         |        |
| 13. | Subsidized Child Care Program  |         |        |
|     | 3,150,000  |         |        |
|     | (Transfer from TANF \$2,000,000)                                     |         |        |
|     | Division of Vocational Rehabilitation                                |         |        |
| 14. | Vocational Rehabilitation Services – Easter Seal Society/UCP         |         |        |
|     | Community  |         |        |
|     | Program  | 188,263 | Health |
|     | Division of Public Health  |         |        |
| 15. | Teen Pregnancy Prevention Initiatives                                |         |        |
|     | 1,250,000  |         |        |
|     | (Transfer from TANF)   |         |        |

DHHS Program Expenditures

Division of Aging and Adult Services

16. UNC-CH CARES Training Contract

247,920

Division of Services for the Blind

17. Independent Living Program

3,633,077

Division of Health Service Regulation

18. Adult Care Licensure  
Program 411,897

19. Mental Health Licensure and Certification  
Program 205,668

DHHS Administration

20. Division of Aging and Adult  
Services 688,436

21. Division of Social Services

892,624

22. Office of the Secretary/Controller's Office

138,058

23. Office of the Secretary/DIRM

87,483

24. Division of Child Development

15,000

25. Division of Mental Health, Developmental

Services Disabilities, and Substance Abuse  
29,665

26. Division of Health Service  
Regulation 235,625

27. Office of the Secretary-NC Inter-Agency Council  
for Coordinating Homeless  
Programs 250,000

28. Office of the Secretary

48,053

Transfers to Other State Agencies

Department of Administration

29. NC Commission of Indian Affairs In-Home

Services for the Elderly

203,198

Transfers to Other Block Grants

Division of Public Health

30. Transfer to Preventive Health Services Block Grant

Planning for HIV/STD Prevention and Community  
145,819

TOTAL SOCIAL SERVICES BLOCK GRANT

\$ 60,006,389

## LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

### Local Program Expenditures

#### Division of Social Services

01. Low-Income Energy Assistance Program (LIEAP) \$  
70,909,401

02. Crisis Intervention Program (CIP)  
40,373,328

#### Local Administration

##### Division of Social Services

03. County DSS Administration  
6,362,505

#### DHHS Administration

04. Division of Social Services  
275,000

05. Division of Mental Health, Developmental  
Disabilities, and Substance Abuse  
Services 8,128

06. Office of the Secretary/DIRM  
276,784

07. Office of the Secretary/Controller's  
Office 12,332

#### Transfers to Other State Agencies

#### Department of Commerce

08. Weatherization  
Program 500,000

09. Heating Air Repair and Replacement Program (HARRP)  
8,103,157

10. Local Residential Energy Efficiency Service  
Providers —

Weatherization 25,000  
11. Local Residential Energy Efficiency Service Providers—HARR  
266,375

12. Department of Commerce Administration —  
Weatherization 25,000

13. Department of Commerce Administration —  
HARRP 266,375

14. Department of Administration —N.C. Commission of Indian  
Affairs 129,807

### TOTAL LOW-INCOME HOME ENERGY ASSISTANCE



BLOCK GRANT \$  
127,533,192

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures  
Division of Child Development  
01. Subsidized Child Care Services (CCDF)  
\$156,953,297  
02. Child Care Services Support –  
Contract 502,080  
03. Subsidized Child Care Services (Transfer from TANF)  
84,330,900  
04. Quality and Availability Initiatives  
23,726,564  
05. TEACH Scholarships  
3,800,000  
Division of Social Services  
06. Child Care Services Support – Local  
\$16,108,597  
DHHS Administration  
Division of Child Development  
07. DCD Administrative Expenses  
6,753,387  
Division of Central Administration  
08. DHHS Central Administration – DIRM  
Technical  
Services 774,317

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT  
\$292,949,143

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED  
THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT of 2009  
(ARRA)

Local Program Expenditures  
Division of Child Development  
01. Subsidized Child Care Services (CCDF)  
\$9,980,997  
DHHS Program Expenditures  
Division of Child Development  
02. Quality and Availability Initiatives  
2,904,786

TOTAL CHILD CARE AND DEVELOPMENT FUND

BLOCK GRANT RECEIVED THROUGH ARRA  
\$12,885,784

MENTAL HEALTH SERVICES BLOCK GRANT

|                                    |    |
|------------------------------------|----|
| Local Program Expenditures         |    |
| 01. Mental Health Services – Adult | \$ |
| 6,856,242                          |    |
| 02. Mental Health Services – Child |    |
| 5,421,991                          |    |
| 03. Administration                 |    |
| 100,000                            |    |

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT \$  
12,378,233

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

Local Program Expenditures

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

|   |    |
|---|----|
| 01. Substance Abuse Services – Adult                | \$ |
| 22,008,080  |    |
| 02. Substance Abuse Treatment Alternative for Women |    |
| 8,107,303   |    |
| 03. Substance Abuse – HIV and IV Drug               |    |
| 5,116,378   |    |
| 04. Substance Abuse Prevention                      | –  |
| Child 7,186,857                                     |    |
| 05. Substance Abuse Services                        | –  |
| Child 4,940,500                                     |    |
| 06. Administration                                  |    |
| 500,000   |    |
| Division of Public Health                           |    |
| 08. Risk Reduction Projects                         |    |
| 633,980   |    |
| 09. Aid-to-Counties                                 |    |
| 209,576   |    |

TOTAL SUBSTANCE ABUSE PREVENTION  
AND TREATMENT BLOCK GRANT  
\$ 48,702,674

MATERNAL AND CHILD HEALTH BLOCK GRANT

## Local Program Expenditures

Division of Public Health  
01. Children's Health Services  
\$7,534,865  
02. Women's Health  
7,701,691  
03. Oral Health  
38,041

## DHHS Program Expenditures

Division of Public Health  
04. Children's Health Services  
1,368,778  
05. Women's Health  
135,452  
06. State Center for Health  
Statistics 179,483  
07. Quality Improvement in Public  
Health 14,646  
08. Health Promotion  
88,746  
09. Office of Minority Health  
55,250  
10. Immunization Program – Vaccine  
Distribution 382,648

## DHHS Administration

Division of Public Health  
11. Division of Public Health  
Administration 631,966

TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT \$  
18,131,566

## PREVENTIVE HEALTH SERVICES BLOCK GRANT

### Local Program Expenditures

Division of Public Health  
01. NC Statewide Health Promotion  
\$1,730,653  
02. Services to Rape  
Victims 197,112

|        |   |         |        |          |       |
|--------|---|---------|--------|----------|-------|
| 03.    | HIV/STD Prevention and Community Planning |         |        |          |       |
|        | (Transfer                                 | from    | Social | Services | Block |
| Grant) |   | 145,819 |        |          |       |

#### DHHS Program Expenditures

|           |                               |            |    |        |        |
|-----------|-------------------------------|------------|----|--------|--------|
|           | Division of Public Health     |            |    |        |        |
| 04.       | NC Statewide Health Promotion |            |    |        |        |
| 1,623,117 |                               |            |    |        |        |
| 05.       |                               |            |    |        | Oral   |
| Health    |                               |            |    | 70,000 |        |
| 06.       | State                         | Laboratory | of |        | Public |
| Health    |                               | 16,600     |    |        |        |

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT  
\$ 3,783,301

#### COMMUNITY SERVICES BLOCK GRANT

##### Local Program Expenditures

|            |                                |         |         |  |         |
|------------|--------------------------------|---------|---------|--|---------|
|            | Office of Economic Opportunity |         |         |  |         |
| 01.        | Community Action Agencies      |         |         |  | \$      |
| 17,968,944 |                                |         |         |  |         |
| 02.        |                                | Limited |         |  | Purpose |
| Agencies   |                                |         | 998,275 |  |         |
|            | DHHS Administration            |         |         |  |         |
| 03.        | Office of Economic Opportunity |         |         |  |         |
|            | 998,274                        |         |         |  |         |

TOTAL COMMUNITY SERVICES BLOCK GRANT \$  
19,965,493

#### COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

##### Local Program Expenditures

|            |                                |  |  |  |    |
|------------|--------------------------------|--|--|--|----|
|            | Office of Economic Opportunity |  |  |  |    |
| 01.        | Community Action Agencies      |  |  |  | \$ |
| 10,000,000 |                                |  |  |  |    |

TOTAL COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH ARRA \$  
10,000,000

#### GENERAL PROVISIONS

**SECTION 10.22.** Provides for information that must be included in Block Grant plans and establishes procedures for changes in federal fund availability.

#### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT**

**SECTION 10.22(f)-(p).** Includes provisions regarding use of TANF funds for administration of TANF-funded programs, to provide domestic violence services to Work First recipients, to expand after-school programs and services for at-risk children, for child welfare improvements, for the Special Children Adoption Fund, to expand after-school programs for at-risk youth attending middle school, for supporting men in their roles as fathers, for the employment services contract with Connect, Inc., for grants to the Boys and Girls Clubs, for the child welfare collaborative, and for the Citizens Schools urban/rural dropout prevention program.

#### **SOCIAL SERVICES BLOCK GRANT**

**SECTION 10.22(q)-(v).** Provides that SSBG funds appropriated to the North Carolina Inter-Agency Council for coordinating homeless programs and SSBG funds appropriated for child medical evaluations are exempt from the matching funds requirement specified in administrative rules. Includes provision regarding use of SSBG funds for child welfare training projects, to support maternity home services, and to support state foster home children. Provides that SSBG funds for the Special Children's Adoption Incentive Fund will require a 50% local match.

#### **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

**SECTION 10.22(w).** Allows additional emergency contingency funds to be allocated for assistance payments under the Low-Income Energy Assistance program without prior legislative consultation.

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

**SECTION 10.22(x)-(aa).** Requires that Child Care and Development Fund Block Grant Funds received through the American Recovery and Reinvestment Act must be used to increase access to subsidized child day care and gives Division of Child Development additional flexibility to reallocate funding to child care subsidies under specified circumstances.

#### **MATERNAL AND CHILD HEALTH BLOCK GRANT**

**SECTION 10.22(bb)-(cc).** Requires that Maternal and Child Health Block grant funding for abstinence education be transferred to the State Board of Education to be administered by the Department of Public Instruction to establish an abstinence until marriage education program. Requires DHHS to ensure that there will be follow-up testing in the Newborn Screening Program.

#### **COMMUNITY SERVICES BLOCK GRANT**

**SECTION 10.22(dd)-(ee).** Includes provisions regarding use of Community Services Block Grant funds.

## **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### **FEE INCREASES**

**SECTION 11.1** Amends various statutes in Article 52 (Pesticide Board) of GS Chapter 143 to create new fees or increase existing fees as follows.

Amends GS 143-440 to create a nonrefundable fee of \$10, charged for each restricted use pesticide examination, and in addition to any other fee. Charges a \$50 fee for examination of individuals seeking designation as Worker Protection Designated Trainers.

Amends GS 143-448 to increase the fee from \$50 to \$75 for pesticide dealer license applications.

Amends GS 143-449 to impose a \$50 examination fee on pesticide dealer license applicants.

Amends GS 143-452 to increase the fee charged from \$50 to \$75 for pesticide applicator license applications.

Amends GS 143-453 to impose a \$50 examination fee on pesticide applicator applicants for the pilot portion of the exam, a separate \$50 fee for the initial written/oral portion of the exam, and an additional \$20 for each additional specific classification licensure.

Amends GS 143-455 to increase the fee charged from \$50 to \$75 for pest control consultant applications. Imposes a nonrefundable fee of \$50 for the consultant examination, and an additional \$20 for each additional specific classification licensure.

Amends various statutes in Article 4C (Structural Pest Control Act) of GS Chapter 160 to create new fees or increase existing fees as follows.

Amends GS 106-65.27 to increase the fee charged for a certified applicator's identification card from \$10 to \$25 for each phase or subphase of structural pest control in which the applicant is examined. Increases the license examination fee from \$25 to \$50, per exam portion, for structural pest control operators.

Amends GS 106-65.31 to increase the fee charged from \$30 to \$50 for issuance or renewal of a certified applicator's identification card. Increases the fee charged for the issuance or renewal of a license for any one phase from \$150 to \$200, and from \$65 to \$75 for each additional phase. Increases the fee charged from \$25 to \$40 for identification cards issued under GS 106-65.31(b1).

## **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

### **FISHERY RESOURCE GRANT FUNDS TO BE USED FOR AT-SEA OBSERVER PROGRAM**

**SECTION 12.1** Directs \$300,000 of the funds appropriated to the Department of Environment and Natural Resources (DENR), Fishery Resource Grant Program, to be used by the Division of Marine Fisheries for an At-Sea Observer Program, according to specified guidelines.

### **TRANSFER CERTAIN ENVIRONMENTAL HEALTH PROGRAMS**

**SECTION 12.3** Transfers six enumerated sections of the Division of Environmental Health from DENR to DHHS. Directs the Revisor of the Statutes to make conforming statutory changes, and makes the transfer effective July 1, 2010.

### **DAM SAFETY FEE**

**SECTION 12.6** Authorizes DENR to charge a onetime Dam Evaluation Fee of \$1,100 per equivalent dam unit to electric utility companies based on the number of dams owned by each company that fall under the jurisdiction of the Dam Safety Law.

### **AMEND HAZARDOUS WASTE FEE**

**SECTION 12.7** Amends GS 130A-294.1(f), increasing the annual fee from \$125 to \$170 for any person who generates between 100 and 1,000 kilograms of hazardous waste in any calendar month.

## **PART XIII. DEPARTMENT OF COMMERCE.**

**JMAC RESERVE.**

**SECTION 13.1.** Repeals GS 143B-437.012(b) which, created a Job Maintenance and Capital Development Fund in the Department of Commerce and enacts new GS 143C-9-7 which requires the state controller to establish the JMAC Reserve as a General Fund reserve. Requires that expenditures or transfers from the reserve be in accordance with GS 143B-437.012. States General Assembly's intent to appropriate funds to reserve to meet anticipated cash requirements of the Job Maintenance and Capital Development Program established by GS 143B-437.012.

**NER BLOCK GRANTS.****SECTION 13.3.****COMMUNITY DEVELOPMENT BLOCK GRANT**

|                                     |              |
|-------------------------------------|--------------|
| 01. State Administration            | \$ 1,000,000 |
| 02. Scattered Site Housing          | 16,500,000   |
| 03. Economic Development            | 7,210,000    |
| 04. Small Business/Entrepreneurship | 3,000,000    |
| 05. NC Catalyst                     | 8,240,000    |
| 06. State Technical Assistance      | 450,000      |
| 07. Infrastructure                  | 8,000,000    |
| 08. Capacity Building               | 600,000      |

**TOTAL COMMUNITY DEVELOPMENT**

**BLOCK GRANT – 2011 Program Year** \$ 45,000,000

Provides for limitations and the allocating of funds, for assistance to nonprofits in increasing capacity, and for reporting requirements prior to reallocating funds.

**RURAL ECONOMIC DEVELOPMENT CENTER/JOBS NOW FUNDS.**

**SECTION 13.4.** Specifies use of funding appropriated to Rural Economic Development Center for expansion of Home Grown Jobs Initiative, expansion of Small Business Assistance Fund, and creation of Family Farm Opportunity and Innovation Fund. Includes a reporting requirement.

**UPDATE MAIN STREET SOLUTIONS STATUTES.**

**SECTION 13.5.** Amends GS 143B-472.35 to include definitions of terms used in act, to express program's purpose to provide economic development planning assistance and coordinated grant support to "designated micropolitans" in tier 2 and tier 3 counties and to "designated North Carolina Main Street Communities" including Small Town Main Street Communities in tier 1, 2, or 3 counties that are designated as active communities. Requires North Carolina Main Street Center to develop criteria for community participation, provide technical assistance, and provide strategic planning support to eligible communities. Allows local governments to apply for grants to implement elements of strategic plans developed under the program. Authorizes grants to micropolitan cities in tier 2 and tier 3 counties and to designated North Carolina Main Street Communities including Small Town Main Street Communities in tier 1, 2, or 3 counties that have been designated as active communities for the following activities: specified downtown economic development initiatives, specified historic preservation initiatives outside of downtown core areas, specified public improvements and public infrastructure outside downtown core areas, specified interlocal small business economic development projects, and specified worker retraining initiatives. Revises required contents for grant applications. Repeals GS 143B-472.35(d) specifying review requirements for grant applications. Repeals GS 143B-472.35(e) limiting amount of grants to Main Street Cities. Caps grants at \$200,000. Provides that grants are reimbursable and must be matched on a two-to-one basis. Repeals provision authorizing additional grant when actual cost of project exceeds projected cost. Revises reporting requirements.

**PART XIV. JUDICIAL DEPARTMENT****COLLECTION OF WORTHLESS CHECK FUNDS**

**SECTION 14.1.** Permits Judicial Department to use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2010, for the purchase or repair of office or information technology equipment during the 2010-11 fiscal year after reporting to the Joint Legislative Commission on Governmental Operations and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

#### **INCREASE CERTAIN COURT FEES**

**SECTION 14.2.** Amends GS 7A-304(a)(4) to increase criminal court costs for support of the General Court of Justice to \$103.50 in district court (was, \$95.50) and \$115.50 in superior court (was, \$102.50). Amends GS 7A-304(a)(6) to increase to \$50 (was, \$25) the fee for failure to pay a fine, penalty, or costs within 20 days of the date specified in the court's judgment. Amends GS 7A-305(a)(2) to increase civil court costs for support of the General Court of Justice to \$130 in superior court (was \$93) and \$78 in district court (was \$73). Amends GS 7A-305(a2) to increase costs for absolute divorce to \$100 (was \$75) and to provide that funds not designated to the Fund for Displaced Homemakers and the Domestic Violence Center Fund be deposited in the General Fund as nontax revenue. Enacts new GS 7A-307(b1)(7) implementing a \$10 fee for assignment of title in the administration of an estate. Enacts new GS 7A-305(a5) assessing a \$40 fee against a party filing a motion for summary judgment.

#### **RECOUP COSTS OF CERTAIN COURT CASES FROM HIGHWAY FUNDS**

**SECTION 14.3.** Enacts new GS 7A-300(c) to transfer monthly from the Highway Fund to the General Fund for the support of the General Court of Justice \$15 per case in which the State Highway Patrol is the initiating law enforcement agency. Requires the Administrative Office of the Courts to provide monthly notification to the Highway Fund of the number of cases initiated by the State Highway Patrol in the preceding month for determination of the amount to be transferred.

#### **BOND FORFEITURE SET ASIDE PROCESSING FEE**

**SECTION 14.4.(a)** Amends GS 15A-544.5(c) and enacts new subsection (i) to impose \$50 fee for the setting aside of a bond forfeiture.

### **PART XV. DEPARTMENT OF JUSTICE**

#### **SAFE COMMUNITIES: FELONY ARRESTEE DNA FORENSIC STAFFING & OPERATIONS**

**SECTION 15.1.** Enacts new GS 7A-304(a)(3c) imposing a \$3 fee for the scientific analysis of DNA and bodily fluids and associated services to be remitted to the Department of Justice.

#### **SEAT BELT USE MANDATORY**

**SECTION 15.2.** Amends GS 20-135.2A(e) to impose an additional \$3 fee for the scientific analysis of DNA and bodily fluids upon a driver or front seat passenger who fails to wear a seat belt.

### **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION**

#### **ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

**SECTION 16.1.** Amends Section 18.1 of S.L. 2009-451 to eliminate the required evaluation of Camp Woodson Wilderness camp.

#### **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 16.2.** Provides that funds appropriated to the Department of Juvenile Justice and Delinquency Prevention for 2010-11 may be used as matching funds for the Juvenile Accountability Incentive Block Grants. Requires the Office of State Budget and Management and the Governor's Crime Commission to consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding any such grants.

#### **REPEAL TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS**



**SECTION 16.3.** Repeals Section 18.4 of SL 2009-451, as title indicates.

## **PART XVII. DEPARTMENT OF CORRECTION**

### **USE OF CLOSED PRISON FACILITIES**

**SECTION 17.1.** Repeals Section 19.4(a) of SL 2009-451, which requires the Department of Correction (DOC) to consult with certain officials about the possibility of converting a closing prison facility to other use.

### **FEDERAL GRANT MATCHING FUNDS**

**SECTION 17.2.** Permits DOC to use up to \$1.2 million in 2010-11 to provide the state match needed to receive federal grant funds. Requires a report to specified legislative entities before using the funds.

### **REPORTS ON NONPROFIT PROGRAMS**

**SECTION 17.3.** Repeals Section 19.10 of SL 2009-451, which requires annual reports to the General Assembly by Harriet's House, Summit House, Women at Risk, and Our Children's Place.

### **INCREASE FEE FOR COMMUNITY SERVICE WORK PROGRAM**

**SECTION 17.4.** Amends GS 143B-262.4(b) to increase fee for community service work program to \$300 (was, \$200) for persons ordered on or after July 1, 2010, to perform community service.

### **INCREASE FEES FOR PROBATION, PAROLE, AND POST-RELEASE SUPERVISION**

**SECTION 17.5.** Amends GS 15A-1343(c1), 15A-1374(c), and 15A-1368.4(f) to increase fee for probation, parole, and post-release supervision to \$40 (was, \$30) effective July 1, 2010, for all persons on supervised probation, parole, and post-release before and after that date.

### **INMATE MEDICAL COST CONTAINMENT**

**SECTION 17.6.** Requires DOC to establish a fee schedule for health care services provided to inmates that represents 30% of the reimbursable cost for each service under the Medicare fee schedule. Further requires DOC to "make every effort to contain inmate medical costs" by using its own hospital and health care facilities. Requires DOC in using other facilities to use hospitals with available capacity or other health care facilities in a region and to work to ensure that care usage is distributed equitably among all hospitals or other health care facilities. Requires DOC to consult with the Division of Medical Assistance in the Department of Health and Human Services to develop protocols for prisoners who would otherwise be eligible for Medicaid if they were not incarcerated to access Medicaid while in custody. Requires DOC to seek reimbursement from Medicaid when an inmate's Medicaid eligibility is temporarily reinstated due to a hospitalization.

Requires DOC to study impact of cost-saving measures on medical costs and to present findings by March 1, 2011, to the chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

## **PART XVIII. DEPARTMENT OF ADMINISTRATION**

### **SMALL BUSINESS PROTECTION ACT**

**SECTION 18.1.** Repeals Section 28.16.(g) of SL 2008-107, which requires the Department of Revenue to implement a plan to record telephone calls received at the Department's Taxpayer Assistance Center by July 1, 2010.

## **PART XIX. DEPARTMENT OF REVENUE**

### **DISTRIBUTION OF ADDITIONAL TAXES**

**SECTION 19.1.** Amends GS 105-501(b) to alter the method for calculating the net proceeds of the additional ½ percent sales tax.

## **PART XX. OFFICE OF THE GOVERNOR.**

### **TRANSFER OF YOUTH ADVOCACY AND INVOLVEMENT FUNCTIONS TO THE OFFICE OF THE GOVERNOR AND THE STATE BOARD OF EDUCATION.**

**SECTION 20.1.** Effective July 1, 2010, transfers the State Youth Advisory Council, State Youth Council, Governor's Advocacy Council on Children and Youth, North Carolina Internship Council, and North Carolina Youth Advocacy and Involvement Fund from the Department of Administration to the Governor's Office. Effective July 1, 2010 transfers the Students Against Destructive Decisions program from the Department of Administration to the State Board of Education. Makes conforming statutory changes.

### **AMEND NORTH CAROLINA HOUSING FINANCE AGENCY STATUTE.**

**SECTION 20.2.** Amends GS 122A-4 to specify that the North Carolina Housing Finance Agency is a public corporation that has a distinct legal existence from the state.

## **PART XXI. DEPARTMENT OF TRANSPORTATION**

### **MOBILITY FUND ESTABLISHED**

**SECTION 21.1.** Adds new Article 14A, "North Carolina Mobility Fund," to GS Chapter 136. Creates special account, effective July 1, 2010, designated as North Carolina Mobility Fund to which certain highway use tax proceeds and registration fees must be deposited. Requires amounts deposited in Mobility Fund be appropriated annually as follows: 6½ percent to eligible municipalities; \$30 million to the Department of Transportation (DOT) for interstate road maintenance and transportation; and the remaining funds for transportation projects to relieve congestion and enhance mobility. Establishes widening and improvement of Interstate 85 north of the Yadkin River Bridge as initial project. Permits DOT to issue debt-financing instruments to finance highway projects using Mobility Fund fee revenue. Makes conforming changes.

Amends GS 105-187.3, effective July 1, 2011, to increase maximum use tax for commercial motor vehicles and recreational motor vehicles from \$1,000 to \$1,500 and, effective July 1, 2012, removes reduction for trade-in allowances from calculation of retail value. Repeals, effective July 1, 2012, GS 105-187.6(c), which caps at \$150 highway use tax on certain out-of-state vehicles.

Amends GS 105-187.9(a), effective July 1, 2011, to allocate all highway use taxes to the Highway Trust Fund and the Mobility Fund. Requires that 86% of the 3% highway use tax be credited to the Highway Trust Fund and 14% to the Mobility Fund. Credits all 8% highway use taxes to the Mobility Fund. Provides that for the 2010-11 fiscal year, \$50,894,864 be transferred to the General Fund effective July 1, 2010. Provides that for the 2011-12 fiscal year, 50% of the 8% highway use taxes be credited to the General Fund. Makes conforming changes.

Effective July 1, 2010, increases various fees in GS Chapter 20, including the fee for a motorcycle endorsement, a copy of a license record, a temporary license plate, a certificate of title, and vehicle registration. Allocates 25% of designated fees to Mobility Fund.

Amends GS 105-164.44D, effective July 1, 2012, to require transfer of the DOT sales tax exemption reimbursement to the Mobility Fund instead of the General Fund.

Enacts new GS 136-176(b3), effective July 1, 2010, to provide that amounts appropriated for a particular fiscal year to a project for which the DOT or the Turnpike Authority has not issued bonds requiring debt service or related financing by the end of that fiscal year be transferred to the Mobility Fund.

## **PART XXII. SALARIES AND BENEFITS**

### **TEACHERS AND STATE EMPLOYEES' PAYBACK**

**SECTION 22.1.** Provides a onetime bonus payment equal to 0.5% of their annualized base salary paid between July 1, 2009, and June 30, 2010 to all teachers and state employees whose salaries are paid in whole or in part from funds appropriated by the Appropriations Act of

2009. Prohibits including the onetime bonus in the retirement average final compensation and from being subject to employee or employer contributions to the Retirement Systems Division or Optional Retirement Program.

## **TEACHER SALARY SCHEDULES**

**SECTION 22.2.** Provides that the Director of the budget is to transfer from the Reserve for Compensation Increases the funds necessary to implement the teacher salary schedules, longevity, and benefits supported from the General Fund. Effective for the 2010-11 school year. Provides that the funds are to be allocated to individuals according to rules adopted by the State Board of Education.

Establishes the monthly salary schedules for the 2010-11 fiscal year for certified personnel of the public schools who are classified as teachers. The schedule contains 33 steps with each step corresponding to one year of teaching experience. Salaries range from \$3,043 for "A" Teachers with 0 years of experience to \$5,255 for those with 32+ years of experience and from \$3,504 for teachers that are NBPTS-certified with 3 years of experience to \$5,886 for those with 32+ years of experience. Salaries range from \$3,347 for "M" teachers with 0 years of experience to \$5,781 for those with 32+ years of experience and from \$3,855 for those that are NBPTS-certified with 3 years of experience to \$6,475 for those with 32+ years of experience.

Specifies the following annual longevity payment rates for teachers: (1) 1.5% percent of base salary for 10 to 14 years of state service, (2) 2.25% of base salary for 15 to 19 years of state service, (3) 3.25% of base salary for 20 to 24 years of state service, and (4) 4.5% of base salary for 25 or more years of state service. The longevity payment must be paid in a lump sum once a year.

Authorizes the following salary supplements: (1) \$126 per month in addition to the compensation provided for certified personnel classified as "M" teachers for certified public schoolteachers at the six-year degree level, and (2) \$253 per month in addition to the compensation provided for certified personnel classified as "M" teachers for certified public school teachers with certification based on academic preparation at the doctoral degree level.

Specifies that the first step of the salary schedule for school psychologists is equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Directs that certified psychologists be placed on the salary schedule at an appropriate step based on their years of experience and receive longevity payments based on years of state service in the same manner as teachers.

Authorizes the following salary supplements: (1) \$126 per month for certified psychologists with certification based on academic preparation at the six-year degree level and (2) \$253 per month for certified psychologists with certification based on academic preparation at the doctoral degree level.

Specifies that speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as audiologists at the master's degree level and who are employed in the public schools as speech and language specialists and audiologists must be paid on the school psychologist salary schedule.

Authorizes the following salary supplements: (1) \$126 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the six-year degree level and (2) \$253 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level.

Directs that certified school nurses who are employed in the public schools as nurses be paid on the "M" salary schedule.

Specifies that, as used in this section, the term "teacher" also includes instructional support personnel.

## **SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE**

**SECTION 22.3.** Provides that effective for the 2010-11 school year, the Director of the Budget is to transfer from the Reserve for Compensation Increases the necessary funds to

implement the salary schedule for school-based administrators. Designates the funds to be used for state paid-employees only.

Directs that the base salary schedule for school-based administrators applies only to principals and assistant principals. Establishes the base salary schedule for the 2010-11 fiscal year, commencing July 1, 2010, for principals and assistant principals.

Provides that the appropriate classification for the placement of principals and assistant principals, excluding principals of alternative schools and cooperative innovative high schools, on the salary schedule is based on the number of teachers supervised. Specifies that 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.

Provides that the beginning classification for principals in alternative schools and in cooperative innovative high school programs is the Principal III level. Principals in alternative schools who supervise 33 or more teachers are classified according to the number of teachers supervised.

Directs that a principal be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. Prohibits a principal acquiring an additional step for the 2009-10 or 2010-11 fiscal years from receiving a corresponding increase in salary during the 2009-11 fiscal biennium. Specifies that a principal or assistant principal also continues to receive any additional state-funded percentage increases earned for the 1997-98, 1998-99, and 1999-00 school years for improvement in student performance or maintaining a safe and orderly school.

Directs that principals and assistant principals with certification based on academic preparation at the six-year degree level are to be paid a salary supplement of \$126 per month and at the doctoral degree level are to be paid a salary supplement of \$253 per month.

Directs that longevity pay for principals and assistant principals must be as provided for state employees under the State Personnel Act.

Specifies that if a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger or smaller number of state-allotted teachers, the principal must be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

Applies to all transfers on or after the effective date of this section, except transfers in school systems created by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

Directs that participants in an approved full-time master's in school administration program receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. Specifies that for the 2006-07 fiscal year and subsequent fiscal years, the stipend may not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. Requires the Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program to supply the DPI with certification of eligible full-time interns.

Provides that for the 2010-11 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate is to be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

## **BONUS LEAVE FOR STATE EMPLOYEES**

**SECTION 22.4.** Provides for a onetime additional 32 hours of bonus leave, with 8 hours to be taken on December 23, credited as of July 1, 2010, for a person who is (1) a full-time permanent employee of the state, a community college institution, or a local board of education on July 1, 2010, and (2) eligible to earn annual leave. Provides part-time permanent employees with a pro rata amount of leave. Provides that the following employees are ineligible to receive

the annual leave bonus: (1) any employee or officer who does not earn annual leave and (2) any public school employee or state employee who is paid on the Teacher Salary Schedule or the School-Based Administrator Schedule. Provides criteria and calendar guidelines for use of the bonus leave.

#### **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

**SECTION 22.5.** Amends Section 6(c) of SL 2009-16 to provide that the state's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2010-11 fiscal year are (1) for teachers and state employees, 10.70% (was, 8.94%); (2) for state law enforcement officers, 15.70% (was, 13.94%); and (3) for the Consolidated Judicial Retirement System, 20.01% (was, 18.11%).

#### **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES**

**SECTION 22.6.** Provides a onetime bonus to permanent personnel who are employed on July 1, 2010, and (1) paid at the top of the teacher salary schedule (1.78% bonus) or (2) paid at the top of the principal and assistant principal salary schedule (2% bonus). Effective July 1, 2010.

#### **STATE AGENCY TEACHERS' COMPENSATION**

**SECTION 22.7.** Provides that funds in the Reserve for Compensation Increases are to be used to provide experience step increases for employees of schools operated by the Department of Health and Human Services, the Department of Correction, the Department of Juvenile Justice and Delinquency Prevention, or the North Carolina School of Math and Science who are paid on the teacher salary schedule or the school-based administrator salary schedule.

### **PART XXIII. CAPITAL APPROPRIATIONS**

#### **CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 23.1.** Appropriates from the General Fund the following amount for capital improvements:

##### **Capital Improvements – General Fund**

###### **2010-2011**

Department of Environment and Natural Resources

Water Resources Development Projects

11,172,072

#### **TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND**

**\$11,172,072**

#### **WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

**SECTION 23.2.(a)** Directs the Department of Environment and Natural Resources to allocate the funds appropriated in this act to water resources development projects whose costs are as follows:

##### **Name of Project**

###### **2010-2011**

(1) Wilmington Harbor Deepening

2,000,000

(2) Wilmington Harbor Maintenance

100,000

|      |  |   |
|------|--|---|
| (3)  | Morehead City Harbor Maintenance                     |   |
|      | 200,000  |   |
| (4)  | B. Everett Jordan Lake Water Supply Storage          |   |
|      | 1,250,000  |   |
| (5)  | Dredging Contingency Fund                            |   |
|      | 1,000,000  |   |
| (6)  | AIWW Dredging  |   |
|      | 5,000  |   |
| (7)  | Bogue Banks Shore Protection Study                   |   |
|      | 50,000   |   |
| (8)  | John H. Kerr Dam and Reservoir Sec. 216              | - |
| (9)  | Neuse River Basin PED                                |   |
|      | 200,000  |   |
| (10) | Princeville Flood Damage Reduction                   |   |
|      | 50,000   |   |
| (11) | Currituck Sound Environmental Restoration Study      |   |
|      | 350,000  |   |
| (12) | Belhaven Harbor – CAP – Sec 1135                     |   |
|      | 0  |   |
| (13) | Surf City / North Topsail Beach Protection Study-PED |   |
|      | 50,000   |   |
| (14) | West Onslow Beach(Topsail Beach)-PED                 |   |
|      | 800,000  |   |
| (15) | Silver Lake Harbor Disposal Area Maintenance         |   |
|      | 25,000   |   |
| (16) | Manteo Old House Channel – CAP – Sec 204             | - |
| (17) | Concord Streams Restoration – CAP – Sec 206          | - |
| (18) | North Carolina International Terminal                | - |
| (19) | Planning Assistance to Communities                   |   |
|      | 2,000,000  |   |
| (20) | State – Local projects                               |   |
|      | 350,000  |   |
| (21) | Aquatic Plant Control, Statewide and Lake Gaston     |   |
|      | 266,000  |   |
| (22) | Aquatic Weed Storage Facility                        |   |
|      | 210,000  |   |
| (23) | Lake Junaluska Dredging                              |   |
|      | 150,000  |   |
| (24) | Cape Fear River Basin Model Update                   |   |
|      | 37,500   |   |
| (25) | Catawba Water Management Study                       |   |
|      | 425,000  |   |
| (26) | Little Fork Creek Restoration (Rendezvous SF)        |   |
|      | 303,572  |   |
| (27) | Emerald Isle Boat Launch Facility                    |   |
|      | 450,000  |   |
| (28) | Southern Shores Canal Dredging                       |   |
|      | 900,000  |   |

**TOTALS**  
**\$11,172,072**

**SECTION 23.2.(b)** Allows DENR to adjust allocations if needed and direct any remaining funds to specified projects.

**SECTION 23.2.(c)** Directs DENR to make semiannual reports, as detailed, on the use of the funds.

**NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 23.3.(a)** The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

| <b>Name of Project</b>   | <b>Amount of Non-General Fund<br/>Funding Authorized for FY 2010-2011</b> |
|--|---|
| Department of Agriculture and Consumer Services                  |   |
| Upgrade Steam Generation Capability at Food and Drug Facility    | 18,000  |
| Western NC Agricultural Center – Storage Shed                    | 23,000  |
| Western NC Agricultural Center – Entertainment Stage             | 35,000  |
| Western NC Agricultural Center – Youth Building Roof Replacement | 3,000   |
| Western NC Agricultural Center – RV Site Improvements            | 20,000  |
| Western NC Agricultural Center – C&D Barn Access Road            | 125,000   |
| Western NC Agricultural Center – Handicap Platform               | 8,000   |
| Western NC Agricultural Center – Exhibits/Cashier Office         | 70,000  |
| Western NC Agricultural Center – Retention Pond Parking          | 225,000   |
| Constable Lab Standby Generator/Rollins Lab Security             | 363,245   |
| Southeastern Agricultural Center – Multipurpose Pavilion         | 1,290,000   |
| Southeastern Agricultural Center – Horse Stalls                  | 700,000   |
| Research Stations Irrigation Renovations                         | 200,000   |
| Piedmont Research Station – Grain Storage Renovation             | 400,000   |
| Department of Correction   |   |
| Southern Medium Programs Building                                | 600,000   |
| Caledonia Programs Building                                      | 600,000   |
| Caswell Programs Building  | 600,000   |
| Southern Minimum Programs Building                               | 600,000   |
| Randolph Programs Building                                       | 600,000   |
| Department of Cultural Resources                                 |   |
| USS NC Battleship Repairs, Dredging, Construction                | 1,700,000   |
| Commission Battleship Fund                                       |   |
| Department of Environment and Natural Resources                  |   |
| Forest Resources – Bladen Lakes Ranger Residence                 | 399,000   |
| Department of Justice  |   |
| NC Justice Academy Live Fire Shoot House                         | 282,000   |
| Wildlife Resources Commission                                    |   |
| Pisgah Education Center Repairs and Renovation                   | 60,000  |
| Outer Banks Education Center Repairs and Renovation              | 26,000  |

|           |  |  |
|-----------|--|--|
|           | Mt. Holly Depot Acquisition                      |  |
| 150,000   |  |  |
|           | Statewide Boating Access Areas (BAA) Renovations |  |
| 3,610,000 |  |  |
|           | Table Rock Hatchery Residence Renovation         |  |
| 150,000   |  |  |
|           | McKinney Lake Equipment Shed                     |  |
| 70,000    |  |  |
|           | Fishing Access Areas Construction                |  |
| 180,000   |  |  |

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL  
PROJECTS AUTHORIZED  
\$13,708,245**

**SECTION 23.3.(b)** Authorizes the Department of Agriculture and Consumer Services to use \$30,000 for 2010-11 from its capital improvement account for its plant conservation program and incidental costs.

**AMEND 2009 WILDLIFE RESOURCES COMMISSION NON-GENERAL FUND CAPITAL  
IMPROVEMENT AUTHORIZATIONS**

**SECTION 23.4.** Amends Section 27.4(a) of the 2009 Appropriations Act amending the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

| <b>Name of Project</b> | <b>Amount of Non-General Fund<br/>Funding Authorized for FY 2009-2010</b> |
|------------------------|---|
|------------------------|---|

|                                     |  |
|-------------------------------------|--|
| Wildlife Resources Commission       |  |
| Land Acquisitions – State Gamelands |  |
| 20,000,000                          |  |

(was,

|   |  |
|---|--|
| 59,135,000)   |  |
| Marion Hatchery and Depot Renovation (new)                          |  |
| 4,000,000   |  |
| Statewide Emergency Repair & Renovation (new)                       |  |
| 3,500,000   |  |
| Deletes provision for the new coldwater fish hatchery construction. |  |

Requires the Wildlife Resources Commission to receive approval from the Office of State Budget and Management before using funds from the Statewide Emergency Repair & Renovation Project.

**AMEND DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION**

**SECTION 23.6.** Amends Section 27.8 of the 2009 Appropriations Act, removing the 2009-2011 time restriction during which the General Fund will service the debt for the Green Square Complex parking deck.

**PART XXIV. REVENUE LAW CHANGES**

**RENEW SMALL BUSINESS HEALTH INSURANCE CREDIT**

**SECTION 24.1.(a)** Amends GS 105-129.16E, extending the sunset date on the credit for small business employee health benefits to January 1, 2012 (was, 2010).

**SMALL BUSINESS START-UP TAX RELIEF**



**SECTION 24.2** Enacts new GS 105-163.020 through GS 105-163.023 to allow a taxpayer to exclude from taxable income any recognized gain or other taxable income from the sale or exchange of qualified securities. Also provides that a taxpayer who is an owner of a pass-through entity may exclude from the taxpayer's income an amount equal to the taxpayer's allocated share of the exclusion for which the pass-through entity is eligible, unless the pass-through entity was a qualified grantee business at the time of the taxpayer's investment in the pass-through entity. If the pass-through entity was a qualified grantee, then the taxpayer may exclude from the taxpayer's income an amount equal to the gain or other taxable income recognized as a result of the taxpayer's ownership, multiplied by a fraction, based on the total amount by the pass-through entity in qualified businesses, divided by the total amount invested by the pass-through entity. Except as otherwise provided in the act, *qualified securities* include any equity security or subordinated debt instrument issued on or after January 1, 2011, by a qualified business, acquired by the taxpayer at its original issue in exchange for cash, promissory notes, services, or other equity securities, held for at least one year, acquired without payment of a broker's fee or commission for soliciting the purchase, and, if the security was purchased by a pass-through entity, the entity must meet the requirements of GS 105-163.011(b1) (tax credit allowed for certain pass-through entities). Provides that if a taxpayer claims an exclusion of gain from income, the taxpayer's income tax for the tax year for which the exclusion is claimed must be increased by the amount of all credits previously claimed with respect to qualified securities that have been sold and the gain from which has been excluded. Extensive provisions address qualification, registration, effect of redemptions and other distributions, exceptions for certain transactions, conversion of other securities, transfers of securities, contributions and exchanges of property, and short positions and other transactions that substantially reduce the risk of loss from holding the securities. Makes conforming changes to GS 105-130.5(b) (deductions for corporate income tax) and GS 105-134.6(b) (deductions for individual income tax).

#### **EXTEND QUALIFIED BUSINESS VENTURE CREDIT AND RAISE CAP**

**SECTION 24.3.** Amends GS 105-163.012(b) to increase to \$8 million the tax benefit allowed to taxpayers for investments in small businesses (current law limits the tax credit to \$7.5 million). Amends GS 105-163.015 to extend, to January 1, 2013, the repeal date for tax credits for small business investments.

#### **EXTEND REFUND FOR MOTORSPORTS AVIATION**

**SECTION 24.4.** Amends GS 105-164.14(l) to extend, as title indicates, the refund repeal date to January 1, 2013 (was January 1, 2010).

#### **CONFORM TO FEDERAL HIRE ACT**

**SECTION 24.5.** Amends GS 105-228.90(b)(1b), updating the applicable date to May 1, 2010, to conform as title indicates.

#### **HIGH UNEMPLOYMENT HIRING INCENTIVE**

**SECTION 24.6.** Amends GS 105-129.81, adding the following definition for High unemployment county, applicable for tax years ending on December 31, 2011 and December 31, 20102: a county that has an unemployment rate equal or greater than 125% of the State average unemployment rate, as determined by the Secretary of Commerce. Makes conforming change to GS 105-129.87(a) (providing a \$2,000 credit per job created in a high unemployment county).

#### **BACK TO WORK INCENTIVE FUND**

**SECTION 24.7.(a)** Directs the Office of the NC Small Business Commissioner in the Department of Commerce to implement a Back to Work Incentive program to ensure payments are made to eligible small businesses for hiring and retaining eligible new workers who were previously unemployed. Outlines criteria for business and individual eligibility; details on payments made to eligible small businesses and; guidelines for the application process developed by the Secretary of Revenue. Set payment caps. Makes conforming changes.

#### **PART XXV. MISCELLANEOUS PROVISIONS**

**EFFECT OF HEADINGS**

**SECTION 25.3.** Clarifies that the headings are for reference only.

**APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

**SECTION 25.4** Provides that except where expressly repealed or amended, the provisions of the 2009 Appropriations Act remain in effect.

**EFFECTIVE DATE.**

**SECTION 25.6.** Effective July 1, 2010.

**Intro. by Michaux, Adams, M. Alexander,  
Crawford.**

GS 143, 147, 143C, 120, 115D, 108A, 153A, 106,  
130A, 143B, 7A, 15A, 20, 105, 122A, 136,  
APPROP