

Information Technology Section of the Appropriations Act of 2013 Senate Bill 402

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33 PART VII. INFORMATION TECHNOLOGY

35 INFORMATION TECHNOLOGY FUND

36 **SECTION 7.1.** The availability used to support appropriations made in this act
 37 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2013-2014	FY 2014-2015
39		
40	General Fund Appropriation for IT Fund	\$6,053,142
41	General Fund Appropriation for	\$6,055,342
42	Government Data Analytics Center	\$3,000,000
43	Interest	\$2,200
44	IT Fund Balance, June 30	\$0
45		
46	Total Funds Available	\$9,055,342
47	Appropriations are made from the Information Technology Fund for the 2013-2015	\$10,475,057
48	fiscal biennium as follows:	
49	Information Technology Operations	
50	Criminal Justice Information Network	\$189,563
51	Center for Geographic Information and Analysis	\$495,338

1	Enterprise Security Risk Management	\$864,148	\$864,148
2	Enterprise Project Management Office	\$1,473,285	\$1,473,285
3	Architecture and Engineering	\$851,986	\$851,986
4	State Web Site	\$224,741	\$224,741
5	Enterprise Licenses	\$33,000	\$33,000
6	Subtotal Information Technology Operations	\$4,132,061	\$4,132,061
7			
8	Information Technology Projects		
9	Government Data Analytics Center	\$3,000,000	\$4,417,515
10	IT Consolidation	\$1,021,081	\$1,021,081
11	Electronic Forms/Digital Signatures	\$900,000	\$900,000
12	Subtotal Information Technology Projects	\$4,921,081	\$6,338,596
13			
14	Total	\$9,053,142	\$10,470,657

Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this section. Changes shall not result in any degradation to the information technology operations or projects listed in this section for which the funds were originally appropriated.

Any changes to the specified uses shall be reported in writing to the Chairs of the Joint Legislative Oversight Committee on Information Technology, the Chair and Cochair of the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division.

25 INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

SECTION 7.2.(a) G.S. 147-33.88 reads as rewritten:

"§ 147-33.88. Information technology **budget development and reports.**

(a) ~~The Office shall develop an annual budget for review and approval by the Office of State Budget and Management prior to April 1 of each year. The Office of Information Technology Services (ITS) shall develop an annual budget for review and approval by the Office of State Budget and Management (OSBM) in accordance with a schedule prescribed by the Director of the Office of State Budget and Management. The approved Information Technology Internal Service Fund budget shall be included in the Governor's budget recommendations to the General Assembly.~~

The Office of State Budget and Management shall ensure that State agencies have an opportunity to adjust their budgets based on any rate changes proposed by the Office of Information Technology Services and approved by the Office of State Budget and Management.

(b) The Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the Office's Internal Service Fund on a quarterly basis, no later than the first day of the second month following the end of the quarter. The report shall include current cash balances, line-item detail on expenditures from the previous quarter, and anticipated expenditures and revenues. The Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on expenditures for the upcoming quarter, projected year-end balance, and the status report on personnel position changes including new positions created and existing positions eliminated. The Office spending reports shall comply with the State Accounting System object codes."

SECTION 7.2.(b) IT Internal Service Fund. – For each year of the 2013-2015 fiscal biennium, receipts for the IT Internal Service Fund shall not exceed one hundred ninety million dollars (\$190,000,000), excluding a 60-day balance for contingencies. Rates approved by the Office of State Budget and Management (OSBM) to support the IT Internal Service

Fund shall be based on this fund limit. In the event the Fund exceeds the required limit, rates shall be adjusted within 30 days. In the event that an increase in receipts for the IT Internal Service Fund is required, the Office of Information Technology services may only implement the increase after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 7.2.(c) Rate Setting. – By October 31, 2013, the State Chief Information Officer shall establish consistent, fully transparent, easily understandable rates that reflect industry standards for each service for which any agency is charged. A report explaining the rate structure shall be submitted to the Joint Legislative Commission on Governmental Operations, the Chairs of the Joint Legislative Oversight Committee on Information Technology, the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division. An interim report shall be submitted by July 30, 2013. Overhead charges to agencies shall be consistently applied and shall reflect industry standards for the particular service. Rate increases shall require the approval of OSBM and consultation with the Joint Legislative Commission on Governmental Operations. Rate reductions may be implemented following notification of OSBM.

SECTION 7.2.(d) Agency Billing and Payments. – The State Chief Information Officer shall ensure that bills from the Office of Information Technology Services are easily understandable and fully transparent. If a State agency fails to pay its IT Internal Service Fund bill within 30 days of receipt, the Office of State Budget and Management may transfer funds from the agency to fully or partially cover the cost of the bill from that agency to the IT Internal Service Fund, following notification of the affected agency.

SECTION 7.2.(e) Unspecified Uses. – Any uses of the IT Internal Service Fund not specifically related to the operation of the Office of Information Technology Services, to include any transfers to other State agencies, shall immediately be reported to the Office of State Budget and Management and the Fiscal Research Division with a detailed explanation as to why it was necessary to use the Fund. The State Chief Information Officer may use the IT Internal Service Fund, and any other available resources, to accelerate desktop remediation and associated software upgrades, if it is in the State's best interest.

INFORMATION TECHNOLOGY RESERVE FUND

SECTION 7.3.(a) Funds in the Reserve for Information Technology for the 2013-2014 fiscal year consist of the sum of twenty-eight million dollars (\$28,000,000) appropriated from the General Fund. Funds in the Reserve for Information Technology for the 2014-2015 fiscal year consist of the sum of thirty-one million five hundred eighty-two thousand four hundred eighty-five dollars (\$31,582,485) appropriated from the General Fund.

SECTION 7.3.(b) The Information Technology Reserve Fund shall be established in the Office of the State Chief Information Officer (CIO). It shall be interest-bearing and nonreverting. The State CIO shall follow established procedures for project approval. Appropriations are made from the Information Technology Reserve Fund for the 2013-2015 fiscal biennium as follows:

	FY 2013-2014	FY 2014-2015
Prepare/Focus	\$ 250,000	\$ 0
Plan	1,570,806	2,239,512
Build	1,507,353	2,882,254
Remediation	1,100,000	600,000
Security	1,571,394	392,788
Network Simplification	0	4,832,485
Desktop Remediation	17,000,000	13,300,000
Desktop Software Licenses	4,015,000	2,300,000
Operate	985,447	685,446

1	Customer Data	0	1,000,000
2	Secure Sign-On	0	3,350,000
3	Innovation Center	0	0

4 **SECTION 7.3.(c)** By September 15, 2013, the State Chief Information Officer
5 shall provide a time line for completing initiatives included in the IT Reserve Fund to the Joint
6 Legislative Oversight Committee on Information Technology, the House Appropriations
7 Subcommittee on Information Technology, and the Fiscal Research Division. The time line
8 shall include the dates for completion of a strategic plan, an enterprise architecture, a new
9 business case methodology, and implementation of a new project management process. Not
10 later than the dates specified in the time line, each of these documents shall be submitted to the
11 Joint Legislative Oversight Committee on Information Technology, the House Appropriations
12 Subcommittee on Information Technology, and the Fiscal Research Division.

14 **INFORMATION TECHNOLOGY OPERATIONS**

15 **SECTION 7.4.(a) Server Inventory.** – The State Chief Information Officer (State
16 CIO) shall develop an inventory of servers and server locations in State agencies. Based on this
17 inventory, the State CIO shall develop a plan to consolidate agency servers in State-owned data
18 centers. By November 1, 2013, the State CIO shall provide a written plan for accomplishing
19 this to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
20 Research Division.

21 **SECTION 7.4.(b) Hosting/Backups.** – The State CIO shall identify information
22 technology applications that are hosted by vendors that are not backed up on State-owned
23 infrastructure. The State CIO shall work with impacted State agencies to develop a plan to
24 ensure that any State agency application hosted by a vendor is backed up on State-owned
25 infrastructure. By January 1, 2014, the State CIO shall provide a plan for accomplishing this to
26 the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research
27 Division.

28 **SECTION 7.4.(c) Restructuring Plan.** – The State CIO shall conduct a
29 comprehensive review of the State's overall information technology operations, including the
30 efficacy of existing exemptions and exceptions from unified State IT governance. Based upon
31 this analysis, the State CIO shall develop a plan to restructure the State's IT operations for the
32 most effective and efficient utilization of resources and capabilities. The plan shall include
33 identifying, documenting, and providing a framework for developing and implementing the
34 education and training required for all State information technology personnel, including
35 information technology contracting professionals. Each State agency, department, and
36 institution, and The University of North Carolina, shall (i) cooperate fully with the Office of the
37 State CIO during the review and assessment phase of restructuring plan development and (ii)
38 provide to the State CIO all information needed to carry out the purposes of this subsection. By
39 May 1, 2014, the State CIO shall present the plan to the Joint Legislative Oversight Committee
40 on Information Technology, along with any recommended legislative proposals for
41 implementation to be considered for introduction during the 2014 Regular Session of the 2013
42 General Assembly.

43 **SECTION 7.4.(e) Telecommunications Service Clarification.** –
44 G.S. 105-164.13(54) reads as rewritten:

45 "The sale at retail and the use, storage, or consumption in this State of the following
46 tangible personal property, digital property, and services are specifically exempted from the tax
47 imposed by this Article:

48 ...

49 (54) The following telecommunications services and charges:

50 a. Telecommunications service that is a component part of or is
51 integrated into a telecommunications service that is resold. This

1 exemption does not apply to service purchased by a pay telephone
2 provider who uses the service to provide pay telephone service.
3 Examples of services that are resold include carrier charges for
4 access to an intrastate or interstate interexchange network,
5 interconnection charges paid by a provider of mobile
6 telecommunications service, and charges for the sale of unbundled
7 network elements. An unbundled network element is a network
8 element, as defined in 47 U.S.C. § 153(29), to which access is
9 provided on an unbundled basis pursuant to 47 U.S.C. § 251(c)(3).

- 10 b. Pay telephone service.
11 c. 911 charges imposed under G.S. 62A-43 and remitted to the 911
12 Fund under that section.
13 d. Charges for telecommunications service made by a hotel, motel, or
14 another entity whose gross receipts are taxable under
15 G.S. 105-164.4(a)(3) when the charges are incidental to the
16 occupancy of the entity's accommodations.
17 e. Telecommunications service purchased or provided by a State
18 agency or a unit of local government for the ~~North Carolina~~
19 ~~Information Highway State Network~~ or another data network owned
20 or leased by the State or unit of local government."

22 STATEWIDE INFORMATION TECHNOLOGY PROCUREMENT

23 **SECTION 7.5.** Statewide information technology procurement shall be funded
24 through fees charged to agencies using the services of the Statewide Information Technology
25 Procurement Office. The Office of the State Chief Information Officer (CIO) shall provide to
26 the Office of State Budget and Management (OSBM) a fee schedule to allow cost recovery. If
27 an agency fails to pay for services within 30 days of billing, OSBM shall transfer the unpaid
28 amount to the State Information Technology Procurement Office, following notification of the
29 affected agency.

31 PUBLIC SCHOOL PROCUREMENT OF INFORMATION TECHNOLOGY

32 **SECTION 7.6.(a)** The State Chief Information Officer (CIO) shall work with the
33 North Carolina Department of Public Instruction (DPI) and the Governor's Education Council
34 to implement public school cooperative purchasing agreements for the procurement of
35 information technology (IT) goods and services to support public schools. For purposes of this
36 section, the phrase "public school cooperative purchasing agreement" means an agreement
37 implemented pursuant to this section and available for local school administrative units,
38 regional schools, charter schools, or some combination thereof, providing for collaborative or
39 collective purchases of information technology goods and services in order to leverage
40 economies of scale and to reduce costs.

41 **SECTION 7.6.(b)** Each public school cooperative purchasing agreement shall be
42 based on a defined statewide information technology need to support education in the public
43 schools. Each public school cooperative purchasing agreement shall allow for equal access to
44 technology tools and services and shall provide a standard competitive cost throughout North
45 Carolina for each tool or service. Public school cooperative purchasing agreements shall follow
46 State information technology procurement laws, rules, and procedures.

47 **SECTION 7.6.(c)** By October 1, 2013, and quarterly thereafter, the Office of the
48 State CIO and DPI shall report on the establishment of public school cooperative purchasing
49 agreements, savings resulting from the establishment of the agreements, and any issues
50 impacting the establishment of the agreements. The reports shall be made to the Joint

Legislative Oversight Committee on Information Technology, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division.

INFORMATION TECHNOLOGY CONTRACTS

SECTION 7.7.(a) SCIO Review. – The State Chief Information Officer (State CIO) shall review all State information technology (IT) contracts and shall develop a plan to consolidate duplicate IT contracts and multiple IT contracts with the same vendor.

SECTION 7.7.(b) Bulk Purchasing. – The State CIO shall develop a plan to modify bulk purchasing contracts, while maintaining economies of scale, to provide agencies with the option of purchasing equipment on an "as-needed" basis. By December 15, 2013, the State CIO shall provide the plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. The State CIO may modify the plan based upon input from the Joint Legislative Oversight Committee on Information Technology and, following the review, shall begin implementation of the plan.

SECTION 7.7.(c) Sole Sourcing, Extensions, and Expansions Limited. – State IT contracts, including sole sourcing, extensions of the period of performance, or expansion of the scope of existing contracts, must receive the prior approval of the State CIO who may grant a specific exception. The State CIO shall immediately report any exceptions granted to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. The report shall explain the reasons why the exception was deemed to be appropriate.

SECTION 7.7.(d) G.S. 147-33.72C(e) reads as rewritten:

"(e) Performance Contracting. – All contracts between a State agency and a private party for information technology projects shall include provisions for vendor performance review and accountability. The State CIO may require that these contract provisions require a performance bond, include monetary penalties, or require other performance assurance measures for projects that are not completed or performed within the specified time period or that involve costs in excess of those specified in the contract. The State CIO may utilize cost-savings realized on government vendor partnerships, as defined in G.S. 143-135.9, as performance incentives for an information technology project vendor.~~require contract provisions requiring a vendor to provide a performance bond.~~"

SECTION 7.7.(e) Enterprise Contracts. – The State CIO shall consult participating agency chief information officers and obtain approval from the Office of State Budget and Management prior to the initiation of any enterprise project or contract and shall ensure that enterprise project and contract costs are allocated to participating agencies in an equitable manner. Enterprise agreements shall not exceed the participating State agencies' ability to financially support the contracts.

The State CIO shall not enter into any enterprise information technology contracts without obtaining written agreements from participating State agencies regarding the apportionment of the contract cost. State agencies agreeing to participate in a contract shall:

- (1) Ensure that sufficient funds are budgeted to support their agreed shares of enterprise contracts throughout the life of the contract.
- (2) Transfer the required funding to the Information Technology Internal Service Fund in sufficient time for the Office of Information Technology Services to meet vendor contract requirements.

SECTION 7.7.(f) Three-Year Contracts. – Notwithstanding the cash management provisions of G.S. 147-86.11, the Office of Information Technology Services may procure information technology goods and services for periods up to a total of three years where the terms of the procurement contracts require payment of all or a portion of the contract price at the beginning of the contract agreement. All of the following conditions shall be met before payment for these agreements may be disbursed:

- (1) Any advance payment can be accomplished within the IT Internal Service Fund budget.
- (2) The State Controller receives conclusive evidence that the proposed agreement would be more cost-effective than a multiyear agreement that complies with G.S. 147-86.11.
- (3) The procurement complies in all other aspects with applicable statutes and rules.
- (4) The proposed agreement contains contract terms that protect the financial interest of the State against contractor nonperformance or insolvency through the creation of escrow accounts for funds, source codes, or both, or by any other reasonable means that have legally binding effect.

The Office of State Budget and Management shall ensure the savings from any authorized agreement shall be included in the IT Internal Service Fund rate calculations before approving annual proposed rates. Any savings resulting from the agreements shall be returned to agencies included in the contract in the form of reduced rates. Beginning October 1, 2013, ITS shall submit a quarterly written report of any authorizations granted under this section to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACT REQUIREMENTS

SECTION 7.8. Notwithstanding any provision of law to the contrary, no contract for information technology personal services, or that provides personnel to perform information technology functions, may be established or renewed without written approval from the Statewide Information Technology Procurement Office and the Office of State Budget and Management. To facilitate compliance with this requirement, the Statewide Information Technology Procurement Office shall develop and document the following:

- (1) Standards for determining whether it is more appropriate for an agency to hire an employee or use the services of a vendor.
- (2) A process to monitor all State agency personal services contracts, as well as any other State contracts providing personnel to perform information technology functions.
- (3) A process for obtaining approval of contractor positions.

The Statewide Information Technology Procurement Office shall review current personal services contracts and determine if each contractor is performing a function that could more appropriately be performed by a State employee. Where the determination is made that a State employee should be performing the function, the Statewide Information Technology Procurement Office shall work with the impacted agency and the Office of State Personnel to identify or create the position.

Beginning October 1, 2013, the Statewide Information Technology Procurement Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on its progress toward standardizing information technology personal services contracts. In addition, the report shall include detailed information on the number of personal service contractors in each State agency, the cost for each, and the comparable cost (including benefits) of a State employee serving in that capacity rather than a contractor.

PREVENT DUPLICATION OF INFORMATION TECHNOLOGY CAPABILITIES

SECTION 7.9.(a) The Office of the State Chief Information Officer (CIO) shall develop a plan and adopt measures to prevent the duplication of information technology capabilities and resources across State agencies. When multiple agencies require the same, or substantially similar, information technology capabilities, the State CIO shall designate one

State agency as the lead to coordinate and manage the capability for all State agencies, with the State CIO maintaining oversight of the effort. By October 1, 2013, the State CIO shall provide this plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.9.(b) The Office of the State Chief Information Officer shall do all of the following to carry out the purposes of this section:

- (1) Review all current and future information technology projects to determine whether the capabilities required for each project already exist in a planned, ongoing, or completed information technology project developed by another State agency. For projects where the capability already exists, the Office of the State CIO shall assist the agency with implementing the existing capability.
- (2) Identify existing projects that can best support a specific information technology capability for multiple agencies and work to transition all agencies requiring the specific capability to the identified projects.
- (3) When State agencies request approval for new projects, determine if the information technology project can be implemented using an existing application, or if the new project has the potential to support multiple agencies' requirements.
- (4) Provide quarterly reports on progress toward eliminating duplication to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.
- (5) Ensure that contracts for information technology allow the addition of other agencies' requirements within the terms of the existing contracts.

SECTION 7.9.(c) All State agencies shall coordinate any Geographic Information System (GIS) initiatives through the Center for Geographic Information and Analysis (CGIA) in the Office of Information Technology Services, as well as the Office of the State CIO, to ensure that existing capabilities are not being duplicated. The CGIA shall monitor and approve all new GIS-related information technology projects and expansion budget requests. By January 1 of each year, the CGIA shall submit a written report on GIS duplication to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

The CGIA shall conduct a review of all GIS applications in State agencies, identify instances of duplication for existing applications, and develop a plan for consolidating duplicative projects. By November 1, 2013, the CGIA shall provide a report on the review to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

GOVERNMENT DATA ANALYTICS/DATA SHARING

SECTION 7.10.(a) G.S. 20-7(b2) reads as rewritten:

"(b2) Disclosure of Social Security Number. – The social security number of an applicant is not a public record. The Division may not disclose an applicant's social security number except as allowed under federal law. A violation of the disclosure restrictions is punishable as provided in 42 U.S.C. § 408, as amended.

In accordance with 42 U.S.C. 405 and 42 U.S.C. 666, as amended, the Division may disclose a social security number obtained under subsection (b1) of this section only as follows:

- (1) For the purpose of administering the driver's license laws.
- (2) To the Department of Health and Human Services, Child Support Enforcement Program for the purpose of establishing paternity or child support or enforcing a child support order.
- (3) To the Department of Revenue for the purpose of verifying taxpayer identity.

(4) To the Office of Indigent Defense Services of the Judicial Department for the purpose of verifying the identity of a represented client and enforcing a court order to pay for the legal services rendered.

(5) To each county jury commission for the purpose of verifying the identity of deceased persons whose names should be removed from jury lists.

(6) To the Office of the State Controller for the purposes of G.S. 143B-426.38A."

SECTION 7.10.(b) G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. ~~A photographic image or signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes.~~ A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the Office of the State Controller for the purposes of G.S. 143B-426.38A."

SECTION 7.10.(c) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(44) To furnish tax information to the Office of the State Controller under G.S. 143B-426.38A. The use and reporting of individual data may be restricted to only those activities specifically allowed by law when potential fraud or other illegal activity is indicated."

SECTION 7.10.(d) Part 28 of Article 9 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-426.38A. Government Data Analytics Center; State data-sharing requirements.

(a) State Government Data Analytics. – The State shall initiate across State agencies, departments, and institutions a data integration and data-sharing initiative that is not intended to replace transactional systems but is instead intended to leverage the data from those systems for enterprise-level State business intelligence.

(1) Creation of initiative. – In carrying out the purposes of this section, the Office of the State Controller shall conduct an ongoing, comprehensive evaluation of State data analytics projects and plans in order to identify data integration and business intelligence opportunities that will generate greater efficiencies in, and improved service delivery by, State agencies, departments, and institutions. The State Controller and State CIO shall continue to utilize public-private partnerships and existing data integration and analytics contracts and licenses as appropriate to continue the implementation of the initiative.

(2) Application to State government. – The initiative shall include all State agencies, departments, and institutions, including The University of North Carolina.

(3) Governance. – The State Controller shall lead the initiative established pursuant to this section. The Chief Justice of the North Carolina Supreme Court and the Legislative Services Commission each shall designate an officer or agency to advise and assist the State Controller with respect to implementation of the initiative in their respective branches of government. The judicial and legislative branches shall fully cooperate in the initiative mandated by this section in the same manner as is required of State agencies.

(b) Government Data Analytics Center. –

(1) GDAC established. – There is established in the Office of the State Controller the Government Data Analytics Center (GDAC). GDAC shall

1 assume the work, purpose, and resources of the current data integration
2 effort in the Office of the State Controller and shall otherwise advise and
3 assist the State Controller in the management of the initiative. The State
4 Controller shall make any organizational changes necessary to maximize the
5 effectiveness and efficiency of GDAC.

6 (2) Powers and duties of the GDAC. – The State Controller shall, through the
7 GDAC, do all of the following:

8 a. Continue and coordinate ongoing enterprise data integration efforts,
9 including:

10 1. The deployment, support, technology improvements, and
11 expansion for the Criminal Justice Law Enforcement
12 Automated Data System (CJLEADS).

13 2. The pilot and subsequent phase initiative for the North
14 Carolina Financial Accountability and Compliance
15 Technology System (NCFACS).

16 3. Individual-level student data and workforce data from all
17 levels of education and the State workforce.

18 4. Other capabilities developed as part of the initiative.

19 b. Identify technologies currently used in North Carolina that have the
20 capability to support the initiative.

21 c. Identify other technologies, especially those with unique capabilities,
22 that could support the State's business intelligence effort.

23 d. Compare capabilities and costs across State agencies.

24 e. Ensure implementation is properly supported across State agencies.

25 f. Ensure that data integration and sharing is performed in a manner
26 that preserves data privacy and security in transferring, storing, and
27 accessing data, as appropriate.

28 g. Immediately seek any waivers and enter into any written agreements
29 that may be required by State or federal law to effectuate data sharing
30 and to carry out the purposes of this section.

31 h. Coordinate data requirements and usage for State business
32 intelligence applications in a manner that (i) limits impacts on
33 participating State agencies as those agencies provide data and
34 business knowledge expertise and (ii) assists in defining business
35 rules so the data can be properly used.

36 i. Recommend the most cost-effective and reliable long-term hosting
37 solution for enterprise-level State business intelligence as well as
38 data integration, notwithstanding Section 6A.2(f) of S.L. 2011-145.

39 (c) Implementation of the Enterprise-Level Business Intelligence Initiative. –

40 (1) Phases of the initiative. – The initiative shall cycle through these phases on
41 an ongoing basis:

42 a. Phase I requirements. – In the first phase, the State Controller
43 through GDAC shall:

44 1. Inventory existing State agency business intelligence projects,
45 both completed and under development.

46 2. Develop a plan of action that does all of the following:

47 I. Defines the program requirements, objectives, and end
48 state of the initiative.

49 II. Prioritizes projects and stages of implementation in a
50 detailed plan and benchmarked time line.

- III. Includes the effective coordination of all of the State's current data integration initiatives.
 - IV. Utilizes a common approach that establishes standards for business intelligence initiatives for all State agencies and prevents the development of projects that do not meet the established standards.
 - V. Determines costs associated with the development efforts and identifies potential sources of funding.
 - VI. Includes a privacy framework for business intelligence consisting of adequate access controls and end user security requirements.
 - VII. Estimates expected savings.
 3. Inventory existing external data sources that are purchased by State agencies to determine whether consolidation of licenses is appropriate for the enterprise.
 4. Determine whether current, ongoing projects support the enterprise-level objectives.
 5. Determine whether current applications are scalable or are applicable for multiple State agencies or both.
 - b. Phase II requirements. – In the second phase, the State Controller through the GDAC shall:
 1. Identify redundancies and recommend to the State CIO any projects that should be discontinued.
 2. Determine where gaps exist in current or potential capabilities.
 - c. Phase III requirements. – In the third phase:
 1. The State Controller through GDAC shall incorporate or consolidate existing projects, as appropriate.
 2. The State Controller shall, notwithstanding G.S. 147-33.76 or any rules adopted pursuant thereto, eliminate redundant business intelligence projects, applications, software, and licensing.
 3. The State Controller through GDAC shall complete all necessary steps to ensure data integration in a manner that adequately protects privacy.
- (2) Project management. – The State CIO shall ensure that all current and new business intelligence/data analytics projects are in compliance with all State laws, policies, and rules pertaining to information technology procurement, project management, and project funding and that they include quantifiable and verifiable savings to the State. The State CIO shall report to the Joint Legislative Oversight Committee on Information Technology on projects that are not achieving projected savings. The report shall include a proposed corrective action plan for the project.

The Office of the State CIO, with the assistance of the Office of State Budget and Management, shall identify potential funding sources for expansion of existing projects or development of new projects. No GDAC project shall be initiated, extended, or expanded:

 - a. Without the specific approval of the General Assembly unless the project can be implemented within funds appropriated for GDAC projects.

b. Without prior consultation to the Joint Legislative Commission on Governmental Operations and a report to the Joint Legislative Oversight Committee on Information Technology if the project can be implemented within funds appropriated for GDAC projects.

(d) Funding. – The Office of the State Controller, with the support of the Office of State Budget and Management, shall identify and make all efforts to secure any matching funds or other resources to assist in funding this initiative. Savings resulting from the cancellation of projects, software, and licensing, as well as any other savings from the initiative, shall be returned to the General Fund and shall remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year. It is the intent of the General Assembly that expansion of the initiative in subsequent fiscal years be funded with these savings and that the General Assembly appropriate funds for projects in accordance with the priorities identified by the Office of the State Controller in Phase I of the initiative.

(d1) Appropriations. – Of the funds appropriated to the Information Technology Fund, the sum of three million dollars (\$3,000,000) for the 2013-2014 fiscal year and the sum of four million four hundred seventeen thousand five hundred fifteen dollars (\$4,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars (\$1,417,515) shall be used in each fiscal year of the 2013-2015 biennium for OSC internal costs. For fiscal year 2014-2015, of the funds generated by GDAC and NCFACS projects and returned to the General Fund, the sum of up to five million dollars (\$5,000,000) is appropriated to fund GDAC and NCFACS, to include vendor payments. Prioritization for the expenditure of these funds shall be for State costs associated with GDAC first, then vendor costs second. Funds in the 2013-2015 fiscal year budgets for GDAC and NCFACS shall be used solely to support the continuation for these priority project areas.

(e) Reporting. – The Office of the State Controller shall:

(1) Submit and present quarterly reports on the implementation of Phase I of the initiative and the plan developed as part of that phase to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the General Assembly. The State Controller shall submit a report prior to implementing any improvements, expending funding for expansion of existing business intelligence efforts, or establishing other projects as a result of its evaluations, and quarterly thereafter, a written report detailing progress on, and identifying any issues associated with, State business intelligence efforts.

(2) Report the following information as needed:

a. Any failure of a State agency to provide information requested pursuant to this section. The failure shall be reported to the Joint Legislative Oversight Committee on Information Technology and to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees.

b. Any additional information to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology that is requested by those entities.

(f) Data Sharing. –

(1) General duties of all State agencies. – The head of each State agency, department, and institution shall do all of the following:

- a. Grant the Office of the State Controller access to all information required to develop and support State business intelligence applications pursuant to this section. The State Controller and the GDAC shall take all necessary actions and precautions, including training, certifications, background checks, and governance policy and procedure, to ensure the security, integrity, and privacy of the data in accordance with State and federal law and as may be required by contract.
 - b. Provide complete information on the State agency's information technology, operational, and security requirements.
 - c. Provide information on all of the State agency's information technology activities relevant to the State business intelligence effort.
 - d. Forecast the State agency's projected future business intelligence information technology needs and capabilities.
 - e. Ensure that the State agency's future information technology initiatives coordinate efforts with the GDAC to include planning and development of data interfaces to incorporate data into the initiative and to ensure the ability to leverage analytics capabilities.
 - f. Provide technical and business resources to participate in the initiative by providing, upon request and in a timely and responsive manner, complete and accurate data, business rules and policies, and support.
 - g. Identify potential resources for deploying business intelligence in their respective State agencies and as part of the enterprise-level effort.
 - h. Immediately seek any waivers and enter into any written agreements that may be required by State or federal law to effectuate data sharing and to carry out the purposes of this section, as appropriate.
- (2) Specific requirements. – The State Controller and the GDAC shall enhance the State's business intelligence through the collection and analysis of data relating to workers' compensation claims for the purpose of preventing and detecting fraud, as follows:
- a. The North Carolina Industrial Commission shall release to GDAC, or otherwise provide electronic access to, all data requested by GDAC relating to workers' compensation insurance coverage, claims, appeals, compliance, and enforcement under Chapter 97 of the General Statutes.
 - b. The North Carolina Rate Bureau (Bureau) shall release to GDAC, or otherwise provide electronic access to, all data requested by GDAC relating to workers' compensation insurance coverage, claims, business ratings, and premiums under Chapter 58 of the General Statutes. The Bureau shall be immune from civil liability for releasing information pursuant to this subsection, even if the information is erroneous, provided the Bureau acted in good faith and without malicious or willful intent to harm in releasing the information.
 - c. The Department of Commerce, Division of Employment Security (DES), shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to unemployment insurance coverage, claims, and business reporting under Chapter 96 of the General Statutes.

- 1 d. The Department of Labor shall release to GDAC, or otherwise
2 provide access to, all data requested by GDAC relating to safety
3 inspections, wage and hour complaints, and enforcement activities
4 under Chapter 95 of the General Statutes.
- 5 e. The Department of Revenue shall release to GDAC, or otherwise
6 provide access to, all data requested by GDAC relating to the
7 registration and address information of active businesses, business
8 tax reporting, and aggregate federal tax Form 1099 data for
9 comparison with information from DES, the Rate Bureau, and the
10 Department of the Secretary of State for the evaluation of business
11 reporting. Additionally, the Department of Revenue shall furnish to
12 the GDAC, upon request, other tax information, provided that the
13 information furnished does not impair or violate any
14 information-sharing agreements between the Department and the
15 United States Internal Revenue Service. Notwithstanding any other
16 provision of law, a determination of whether furnishing the
17 information requested by GDAC would impair or violate any
18 information-sharing agreements between the Department of Revenue
19 and the United States Internal Revenue Service shall be within the
20 sole discretion of the State Chief Information Officer. The
21 Department of Revenue and the Office of the State Controller shall
22 work jointly to assure that the evaluation of tax information pursuant
23 to this subdivision is performed in accordance with applicable federal
24 law.
- 25 (3) All information shared with GDAC and the State Controller under this
26 subdivision is protected from release and disclosure in the same manner as
27 any other information is protected under this section.
- 28 (g) Provisions on Privacy and Confidentiality of Information. –
- 29 (1) Status with respect to certain information. – The State Controller and the
30 GDAC shall be deemed to be all of the following for the purposes of this
31 section:
- 32 a. With respect to criminal information, and to the extent allowed by
33 federal law, a criminal justice agency (CJA), as defined under
34 Criminal Justice Information Services (CJIS) Security Policy. The
35 State CJIS Systems Agency (CSA) shall ensure that CJLEADS
36 receives access to federal criminal information deemed to be
37 essential in managing CJLEADS to support criminal justice
38 professionals.
- 39 b. With respect to health information covered under the Health
40 Insurance Portability and Accountability Act of 1996 (HIPAA), as
41 amended, and to the extent allowed by federal law:
- 42 1. A business associate with access to protected health
43 information acting on behalf of the State's covered entities in
44 support of data integration, analysis, and business
45 intelligence.
- 46 2. Authorized to access and view individually identifiable health
47 information, provided that the access is essential to the
48 enterprise fraud, waste, and improper payment detection
49 program or required for future initiatives having specific
50 definable need for the data.

- 1 c. Authorized to access all State and federal data, including revenue and
2 labor information, deemed to be essential to the enterprise fraud,
3 waste, and improper payment detection program or future initiatives
4 having specific definable need for the data.
- 5 d. Authorized to develop agreements with the federal government to
6 access data deemed to be essential to the enterprise fraud, waste, and
7 improper payment detection program or future initiatives having
8 specific definable need for such data.
- 9 (2) Release of information. – The following limitations apply to (i) the release
10 of information compiled as part of the initiative, (ii) data from State agencies
11 that is incorporated into the initiative, and (iii) data released as part of the
12 implementation of the initiative:
- 13 a. Information compiled as part of the initiative. – Notwithstanding the
14 provisions of Chapter 132 of the General Statutes, information
15 compiled by the State Controller and the GDAC related to the
16 initiative may be released as a public record only if the State
17 Controller, in that officer's sole discretion, finds that the release of
18 information is in the best interest of the general public and is not in
19 violation of law or contract.
- 20 b. Data from State agencies. – Any data that is not classified as a public
21 record under G.S. 132-1 shall not be deemed a public record when
22 incorporated into the data resources comprising the initiative. To
23 maintain confidentiality requirements attached to the information
24 provided to the State Controller and GDAC, each source agency
25 providing data shall be the sole custodian of the data for the purpose
26 of any request for inspection or copies of the data under Chapter 132
27 of the General Statutes.
- 28 c. Data released as part of implementation. – Information released to
29 persons engaged in implementing the State's business intelligence
30 strategy under this section that is used for purposes other than official
31 State business is not a public record pursuant to Chapter 132 of the
32 General Statutes.
- 33 d. Data from North Carolina Rate Bureau. – Notwithstanding any other
34 provision of this section, any data released by or obtained from the
35 North Carolina Rate Bureau under this initiative relating to workers'
36 compensation insurance claims, business ratings, or premiums are
37 not public records and public disclosure of such data, in whole or in
38 part, by the GDAC or State Controller, or by any State agency, is
39 prohibited."

40 **SECTION 7.10.(e)** G.S. 143B-426.39 is amended by adding a new subdivision to

41 read:

42 "(17) Coordinate data integration and data sharing pursuant to G.S. 143B-426.38A
43 across State agencies, departments, and institutions to support the State's
44 enterprise-level business intelligence initiative."

45 **SECTION 7.10.(f)** The Office of State Controller, in consultation with the State
46 CIO, shall continue the management and implementation of the GDAC and shall continue to
47 manage the ongoing enterprise data integration efforts under the GDAC, including CJLEADS
48 and NC FACTS. The Office of the State CIO, in consultation with OSC, shall develop a plan
49 for a cooperative transition of the GDAC and all of its programs to the Office of the SCIO,
50 effective July 1, 2014. The plan shall include provisions for a governance structure for GDAC
51 that includes participation by the State Controller. The plan shall also include milestones for the

transition. The State CIO shall report the plan details and any associated costs to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by no later than October 1, 2013. The State CIO shall also report on a quarterly basis to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on progress toward achieving milestones set out in the plan.

SECTION 7.10.(g) Effective July 1, 2014, the GDAC and all of its programs are hereby transferred to the Office of the SCIO. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The Office of State Budget and Management shall determine the personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, to be included in the transfer.

SECTION 7.10.(h) The purpose of this section is to codify provisions of Section 6A.7A of S.L. 2012-142, and to the extent that any provision of that section conflicts with G.S. 143B-426.38A, as enacted by this act, the provisions of the statute shall be construed to prevail over any conflicting uncodified provisions.

SECTION 7.10.(i) This section is effective when it becomes law.

STATE INFORMATION TECHNOLOGY DATA ARCHIVING

SECTION 7.11.(a) The State Chief Information Officer (CIO) shall investigate the feasibility of creating an enterprise data archiving system for State agencies that will (i) allow for the effective management of data from multiple sources; (ii) provide for efficient, timely responses to discovery requests and investigations; and (iii) ensure real time State agency access to and use of archived files. The system shall be financed only by savings accrued as a result of the project.

SECTION 7.11.(b) By December 1, 2013, the State CIO shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the results of the feasibility assessment.

SECTION 7.11.(c) Subsequent to making the report required by this section, and only if the State CIO has developed a business case that is validated by the Office of State Budget and Management, then the State CIO may initiate the development of an enterprise data archiving system.

INFORMATION TECHNOLOGY/PRIVACY PROTECTION OF CITIZEN DATA

SECTION 7.12. The Joint Legislative Oversight Committee on Information Technology (the Committee), in collaboration with the State Chief Information Officer (CIO), shall study establishing State requirements to safeguard the personal data of individuals collected and managed by all branches of State government. The study shall be conducted with the participation and assistance of agency CIOs selected jointly by the Committee and State CIO. The Committee may report any legislative proposals to the 2014 Regular Session of the 2013 General Assembly.

STATE INFORMATION TECHNOLOGY INNOVATION CENTER

SECTION 7.13. The State Chief Information Officer (CIO) may operate a State Information Technology Innovation Center (Center) to develop and demonstrate technology solutions with potential benefit to the State and its citizens. The Center may facilitate the piloting of potential solutions to State technology requirements. In operating the Center, the State CIO shall ensure that all State laws, rules, and policies are followed. Vendor participation in the Center shall not be construed to (i) create any type of preferred status for vendors or (ii) abrogate the requirement that the State CIO ensure that agency and statewide requirements for information technology support (including those for the Office of the State CIO and the Office of Information Technology Services) are awarded based on a competitive process that follows information technology procurement guidelines. Beginning July 1, 2013, the State CIO shall

report to the Joint Legislative Oversight Committee on Information Technology on a quarterly basis on initiatives being developed and implemented within the Center, as well as on the sources and amounts of resources used to support the Center.

5 ENTERPRISE GRANTS MANAGEMENT

SECTION 7.14.(a) Effective August 1, 2013, the State Chief Information Officer (CIO) shall oversee the development and implementation of the enterprise grants management system. The State CIO shall review progress on the implementation of the enterprise grants management system and update the plan for its development and implementation. This plan shall include an updated inventory of current agency grants management systems and a detailed process for consolidating grants management within the State, to include a timeline for implementation. By October 1, 2013, the State CIO shall provide the updated plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.14.(b) There is established a Grants Management Oversight Committee to coordinate the development of an enterprise grants management system. The Committee shall be chaired by the State Chief Information Officer. Committee membership shall include the Director of the Office of State Budget and Management, the State Auditor, the Department of Transportation Chief Information Officer, and the State Controller. The State Auditor shall serve as a nonvoting member. The Committee shall:

- (1) Establish priorities for moving agencies to the enterprise system.
- (2) Establish priorities for development and implementation of system capabilities.
- (3) Define system requirements.
- (4) Approve plans associated with system development and implementation.
- (5) Review costs and approve funding sources for system development and implementation.
- (6) Ensure any system benefits are realistic and realized.

SECTION 7.14.(c) Beginning September 1, 2013, the Office of the State CIO shall report quarterly to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the status of the system, including the following information:

- (1) Agencies currently participating in the system.
- (2) Specific requirements for each agency project included in the system development.
- (3) Cost and funding sources for each agency participating in the system.
- (4) Status of each agency project included in the system.
- (5) Comparison of the status of each project to the project's time line, with an explanation of any differences.
- (6) Detailed descriptions of milestones completed that quarter and to be completed the next quarter.
- (7) Any changes in project cost for any participating agency, the reason for the change, and the source of funding, if there is a cost increase.
- (8) Actual project expenditures by agency, to date, and during that quarter.
- (9) Any potential funding shortfalls, and their impact.
- (10) Any issues identified during the quarter, with a corrective action plan and a time line for resolving each issue.
- (11) Impact of any issues on schedule or cost.
- (12) Any changes to agency projects, or the system as a whole.
- (13) Any change requests and their costs.

50 ENTERPRISE ELECTRONIC FORMS AND DIGITAL SIGNATURES

1 **SECTION 7.15.(a)** The State's enterprise electronic forms and digital signatures
2 project shall be transferred from the Office of the State Controller to the Office of the State
3 Chief Information Officer (CIO) as a Type I transfer, as defined in G.S. 143A-6. The State CIO
4 shall continue the planning, development, and implementation of a coordinated enterprise
5 electronic forms and digital signatures capability, as well as the use of digital certificates. As
6 part of the process, the Office of the State CIO shall include the capability to allow one-time
7 data entry for multiple applications.

8 **SECTION 7.15.(b)** The State CIO shall continue to integrate executive branch
9 agencies developing, or identifying the need to develop, electronic forms or digital signatures
10 projects, or both. The State CIO shall also review existing electronic forms and digital
11 signatures capabilities and develop a plan to consolidate them. The State CIO may consolidate
12 current agency electronic forms and digital signature capabilities, and cancel ongoing projects,
13 and may redirect the resources associated with the capabilities and projects to the enterprise
14 electronic forms and digital signatures project. Beginning November 1, 2013, the State CIO
15 shall submit quarterly reports on the status of the project to the Joint Legislative Oversight
16 Committee on Information Technology and the Fiscal Research Division.

18 **VEHICLE MANAGEMENT**

19 **SECTION 7.16.(a)** The Office of the State Chief Information Officer (CIO) shall
20 develop an implementation plan for establishing a statewide motor fleet management system.
21 The plan shall consider consolidating individual agency and institution motor fleet management
22 systems and include an implementation time line, a cost estimate, and a continuing funding
23 strategy to create and operate a statewide fleet management information system to which all
24 State agencies and institutions would be required to provide vehicle identification, utilization,
25 and direct cost data. In formulating an implementation plan, the Office of the State Chief
26 Information Officer shall do the following:

- 27 (1) Consult with State agencies that own vehicles.
- 28 (2) Review the existing fleet management information systems used by State
29 agencies.
- 30 (3) Examine fleet management information systems used by other state
31 governments.
- 32 (4) Determine whether the State should (i) expand a fleet management
33 information system currently used by a State agency for statewide use, (ii)
34 develop a new in-house system, or (iii) purchase a new system from an
35 outside vendor.
- 36 (5) Determine fees or other methods to pay the initial and ongoing costs for the
37 system.

38 **SECTION 7.16.(b)** The Office of State Budget and Management shall assist and
39 advise the Office of the State Chief Information Officer in developing the implementation plan
40 and work with State agencies and institutions to identify funding from current and proposed
41 projects and applications that could be used to support the development and implementation of
42 the statewide motor fleet management system. The Office of State Controller shall assist and
43 advise the Office of the State Chief Information Officer in developing the implementation plan
44 for the statewide motor fleet management information system, including how the system
45 interfaces with the statewide accounting system.

46 **SECTION 7.16.(c)** Beginning October 1, 2013, the State CIO shall report to the
47 Joint Legislative Oversight Committee on Information Technology and the Fiscal Research
48 Division on the *implementation plan for the statewide motor fleet management information*
49 system including progress toward the development of the enterprise system, the associated
50 costs, identified sources of funding, and any issues associated with the project.

1 **SECTION 7.16.(d)** The State CIO shall also study the feasibility of implementing
2 a tracking system for State vehicles, based on recommendations from the Program Evaluation
3 Division, and report the results of the study to the Joint Legislative Oversight Committee on
4 Information Technology, the Joint Legislative Program Evaluation Oversight Committee, and
5 the Fiscal Research Division by November 15, 2013.

6 **SECTION 7.16.(e)** Until July 1, 2015, no State or local governmental entity or
7 officer may procure or operate an *unmanned aircraft system* or disclose personal information
8 about any person acquired through the operation of an unmanned aircraft system unless the
9 State CIO approves an exception specifically granting disclosure, use, or purchase. Any
10 exceptions to the prohibition in this subsection shall be reported immediately to the Joint
11 Legislative Oversight Committee on Information Technology and the Fiscal Research Division.
12 The following definitions apply in this section:

- 13 (1) "Unmanned aircraft" means an aircraft that is operated without the
14 possibility of human intervention from within or on the aircraft.
15 (2) "Unmanned aircraft system" means an unmanned aircraft and associated
16 elements, including communication links and components that control the
17 unmanned aircraft that are required for the pilot in command to operate
18 safely and efficiently in the national airspace system.

19 **SECTION 7.16.(f)** If the State Chief Information Officer determines that there is a
20 requirement for unmanned aircraft systems for use by State or local agencies, planning may
21 begin for the possible development, implementation, and operation of an unmanned aircraft
22 system program within the State of North Carolina. This planning effort shall be accomplished
23 in coordination with the Chief Information Officer for the Department of Transportation and
24 the DOT Aviation Division Director. If the State CIO decides to plan for an unmanned aircraft
25 system program, a proposal for the implementation of the program shall be provided by March
26 1, 2014, to the Joint Legislative Oversight Committee on Information Technology, the Joint
27 Transportation Legislative Oversight Committee, and the Fiscal Research Division. At a
28 minimum, the proposal shall include the following:

- 29 (1) Governance structure to include the appropriate use at each level of
30 government.
31 (2) Guidelines for program implementation to include limitations on unmanned
32 aircraft system use.
33 (3) Potential participants.
34 (4) Costs associated with establishing a program.
35 (5) Potential sources of funding.
36 (6) Issues associated with establishing a program to include limitations on
37 entities that may already have purchased unmanned aircraft systems.
38 (7) Recommendations for legislative proposals.

39
40 **TAX INFORMATION MANAGEMENT SYSTEM/ADDITIONAL PUBLIC-PRIVATE**
41 **PARTNERSHIP AUTHORIZED**

42 **SECTION 7.17.(a)** Additional Public-Private Partnership. – The Secretary of
43 Revenue may enter into an additional public-private arrangement in order to expand the
44 implementation of the Tax Information Management System (TIMS). All such arrangements
45 will terminate June 30, 2018. The public-private arrangement may include terms necessary to
46 implement additional revenue-increasing or cost-savings components if all of the following
47 conditions are met:

- 48 (1) The funding of the project under the arrangement comes from revenue
49 generated by or cost savings resulting from the project.

(2) The funding of the project is dependent on increased-revenue or cost-savings streams that are different from the existing benefits stream for the implementation of TIMS.

(3) The project involves additional identified initiatives that will be integrated into the TIMS solution.

SECTION 7.17.(b) Contracts. – Work under an additional public-private arrangement that is authorized by this section may be contracted by requests for proposals, modifications to the existing contracts, purchases using existing contracts, or other related contract vehicles.

SECTION 7.17.(c) Management/Performance Measurement. – The Secretary of Revenue shall follow the existing model for public-private arrangement oversight and shall establish a measurement process to determine the increased revenue or cost savings attributed to the additional public-private arrangement authorized by this section. To accomplish this, the Secretary shall consult subject matter experts in the Department of Revenue, in other governmental units, and in the private sector, as necessary. At a minimum, the measurement process shall include all of the following:

(1) Calculation of a revenue baseline against which the increased revenue attributable to the project is measured and a cost-basis baseline against which the cost savings resulting from the project are measured.

(2) Periodic evaluation to determine whether the baselines need to be modified based on significant measurable changes in the economic environment.

(3) Monthly calculation of increased revenue and cost savings attributable to contracts executed under this section.

SECTION 7.17.(d) Funding. – Of funds generated from increased revenues or cost savings, as compared to the baselines established by subdivision (1) of subsection (c) of this section, in the General Fund, the Highway Fund, and that State portion of the Unauthorized Substance Tax collections of the Special Revenue Fund, the sum of up to a total of sixteen million dollars (\$16,000,000) may be authorized by the Office of State Budget and Management to make purchases related to the implementation of the additional public-private arrangement authorized by this section, including payments for services from non-State entities.

SECTION 7.17.(e) Internal Costs. – For the 2013-2015 fiscal biennium the Department of Revenue may retain an additional sum of eight million eight hundred seventy-four thousand three hundred nineteen dollars (\$8,874,319) from benefits generated for the General Fund since the beginning of the public-private partnership described under Section 6A.5(a) of S.L. 2011-145. These funds shall be used as payment of internal costs for the fiscal biennium, and such funds are hereby appropriated for this purpose.

SECTION 7.17.(f) Expert Counsel Required. – Notwithstanding G.S. 114-2.3, the Department of Revenue shall engage the services of private counsel with the pertinent information technology and computer law expertise to negotiate and review contracts associated with an additional public-private arrangement authorized under this section.

SECTION 7.17.(g) Oversight Committee. – The Oversight Committee established under Section 6A.5(c) of S.L. 2011-145 shall have the same responsibilities and duties with respect to an additional public-private arrangement authorized by this section as it does with respect to public-private arrangements to implement TIMS and the additional Planning and Design Project (PDP) components.

SECTION 7.17.(h) Reporting. – Beginning August 1, 2013, and quarterly thereafter, the Department of Revenue shall submit detailed written reports to the Chairs of the House of Representatives Appropriations Committee, to the Chairs of the Senate Committee on Appropriations/Base Budget, to the Joint Legislative Oversight Committee on Information

Technology, and to the Fiscal Research Division of the General Assembly. The report shall include an explanation of all of the following:

- (1) Details of each public-private contract.
- (2) The benefits from each contract.
- (3) A comprehensive forecast of the benefits of using public-private agreements to implement TIMS, the additional PDP components, and additional components authorized by this section, including cost savings and the acceleration of the project time line.
- (4) Any issues associated with the operation of the public-private partnership.

SECTION 7.17.(i) Information Technology Project Oversight. – In addition to the oversight provided by the Oversight Committee established in Section 6A.5(c) of S.L. 2011-145, the additional public-private arrangement authorized by this section shall be subject to existing State information technology project oversight laws and statutes, and the project management shall comply with all statutory requirements and other criteria established by the State Chief Information Officer and the Office of State Budget and Management for information technology projects. The State Chief Information Officer and the Office of State Budget and Management shall immediately report any failure to do so to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House of Representatives and Senate Committees on Appropriations, and the Fiscal Research Division.

SECTION 7.17.(j) Section 6A.5(c) of S.L. 2011-145, as amended by Section 6A.3(j) of S.L. 2012-142 reads as rewritten:

"SECTION 6A.5.(c) There is established within the Department of Revenue the Oversight Committee for reviewing and approving the benefits measurement methodology and calculation process. The Oversight Committee shall review and approve in writing all contracts, including change orders, amendments to contracts, and addendums to contracts, before they are executed under this section. This shall include (i) details of each public-private contract, (ii) the benefits from each contract, and (iii) a comprehensive forecast of the benefits of using public-private agreements to implement TIMS and the additional PDP components, including the measurement process established for the Secretary of Revenue. The Oversight Committee shall approve all of the fund transfers for this project. Within five days of entering into a contract, the Department shall provide copies of each contract and all associated information to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House of Representatives and Senate Committees on Appropriations, and the Fiscal Research Division.

The members of the Committee shall include the following:

- (1) ~~The State Budget Director;~~Director of the Office of State Budget and Management;
- (2) The Secretary of the Department of Revenue;
- (3) The State Chief Information Officer;
- (4) Two persons appointed by the Governor;
- (5) One member of the general public having expertise in information technology appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives; and
- (6) One member of the general public having expertise in economic and revenue forecasting appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate.

The State Budget Director shall serve as chair of the Committee. The Committee shall set its meeting schedule and adopt its rules of operation by majority vote. A majority of the members constitutes a quorum. Vacancies shall be filled by the appointing authority. Administrative support staff shall be provided by the Department of Revenue. Members of the

Committee shall receive reimbursements for subsistence and travel expenses as provided by Chapter 138 of the General Statutes. The Committee shall terminate on June 30, 2018.

The Department shall provide copies of the minutes of each meeting and all associated information to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House of Representatives Appropriations Committee, the Chairs of the Senate Committee on Appropriations/Base Budget, and the Fiscal Research Division."

USE OF MOBILE COMMUNICATIONS DEVICES

SECTION 7.18.(a) By October 1, 2013, every State agency shall submit to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division a copy of the agency policy on the use of mobile communications devices. This reporting requirement is continuous such that any time a change is made to an existing policy, the agency shall submit an update immediately.

SECTION 7.18.(b) Beginning October 1, 2013, each State agency shall submit a quarterly report to the Joint Legislative Oversight Committee on Information Technology, the Fiscal Research Division, and the Office of the State Chief Information Officer (CIO) on the use of mobile electronic communications devices within the agency. The report shall include the following information:

- (1) The total number of devices issued by the agency.
- (2) The total cost of mobile devices issued by the agency.
- (3) The number and cost of new devices issued since the last report.
- (4) The contracts used to obtain the devices.

SECTION 7.18.(c) The Office of the State Chief Information Officer shall review current enterprise, and any individual agency mobile electronic communications contracts, to develop a plan to consolidate the contracts. By October 1, 2013, the Office of the State CIO shall submit a report on progress toward consolidating State agency mobile communications device contracts to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.18.(d) The Office of the State CIO shall develop a policy for implementing a "bring your own device" plan for State employees. By September 1, 2013, the State CIO shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on how the plan is to be implemented, as well as on potential issues and costs. Following consultation with the Joint Legislative Oversight Committee on Information Technology, the State CIO may implement the "bring your own device" plan.

NEXT GENERATION SECURE DRIVER LICENSE SYSTEM

SECTION 7.19.(a) By August 1, 2013, the Chief Information Officer of the Department of Transportation shall provide a detailed report on the status of the Next Generation Secure Driver License System (NGSDLS) to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division. At a minimum, the report on the NGSDLS shall include the following information:

- (1) Original project scope, deliverables, and milestones, including descriptions of any subsequent modifications and basis for each.
- (2) Contractual status and amendments.
- (3) Initial and current estimated costs for system development, implementation, and maintenance.
- (4) Remaining deliverables and cost to complete by phase.
- (5) Any issues, including vendor performance, identified during project development and implementation and planned corrective actions for each issue.

- (6) Programmatic impacts for Division of Motor Vehicles driver license services.
- (7) Requirements and costs to implement a process to allow persons who are homebound to apply for or renew a special photo identification card, with a color photo, and similar in size, shape, design, and background to a drivers license, by means other than personal appearance.

SECTION 7.19.(b) In the event of any changes in the NGSDLS project status occurring after submission of the report required by subsection (a) of this section, the Chief Information Officer of the Department of Transportation shall ensure that the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division are notified immediately of the changes.

STATE TITLING AND REGISTRATION SYSTEM/STATE AUTOMATED DRIVER LICENSE SYSTEM/LIABILITY INSURANCE TRACKING AND ENFORCEMENT SYSTEM

SECTION 7.20.(a) The Chief Information Officer of the Department of Transportation shall continue the replacement of the State Titling and Registration System (STARS), the State Automated Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System (LITES).

SECTION 7.20.(b) By August 1, 2013, and quarterly thereafter, the Chief Information Officer of the Department of Transportation shall report to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division on the status of each of the projects listed in subsection (a) of this section. At a minimum, the report shall include the following information for each project:

- (1) Project scope, milestones, and anticipated business process improvements.
- (2) Estimated development, implementation, and maintenance costs.
- (3) Project status, including any modifications to the project scope or revisions to baseline cost estimates.
- (4) Project accomplishments and changes in status for the previous quarter.
- (5) Actual costs incurred, by purpose and funding source, for the previous quarter.
- (6) Remaining cost to complete by project phase for the next two fiscal years.
- (7) Any issues, including vendor performance, identified during project development and implementation and planned corrective actions.

GDAC/LOCAL GOVERNMENTS/OPTIONAL COLLECTION AGREEMENTS

SECTION 7.21.(a) A city or county may enter into an interagency agreement with the Department of Revenue and the Government Data Analytics Center (GDAC) to manage the collection of outstanding unpaid parking fines and penalties. The scope and manner of such collections services shall be determined by the agreement. A county or city that exercises the option to enter into such an arrangement may agree to the following, which are required terms in the agreement with the Department of Revenue and the GDAC:

- (1) That the city or county agrees to:
 - a. Comply with State and federal law regarding data sharing, as appropriate.
 - b. Provide for technical and business resources to support the analytics development.
 - c. Provide for timely and responsive access to complete and accurate data, business rules, policies, and technical support.

- 1 (2) That the GDAC be given access to all required information necessary to
2 develop and support analytics allowing the identification of the owners of
3 vehicles with associated unpaid parking fines and penalties.

4 **SECTION 7.21.(b)** In carrying out the purposes of this section and the agreements
5 made under its provisions, the State Controller and the GDAC shall:

- 6 (1) Ensure the security, integrity, and privacy of the data in accordance with
7 State and federal law and as may be required by contract.
8 (2) Leverage enterprise data sources, as allowed by State and federal law, and
9 GDAC governance agreements, to provide analytics to integrate and match
10 data to identify owner information associated with vehicles with unpaid
11 parking fines and penalties.
12 (3) Provide access to analytics reporting and information to the participating city
13 or municipality and the Department of Revenue.
14 (4) Provide data to the Department of Revenue for use in the withholding of tax
15 refunds of persons that have unpaid parking fines and penalties.

16 **SECTION 7.21.(c)** The Department of Transportation, Division of Motor Vehicles,
17 shall provide the GDAC with access to historical and current information required to identify
18 owners associated with vehicles with unpaid parking fines and penalties.

19 **SECTION 7.21.(d)** The Department of Revenue shall (i) receive data from the
20 GDAC associated with persons that have unpaid parking fines and penalties; (ii) withhold tax
21 refunds for the purpose of the collection of those fines and penalties as allowed by law; and (iii)
22 from the withholdings, pay to the appropriate city or county the amounts due.

23 **SECTION 7.21.(e)** Any fee imposed by the Department of Revenue or the GDAC
24 to cover the administrative costs of withholding for the collection of unpaid parking fines and
25 penalties shall be borne by the city or county and shall be negotiated as part of the agreements
26 authorized by this section.
27

28 **STATE PORTAL**

29 **SECTION 7.22.** The State Chief Information Officer (SCIO) shall develop a plan
30 to implement an electronic portal that makes obtaining information, conducting online
31 transactions, and communicating with State agencies more convenient for members of the
32 public. The SCIO shall report to the Joint Legislative Oversight Committee on Information
33 Technology on the details of the plan prior to implementation. The plan shall contain all of the
34 following:

- 35 (1) A detailed description for development and implementation of the portal, to
36 include a list of anticipated applications to be implemented during the State
37 fiscal years of 2013-2017.
38 (2) A description of how the portal will be implemented, including the use of
39 outside vendors, detailed information on vendor participation, and potential
40 costs.
41 (3) Detailed information on the anticipated total cost of ownership of the portal
42 and any applications proposed for implementation during the State fiscal
43 years of 2013-2017, including the amount of any payments to be made to
44 any vendors supporting the project for each application and the portal as a
45 whole.
46 (4) A funding model that limits the costs to the State.
47 (5) If outsourced, a detailed, fully executable plan to return portal operations to
48 the State, with associated costs and a detailed analysis that demonstrates that
49 it is more cost-effective to use a vendor than to develop an application
50 internally.

- 1 (6) A provision requiring that any fees to support the operation of the portal
2 must be authorized by the General Assembly.