

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

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**HOUSE BILL 200  
Committee Substitute Favorable 3/19/19  
Senate Appropriations/Base Budget Committee Substitute Adopted 10/31/19  
Proposed Conference Committee Substitute H200-PCCS30539-MM-9**

Short Title: 2019 Storm Recovery/Var. Budget Corrections.

(Public)

Sponsors:

Referred to:

February 27, 2019

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

8 The General Assembly of North Carolina enacts:

9  
10 **PART I. APPROPRIATIONS AND ALLOCATIONS**

11 **SECTION 1.1.** State Match. – The State Controller shall transfer the sum of one  
12 hundred twenty-one million five hundred eighty-five thousand five hundred ninety-four dollars  
13 (\$121,585,594) from the Savings Reserve Account to the General Fund, and those funds are  
14 hereby appropriated as follows:

- 15 (1) \$70,812,336 to the Hurricane Florence Disaster Recovery Fund created in S.L.  
16 2018-134 for the Department of Public Safety to be used to provide State  
17 match for Hurricane Florence federal disaster assistance programs.  
18 (2) \$33,173,258 to the State Emergency Response and Disaster Relief Fund for  
19 the Department of Public Safety, Division of Emergency Management to used  
20 as follows:  
21 a. \$11,197,013 to provide State match for federal disaster assistance  
22 programs related to Hurricane Matthew.  
23 b. \$4,176,245 to provide State match for federal disaster assistance  
24 programs related to Hurricane Michael.  
25 c. \$17,800,000 to provide State match for federal disaster assistance  
26 programs and funding for equivalent State assistance programs related  
27 to Hurricane Dorian.  
28 (3) \$17,600,000 to the Department of Environmental Quality to match additional  
29 federal funds for the Clean Water State Revolving Fund and the Drinking  
30 Water State Revolving Fund.

31 **SECTION 1.2.** Other Disaster Relief and Resiliency Appropriations/Nonrecurring  
32 Funds. – In addition to any other funds appropriated during the 2019-2020 fiscal year, there is  
33 appropriated from the unappropriated balance in the General Fund the sum of fifty-nine million



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1 fifty thousand dollars (\$59,050,000) in nonrecurring funds for the 2019-2020 fiscal year to be  
2 allocated as follows:

- 3 (1) \$5,000,000 to the Office of State Budget and Management for the State  
4 Emergency Response and Disaster Relief Fund to ensure that sufficient funds  
5 are available to provide relief and assistance for Hurricane Dorian, recent  
6 storms, and future emergencies, as authorized by G.S. 166A-19.42.
- 7 (2) \$9,800,000 to the Department of Public Safety, Division of Emergency  
8 Management to be used as follows:  
9 a. \$5,000,000 to expand flood mitigation studies.  
10 b. \$4,800,000 for water level and breach monitoring systems for 1,510 high  
11 and intermediate risk dams.
- 12 (3) \$15,000,000 to the Department of Public Safety, Office of Recovery and  
13 Resiliency to be used as follows:  
14 a. \$10,000,000 to provide flexible local government loans to assist distressed  
15 communities impacted by Hurricane Matthew, Hurricane Florence,  
16 Hurricane Michael, or Hurricane Dorian. The Office shall enter into  
17 agreements with local governments to ensure the proper use of the funds  
18 and the return of the funds to the State once the local governments have  
19 received federal reimbursement. Loans may be used for cash flow  
20 assistance while awaiting federal reimbursement. NCORR shall operate  
21 the program on a revolving loan fund basis to assist the maximum number  
22 of local governments possible.  
23 b. \$5,000,000 to provide flexible local government grants to assist distressed  
24 communities impacted by Hurricane Dorian. Grants may be used for  
25 repairs, staff support and technical assistance, cash flow assistance, and  
26 other related activities.
- 27 (4) \$15,000,000 to the Office of State Budget and Management for the Golden  
28 L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., to provide  
29 grants to governmental entities and organizations exempt from federal income  
30 tax under section 501(c)(3) of the Internal Revenue Code. The funds may be  
31 used to repair, replace, construct, or improve infrastructure or equipment  
32 damaged as a result of Hurricane Matthew, Florence, Michael, or Dorian, as  
33 well as to construct or improve infrastructure to support hazard mitigation.  
34 For the purposes of this program, infrastructure includes nonresidential  
35 buildings that serve the public, water, sewer, stormwater, and other publicly  
36 owned assets. The Golden L.E.A.F. may also provide grants to 501(c)(3)  
37 nonprofit organizations and established religious organizations to repair or  
38 replace places of worship damaged or destroyed by Hurricane Florence.  
39 The funds allocated to the Golden L.E.A.F. in this subdivision are not  
40 subject to G.S. 143C-6-23(d).
- 41 (5) \$5,000,000 to the Department of Agriculture and Consumer Services,  
42 Division of Soil and Water Conservation for stream debris removal.
- 43 (6) \$5,200,000 to Elizabeth City State University for repairs to academic and  
44 residential buildings impacted by Hurricane Dorian.
- 45 (7) \$1,700,000 to the Department of Public Instruction as a directed grant to Hyde  
46 County for repairs to the Ocracoke School necessitated by Hurricane Dorian.
- 47 (8) \$1,800,000 to the Office of State Budget and Management to provide a  
48 directed grant to Hyde County for construction of a pump station and related  
49 watershed restoration infrastructure for the Lake Mattamuskeet watershed.

1 (9) \$50,000 to the Department of Environmental Quality for repair, restoration,  
2 and related environmental disaster recovery activities at the Department's  
3 Coastal Reserves.

4 (10) \$500,000 to the Wildlife Resources Commission for two grant programs to be  
5 administered by the Outdoor Heritage Advisory Council.

6 **SECTION 1.3.(a)** Other Disaster Relief and Resiliency Appropriations/Recurring  
7 Funds. – In addition to any other funds appropriated during the 2019-2021 fiscal biennium, the  
8 sum of one million eight hundred fifty-seven thousand eight hundred thirteen dollars  
9 (\$1,857,813) in recurring funds is appropriated from the General Fund to the Department of  
10 Public Safety for the 2019-2020 fiscal year and the sum of two million two hundred fifty-three  
11 thousand one hundred twenty-five dollars (\$2,253,125) in recurring funds is appropriated for the  
12 2020-2021 fiscal year to be allocated as follows:

13 (1) \$250,000 in recurring funds in each year of the 2019-2021 fiscal biennium for  
14 a grant to the United Way of North Carolina, a nonprofit organization, to  
15 support operations of the NC 2-1-1 program.

16 (2) \$107,813 in recurring funds in the 2019-2020 fiscal year allocated to the  
17 Division of Emergency Management for three additional full-time equivalent  
18 positions and \$503,125 in recurring funds and seven full-time equivalent  
19 positions in the 2020-2021 fiscal year. The positions shall be used to support  
20 the management of federal grants and other Division operations. The positions  
21 funded during the 2019-2020 fiscal year are effective January 1, 2020.

22 (3) \$1,500,000 in recurring funds in each year of the 2019-2021 fiscal biennium  
23 for the long-term service contract for software and service upgrades to the  
24 Voice Interoperability Plan for Emergency Responders (VIPER) system.

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

28 **SECTION 1.4.** Rural Health Care Stabilization Fund Appropriation. – There is  
29 appropriated from the General Fund to the Office of State Budget and Management the sum of  
30 thirteen million three hundred ninety-seven thousand dollars (\$13,397,000) in nonrecurring funds  
31 for the 2019-2020 fiscal year and the sum of six million six hundred three thousand dollars  
32 (\$6,603,000) in nonrecurring funds for the 2020-2021 fiscal year to be used for the Rural Health  
33 Care Stabilization Fund created in Part V of S.L. 2019-240. Sections 2.1 and 4.1 through 4.8 of  
34 this act do not apply to this section. If House Bill 966, 2019 Regular Session, becomes law, this  
35 section is repealed.

## 36 37 **PART II. COUNTIES COVERED BY ACT**

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

40 (1) For disaster relief and recovery related to Hurricane Matthew, those counties  
41 identified in Part III of S.L. 2016-124.

42 (2) For disaster relief and recovery related to Hurricane Florence or Michael,  
43 those counties identified in S.L. 2018-136 or S.L. 2019-3.

44 (3) Declared a major disaster by the President of the United States under the  
45 Stafford Act (P.L. 93-288) as a result of Hurricane Dorian.

## 46 47 **PART III. IMPLEMENTATION OF ACT/OTHER DISASTER RECOVERY-RELATED** 48 **CORRECTIONS AND MODIFICATIONS**

## 49 50 **FLEXIBILITY FOR USE OF CERTAIN FUNDS/REPORTING**

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

- 5           (1) S.L. 2016-124.
- 6           (2) S.L. 2017-119.
- 7           (3) Section 5.6 of S.L. 2018-5.
- 8           (4) S.L. 2018-134.
- 9           (5) S.L. 2018-136.
- 10          (6) S.L. 2018-138.
- 11          (7) S.L. 2019-3.
- 12          (8) S.L. 2019-224.

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

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

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

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

## 31 32 **USE OF PREQUALIFIED CONSTRUCTION CONTRACTORS BY LOCAL** 33 **GOVERNMENTS**

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

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

- 37          (1) To appropriate and expend funds, make contracts, obtain and distribute  
38             equipment, materials, and supplies for emergency management purposes and  
39             to provide for the health and safety of persons and property, including  
40             emergency assistance, consistent with this Article.

41          (1a) To award contracts for the repair, rehabilitation, or construction of private  
42 residential structures funded by State or federal funds provided to the political  
43 subdivision as a result of a disaster declared by the Governor under  
44 G.S. 166A-19.21 covering the political subdivision. For purposes of contracts  
45 awarded under this subdivision for a particular disaster, a political subdivision  
46 is authorized to contract with contractors prequalified by the Division in  
47 accordance with G.S. 143-135.8 for that disaster. In so contracting, the  
48 political subdivision is not required to follow the procedures for prequalifying  
49 contractors set forth in G.S. 143-135.8. Nothing in this subdivision is intended  
50 to exempt a political subdivision from other requirements of Article 8 of  
51 Chapter 143 of the General Statutes.

1           ...."

2  
3 **COMMUNITY DEVELOPMENT BLOCK GRANT FOR DISASTER RECOVERY**  
4 **MODIFICATION**

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

6           "**SECTION 5.11.(a)** Notwithstanding any other provision of law, all Community  
7 Development Block Grant Disaster Recovery ~~Program funds awards~~ received by the ~~Department~~  
8 ~~of Commerce State~~ in response to the declarations and executive orders described in Section 3.1  
9 of this ~~act~~ act, or in any subsequent federally declared disasters, shall be ~~transferred to the~~  
10 ~~Emergency Management Division of the Department of Public Safety~~ administered by the North  
11 Carolina Office of Recovery and Resiliency of the Department of Public Safety, including  
12 circumstances where the designated grantee is an agency other than the North Carolina Office of  
13 Recovery and Resiliency."

14  
15 **COMMUNITY COLLEGE OFFSET**

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

20  
21 **MODIFICATIONS TO DISASTER RECOVERY RECOMMENDED BY THE JOINT**  
22 **LEGISLATIVE COMMITTEE ON PROGRAM EVALUATION**

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

24 "**§ 166A-19.11. Powers of the Secretary of Public Safety.**

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

28           ...

29           (3a) To notify the Director of the Budget, the Office of the Governor, the chairs of  
30 the House of Representatives and Senate Appropriations Committees, the  
31 chairs of the House of Representatives and Senate Appropriations Committees  
32 on Justice and Public Safety, the Fiscal Research Division, and any other State  
33 entities deemed necessary of the potential for using Community Development  
34 Block Grant-Disaster Recovery (CDBG-DR) funds to cover the nonfederal  
35 share of matching requirements for eligible programs at the following times:

36           a. June 1 of each year.

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

39           (3b) To report annually by December 1 to the chairs of the House of  
40 Representatives and Senate Appropriations Committees on Justice and Public  
41 Safety on the amount of State funds used to pay contractors for performing  
42 CDBG-DR activities that could have been paid for using federal CDBG-DR  
43 funds during the calendar year.

44           ...."

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

47 "**§ 166A-19.13. Data collection, reporting, use of State and federal funds.**

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

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

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

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

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

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

18           (1) Total number of projects managed overall.

19           (2) Outreach and intake metrics.

20           (3) Amount of disaster recovery funds spent on administrative activities.

21           (4) Amount of disaster recovery funds disbursed on behalf of recipients."

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

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

32           (1) Expenditures by program and by source of funds.

33           (2) Expenditures required to receive federal grants.

34           (3) Federal funding provided to the State to refund certain federally related  
35 spending.

36           (4) Actual and projected State spending data including time lines and milestones.

37           (5) Total State spending data by agency and by program.

38           (6) Total State spending by program and county, where practicable.

39           (7) Location and job responsibilities of all time-limited State positions created  
40 under this act or paid for with federal funds received as a result of Hurricane  
41 Florence.

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

47           (1) Average time-cycle by process step, including from application to fund  
48 distribution, by county where practicable.

49           (2) Number of projects by process step and managed overall, by county where  
50 practicable.

- 1           (3)    Average cost per project, excluding the infrastructure program, by county  
2           where practicable.
- 3           (4)    Outreach and intake metrics by county where practicable.
- 4           (5)    Amount and percentage of disaster recovery funds spent on administrative  
5           activities.
- 6           (6)    Amount and percentage of disaster recovery funds disbursed on behalf of  
7           recipients.
- 8           (7)    Additional performance metrics developed by the Office.

9           **"SECTION 5.8.(a2)** Beginning January 1, 2020, the Office shall provide separate quarterly  
10 reports to the Director of the Budget, the standing Appropriations Committees of the Senate and  
11 the House of Representatives, and the Fiscal Research Division on the use of disaster recovery  
12 and assistance funds, other than Community Development Block Grant-Disaster Recovery funds,  
13 expended starting December 1, 2019, and thereafter from the Hurricane Florence Recovery Fund  
14 and from the State Emergency Response and Disaster Relief Fund for Hurricane Matthew. The  
15 separate reports shall include the following performance metrics:

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

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

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

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

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

- 44           (1)    Administer the Community Development Block Grant-Disaster Recovery  
45           (CDBG-DR) program during times when the Office is administering  
46           CDBG-DR funds.
- 47           (2)    Administer the CDBG-DR program during times when the Office is not  
48           administering CDBG-DR funds.
- 49           (3)    Maintain a base-level of staff to provide resiliency planning and coordination,  
50           provide continuous required disaster recovery functions, and ensure the State

1 is adequately prepared to expand its disaster recovery efforts in the event of  
2 future natural disasters.

- 3 (4) Expand from a base-level of staff to provide necessary functions immediately  
4 following a natural disaster.

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

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

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

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

22 **"SECTION 1.1.** Transfer from Hurricane Florence Disaster Recovery Reserve. – The State  
23 Controller shall transfer the sum of ~~ninety-four million one hundred three thousand dollars~~  
24 ~~(\$94,103,000)~~ eighty-nine million one hundred three thousand dollars (\$89,103,000) in  
25 nonrecurring funds for the 2019-2020 fiscal year from the Hurricane Florence Disaster Recovery  
26 Reserve in the General Fund to the Hurricane Florence Disaster Recovery Fund created in S.L.  
27 2018-134, and these funds are appropriated within the Fund and shall be allocated as provided in  
28 Part II of this act."  
29

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

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

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

33 **"SECTION 2.1.** Allocations. – The funds appropriated and reallocated in Part I of this act  
34 in the Hurricane Florence Disaster Recovery Fund shall be allocated as follows:  
35

- 36 ...  
37 (7) \$6,000,000 to the Department of Public Safety, Division of Emergency  
38 Management to be used as follows:

39 ...  
40 d. \$2,000,000 to develop a pilot program to help pay for the cost of up to  
41 two years' flood insurance for eligible applicants and eligible  
42 properties. Subject to the eligibility requirements contained in this  
43 sub-subdivision, when awarding funds, the Division shall give priority  
44 to applicants and subject properties in the most impacted and  
45 distressed counties as determined by the United States Department of  
46 Housing and Urban Development for Hurricane Matthew, Hurricane  
47 Florence, or both. In order to be eligible for funds under the pilot  
48 program, all of the following shall apply:

- 49 1. The applicant earned no more than eighty percent (80%) of the  
50 subject area median income during the preceding calendar year  
51 ~~and has not received flood insurance for the subject property~~



~~from any federal program, including by the Community Development Block Grant Disaster Recovery or the Federal Emergency Management Agency (FEMA) Housing Assistance Program year.~~

2. The subject property is the applicant's primary residence, is insurable, and has experienced a repetitive loss as that term is defined by FEMA, residence and is insurable.

...."

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

**CLARIFY DOT REPORTING REQUIREMENTS**

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

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

**PART IV. MISCELLANEOUS**

**REIMBURSEMENT FOR FUNDS PROVIDED UNDER THIS ACT**

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

**ADDITIONAL LIMITATIONS ON USE OF FUNDS**

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

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

**INVOLVEMENT OF HISTORICALLY UNDERUTILIZED BUSINESSES**

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

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

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

5  
6           **PROHIBITION ON USE OF STATE FUNDS TO CONSTRUCT CERTAIN**  
7 **RESIDENCES**

8           **SECTION 4.5.(a)** No State funds appropriated in this act may be expended for the  
9 construction of any new residence within the 100-year floodplain unless the construction is in an  
10 area regulated by a unit of local government pursuant to a floodplain management ordinance and  
11 the construction complies with the ordinance. For purposes of this act, the term "100-year  
12 floodplain" means any area subject to inundation by the one percent (1%) annual chance flood  
13 event, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal  
14 Emergency Management Agency under the National Flood Insurance Program.

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

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

24  
25           **EACH APPROPRIATION AND ALLOCATION IS MAXIMUM AND CONDITIONAL**

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

29  
30           **APPROPRIATION OF FEDERAL FUNDS**

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

38  
39           **DIRECTED GRANTS TO NON-STATE ENTITIES**

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

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

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

- 47           (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
48 G.S. 143C-6-23.
- 49           (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
50 made in a single annual payment in the discretion of the Director of the  
51 Budget. Directed grants of more than one hundred thousand dollars

(\\$100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law.

- (3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall include updates on (i) the date of the initial contact, (ii) the date the contract was sent to the entity receiving the funds, (iii) the date the disbursing agency received the fully executed contract back from the entity, (iv) the contract execution date, and (v) the payment date.
- (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act as directed grants shall not revert until June 30, 2021.
- (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious purposes only.

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

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

**CORRECTIONS TO BASE BUDGET**

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

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

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

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Unappropriated Balance	645,592,678	2,356,664,283
Actual and Anticipated Reversions	287,029,354	200,000,000
Over Collections	896,662,617	-
Highway Fund Recovery Act (S.L. 2019-15)	(120,000,000)	-
<b>Total, Prior Year-End Fund Balance</b>	<b>1,709,284,649</b>	<b>2,556,664,283</b>
<b>Tax Revenues</b>		
Personal Income	13,110,400,000	13,700,300,000
Sales and Use	8,141,200,000	8,486,500,000
Corporate Income	732,600,000	787,600,000
Franchise	749,700,000	769,900,000
Insurance	565,300,000	579,800,000
Alcoholic Beverage	411,500,000	425,700,000
Tobacco Products	256,200,000	254,900,000
Other Tax Revenues	132,700,000	136,400,000
<b>Subtotal, Tax Revenues</b>	<b>24,099,600,000</b>	<b>25,141,100,000</b>
<b>Non-tax Revenues</b>		
Judicial Fees	228,800,000	225,300,000
Investment Income	167,200,000	168,300,000
Disproportionate Share	165,300,000	130,000,000

1	Master Settlement Agreement	136,200,000	131,800,000
2	Insurance	87,800,000	90,100,000
3	Other Non-tax Revenues	202,800,000	204,300,000
4	<b>Subtotal, Non-tax Revenues</b>	<b>988,100,000</b>	<b>949,800,000</b>
5			
6	<b>Total, Net Revenues</b>	<b>25,087,700,000</b>	<b>26,090,900,000</b>
7			
8	<b>Adjustment to Tax Revenue: 2019 Session</b>		
9	Extend Tax Credits/Other Finance Changes		
10	(S.L. 2019-237)	(3,900,000)	(16,500,000)
11	Various Finance Law Changes (S.L. 2019-246)	(15,300,000)	(41,200,000)
12	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(19,200,000)</b>	<b>(57,700,000)</b>
13			
14	<b>Reservations of Tax Revenue</b>		
15	Savings Reserve	(36,555,000)	(150,450,000)
16	<b>Subtotal, Statutory Reservations of Revenue</b>	<b>(36,555,000)</b>	<b>(150,450,000)</b>
17			
18	<b>Other Adjustments to Availability</b>		
19	Adjustment to Transfer from Department of Insurance	1,249,541	2,700,421
20	Adjustment to Transfer from State Treasurer	41,913	91,132
21	NC G.R.E.A.T. Program Funding (S.L. 2019-230)	(15,000,000)	(15,000,000)
22	<b>Subtotal, Other Adjustments to Availability</b>	<b>(13,708,546)</b>	<b>(12,208,447)</b>
23			
24	<b>Revised Total Net General Fund Availability</b>	<b>26,727,521,103</b>	<b>28,427,205,836</b>
25			
26	<b>General Fund Appropriations</b>		
27	2019 Storm Recovery/Various Budget Corrections		
28	(House Bill 200, 2019 Regular Session)	(74,304,813)	(8,856,125)
29	Ensuring Authorization of Federal Funds		
30	(S.L. 2019-192, as amended)	6,023,842	15,223,842
31	Salary Increases/Adult Correctional Employees		
32	(S.L. 2019-208)	(35,914,734)	(56,829,468)
33	Pay Increases/State Employees (S.L. 2019-209)	(239,220,554)	(572,705,157)
34	Pay Increases/State Highway Patrol (S.L. 2019-210)	(3,600,000)	(7,200,000)
35	Pay Increases/SBI & ALE (S.L. 2019-211)	(2,680,000)	(3,360,000)
36	Standing Up for Rape Victims Act of 2019		
37	(S.L. 2019-221)	(3,000,000)	(3,000,000)
38	School Safety Funds, Programs, and Reports		
39	(S.L. 2019-222)	(38,833,333)	(29,800,000)
40	Prison Safety/TANF State Plan/Clarifications		
41	(S.L. 2019-223)	(4,471,149)	-
42	Raise the Age Funding (S.L. 2019-229, as amended)	(28,878,616)	(43,402,450)
43	Community Colleges Budget/2019-2021 Biennium		
44	(S.L. 2019-235, as amended)	(28,216,988)	(25,436,606)
45	Combat Absentee Ballot Fraud		
46	(S.L. 2019-239, as amended)	(1,156,004)	(44,923)
47	2019-2021 Base Budgets/Certain Agencies		
48	(S.L. 2019-242)	(23,900,304,471)	(23,981,490,408)
49	Teacher Step Act (S.L. 2019-247)	(16,300,000)	(16,300,000)
50	<b>Subtotal, General Fund Appropriations</b>	<b>(24,370,856,820)</b>	<b>(24,733,201,295)</b>
51			

1 **Unappropriated Balance Remaining** **2,356,664,283** **3,694,004,541"**

2  
3 **SECTION 5.1.(c)** Section 3.6(b) of S.L. 2019-242 is amended by adding a new  
4 subdivision to read:

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

7  
8 **STATE BOARD OF ELECTIONS BUDGET CORRECTIONS**

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

10 **"SECTION 5.1.** The appropriations made in this ~~Part and S.L. 2019-209 act~~, S.L. 2019-209,  
11 S.L. 2019-242, and any other legislation enacted during the 2019-2021 fiscal biennium expressly  
12 making appropriations to the State Board of Elections are for maximum amounts necessary to  
13 provide the services and accomplish the purposes described in the budget for the State Board of  
14 Elections in accordance with the State Budget Act. Savings shall be effected where the total  
15 amounts appropriated are not required to perform these services and accomplish these purposes,  
16 and the savings shall revert to the appropriate fund at the end of each fiscal year, except as  
17 otherwise provided by law."

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

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

24 ...."

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

26 **"SECTION 5.7.** There is appropriated from the State Board of Elections Special Fund  
27 (28025) the sum of three million dollars (\$3,000,000) on a nonrecurring basis in each year of the  
28 2019-2021 fiscal biennium to modernize the Statewide Elections Information Management  
29 System."

30  
31 **COMMUNITY COLLEGE CORRECTIONS**

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

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

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

42 **"SECTION 1.2.** In addition to the appropriations set forth in ~~S.L. 2019-209~~ S.L. 2019-209,  
43 2019-242, and any other legislation enacted during the 2019-2021 fiscal biennium expressly  
44 appropriating funds for the Community College System, appropriations from the General Fund  
45 for the budget of the Community College System are made for the fiscal biennium ending June  
46 30, 2021, as follows:

47 ...."

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

49 "(16) Workforce-Focused Multicampus Centers (Fund Code 1625) – ~~Two million~~  
50 ~~two hundred sixty-six thousand four hundred forty-eight dollars (\$2,266,448)~~  
51 Two million two hundred twenty-six thousand three hundred forty-eight

1                    dollars (\$2,226,348) in recurring funds for each fiscal year of the 2019-2021  
2                    fiscal biennium to support four approved multicampus sites as follows:  
3                    Forsyth Tech Transportation Campus, RTP Campus of Wake Technical  
4                    Community College, the Scotland County Campus of Richmond Community  
5                    College, and the Aviation Campus of Guilford Technical Community  
6                    College."

7  
8                    **INCLUDE POWELL BILL FUNDS IN DEPARTMENT OF TRANSPORTATION**  
9                    **BUDGET**

10                    **SECTION 5.4.(a)** S.L. 2019-231 is amended by adding a new section to read:  
11                    **"ADDITIONAL POWELL BILL FUNDS FOR SMALLER MUNICIPALITIES**

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

22                    **SECTION 5.4.(b)** If House Bill 966, 2019 Regular Session, becomes law, Section  
23                    40.4 of that act is repealed.

24  
25                    **DEPARTMENT OF REVENUE CONTINGENCY**

26                    **SECTION 5.5.** If House Bill 966, 2019 Regular Session, becomes law, then Section  
27                    8 of S.L. 2019-237 is repealed.

28  
29                    **CONTINGENT REPEAL OF CERTAIN FINANCE PROVISIONS**

30                    **SECTION 5.6.** If House Bill 966, 2019 Regular Session, becomes law, Sections  
31                    41.4, 41.5, and 41.10 of that act are repealed.

32  
33                    **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

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

36                    **"§ 147-76.1. Require deposit into the State treasury of funds received by the State.**

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

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

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

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

50                    **"§ 147-83. Receipts from federal government ~~and gifts~~ not affected.**

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

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

### 13 **DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT**

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

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

### 29 **STATE BUDGET ACT AMENDMENTS**

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

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

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

#### 39 Governmental Funds.

- 40 (1) Capital Projects Funds. – Accounts for financial resources to be used for the  
41 acquisition or construction of major capital facilities other than those financed  
42 by proprietary funds or ~~in trust funds for individuals, private organizations, or~~  
43 ~~other governments.~~ fiduciary funds. Capital outlays financed from general  
44 obligation bond proceeds should be accounted for through a capital projects  
45 fund.
- 46 (2) Debt Service Funds. – Accounts for the accumulation of resources for, and the  
47 payment of, general long-term debt principal and interest.
- 48 (3) General Fund. – Accounts for all financial resources except those required to  
49 be reported in another fund.
- 50  
51

- 1 (4) Special Revenue Funds. – Accounts for the proceeds of specific revenue  
 2 sources, other than ~~trusts for individuals, private organizations, or other~~  
 3 ~~governments~~ debt service or for major capital projects, that are legally  
 4 restricted to expenditure for specified purposes.
- 5 (5) Permanent Funds. – Accounts for resources that are legally restricted to the  
 6 extent that only earnings, and not principal, may be used for purposes that  
 7 support the reporting government's programs.  
 8 Proprietary Funds.
- 9 (6) Enterprise Funds. – Accounts for any activity for which a fee is charged to  
 10 external users for goods or services. Activities are required to be reported as  
 11 enterprise funds if any one of the following criteria is met. Each of these  
 12 criteria should be applied in the context of the activity's principal revenue  
 13 sources.  
 14 a. The activity is financed with debt that is secured solely by a pledge of  
 15 the net revenues from fees and charges of the activity.  
 16 b. Laws or regulations require that the activity's costs of providing  
 17 services, including capital costs, be recovered with fees and charges  
 18 rather than with taxes or similar revenues.  
 19 c. The pricing policies of the activity establish fees and charges designed  
 20 to recover its costs, including capital costs.
- 21 (7) Internal Service Funds. – Accounts for any activity that provides goods or  
 22 services to other funds, departments, or agencies of the primary government  
 23 and its component units, or to other governments, on a cost-reimbursement  
 24 basis. Internal service funds should be used only if the reporting government  
 25 is the predominant participant in the activity. Otherwise, the activity should  
 26 be reported as an enterprise fund.  
 27 Agency and Trust Fiduciary Funds.
- 28 (8) Agency Custodial Funds. – Accounts for resources held by the reporting  
 29 government in a purely custodial ~~capacity.~~ Agency funds typically involve  
 30 only the receipt, temporary investment, and remittance of fiduciary resources  
 31 to individuals, private organizations, or other governments. capacity.  
 32 Custodial funds are fiduciary activities that are not required to be reported in  
 33 investment trust funds, pensions and other employee benefit trust funds, and  
 34 private-purpose trust funds, as described in this section.
- 35 (9) Investment Trust Funds. – Accounts for the external portion of investment  
 36 pools reported by the sponsoring government.
- 37 (10) Pension and Other Employee Benefit Trust Funds. – Accounts for resources  
 38 that are required to be held in trust for ~~the members and beneficiaries of~~  
 39 ~~defined benefit pension plans, defined contribution plans, other~~  
 40 ~~postemployment benefit plans, or other employee benefit plans.~~ pension plans,  
 41 other postemployment benefit plans, and other employee benefit plans that  
 42 meet certain Governmental Accounting Standards Board (GASB) criteria.
- 43 (11) Private-Purpose Trust Funds. – Accounts for all other trust arrangements  
 44 ~~under which principal and income benefit individuals, private organizations,~~  
 45 ~~or other governments.~~ that are not required to be reported in investment trust  
 46 funds and pension and other employee benefit trust funds."

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

48 "**§ 143C-3-5. Budget recommendations and budget message.**

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



- 1 (b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall  
2 include the following components:
- 3 (1) A Recommended State Budget setting forth goals for improving the State with  
4 recommended expenditure requirements, funding sources, and performance  
5 information for each State government program and for each proposed capital  
6 improvement. The Recommended State Budget may be presented in a format  
7 chosen by the Director, except that the Recommended State Budget shall  
8 clearly distinguish program base budget requirements, program reductions,  
9 program eliminations, program expansions, and new programs, and shall  
10 explain all proposed capital improvements in the context of the Six-Year  
11 Capital Improvements Plan and as required by G.S. 143C-8-6.
- 12 (1a) The Governor's Recommended State Budget shall include a base budget,  
13 which shall be presented ~~in the budget support document~~ pursuant to  
14 subdivision (2) of this subsection.
- 15 (2) ~~A Budget Support Document~~ Recommended Base Budget showing, for each  
16 budget code and purpose or program in State government, accounting detail  
17 corresponding to the Recommended State Budget.
- 18 a. ~~The Budget Support Document~~ Recommended Base Budget shall  
19 employ the North Carolina Accounting System Uniform Chart of  
20 Accounts adopted by the State Controller to show both uses and  
21 sources of funds and shall display in separate parallel columns all of  
22 the following: (i) actual expenditures and receipts for the most recent  
23 fiscal year for which actual information is available, (ii) the certified  
24 budget for the preceding fiscal year, (iii) the currently authorized  
25 budget for the preceding fiscal year, (iv) program base budget  
26 requirements for each fiscal year of the biennium, (v) proposed  
27 expenditures and receipts for each fiscal year of the biennium, and (vi)  
28 proposed increases and decreases.
- 29 b. ~~The Budget Support Document~~ Recommended Base Budget shall  
30 include detailed information on recommended expenditures for capital  
31 improvements as required by G.S. 143C-8-6.
- 32 c. ~~The Budget Support Document~~ Recommended Base Budget shall  
33 include accurate projections of receipts, expenditures, and fund  
34 balances. Estimated receipts, including tuition collected by university  
35 or community college institutions, shall be adjusted to reflect actual  
36 collections from the previous fiscal year, unless the Director  
37 recommends a change that will result in collections in the budget year  
38 that differ from prior year actuals, or the Director otherwise determines  
39 there is a more reasonable basis upon which to accurately project  
40 receipts. Revenue and expenditure detail provided in the Budget  
41 Support Document shall be no less detailed than the two-digit level in  
42 the North Carolina Accounting System Uniform Chart of Accounts as  
43 prescribed by the State Controller.
- 44 d. ~~The Budget Support Document~~ Recommended Base Budget shall  
45 clearly identify all proposed expenditures supported by existing or  
46 proposed appropriations, including statutory appropriations.
- 47 (3) A recommended Current Operations Appropriations Act that makes  
48 appropriations for each fiscal year of the upcoming biennium for the operating  
49 and capital expenses of all State agencies as contained in the Recommended  
50 State Budget.

- 1 (4) The biennial State Information Technology Plan as outlined in Part 2 of  
2 Article 15 of Chapter 143B of the General Statutes to be consistent in  
3 facilitating the goals outlined in the Recommended State Budget.
- 4 (5) A list of budget adjustments made during the prior fiscal year pursuant to  
5 G.S. 143C-6-4 that are included in the proposed base budget for the upcoming  
6 fiscal year. The list of budget adjustments shall identify the revision number,  
7 revision type, revision title, the purpose or programs affected, and the amount  
8 of funds moving between the purpose or programs.
- 9 (6) The Governor's Recommended State Budget shall include a transfer to the  
10 Savings Reserve of fifteen percent (15%) of the estimated growth in State tax  
11 revenues that are deposited in the General Fund for each fiscal year of the  
12 upcoming biennium. This subdivision applies only if, and to the extent that,  
13 the balance of the Savings Reserve remains below the recommended Savings  
14 Reserve balance developed pursuant to G.S. 143C-4-2(f).
- 15 (7) The Governor's Recommended State Budget shall include a transfer to the  
16 State Capital and Infrastructure Fund of four percent (4%) of the estimated net  
17 State tax revenues that are deposited in the General Fund for each fiscal year  
18 of the upcoming biennium.

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

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

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

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

- 43 (1) Explains the goals embodied in the recommended budget.
- 44 (2) Explains important features of the activities anticipated in the budget.
- 45 (3) Explains the assumptions underlying the statement of revenue availability.
- 46 (4) Sets forth the reasons for changes from the previous biennium or fiscal year,  
47 as appropriate, in terms of programs, program goals, appropriation levels, and  
48 revenue yields.
- 49 (5) Identifies anticipated sources of funding for major spending initiatives.
- 50 (6) Prepares a fiscal analysis that addresses the State's budget outlook for the  
51 upcoming five-year period. This fiscal analysis shall include detailed

1 estimates for five years for any proposals to create new or significantly expand  
2 programs and for proposals to create new or change existing law.  
3 (g) Different Gubernatorial Administrations. – For years in which there will be a change  
4 in gubernatorial administrations, the incumbent Governor shall complete the budget  
5 recommendations and budget message by December 15 and deliver them to the Governor-elect."

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

7 "**§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**  
8 **State Budget.**

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

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

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

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

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

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

- 41 (1) An estimate of maintenance and operating costs, including personnel, for the  
42 project, covering the first five years of operation. If no increase in these  
43 expenditures is anticipated because the recommended project would replace  
44 an existing facility, then the level of expenditures for the previous five years  
45 of operation shall be included instead.
- 46 (2) A recommended funding source for the operating costs identified pursuant to  
47 subdivision (1) of this subsection."  
48

#### 49 **WEB SITE POSTING OF REPORTS**

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

51 "**§ 120-29.5. State agency reports to the General Assembly.**

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

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

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

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

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

17       "(a) Appropriation Required to Withdraw State Funds From the State Treasury. – In  
18 accordance with Section 7 of Article V of the North Carolina Constitution, no money shall be  
19 drawn from the State treasury but in consequence of appropriations made by law. A law enacted  
20 by the General Assembly that ~~authorizes the expenditure of money expressly appropriates funds~~  
21 ~~from the State treasury is an appropriation; however, an enactment by the General Assembly that~~  
22 ~~authorizes, specifies, or otherwise provides that funds may be used for a particular~~ describes the  
23 purpose of a fund, authorizes the use of funds, allows the use of funds, or specifies how funds  
24 may be expended, is not an appropriation."  
25

## 26       **PART VI. EFFECTIVE DATE**

27               **SECTION 6.1.** Except as otherwise provided, this act is effective when it becomes  
28 law.  
29