



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

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Amends Title [YES]
First Edition

Date _____, 2015

Senator Brown

1 moves to amend the bill on page 1, lines 1-14, by deleting the lines and substituting the
2 following:

3 "A BILL TO BE ENTITLED
4 AN ACT MAKING TECHNICAL, CONFORMING, AND OTHER MODIFICATIONS TO
5 THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
6 APPROPRIATIONS ACT OF 2015.

7 The General Assembly of North Carolina enacts:

8
9 PART I. GENERAL AND SALARY PROVISIONS

10 SECTION 1.1. Section 2.2.(f) of S.L. 2015-241 reads as rewritten:

11 "SECTION 2.2.(f) Notwithstanding any other provision of law to the contrary, effective
12 June 30, 2015, July 1, 2015, the following amounts shall be transferred to the State Controller
13 to be deposited in the appropriate budget code as determined by the State Controller. These
14 funds shall be used to support the General Fund appropriations as specified in this act for the
15 2015-2016 fiscal year and the 2016-2017 fiscal year.

16 ..."

17 SECTION 1.2. G.S. 143C-9-3(a), as amended by Section 6.24 of S.L. 2015-241,
18 reads as rewritten:

19 "(a) The 'Settlement Reserve Fund' is established as a special fund in the Office of State
20 Budget and Management to receive proceeds from tobacco litigation settlement agreements or
21 final orders or judgments of a court in litigation between tobacco companies and the states."

22 SECTION 1.3. Section 6.20(b)(1)a. of S.L. 2015-241 reads as rewritten:

- 23 "a. Department of Environment and Natural Resources -
24 1. Commercial Leaking Petroleum Underground Storage Tank
25 Cleanup Fund.
26 2. Division of Air Quality Inspection and Maintenance Fees.
27 3. Division of Air Quality Water and Air Quality Account.
28 4. Shallow Draft Navigation Channel Dredging and Lake
29 Maintenance Fund.
30 5.4. Mercury Pollution Prevention Account."

31
32
33 PART II. INFORMATION TECHNOLOGY



* H 2 5 9 - A M D F - 8 7 - V - 2 *

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SECTION 2.1. Section 7.3.(a) of S.L. 2015-241 reads as rewritten:
"**SECTION 7.3.(a)** The appropriations for the Information Technology Reserve Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Government Data Analytics Center	\$8,100,000	\$8,100,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512
IT Restructuring	<u>\$2,775,184</u>	<u>\$2,978,812</u>
	<u>\$3,537,299</u>	<u>\$3,740,927</u>
Economic Modeling Initiative	\$500,000	\$500,000
Maintenance Management System Replacement	\$173,180	\$129,901
NC Connect	\$593,899	\$788,503
<u>E-Forms/Digital Signatures</u>	<u>\$762,115</u>	<u>\$762,115</u>
Law Enforcement Information Exchange	\$288,474	0"

SECTION 2.2. G.S. 143B-1302(d), as enacted by Section 7A.2.(b) of S.L. 2015-241, reads as rewritten:

"(d) State Ethics Act. – All employees of the Department shall be subject to the applicable provisions of the State Government Ethics Act under Chapter 138A of the General Statutes."

SECTION 2.4. Notwithstanding any provision of S.L. 2015-241 to the contrary, the following positions in that act shall be transferred from the Information Technology Internal Service Fund to the Information Technology Reserve Fund:

- (1) Position Number 60087223, State Chief Information Officer.
- (2) Position Number 60087293, Executive Assistant.
- (3) Position Number 60087581, Legislative Affairs/Program Coordinator.
- (4) Position Number 60093454, Director of Public Affairs.
- (5) Position Number 60087551, Information & Communications Specialist II.
- (6) Position Number 60087645, Agency General Counsel II.
- (7) Position Number 60093450, Communications Specialist.
- (8) Position Number 60087267, Information and Communications Specialist.

SECTION 2.5 Notwithstanding any provision of S.L. 2015-241 to the contrary, of the funds appropriated in that act to the Information Technology Reserve Fund, the sum of seven hundred sixty-two thousand one hundred fifteen dollars (\$762,115) for each year of the biennium shall be used to support the continued development of an enterprise electronic forms and digital signatures capability.

SECTION 2.6. Notwithstanding any provision of S.L. 2015-241 to the contrary, the requirement for "Process Management" in that act shall be moved from the Information Technology Reserve Fund to the Information Technology Fund (Fund Code 24667).

SECTION 2.8. G.S. 143B-1305(c), as enacted by Section 7A.2.(b) of S.L. 2015-241, reads as rewritten:

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1 "(c) Participating Agencies. – The State CIO shall prepare detailed plans to transition
2 each of the participating agencies. As the transition plans are completed, the following
3 participating agencies shall transfer information technology personnel, operations, projects,
4 assets, and appropriate funding to the Department of Information Technology:

5 ...

6 (12) Department of Military and Veterans Affairs."

7 **SECTION 2.9.** Section 7.9.(d) of S.L. 2015-241 reads as rewritten:

8 "**SECTION 7.9.(d)** This section does not apply to any agency exempt under
9 ~~G.S. 147-33.80~~G.S. 143B-1300(b)."

10 **SECTION 2.11.** G.S. 143B-1306(c), as enacted by Section 7A.2.(b) of S.L.
11 2015-241, reads as rewritten:

12 "(c) Each participating agency shall actively participate in preparing, testing, and
13 implementing an information technology plan required under subsection (b) of this section.
14 Separate agencies shall prepare biennial information technology plans, including the
15 requirements listed in subsection (b) of this section, and transmit these plans to the Department
16 by a date determined by the State CIO in each even-numbered year. Agencies shall provide all
17 financial information to the State CIO necessary to determine full costs and expenditures for
18 information technology assets and resources provided by the agencies or through contracts or
19 grants. The Department shall consult with and assist State agencies in the preparation of these
20 plans; shall provide appropriate personnel or other resources to the participating agencies and
21 to separate agencies upon request pursuant to Part 3, ~~Shared Information Technology Services,~~
22 ~~of this Article.~~request. Plans shall be submitted to the Department by a date determined by the
23 State CIO in each even-numbered year."

24 **SECTION 2.12.** G.S. 143B-1312(c), as enacted by Section 7A.2.(b) of S.L.
25 2015-241, reads as rewritten:

26 "(c) Participating agency information technology personnel performing information
27 technology functions shall be moved to the Department. The State CIO shall consolidate
28 participating agency information technology personnel following the time ~~line~~ lines established
29 in the plans required by ~~this Article~~ G.S. 143B-1305(b) once a detailed plan has been developed
30 for transitioning the personnel to the new agency."

31 **SECTION 2.13.** G.S. 143B-1312(e), as enacted by Section 7A.2.(b) of S.L.
32 2015-241, reads as rewritten:

33 "(e) Any new positions established by the Department shall be exempt from the North
34 Carolina Human Resources ~~Act~~ Act; provided, however, that non-exempt employees
35 transferred from participating agencies to a newly established position in the Department shall
36 not become exempt solely by virtue of that transfer."

37 **SECTION 2.14.** G.S. 143B-1323(d), as enacted by Section 7A.2.(b) of S.L.
38 2015-241, reads as rewritten:

39 "(d) Each State ~~agency, separate agency, and participating agency~~ agency shall furnish to
40 the State CIO when requested, and on forms as prescribed, estimates of and budgets for all
41 information technology goods and services needed and required by such department,
42 institution, or agency for such periods in advance as may be designated by the State CIO. When
43 requested, all State agencies shall provide to the State CIO on forms as prescribed, actual

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1 expenditures for all goods and services needed and required by the department, institution, or
2 agency for such periods after the expenditures have been made as may be designated by the
3 State CIO."

4 **SECTION 2.16.** G.S. 143B-1338(a), as enacted by Section 7A.2.(b) of S.L.
5 2015-241, reads as rewritten:

6 "(a) The Department shall plan, develop, implement, and operate a statewide electronic
7 web presence, to include mobile, in order to (i) increase the convenience of members of the
8 public in conducting online transactions with, and obtaining information from, State
9 government and (ii) facilitate the public's interactions and communications with government
10 agencies. The State CIO shall have approval authority over all agency Web site ~~funding and~~
11 ~~content~~funding, to include any agency contract decisions. Participating agency Web site and
12 content development staff shall be transferred to the Department in accordance with the
13 schedule for their agency."

14 **SECTION 2.18.** Notwithstanding any provision of S.L. 2015-241 to the contrary,
15 of the funds appropriated in that act to the Information Technology Reserve Fund and allocated
16 for IT Restructuring, a portion of those funds shall be used to fund a Business and Technology
17 Applications Specialist position (Position Number 65000718).

18 **SECTION 2.20.** G.S. 143B-1323, as enacted by Section 7A.2.(b) of S.L. 2015-241,
19 is amended by adding a new subsection to read:

20 "(k) No contract subject to the provisions of this Part may be entered into unless the
21 contractor and the contractor's subcontractors comply with the requirements of Article 2 of
22 Chapter 64 of the General Statutes."

23
24 **PART III. EDUCATION**

25
26 **SECTION 3.1.** Section 8.27(c) of S.L. 2015-241 reads as rewritten:

27 "**SECTION 8.27.(c)** Grant funds shall be used to pay for all costs incurred by the local
28 school administrative units and the community college partners to implement the grant,
29 including community college FTE. Community colleges shall not earn budget FTE for student
30 course enrollments ~~supported with this grant under this grant, unless the student course~~
31 ~~enrollment is otherwise authorized as provided in G.S. 115D-20(4)a., as amended by this act.~~"

32 **SECTION 3.2.** Section 9.4 of S.L. 2015-241 reads as rewritten:

33 "**SECTION 9.4.** The annual salary for permanent full-time and part-time noncertified
34 public school employees whose salaries are supported from the State's General Fund shall
35 ~~remain unchanged~~ not be legislatively increased for the 2015-2017 fiscal bienniumbiennium,
36 but may be increased as otherwise allowed by law."

37 **SECTION 3.3.** Section 9.5 of S.L. 2015-241 is amended to add a new subsection
38 to read:

39 "(c) Subsection (a) of this section shall not be construed to modify the compensation of
40 persons initially employed as assistant principals prior to July 1, 2009, for work performed
41 prior to July 1, 2015."

42 **SECTION 3.4.** Section 10.11(b) of S.L. 2015-241 reads as rewritten:

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1 **"SECTION 10.11.(b)** South Piedmont Community College shall not earn budget
2 FTE for student course enrollments ~~supported with this grant under this grant, unless the~~
3 student course enrollment is otherwise authorized as provided in G.S. 115D-20(4)a., as
4 amended by this act."

5 **SECTION 3.5.** S.L. 2015-241 is amended by adding the following new section to
6 read:

7 **"ACADEMIC SUMMER BRIDGE PROGRAM/TECHNICAL CORRECTION**

8 **SECTION 11.24.(a)** Notwithstanding any provision of S.L. 2015-241 to the contrary,
9 of the funds appropriated herein, the reduction of funds for the Academic Summer Bridge
10 Program shall be decreased by one hundred nineteen thousand three hundred dollars (\$119,300)
11 in recurring funds for each fiscal year of the 2015-2017 fiscal biennium so that the total
12 reduction in funds for the Academic Summer Bridge Program for the 2015-2016 fiscal year
13 shall be one million seventy-three thousand seven hundred dollars (\$1,073,700) in recurring
14 funds and the total reduction in funds for the Academic Summer Bridge Program for the
15 2016-2017 fiscal year shall be one million seventy-three thousand seven hundred dollars
16 (\$1,073,700) in recurring funds.

17 **SECTION 11.24.(b)** Notwithstanding any provision of S.L. 2015-241 to the contrary,
18 of the funds appropriated herein, the management flexibility reduction for the operating budget
19 of The University of North Carolina shall be increased by one hundred nineteen thousand three
20 hundred dollars (\$119,300) in recurring funds for each fiscal year of the 2015-2017 fiscal
21 biennium so that the total management flexibility reduction for the 2015-2016 fiscal year shall
22 be eighteen million thirty-three thousand one hundred twelve dollars (\$18,033,112) in recurring
23 funds and the total management flexibility reduction for the 2016-2017 fiscal year shall be
24 forty-three million five hundred ninety-three thousand five hundred sixty-seven dollars
25 (\$43,593,567) in recurring funds and three million dollars (\$3,000,000) in nonrecurring funds.

26 The sum of one hundred nineteen thousand three hundred dollars (\$119,300) in recurring
27 funds for the 2015-2016 fiscal year and the sum of one hundred nineteen thousand three
28 hundred dollars (\$119,300) in recurring funds for the 2016-2017 fiscal year resulting from the
29 increased management flexibility reduction implemented pursuant to this subsection shall be
30 used to decrease the reduction of funds for the Academic Summer Bridge Program as provided
31 in subsection (a) of this section."

32 **SECTION 3.6.** S.L. 2015-241 is amended by adding the following new section to
33 read:

34 **"APPALACHIAN STATE UNIVERSITY/RECRUIT COMMUNITY COLLEGE**
35 **STUDENTS PILOT**

36 **SECTION 11.25.** Notwithstanding any provision of S.L. 2015-241 to the contrary, funds
37 appropriated to Appalachian State University for the 2015-2017 fiscal biennium for its College
38 of Education to establish a pilot program to recruit and retain students as teachers for high need
39 licensure areas may be used to recruit and retain both undergraduate students and community
40 college students for this pilot program. Funds may be used for personnel, marketing,
41 programming, counseling and advising."

42 **SECTION 3.7.** G.S. 115C-296.13(e), as enacted by Section 8.41(a) of S.L. 2015-
43 241, reads as rewritten:

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1 "(e) Annual State Board of Education Report. – The educator preparation program report
2 cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual
3 basis by ~~November 15~~ December 15."

4 **SECTION 3.8.** S.L. 2015-241 is amended by adding a new section to read:
5 **"EXCELLENT PUBLIC SCHOOLS ACT FUNDS/TECHNICAL CORRECTION**

6 **"SECTION 8.49.** Notwithstanding any other provision of law, the Department of
7 Public Instruction shall not use any of the funds appropriated in this act to the Department to
8 carry out elements of the Excellent Public Schools Act in the amount of three million eight
9 hundred twelve thousand one hundred forty-one dollars (\$3,812,141) in recurring funds for the
10 2015-2016 fiscal year and the amount of eight million five hundred twenty thousand seven
11 hundred forty-eight dollars (\$8,520,748) in recurring funds for the 2016-2017 fiscal year to
12 increase funding for the North Carolina Teacher Corps program established under G.S. 115C-
13 296.7."

14 **SECTION 3.9.** G.S. 116-143.3A(a)(3), as enacted by S.L. 2015-116, reads as
15 rewritten:

16 "(a) Definitions. – The following definitions apply in this section:

17 ...
18 (3) Veteran. – A person who served active duty for not less than 90 days in the
19 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,
20 or the National Oceanic and Atmospheric Administration and who was
21 discharged or released from such ~~service under conditions other than~~
22 dishonorable service."

23
24 **PART IV. HEALTH AND HUMAN SERVICES**

25
26 **SECTION 4.1.** S.L. 2015-241 is amended by adding the following new section to
27 read:

28 **"REDUCTION OF FUNDS FOR MISCELLANEOUS CONTRACTUAL SERVICES**

29 **SECTION 12A.18.** Notwithstanding any provision of S.L. 2015-241 to the
30 contrary, the Department of Health and Human Services, Division of Central Management and
31 Support, is directed to achieve a reduction in its contractual services by reducing Fund Code
32 1910, instead of Fund Code 1120, by the sum of three million two hundred thousand dollars
33 (\$3,200,000) in nonrecurring funds for the 2015-2016 fiscal year. In making the reduction
34 required by this section, the Department may implement department-wide reductions in
35 contractual services, but shall not reduce any funds appropriated to the Department to develop
36 and implement housing, support, and other services for people with mental illness pursuant to
37 the settlement agreement entered into between the United States Department of Justice and the
38 State of North Carolina."

39 **SECTION 4.2.** Section 12C.10(c) of S.L. 2015-241 reads as rewritten:

40 **"SECTION 12C.10.(c)** Of the funds appropriated in this act from the General Fund to the
41 Department of Health and Human Services, Division of ~~Social Services, Central Management~~
42 and Support, the sum of three hundred sixty thousand dollars (\$360,000) in recurring funds for
43 fiscal year 2015-2016 and the sum of three million two hundred thousand dollars (\$3,200,000)
44 in nonrecurring funds for fiscal year 2015-2016 shall be deposited in the Department's

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1 information technology budget code within 30 days of the effective date of this act to be used
2 for ongoing operation and maintenance pursuant to implementing the provisions of this
3 section."

4 **SECTION 4.4.** Section 12F.16(l) of S.L. 2015-241 reads as rewritten:

5 **"SECTION 12F.16.(l)** The Division of Medical Assistance of the Department of
6 Health and Human Services (DMA) shall take the following steps to improve the effectiveness
7 and efficiency of the Medicaid lock-in program:

- 8 (1) Establish written procedures for the operation of the lock-in program,
9 including specifying the responsibilities of DMA and the program
10 contractor.
- 11 (2) Establish procedures for the sharing of bulk data with the Controlled
12 Substances Regulatory Branch.
- 13 (3) In consultation with the Physicians Advisory Group, extend lock-in duration
14 to two years and revise program eligibility criteria to align the program with
15 the statewide strategic goals for preventing prescription drug abuse. DMA
16 shall report an estimate of the cost-savings from the revisions to the
17 eligibility criteria to the Joint Legislative Program Evaluation Oversight
18 Committee and the Joint Legislative Oversight Committee on Health and
19 Human Services within one year of the lock-in program again becoming
20 operational.
- 21 (4) Develop a Web site and communication materials to inform lock-in
22 enrollees, prescribers, pharmacists, and emergency room health care
23 providers about the program.
- 24 (5) Increase program capacity to ensure that all individuals who meet program
25 criteria are locked in.
- 26 (6) Conduct an audit of the lock-in program within six months after the effective
27 date of this act in order to evaluate the effectiveness of program restrictions
28 in preventing overutilization of controlled substances, identify any program
29 vulnerabilities, and address whether there is evidence of any fraud or abuse
30 within the program.

31 DMA shall report to the Joint Legislative Program Evaluation Oversight Committee by
32 ~~September 30, 2015~~, September 30, 2016, on its progress toward implementing all items
33 included in this section."

34 **SECTION 4.5.** Section 12F.16(m)(4) of S.L. 2015-241 reads as rewritten:

35 "(4) ~~The Office of Rural Health Section of the Division of Public Health,~~
36 ~~DHHS."~~

37 **SECTION 4.6.** Section 12I.1.(w) of S.L. 2015-241 reads as rewritten:

38 **"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

39 **SECTION 12I.1.(w)** The sum of two hundred fifty thousand dollars (\$250,000)
40 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to
41 the Department of Health and Human Services, Division of Mental Health, Developmental
42 Disabilities, and Substance Abuse Services, for each year of the 2015-2017 fiscal biennium
43 shall be allocated to the Department of ~~Administration, Division of Veterans Affairs,~~ Military

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1 and Veterans Affairs, as created in Section 24.1 of this act, to establish a call-in center to assist
2 veterans in locating service benefits and crisis services. The call-in center shall be staffed by
3 certified veteran peers within the ~~Division of Veterans Affairs~~Department of Military and
4 Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services."

6 **SECTION 4.7.** Section 12H.17.(a) of S.L. 2015-241 reads as rewritten:

7 **"SECTION 12H.17.(a)** Effective ~~July 1, October 1,~~ 2015, the cost settlement for outpatient
8 Medicaid services performed by Vidant Medical Center, which was previously known as Pitt
9 County Memorial Hospital, shall be at one hundred percent (100%) of allowable costs."

10 **SECTION 4.8.** Section 12F.2.(b) of S.L. 2015-241 reads as rewritten:

11 **"SECTION 12F.2.(b)** The DMH/DD/SAS is directed to reduce its allocation for
12 single stream funding by one hundred ten million eight hundred eight thousand seven hundred
13 fifty-two dollars (\$110,808,752) in nonrecurring funds for the 2015-2016 fiscal year and by one
14 hundred fifty-two million eight hundred fifty thousand one hundred thirty-three dollars
15 (\$152,850,133) in nonrecurring funds for the 2016-2017 fiscal year. The DMH/DD/SAS is
16 directed to allocate this reduction among the LME/MCOs based on the individual LME/MCO's
17 percentage of the total cash on hand of all of the LME/MCOs in the State. Cash on hand means
18 the sum of the "Total Cash and Investments" plus the "Short-Term Investments" reported on
19 Schedule "A" of the financial reporting package submitted by the LME/MCOs to the Division
20 of Medical Assistance (DMA) on June 30, 2015. The individual LME/MCO's percentage of the
21 total cash on hand equals the individual LME/MCO's cash on hand divided by the aggregate
22 amount of cash on hand of all of the LME/MCOs in the State. During each year of the
23 2015-2017 fiscal biennium, each LME/MCO shall provide at least the same level of services
24 paid for by single stream funding during the 2014-2015 fiscal ~~year, year~~ across the
25 LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to
26 authorize or maintain the same level of services for any specific individual whose services were
27 paid for with single stream funding. Further, this requirement shall not be construed to create a
28 private right of action for any person or entity against the State of North Carolina or the
29 Department of Health and Human Services or any of its divisions, agents, or contractors, and
30 shall not be used as authority in any contested case brought pursuant to Chapters 108C or 108D
31 of the General Statutes."

32
33 **PART V. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES**

34
35 **SECTION 5.1.** Section 13.4 of S.L. 2015-241 is amended by adding a new
36 subsection to read:

37 **"SECTION 13.4.(c)** This section becomes effective October 1, 2015."

38 **SECTION 5.2.(a)** the lead-in language for Section 13.5 of S.L. 2015-241 reads as
39 rewritten:

40 **"SECTION ~~13.5.13.5.(a)~~** G.S. 106-254 reads as rewritten:"

41 **SECTION 5.2.(b)** Section 13.5 of S.L. 2015-241 is amended by adding a new
42 subsection to read:

43 **"SECTION 13.5.(b)** This section becomes effective October 1, 2015."

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1 **SECTION 5.2A.** The title of Section 14.1 of S.L. 2015-241 reads as rewritten:
2 **"PROSPERITY ZONE DENR LIASONS LIAISONS"**

3 **SECTION 5.2B.** Subsection 14.10A(d) of S.L. 2015-241 reads as rewritten:

4 **"SECTION 14.10A.(d)** The ~~Environmental Management~~ Marine Fisheries Commission
5 shall adopt rules to amend 15A NCAC 03O .0503(g) and any other cross-referenced rules
6 consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rule
7 adopted by the Commission pursuant to this subsection shall be substantively identical to the
8 provisions of subsection (c) of this section. Rules adopted pursuant to this subsection are not
9 subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant
10 to this subsection shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or
11 more written objections had been received as provided by G.S. 150B-21.3(b2)."

12 **SECTION 5.2C.** Section 14.24 of S.L. 2015-241 reads as rewritten:

13 **"PETITION FOR WETLANDS-MITIGATION FLEXIBILITY**

14 **SECTION 14.24.(a)** No later than January 1, 2016, the Department of Environment and
15 Natural Resources shall petition the Wilmington District, the South Atlantic Division, and the
16 Headquarters of the United States Army Corps of Engineers (the Corps Offices) to allow for
17 greater flexibility and opportunity to perform ~~wetlands~~-mitigation outside of the eight-digit
18 Hydrologic Unit Code (HUC) where development will occur. The Department shall seek this
19 greater flexibility and opportunity for mitigation for both public and private development. The
20 Department shall request that the Corps Offices review the flexibility and opportunities for
21 mitigation allowed by other Districts of the United States Army Corps of Engineers, both
22 within the South Atlantic District and nationwide.

23 "

24 **SECTION 5.4.(a)** Section 14.30.(a)(5) of S.L. 2015-241 reads as rewritten:

25 "(5) The North Carolina Museum of Natural Sciences."

26 **SECTION 5.4.(b)** Section 14.30.(d) of S.L. 2015-241 reads as rewritten:

27 **"SECTION 14.30.(d)** The following apply to any recodification pursuant to
28 subsections (e) through ~~(k)~~(k2) of this section:

- 29 (1) The recodifications are of the affected statutes as rewritten by subsections (l)
30 through ~~(r)~~(r2) of this section, as applicable.
31 (2) Prior session laws that required the Revisor of Statutes to set out certain
32 provisions as notes to the former statutes shall be set out as notes to the
33 recodified statutes."

34 **SECTION 5.4.(c)** G.S. 143B-135.186, as recodified and amended by Subsection
35 14.30.(n) of S.L. 2015-241, reads as rewritten:

36 **"§ 143B-135.186. Local advisory committees; duties; membership.**

37 Local advisory committees created pursuant to G.S. 143B-135.182(a)(2) shall assist each
38 North Carolina Aquarium in its efforts to establish projects and programs and to assure
39 adequate citizen-consumer input into those efforts. Members of these committees shall be
40 appointed by the Secretary of Natural and Cultural Resources for three-year terms from
41 nominations made by the Director of the ~~Office of Marine Affairs~~ Division of North Carolina
42 Aquariums. Each committee shall select one of its members to serve as chairperson. Members
43 of the committees shall serve without compensation for services or expenses."

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1 **SECTION 5.4.(d)** G.S. 143B-135.188, as recodified and amended by Subsection
2 14.30.(n) of S.L. 2015-241, reads as rewritten:

3 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

4 (a) Fees. – The Secretary of Natural and Cultural Resources may adopt a schedule of
5 fees for the aquariums and piers operated by the North Carolina Aquariums, including:

- 6 (1) Gate admission fees.
- 7 (2) Facility rental fees.
- 8 (3) Educational programs.

9 (b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund.
10 The North Carolina Aquariums Fund shall be used for the ~~following~~following purposes with
11 respect to the aquariums and the pier operated by the Division of North Carolina Aquariums:

- 12 (1) Repair, renovation, expansion, maintenance, and educational exhibit
13 ~~construction at existing aquariums~~construction.
- 14 (2) Payment of the debt service and lease payments related to the financing of
15 ~~expansions of aquariums~~facility expansions, subject to G.S. 143B-135.190.
- 16 (3) Matching of private funds that are raised for these purposes.

17 (c) Disposition of Fees. – All ~~entrance~~-fee receipts shall be credited to the aquariums'
18 General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from
19 the North Carolina aquariums' General Fund operating budget to the North Carolina Aquariums
20 Fund an amount not to exceed the sum of the following:

- 21 (1) One million dollars (\$1,000,000).
- 22 (2) The amount needed to cover the expenses described by subdivision (2) of
23 subsection (b) this section.

24 "

25 **SECTION 5.4.(e)** G.S. 143B-135.225, as enacted by Subsection 14.30.(r) of S.L.
26 2015-241, reads as rewritten:

27 **"§ 143B-135.225. Museum of Natural Sciences; fees; fund.**

28 (a) Fund. – The North Carolina Museum of Natural Sciences Fund is created as a
29 special fund. The North Carolina Museum of Natural Sciences Fund shall be used for repair,
30 renovation, expansion, maintenance, and educational exhibit construction at the North Carolina
31 Museum of Natural Sciences and to match private funds raised for these projects.

32 (b) Certain Admission Fees Permitted; Disposition of Receipts. – The Museum may
33 collect a charge for special exhibitions, special events, and other temporary attractions. All
34 Museum receipts shall be credited to the North Carolina Museum of Natural Sciences' General
35 Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the
36 North Carolina Museum of Natural Sciences' General Fund operating budget to the North
37 Carolina Museum of Natural Sciences Fund an amount not to exceed one million dollars
38 (\$1,000,000).

39 (c) Approval. – The Secretary may approve the use of the North Carolina Museum of
40 Natural Sciences Fund for repair and renovation projects at the North Carolina Museum of
41 Natural Sciences recommended by the Advisory ~~Council~~Commission that comply with the
42 following:

- 43 (1) The total project cost is less than three hundred thousand dollars (\$300,000).

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1 (2) The project meets the requirements of G.S. 143C-4-3(b).

2 (d) Report. – The Department shall submit to the House and Senate appropriations
3 committees with jurisdiction over natural and economic resources and the Fiscal Research
4 Division by September 30 of each year a report on the North Carolina Museum of Natural
5 Sciences Fund that shall include the source and amounts of all funds credited to the Fund and
6 the purpose and amount of all expenditures from the Fund during the prior fiscal year."

7 **SECTION 5.4.(f)** Subsection 14.30(aa) of S.L. 2015-241 reads as rewritten:

8 **"SECTION 14.30.(aa)** The following statutes are amended by deleting the language
9 "G.S. 113-44.14" wherever it appears and substituting "G.S. 143B-135.54": G.S. 143-260.10,
10 ~~143B-260.10C, 143B-260.10D, and 143B-260.10G.~~143-260.10C, 143-260.10D, and
11 143-260.10G."

12 **SECTION 5.4.(g)** Subsection 14.30.(nnn1) of S.L. 2015-241 reads as rewritten:

13 **"SECTION 14.30.(nnn1)** In order to ensure that the Department of Natural and Cultural
14 Resources has sufficient staff to manage the additional workload as a result of the transfer of
15 the North Carolina Zoo, North Carolina Aquariums, North Carolina Museum of Natural
16 Sciences, Clean Water Management Trust Fund, Natural Heritage Program, and the North
17 Carolina State Parks from the Department of Environmental Quality, the Department may use
18 up to two million one hundred thirty-eight thousand forty-five dollars (\$2,138,045) generated
19 from the vacant positions transferred or eliminated in subsection (nnn3) of this section to
20 reclassify or reestablish administrative positions for that purpose."

21 **SECTION 5.4.(h)** Subsection 14.30.(nnn3) of S.L. 2015-241 reads as rewritten:

22 **"SECTION 14.30.(nnn3)** The following 24.94 vacant positions shall be transferred or
23 eliminated from the Department of Environmental Quality:

24	60036186	Chief Deputy II	(1.0)
25	60032766	Accountant	(1.0)
26	60036006	Accounting Technician	(1.0)
27	60035955	Administrative Operations Director	(1.0)
28	60034828	Agency Legal Specialist II	(1.0)
29	60036023	Auditor	(1.0)
30	60036029	Budget Manager	(1.0)
31	60036031	Budget Analyst	(1.0)
32	60036034	Budget Analyst	(1.0)
33	60036060	Business and Technology Applic Specl	(1.0)
34	60036063	Business and Technology Applic Specl	(1.0)
35	60035958	Environmental Program Supervisor II	(1.0)
36	60035318	IT Security Specialist	(1.0)
37	60035984	Personnel Analyst	(1.0)
38	60035996	Personnel Assistant IV	(1.0)
39	60035952	Policy Development Analyst	(1.0)
40	60035976	Policy Development Analyst	(1.0)
41	60036039	Purchaser	(1.0)
42	60036041	Purchaser	(1.0)
43	60035986	W/A Recruitment Analyst	(1.0)

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1	60035829	Staff Development Coordinator	(1.0)
2	60034553	Staff Development Specialist	(1.0)
3	60034575	Technology Support Analyst	(1.0)
4	60035501	Technology Support Analyst	(1.0)
5	60035496	Office Assistant III	(0.40)
6	60035953	Ombudsman	(0.54)

7 Prior to transfer or elimination, the Department of Environmental Quality shall
8 convert any positions listed in this subsection supported in whole or in part by receipts to
9 support from General Fund appropriations."
10

11 **SECTION 5.4.(i)** Section 14.30 of S.L. 2015-241 is amended by adding a new
12 subsection to read:

13 **"CONFORMING RULES CHANGES**

14 **SECTION 14.30.(qqq1)** The Codifier of Rules shall make any conforming rule
15 changes necessary to reflect the transfers, name changes, recodifications, and associated
16 conforming statutory changes made by this section."

17 **SECTION 5.5.** Section 14.11(g) of S.L. 2015-241 reads as rewritten:

18 **"SECTION 14.11.(g)** The Department of Environment and Natural Resources, or any
19 other department given responsibilities for the North Carolina Zoological Park, State parks, and
20 the North Carolina Aquariums may not impose fees on school groups visiting those attractions.
21 For purposes of this section, "fees" refers to the regular admission charge, and does not include
22 a separate admission charge for a special temporary ~~exhibition~~ exhibition or a special program."

23 **SECTION 5.6.** G.S. 113-202.1, as amended by Subsection 14.10C(c) of S.L. 2015-
24 241, reads as rewritten:

25 **"§ 113-202.1. Water column leases for aquaculture.**

26 ...

27 (d) Amendments of shellfish cultivation leases to authorize use of the water column are
28 issued for a period of ~~five years~~ ten years or the remainder of the term of the lease, whichever is
29 shorter. The annual rental for a new or renewal water column amendment is one hundred
30 dollars (\$100.00) an acre. If a water column amendment is issued for less than a 12-month
31 period, the rental shall be prorated based on the number of months remaining in the year. The
32 annual rental for an amendment is payable at the beginning of the year. The rental is in addition
33 to that required in G.S. 113-202.

34"

35 **SECTION 5.7.** Part 14 of S.L. 2015-241 is amended by adding a new section to
36 read:

37 **"DENR/CORRECT VARIOUS FUND CODE REFERENCES/NO FUNDS REDUCTION**
38 **FOR SOLID WASTE PERMITTING FEES**

39 **SECTION 14.35.(a)** Notwithstanding any provision of S.L. 2015-241 to the
40 contrary, the five hundred thousand dollars (\$500,000) in nonrecurring funding for Shale Gas
41 shall be provided to Fund Code 1735, instead of Fund Code 1749.

42 **SECTION 14.35.(b)** Notwithstanding any provision of S.L. 2015-241 to the
43 contrary, the nonrecurring funding and recurring cuts to the Noncommercial Leaking Petroleum

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1 Underground Storage Tank Cleanup Fund shall be made in Fund Code 1910, instead of Fund
2 Code 1990.

3 **SECTION 14.35.(c)** Notwithstanding any provision of S.L. 2015-241 to the
4 contrary, the Petroleum Violation Escrow Cash Balance transfer shall be from Fund Code
5 64327, instead of Fund Code 64347.

6 **SECTION 14.35.(d)** Notwithstanding any provision of S.L. 2015-241 to the
7 contrary, there shall be no reduction of two hundred sixty thousand three hundred fifty-nine
8 dollars (\$260,359) in fiscal year 2015-2016 to the Solid Waste Permitting Fees operating fees
9 budget due to the delayed effective date in the implementation of the new fee schedule."

10 **SECTION 5.8.** S.L. 2015-241 is amended by adding a new section to read:

11 "**COMMERCE/DEPUTY GENERAL COUNSEL POSITION FUNDING**

12 **SECTION 15.3A.** Notwithstanding any provision of S.L. 2015-241 to the contrary,
13 one-fourth of the funding for the position of Deputy General Counsel (60080998) shall be
14 offset with receipts, and the FTE reduction shall be -0.26."

15
16 **PART VI. JUSTICE AND PUBLIC SAFETY**

17
18 **SECTION 6.2.** Part XVI-A of S.L. 2015-241 is amended by adding a new section
19 to read:

20 "**CLARIFICATION REGARDING RELOCATION OF STATE CAPITOL POLICE**

21 **SECTION 16A.11.** The relocation of the State Capitol Police as a Section within
22 the Highway Patrol pursuant to Section 16A.7 of this act shall not affect the subject matter or
23 territorial jurisdiction of such officers and shall not entitle such officers to the statutory
24 increases provided by G.S. 20-187.3 or Section 30.15 of this act."

25 **SECTION 6.3.** G.S. 7A-498.5(f), as rewritten by Section 18A.17.(c) of S.L.
26 2015-241, reads as rewritten:

27 "(f) Subject to ~~G.S. 498.2(e)~~ G.S. 7A-498.2(e), the Commission shall establish policies
28 and procedures with respect to the distribution of funds appropriated under this Article,
29 including rates of compensation for appointed counsel, schedules of allowable expenses,
30 appointment and compensation of expert witnesses, and procedures for applying for and
31 receiving compensation. The rate of compensation set for expert witnesses may be no greater
32 than the rate set by the Administrative Office of the Courts under G.S. 7A-314(d)."

33
34 **PART VII. GENERAL GOVERNMENT**

35
36 **SECTION 7.1.** Part 20 of S.L. 2015-241 is amended by adding a new section to
37 read:

38 "**SECTION 20.3.(a)** G.S. 58-36-75(a) reads as rewritten:

39 "(a) The subclassification plan promulgated pursuant to G.S. 58-36-65(b) may provide
40 for separate surcharges for major, intermediate, and minor accidents. A "major accident" is an
41 at-fault accident that results in either (i) bodily injury or death or (ii) only property damage of
42 ~~three thousand dollars (\$3,000)~~ three thousand eighty-five dollars (\$3,085) or more. An
43 "intermediate accident" is an at-fault accident that results in only property damage of more than

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1 ~~one thousand eight hundred dollars (\$1,800)~~ one thousand eight hundred fifty dollars (\$1,850)
2 but less than ~~three thousand dollars (\$3,000)~~ three thousand eighty-five dollars (\$3,085). A
3 "minor accident" is an at-fault accident that results in only property damage of ~~one thousand~~
4 ~~eight hundred dollars (\$1,800)~~ one thousand eight hundred fifty dollars (\$1,850) or less. The
5 subclassification plan may also exempt certain minor accidents from the Facility recoupment
6 surcharge. The Bureau shall assign varying Safe Driver Incentive Plan point values and
7 surcharges for bodily injury in at-fault accidents that are commensurate with the severity of the
8 injury, provided that the point value and surcharge assigned for the most severe bodily injury
9 shall not exceed the point value and surcharge assigned to a major accident involving only
10 property damage."

11 **SECTION 20.3.(b)** This section is effective March 1, 2016, and applies to accidents
12 occurring on or after that date."

13 **SECTION 7.2.** Part 24 of S.L. 2015-241 is amended by adding a new section to
14 read:

15 "**SECTION 24.4.** Notwithstanding any provision of this act to the contrary, the position
16 transferred from the Department of Administration to the Department of Military and Veterans
17 Affairs shall be Position 60014506 (Program Assistant IV), not Position 60014065
18 (Administrative Officer II)."

19 **SECTION 7.3.(a)** Section 24.1(ww) of S.L. 2015-241 reads as rewritten:

20 "**SECTION 24.1.(ww)** This section becomes effective on ~~January 1, 2016~~ July 1, 2015."

21 **SECTION 7.3.(b)** G.S. 143B-1293, as rewritten by Section 24.1.(pp) of S.L. 2015-
22 241, reads as rewritten:

23 "**§ 143B-1293. North Carolina Veterans Home Trust Fund.**

24 (a) Establishment. – A trust fund shall be established in the State treasury, for the
25 Department of Military and Veterans Affairs, to be known as the North Carolina Veterans
26 Home Trust Fund.

27 (b) Composition. – The trust fund shall consist of all funds and monies received by the
28 Veterans' Affairs Commission or the Department of Military and Veterans Affairs from the
29 United States, any federal agency or institution, and any other source, whether as a grant,
30 appropriation, gift, contribution, devise, or individual reimbursement, for the care and support
31 of veterans who have been admitted to a State veterans home.

32 (c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used
33 by the Department of Military and Veterans Affairs to do the following:

- 34 (1) To pay for the care of veterans in said State veterans homes;
- 35 (2) To pay the general operating expenses of the State veterans homes, including
36 the payment of salaries and wages of officials and employees of said homes;
37 and
- 38 (3) To remodel, repair, construct, modernize, or add improvements to buildings
39 and facilities at the homes.

40 (d) Miscellaneous. – The following provisions apply to the trust fund created in
41 subsection (a) of this section:

- 42 (1) All funds deposited and all income earned on the investment or reinvestment
43 of such funds shall be credited to the trust fund.
- 44 (2) Any monies remaining in the trust fund at the end of each fiscal year shall
45 remain on deposit in the State treasury to the credit of the North Carolina
46 Veterans Home Trust Fund.

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- 1 (3) Nothing contained herein shall prohibit the establishment and utilization of
2 special agency accounts by the Department of Military and Veterans Affairs
3 or by the Veterans' Affairs Commission, for the receipt and disbursement of
4 personal funds of the State veterans homes' residents or for receipt and
5 disbursement of charitable contributions for use by and for residents."

6 **SECTION 7.4.** Subsection (c) of Section 25.1 of S.L. 2015-241 reads as rewritten:

7 **"SECTION 25.1.(c)** This section becomes effective October 1, 2015, and the requirement
8 to submit a report applies to audits conducted or undertaken on or after that date. Nothing in
9 this subsection shall be construed as prohibiting the State Auditor or an internal auditor from
10 submitting a report detailing fraud, misrepresentation, or other deceptive acts or practices found
11 during an audit conducted prior to the effective date of this section."

12 **SECTION 7.5.** Part 21 of S.L. 2015-241 is amended by adding a new section to
13 read:

14 **"SECURITIES CHANGES**

15 **SECTION 21.2.(a)** G.S. 147-86.42(8) reads as rewritten:

16 **"§ 147-86.42. Definitions.**

17 As used in this article, the following definitions apply:

- 18 ...
- 19 (8) "Indirect Holdings" in a Company means all securities of that Company held
20 in an account or fund, such as a mutual fund, managed by one or more
21 persons not employed by the Public Fund, in which the Public Fund owns
22 shares or interests together with other investors not subject to the provisions
23 of this ~~article~~ Article and securities held through index funds, commingled
24 funds, limited partnerships, derivative instruments, or any other similar
25 investment instrument."

26 **SECTION 21.2.(b)** G.S. 147-86.44(f) reads as rewritten:

27 "(f) Excluded Securities. – Notwithstanding anything herein to the contrary, subsections
28 (c) and (d) of this section shall not apply to Indirect ~~Holdings in actively managed investment~~
29 ~~funds~~ Holdings. The Public Fund shall, however, submit letters to the managers of such
30 investment funds containing Companies with Scrutinized Active Business Operations
31 requesting that they consider removing such Companies from the fund or create a similar
32 actively managed fund with Indirect Holdings devoid of such Companies. If the manager
33 creates a similar fund, the Public Fund shall replace all applicable investments with investments
34 in the similar fund in an expedited time frame consistent with prudent investing standards. For
35 the purposes of this section, "private equity" funds shall be deemed to be actively managed
36 investment funds."

37 **SECTION 21.2.(c)** G.S. 147-69.1(c)(3) reads as rewritten:

38 "(c) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
39 in subsection (b) of this section in excess of the amount required to meet the current needs and
40 demands on such funds, selecting from among the following:

- 41 ...
- 42 (3) Repurchase Agreements with respect to one or more of the following:
43 a. securities—Securities issued or guaranteed by the United States
44 government or its agencies or other securities agencies.

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- 1 b. Securities eligible for investment by this section executed by a bank
2 or trust company or by primary or other reporting dealers to the
3 Federal Reserve Bank of New York.
4 c. Securities eligible for investment by this section executed by a
5 registered broker-dealer that is subject to the rules and regulations of
6 the U.S. Securities and Exchange Commission and is a member in
7 good standing of the Financial Industry Regulatory Authority."

8 **SECTION 21.2.(d)** This section is effective when it becomes law.

9 **SECTION 7.6.** Part 21 of S.L. 2015-241 is amended by adding a new section to
10 read:

11 **"INTERVENTION TASK FORCE POSITIONS RECEIPT SUPPORTED**

12 **SECTION 21.4.** Notwithstanding any provision of this act to the contrary, the two
13 positions in the Intervention Task Force of the Local Government Commission to assist local
14 government entities as being at risk of financial failure shall be funded with receipts instead of
15 funds from the General Fund."

16 **SECTION 7.7.** Part XXVI of S.L. 2015-241 is amended by adding a new section
17 to read:

18 **"REPEAL PROVISION ON USE OF AUTOMATIC SCORING/SCREENING OF**
19 **STATE GOVERNMENT EMPLOYMENT APPLICATIONS**

20 **SECTION 26.1A.(a)** Section 22A.1 of S.L. 2014-100 is repealed."
21

22 **PART VIII. TRANSPORTATION**

23
24 **SECTION 8.1.** Subsection (c) of Section 29.1 of S.L. 2015-241 reads as rewritten:

25 **"SECTION 29.1.(c)** The Department of Transportation, in collaboration with the Office of
26 State Budget and Management, shall develop a four-year revenue forecast. The first fiscal year
27 in the four-year forecast shall be the 2021-2022 fiscal year. The four-year revenue forecast
28 developed under this subsection shall be used (i) to develop the four-year cash flow estimates
29 included in the biennial budgets, (ii) to develop the ~~Strategie~~State Transportation Improvement
30 Program, and (iii) by the Department of the State Treasurer to compute transportation debt
31 capacity."

32 **SECTION 8.2.(a)** G.S. 20-88.03, as enacted by subsection (m) of Section 29.30 of
33 S.L. 2015-241, is amended by adding two new subsections to read:

34 "(d) Grace Period Inapplicable. – The 15-day grace period provided in G.S. 20-66(g)
35 shall not apply to any late fee assessed under this section.

36 (e) Surrender of Registration Plate. – Nothing in this section shall be construed as
37 requiring the Division to assess a late fee under this section if, on or prior to the date the
38 registration expires, the owner surrenders to the Division the registration plate issued for the
39 vehicle."

40 **SECTION 8.2.(b)** This section becomes effective July 1, 2016.

41
42 **PART IX. CAPITAL**
43

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1 "(b) Determination of Net Worth. – A corporation taxed under this section shall
2 determine the total amount of its net worth. The net worth of a corporation is its total assets
3 without regard to the deduction for accumulated depreciation, depletion, or amortization less its
4 total liabilities, computed in accordance with generally accepted accounting principles as of the
5 end of the corporation's taxable year. If the corporation does not maintain its books and records
6 in accordance with generally accepted accounting principles, then its net worth is computed in
7 accordance with the accounting method used by the entity for federal tax purposes so long as
8 the method fairly reflects the corporation's net worth for purposes of the tax levied by this
9 section. A corporation's net worth is subject to the following adjustments:

10 (1) A deduction for accumulated depreciation, depletion, and amortization ~~is as~~
11 determined in accordance with the method used for federal tax purposes."

12 **SECTION 10.1.(b)** G.S. 105-129.103(h), as enacted by S.L. 2015-241, reads as
13 rewritten:

14 "(h) Substantiation. – To claim a credit allowed by this Article, the taxpayer must
15 provide any information required by the Secretary of Revenue, including a copy of the
16 certification obtained from the State Historic Preservation Office verifying that the historic
17 structure has been rehabilitated in accordance with the requirements set out in this Article, and
18 a copy of the eligibility certification if the historic structure is located in an eligible targeted
19 investment site and the ~~target-targeted~~ investment bonus is claimed. Every taxpayer claiming a
20 credit under this Article must maintain and make available for inspection by the Secretary of
21 Revenue any records the Secretary considers necessary to determine and verify the amount of
22 the credit to which the taxpayer is entitled. The burden of proving eligibility for the credit and
23 the amount of the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer
24 that fails to maintain adequate records or to make them available for inspection."

25 **SECTION 10.1.(c)** Section 32.14(d) of S.L. 2015-241 reads as rewritten:

26 "**SECTION 32.14.(d)** Effective for taxable years beginning on or after January 1, 2018,
27 G.S. 105-130.4(a)(6), ~~(a)(9)~~, ~~(a)(4)~~, (j), (k), (r), and (s1) are repealed."

28 **SECTION 10.1.(d)** Section 29.34A(c) of S.L. 2015-241 reads as rewritten:

29 "**SECTION 29.34A.(c)** This section becomes effective January 1, 2016, and applies to
30 sales made on or after that ~~date-date~~, or, for purposes of G.S. 105-187.5, a lease or rental
31 agreement entered into on or after that date."

32 **SECTION 10.1.(e1)** G.S. 105-524, as enacted by Section 32.19(b) of S.L.
33 2015-241, reads as rewritten:

34 "**§ 105-524. Distribution of additional sales tax revenue for economic development, public
35 education, and community colleges.**

36 ...

37 (b) Distribution Amount. – The Secretary must calculate a distribution amount in
38 conformity with this section. The Secretary must deduct this ~~amount proportionately, amount, in~~
39 equal installments, proportionately from the collections to be allocated each month for
40 distribution under ~~G.S. 105-466, 105-483, and 105-498. For Article 39 and Chapter 1096 of the~~
41 1967 Session Laws and Articles 40 and 42 of this Chapter, excluding the revenue allocated
42 under G.S. 105-469. The deduction made under this section from Articles 39, 40, and 42 of this

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1 ~~Chapter shall not be included in the calculations made under G.S. 105-469, 105-522, and~~
2 ~~105-523.~~

3 For the fiscal year beginning July 1, 2016, the distribution amount is eighty-four million
4 eight hundred thousand dollars (\$84,800,000). For fiscal years beginning on or after July 1,
5 2017, the distribution amount is the amount for the preceding year, adjusted by the same
6 percentage of this amount as the percentage change of the total collection of local sales and use
7 taxes levied under ~~Articles 39, 40, and 42 of this Chapter~~ Article 39 of this Chapter and
8 Chapter 1096 of the 1967 Session Laws and Articles 40 and 42 of this Chapter for the
9 preceding fiscal year.

10 (c) County Allocation. – The Secretary must, on a monthly basis, allocate to each
11 taxing county an amount equal to one-twelfth of the distribution amount calculated under
12 subsection (b) of this section multiplied by the ~~following~~ appropriate allocation
13 percentage:percentage. If, after applying the allocation percentages in this section, the resulting
14 total of the amounts allocated is greater or lesser than the net proceeds to be distributed, the
15 amount allocated to each county shall be proportionally adjusted to eliminate the excess or
16 shortage. The allocation percentages are as follows:

17 ...

18 (e) State Contribution. – For fiscal years beginning on or after July 1, 2016, the
19 Secretary must annually withhold, in equal monthly installments, seventeen million six hundred
20 thousand dollars (\$17,600,000) from sales and use tax collections under Article 5 of this
21 Chapter. The Secretary must allocate the monthly amount withheld under this subsection to the
22 taxing counties as follows:

- 23 (1) Fifty percent (50%) in the distribution made under Article 39 of this
24 ~~Chapter~~ Chapter and Chapter 1096 of the 1967 Session Laws, not including
25 the revenue allocated under G.S. 105-469.
26 (2) Twenty-five percent (25%) in the distribution made under Article 40 of this
27 ~~Chapter~~ Chapter, not including the calculation of the adjustment pursuant to
28 G.S. 105-486(b).
29 (3) Twenty-five percent (25%) in the distribution made under Article 42 of this
30 Chapter.

31 ...

32 (g) Adjustments. – The adjustments made under this section to Article 39 of this
33 Chapter and Chapter 1096 of the 1967 Session Laws and Articles 40 and 42 of this Chapter
34 shall not be included in the calculations made under G.S. 105-469, 105-522, and 105-523."

35 **SECTION 10.1.(e2)** G.S. 105-469(a) reads as rewritten:

36 "(a) The Secretary shall collect and administer a tax levied by a county pursuant to this
37 Article. As directed by G.S. 105-164.13B, taxes levied by a county on food are administered as
38 if they were levied by the State under Article 5 of this Chapter. The references in this section to
39 Article 39 of this Chapter and Chapter 1096 of the 1967 Session Laws and Articles 40 and 42
40 of this Chapter do not include the adjustments made pursuant to G.S. 105-524. The Secretary
41 must, on a monthly basis, distribute local taxes levied on food to the taxing counties as follows:

42"

43 **SECTION 10.1.(e3)** G.S. 105-522(a)(2) reads as rewritten:

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1 "(2) Hold harmless amount. – The sum of the following amounts allocated for
2 distribution to a municipality for a ~~month~~:month. The references in this
3 subdivision to Article 39 of this Chapter and Chapter 1096 of the 1967
4 Session Laws and Articles 40 and 42 of this Chapter do not include the
5 adjustment made pursuant to G.S. 105-524. The amounts are as follows:

6 "

7 **SECTION 10.1.(e4)** G.S. 105-523(b)(3) reads as rewritten:

8 "(3) Repealed sales tax amount. – The sum of the following amounts allocated
9 for distribution to a county for a ~~month~~:month. The references in this
10 subdivision to Article 39 of this Chapter and Chapter 1096 of the 1967
11 Session Laws and Articles 40 and 42 of this Chapter do not include the
12 adjustment made pursuant to G.S. 105-524. The amounts are as follows:

13 "

14 **SECTION 10.1.(f)** G.S. 105-130.3C(a), as rewritten by Section 32.13(b) of S.L.
15 2015-241, reads as rewritten:

16 "(a) Trigger. –When the amount of net General Fund tax collected in a fiscal year
17 exceeds twenty billion nine hundred seventy-five million dollars
18 (~~\$20,975,000~~),(\$20,975,000,000), the rate of tax set in G.S. 105-130.3 must be decreased to
19 three percent (3%) effective for the taxable year that begins on the following January 1. The
20 Secretary must notify taxpayers if the rate decreases under this section."

21 **SECTION 10.1.(g)** G.S. 105-164.3(38b), as rewritten by Section 32.18(a) of S.L.
22 2015-241, reads as rewritten:

23 "(38b) Service contract. – A contract where the obligor under the contract agrees to
24 maintain or repair tangible personal property, regardless of whether the
25 property ~~is~~becomes a part of or is affixed to real property, or a motor
26 vehicle. Examples of a service contract include a warranty agreement other
27 than a manufacturer's warranty or dealer's warranty provided at no charge to
28 the purchaser, an extended warranty agreement, a maintenance agreement, a
29 repair contract, or a similar agreement or contract."

30 **SECTION 10.1.(h)** Section 32.13.(h) of S.L. 2015-241 reads as rewritten:

31 "**SECTION 32.13.(h)** Subsection (g) of this section becomes effective ~~July 1~~,June 30,
32 2016. The remainder of this section becomes effective for taxable years beginning on or after
33 January 1, 2016."

34 **SECTION 10.1.(i)** Subsections (b) and (f) of this section becomes effective for
35 taxable years beginning on or after January 1, 2016. Subsection (g) of this section becomes
36 effective March 1, 2016, and applies to sales occurring on or after that date. Subsections (e1)
37 to (e4) of this section becomes effective July 1, 2016, and applies to local option sales taxes
38 collected on or after that date and distributed to counties and cities on or after September 1,
39 2016. Subsection (a) of this section becomes effective January 1, 2017, for taxes due on or
40 after that date. The remainder of this section is effective when it becomes law.

41 **SECTION 10.2.** Section 32.14A of S.L. 2015-241 is amended by rewriting
42 subsections (a) through (f) to read:

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1 **"SECTION 32.14A.(a)** The Revenue Laws Study Committee is directed to study the
2 calculation of the sales factor under G.S. 105-130.4(l) using market-based sourcing. To help the
3 Committee determine the effect of market-based sourcing on State revenues and corporate
4 taxpayers, each corporate taxpayer that satisfies the following requirements with respect to the
5 taxable year beginning in 2014 is required to file an informational report with the Department
6 of Revenue as provided in this section:

- 7 (1) The taxpayer had apportionable income greater than ten million dollars
8 (\$10,000,000).
9 (2) The taxpayer had a North Carolina apportionment percentage less than one
10 hundred percent (100%).
11 (3) The taxpayer was subject to apportionment of income based in whole or in
12 part on the sales factor as determined under G.S. 105-130.4(l).

13 **SECTION 32.14A.(b)** The Department of Revenue must publish guidelines for computing
14 the sales factor based on market-based sourcing. The guidelines required by this subsection are
15 not subject to the provisions of Chapter 150B of the General Statutes with respect to
16 rulemaking. The guidelines published by the Department of Revenue must be based on the
17 following:

- 18 (1) Market-based sourcing of receipts based on the following principles:
19 a. In the case of sale, rental, lease, or license of real property, if and to
20 the extent the property is located in this State.
21 b. In the case of rental, lease, or license of tangible personal property, if
22 and to the extent the property is located in this State.
23 c. In the case of sale of a service, if and to the extent the service is
24 delivered to a location in this State.
25 d. In the case of intangible property that is rented, leased, or licensed, if
26 and to the extent the property is used in this State. Intangible
27 property utilized in marketing a good or service to a consumer is
28 "used in this State" if that good or service is purchased by a
29 consumer who is in this State.
30 e. In the case of intangible property that is sold, if and to the extent the
31 property is used in this State. A contract right, government license, or
32 similar intangible property that authorizes the holder to conduct a
33 business activity in a specific geographic area is "used in this State"
34 if the geographic area includes all or part of this State. Receipts from
35 intangible property sales that are contingent on the productivity, use,
36 or disposition of the intangible property shall be treated as receipts
37 from the rental, lease, or licensing of the intangible property as
38 provided under subdivision (4) of this subsection. All other receipts
39 from a sale of intangible property shall be excluded from the
40 numerator and denominator of the sales factor.
41 (2) The most recent model regulations with respect to market-based sourcing
42 drafted by the UDITPA Section 17 Work Group convened by the Multistate
43 Tax Commission.

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1 (3) Any other model apportionment regulations and model statutes with respect
2 to the allocation and apportionment of income consistent with those adopted
3 by the Multistate Tax Commission and that are not inconsistent with the
4 principles outlined in subdivision (1) of this subsection.

5 **SECTION 32.14A.(c)** The guidelines required by subsection (b) of this section apply to
6 the informational report required by this section only. These guidelines may not be used by the
7 Department of Revenue for any other purpose without further legislative authorization and
8 compliance with the provisions of Chapter 150B of the General Statutes with respect to
9 rulemaking.

10 **SECTION 32.14A.(d)** The informational report must be in a form required by the
11 Secretary of Revenue and contain the following information:

12 (1) The apportionment percentage and sales factor used with respect to the
13 corporation's 2014 North Carolina corporate tax return.

14 (2) The apportionment percentage and sales factor as calculated under
15 subsection (b) of this section with respect to the corporation's 2014 taxable
16 year.

17 (3) The primary economic sector under NAICS in which the corporation has
18 business activities. The term "NAICS" has the same meaning as defined in
19 G.S. 105-228.90.

20 (4) Any other information prescribed by the Secretary.

21 **SECTION 32.14A.(e)** The informational report is due by April 15, 2016. A taxpayer may
22 not request an extension of time to file the informational report. The Secretary shall assess a
23 civil penalty of five thousand dollars (\$5,000) for failure to timely file an informational report
24 required under this section. The Secretary may reduce or waive the penalty as provided in
25 G.S. 105-237.

26 **SECTION 32.14A.(f)** This section is effective when it becomes law."

27

28 **PART XI. EFFECTIVE DATE**

29 **SECTION 11.1.** Except as otherwise provided, this act is becomes effective July 1,
30 2015."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____