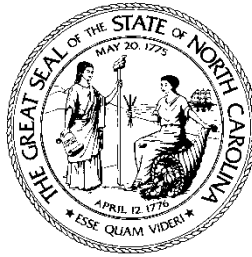


GENERAL ASSEMBLY OF NORTH CAROLINA



**SPECIAL PROVISIONS  
HOUSE APPROPRIATIONS, GENERAL GOVERNMENT REPORT**

**MAY 13, 2015**

Report Last Updated: 5/13/15 10:27 PM

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GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-CULRES-H2A-P

Department of Cultural Resources  
House Appropriations, General Government

Requested by: Representative

1 *TECHNICAL CORRECTIONS RELATING TO ROANOKE ISLAND COMMISSION*  
2 *LEGAL COUNSEL AND USS NORTH CAROLINA BATTLESHIP REPAIRS*

3 SECTION #.(a) G.S. 143B-131.7 is repealed.

4 SECTION #.(b) Section 36.10 of S.L. 2014-100 reads as rewritten:

5 "SECTION 36.10. The General Assembly authorizes USS North Carolina Battleship hull  
6 and cofferdam repairs to be funded at a maximum cost of thirteen million dollars (\$13,000,000)  
7 in accordance with this section. The sum of three million dollars (\$3,000,000) of the proceeds  
8 of bonds issued pursuant to Section 36.12(f)(7) of this act shall be used for this project. The  
9 remainder of the project shall be funded with receipts or from other non-General Fund sources  
10 available to the Department of Cultural Resources, and those funds are hereby appropriated for  
11 that purpose."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-INS-H1-P

Department of Insurance  
House Appropriations, General Government

Requested by: Representative

1 ***INSURANCE REGULATORY CHARGE***

2           **SECTION #.** The percentage rate to be used in calculating the insurance regulatory  
3 charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2016 calendar year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-TREAS-H1-P

Department of State Treasurer  
House Appropriations, General Government

Requested by: Representative

1 *UPDATE ORBIT RETIREMENT SYSTEM*

2           **SECTION #.** The Department of State Treasurer, Retirement Systems Division,  
3 may use funds from receipts up to eight hundred fifty thousand dollars (\$850,000) for the  
4 purpose of upgrading the Online Retirement Benefits through Integrated Technology  
5 self-service retirement system.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-OAH-H3-P

Office of Administrative Hearings  
House Appropriations, General Government

Requested by: Representative

1 **WAYNESVILLE ADMINISTRATIVE LAW JUDGE**

2       **SECTION #.** The Office of Administrative Hearings shall identify office space for  
3 the administrative law judge to be located in the Town of Waynesville. In selecting office  
4 space, the Office of Administrative Hearings will only consider locations that do not impose a  
5 financial burden to the State. The Office is authorized to identify other State-owned properties  
6 in the town and work with State officials to locate office space that satisfies the requirements of  
7 this section. The Office of Administrative Hearings may provide support staff for the  
8 administrative law judge to be located in the Town of Waynesville; provided, there is no  
9 financial burden to the State as a result.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-OSBM-H1A-P

Office of State Budget and Management  
House Appropriations, General Government

Requested by: Representative

1 *SYMPHONY CHALLENGE GRANT*

2 **SECTION #.(a)** Of the funds appropriated in this act to the Office of State Budget  
3 and Management, Special Appropriations, the sum of two million dollars (\$2,000,000) in  
4 nonrecurring funds for the 2015-2016 fiscal year and the sum of two million dollars  
5 (\$2,000,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the North  
6 Carolina Symphony in accordance with this section. It is the intent of the General Assembly  
7 that the North Carolina Symphony raise at least nine million dollars (\$9,000,000) in non-State  
8 funds for the 2015-2016 fiscal year and at least nine million dollars (\$9,000,000) in non-State  
9 funds for the 2016-2017 fiscal year. The North Carolina Symphony cannot use funds  
10 transferred from the organization's endowment to its operating budget to achieve the  
11 fund-raising targets set out in subsections (b) and (c) of this section.

12 **SECTION #.(b)** For the 2015-2016 fiscal year, the North Carolina Symphony shall  
13 receive allocations from the Office of State Budget and Management as follows:

- 14 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
15 funding, the North Carolina Symphony shall receive the sum of six hundred  
16 thousand dollars (\$600,000).
- 17 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
18 non-State funding for a total amount of six million dollars (\$6,000,000) in  
19 non-State funds, the North Carolina Symphony shall receive the sum of  
20 seven hundred thousand dollars (\$700,000).
- 21 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
22 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
23 non-State funds, the North Carolina Symphony shall receive the final sum of  
24 seven hundred thousand dollars (\$700,000) in the 2015-2016 fiscal year.

25 **SECTION #.(c)** For the 2016-2017 fiscal year, the North Carolina Symphony shall  
26 receive allocations from the Office of State Budget and Management as follows:

- 27 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
28 funding, the North Carolina Symphony shall receive the sum of six hundred  
29 thousand dollars (\$600,000).
- 30 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
31 non-State funding for a total amount of six million dollars (\$6,000,000) in  
32 non-State funds, the North Carolina Symphony shall receive the sum of  
33 seven hundred thousand dollars (\$700,000).
- 34 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
35 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
36 non-State funds, the North Carolina Symphony shall receive the final sum of  
37 seven hundred thousand dollars (\$700,000) in the 2016-2017 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-ADMIN-H11A-P

Department of Administration  
House Appropriations, General Government

Requested by: Representative

1 *ESTABLISH DEPARTMENT OF MILITARY AND VETERANS AFFAIRS*

2

3 **CREATION OF DEPARTMENT**

4 **SECTION #.(a)** The Department of Military and Veterans Affairs is established as  
5 a new executive department. All functions, powers, duties, and obligations vested in the  
6 following agencies are transferred to, vested in, and consolidated within the Department of  
7 Military and Veterans Affairs by a Type I transfer, as defined in G.S. 143A-6:

- 8 (1) The following components of the Department of Administration:  
9 a. The Veterans' Affairs Commission.  
10 b. The Governor's Jobs for Veterans Committee.  
11 c. The Division of Veterans Affairs.

12 (2) The North Carolina Military Affairs Commission in the Office of the  
13 Governor.

14 **SECTION #.(b)** Chapter 143B of the General Statutes is amended by adding a new  
15 Article to read:

16 "Article 14.  
17 "Department of Military and Veterans Affairs.  
18 "Part 1. General Provisions.

19 **"§ 143B-1210. Organization.**

20 (a) There is established the Department of Military and Veterans Affairs. The head of  
21 the Department of Military and Veterans Affairs is the Secretary of Military and Veterans  
22 Affairs, who shall be known as the Secretary.

23 (b) The powers and duties of the deputy secretaries and the divisions and directors of  
24 the Department shall be subject to the direction and control of the Secretary of Military and  
25 Veterans Affairs.

26 **"§ 143B-1211. Power and duties of the Department of Military and Veterans Affairs.**

27 It shall be the duty of the Department of Military and Veterans Affairs to do all of the  
28 following:

- 29 (1) Provide active outreach to the U.S. Department of Defense and the U.S.  
30 Department of Homeland Security and their associated establishments in  
31 North Carolina in order to support the military installations and activities in  
32 the State, to enhance North Carolina's current military-friendly environment  
33 and foster and promote business, technology, transportation, education,  
34 economic development, and other efforts in support of the mission,  
35 execution, and transformation of the U.S. government military and national  
36 defense activities located in the State.



- 1           (2)    Promote the industrial and economic development of localities included in or  
2           adjacent to U.S. government military and national defense activities and  
3           those of the State.
- 4           (3)    Provide technical assistance and coordination between the State, its political  
5           subdivisions, and the U.S. military and national defense activities within the  
6           State of North Carolina.
- 7           (4)    Award grants to local governments, State and federal agencies, and private  
8           entities at the direction of the Secretary. The number of grants awarded and  
9           the level of funding of each grant for each fiscal year shall be contingent  
10          upon and determined by funds appropriated for that purpose by the General  
11          Assembly.
- 12          (5)    Provide active outreach to the U.S. Department of Veterans Affairs, the  
13          veterans service organizations, and the veterans community in North  
14          Carolina to support and assist North Carolina's veterans in identifying and  
15          obtaining the services, assistance, and support to which they are entitled,  
16          including monitoring efforts to provide services to veterans, newly  
17          separating service members, and their immediate family members and  
18          disseminating relevant materials.
- 19          (6)    Monitor and enhance efforts to provide assistance and support for veterans  
20          living in North Carolina and members of the North Carolina National Guard  
21          and North Carolina residents in the Armed Forces Reserves not in active  
22          federal service in the areas of (i) medical care, (ii) mental health and  
23          rehabilitative services, (iii) housing, (iv) homelessness prevention, (v) job  
24          creation, and (vi) education.
- 25          (7)    Seek and receive monies from any source, including federal funds, gifts,  
26          grants, and devises, which shall be expended for the purposes designated in  
27          this Article.
- 28          (8)    Provide active outreach, coordination, formal training and standards, and  
29          official certification to localities of the State and veterans support  
30          organizations in the development, implementation, and review of local  
31          veterans services programs as part of the State program.
- 32          (9)    Work with veterans services organizations and counterparts in other states to  
33          monitor and encourage the timely and accurate processing of veterans'  
34          benefit requests by the U.S. Department of Veterans Affairs, including  
35          requests for service connected to health care, mental health care, and  
36          disability payments.
- 37          (10)   Manage and maintain the State's veterans nursing homes and cemeteries and  
38          their associated assets to the standard befitting those who have worn the  
39          uniform of the Armed Forces according to federal guidelines. Plan for  
40          expansion and grow the capacity of these facilities and any new facilities as  
41          required pending the availability of designated funds.
- 42          (11)   Manage and maintain the State's Scholarships for Children of Wartime  
43          Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the  
44          General Statutes and in support of the Veterans' Affairs Commission.
- 45          (12)   Provide administrative, organizational, and funding support to the NC  
46          Military Affairs Commission and the Governor's Working Group for  
47          Veterans.
- 48          (13)   To work with federal officials to obtain additional federal resources and  
49          coordinate veterans policy development and information exchange.

- 1           (14) To work with the appropriate heads of the principal departments to  
2 coordinate working relationships between State agencies and take all actions  
3 necessary to ensure that available federal and State resources are directed  
4 toward assisting veterans and addressing all issues of mutual concern to the  
5 State and the Armed Forces of the United States, including, but not limited  
6 to, quality of life issues unique to North Carolina's military personnel and  
7 their families, the quality of educational opportunities for military children,  
8 the future of federal impact aid, preparedness, public safety and security  
9 concerns, transportation needs, alcoholic beverage law enforcement,  
10 substance abuse, social service needs, possible expansion and growth of  
11 military facilities in the State, and intergovernmental support agreements  
12 with state and local governments.
- 13           (15) To educate the public on veterans and defense issues in coordination with  
14 applicable State agencies.
- 15           (16) To adopt rules and procedures for the implementation of this section.
- 16           (17) To assist veterans, their families, and dependents in the presentation,  
17 processing, proof, and establishment of such claims, privileges, rights, and  
18 benefits as they may be entitled to under federal, State, or local laws, rules,  
19 and regulations.
- 20           (18) To aid persons in active military service and their dependents with problems  
21 arising out of that service that come reasonably within the purview of the  
22 Department's program of assistance.
- 23           (19) To collect data and information as to the facilities and services available to  
24 veterans, their families, and dependents and to cooperate with agencies  
25 furnishing information or services throughout the State in order to inform  
26 such agencies regarding the availability of (i) education, training, and  
27 retraining facilities; (ii) health, medical, rehabilitation, and housing services  
28 and facilities; (iii) employment and reemployment services; (iv) provisions  
29 of federal, State, and local laws, rules, and regulations affording rights,  
30 privileges, and benefits to veterans, their families, and dependents, and in  
31 respect to such other matters of similar, related, or appropriate nature not  
32 herein set out.
- 33           (20) To establish such field offices, facilities, and services throughout the State as  
34 may be necessary to carry out the purposes of this Article.
- 35           (21) To cooperate, as the Department deems appropriate, with governmental,  
36 private, and civic agencies and instrumentalities in securing services or  
37 benefits for veterans, their families, dependents, and beneficiaries.
- 38           (22) To enter into any contract or agreement with any person, business,  
39 governmental agency, or other entity in furtherance of the purposes of this  
40 Article.
- 41           (23) To train, assist, and provide guidance to the employees of any county, city,  
42 town, or Indian tribe who are engaged in veterans service. Authority is  
43 hereby granted to the governing body of any county, city, or town to  
44 appropriate such amounts as it may deem necessary to provide a veterans  
45 service program and the expenditure of such funds is hereby declared to be  
46 for a public purpose; such program shall be operated in affiliation with this  
47 Department as set forth above and in compliance with Department policies  
48 and procedures.

49 **"§ 143B-1212. Personnel of the Department of Military and Veterans Affairs.**

1 Notwithstanding G.S. 114-2.3, the Secretary of Military and Veterans Affairs shall have the  
2 power to appoint all employees, including consultants and legal counsel, necessary to carry out  
3 the powers and duties of the office. These employees shall be subject to the North Carolina  
4 Human Resources Act, except that employees in positions designated as exempt under  
5 G.S. 126-5(d)(1) are not subject to the Act, in accordance with the provisions of that section.

6 **"§ 143B-1213. Definitions.**

7 Except where provided otherwise, the following definitions apply in this Chapter:

8 (1) Department. – The Department of Military and Veterans Affairs.

9 (2) Secretary. – The Secretary of Military and Veterans Affairs.

10 (3) Veteran. – One of the following, as applicable:

11 a. For qualifying as a voting member of the State Board of Veterans  
12 Affairs and as the State Director of Veterans Affairs, a person who  
13 served honorably during a period of war as defined in Title 38,  
14 United States Code.

15 b. For entitlement to the services of the Department of Military and  
16 Veterans Affairs, any person who may be entitled to any benefits or  
17 rights under the laws of the United States by reason of service in the  
18 Armed Forces of the United States."

19  
20 **CREATION OF STATUTORY PARTS AND RECODIFICATION AND REPEAL OF**  
21 **AFFECTED STATUTES**

22 **SECTION #.(c) Veterans' Affairs Commission.** – Part 13 of Article 9 of Chapter  
23 143B of the General Statutes is recodified as Part 2 of Article 14 of Chapter 143B of the  
24 General Statutes and renumbered as G.S. 143B-1220 through G.S. 143B-1222. G.S. 165-19  
25 through G.S. 165-22.1 are recodified under that Part as G.S. 143B-1223 through  
26 G.S. 143B-1227.

27 **SECTION #.(d) Governor's Jobs for Veterans Committee.** – Part 19 of Article 9 of  
28 Chapter 143B of the General Statutes is recodified as Part 3 of Article 14 of Chapter 143B of  
29 the General Statutes and renumbered as G.S. 143B-1235 and G.S. 143B-1236.

30 **SECTION #.(e) Division of Veterans Affairs.** – G.S. 165-1 through G.S. 165-4,  
31 G.S. 165-6, 165-8, and 165-10 are repealed. G.S. 165-9, 165-11, and 165-11.1 are recodified  
32 under Part 1 of Article 14 of Chapter 143B of the General Statutes as G.S. 143B-1214 through  
33 G.S. 143B-1216, respectively.

34 **SECTION #.(f) Minor Veterans and Minor Spouses of Veterans.** – Article 2 of  
35 Chapter 165 of the General Statutes is recodified as Part 4 of Article 14 of Chapter 143B of the  
36 General Statutes, G.S. 143B-1240 through G.S. 143B-1244. Article 3 of Chapter 165 of the  
37 General Statutes is recodified as Part 5 of Article 14 of Chapter 143B of the General Statutes,  
38 G.S. 143B-1247 and G.S. 143B-1248.

39 **SECTION #.(g) Veterans Recreation Authorities Law.** – Article 5 of Chapter 165  
40 of the General Statutes is recodified as Part 6 of Article 14 of Chapter 143B of the General  
41 Statutes, G.S. 143B-1250 through G.S. 143B-1265.

42 **SECTION #.(h) Powers of Attorney.** – Article 6 of Chapter 165 of the General  
43 Statutes is recodified as Part 7 of Article 14 of Chapter 143B of the General Statutes,  
44 G.S. 143B-1270 through G.S. 143B-1273.

45 **SECTION #.(i) Miscellaneous Provisions.** – Article 7 of Chapter 165 of the  
46 General Statutes is recodified as Part 8 of Article 14 of Chapter 143B of the General Statutes,  
47 G.S. 143B-1275 through G.S. 143B-1277.

48 **SECTION #.(j) Employment Assistance.** – Article 7A of Chapter 165 of the  
49 General Statutes is recodified as Part 9 of Article 14 of Chapter 143B of the General Statutes,  
50 G.S. 143B-1280 through G.S. 143B-1285.

1           **SECTION #.(k)** State Veterans Home. – Article 8 of Chapter 165 of the General  
2 Statutes is recodified as Part 10 of Article 14 of Chapter 143B of the General Statutes,  
3 G.S. 143B-1290 through G.S. 143B-1300.

4           **SECTION #.(l)** North Carolina Military Affairs Commission. – Chapter 127C of  
5 the General Statutes is recodified as Part 11 of Article 14 of Chapter 143B of the General  
6 Statutes, G.S. 143B-1310 through G.S. 143B-1314.

7  
8 **CONFORMING CHANGES**

9           **SECTION #.(m)** G.S. 20-79.4 reads as rewritten:

10 **"§ 20-79.4. Special registration plates.**

11           ...

12           (a2) Special Plates Based Upon Military Service. – The ~~Division of Veterans~~  
13 ~~Affairs~~Department of Military and Veterans Affairs shall be responsible for verifying and  
14 maintaining all verification documentation for all special plates that are based upon military  
15 service. The ~~Division~~Department shall not issue a special plate that is based on military service  
16 unless the application is accompanied by a motor vehicle registration (MVR) verification form  
17 signed by the ~~Director of the Division of Veterans Affairs~~Secretary of Military and Veterans  
18 Affairs, or the ~~Director's~~Secretary's designee, showing that the ~~Division of Veterans Affairs~~  
19 Department of Military and Veterans Affairs has verified the applicant's credentials and  
20 qualifications to hold the special plate applied for.

- 21           (1) Unless a qualifying condition exists requiring annual verification, no  
22 additional verification shall be required to renew a special registration plate  
23 either in person or through an online service.
- 24           (2) If the ~~Division of Veterans Affairs~~Department of Military and Veterans  
25 Affairs determines a special registration plate has been issued due to an error  
26 on the part of the Division of Motor Vehicles, the plate shall be recalled and  
27 canceled.
- 28           (3) If the ~~Division of Veterans Affairs~~Department of Military and Veterans  
29 Affairs determines a special registration plate has been issued to an applicant  
30 who falsified documents or has fraudulently applied for the special  
31 registration plate, the Division of Motor Vehicles shall revoke the special  
32 plate and take appropriate enforcement action.

33           ...."

34           **SECTION #.(n)** G.S. 20-79.5 reads as rewritten:

35 **"§ 20-79.5. Special registration plates for elected and appointed State government**  
36 **officials.**

37           (a) Plates. – The State government officials listed in this section are eligible for a  
38 special registration plate under G.S. 20-79.4. The plate shall bear the number designated in the  
39 following table for the position held by the official.

40           Position	Number on Plate
41           Governor	1
42           Lieutenant Governor	2
43           ...	
44 <u>Secretary of Military and Veterans Affairs</u>	<u>22</u>
45           Governor's Staff	<del>22-23-29</del>
46           ...."	

47           **SECTION #.(o)** G.S. 47-113.2 reads as rewritten:

48 **"§ 47-113.2. Restricting access to military discharge documents.**

49           ...

- 50           (b) Definitions:

1 (1) Authorized party. – Four categories of authorized parties are recognized with  
2 respect to access to military discharge documents under subsection (e) of  
3 this section:

4 ...  
5 c. Authorized agents of the ~~Division of Veterans Affairs, Department of~~  
6 Military and Veterans Affairs, the United States Department of  
7 Veterans Affairs, the Department of Defense, or a court official with  
8 an interest in assisting the subject or the deceased subject's  
9 beneficiaries to obtain a benefit.

10 ...  
11 (h) The North Carolina Association of Registers of Deeds and the ~~Division of Veterans~~  
12 ~~Affairs~~Department of Military and Veterans Affairs shall adopt ~~before January 1, 2004,~~ such  
13 request forms and associated rules as are required to implement the provisions of this section.  
14 All filing offices shall use the forms and comply with the rules, as adopted.

15 ...."

16 **SECTION #.(p)** G.S. 65-43.4(b) reads as rewritten:

17 "(b) A disinterment may be permitted, at no cost to the State, when the following  
18 conditions are satisfied:

19 (1) The disinterment is requested in writing and filed with the Program Director  
20 of the veterans cemeteries, the Assistant Secretary for Veterans Affairs, or  
21 the ~~Division of Veterans Affairs;~~Department of Military and Veterans  
22 Affairs;

23 (2) The request for disinterment contains the notarized signature of the nearest  
24 of kin, such as surviving spouse. If the spouse is deceased, the signatures of  
25 a majority of the surviving children of legal age will be required;

26 (3) The funeral director has obtained all necessary permits for disinterment."

27 **SECTION #.(q)** G.S. 65-43.5 reads as rewritten:

28 "**§ 65-43.5. Reinterment.**

29 (a) The remains of a qualified veteran or the remains of an eligible family member may  
30 be moved to a State veterans cemetery for reinterment, at no cost to the State, when the  
31 following conditions are satisfied:

32 ...  
33 (2) The reinterment is requested in writing and filed with the Program Manager  
34 of veterans cemeteries, the Assistant Secretary for Veterans Affairs, or the  
35 ~~Division of Veterans Affairs;~~ and Department of Military and Veterans  
36 Affairs;

37 ...."

38 **SECTION #.(r)** G.S. 93B-15.1(c1) reads as rewritten:

39 "(c1) Each occupational licensing board shall publish a document that lists the specific  
40 criteria or requirements for licensure, registration, or certification by the board, with a  
41 description of the criteria or requirements that are satisfied by military training or experience as  
42 provided in this section, and any necessary documentation needed for obtaining the credit or  
43 satisfying the requirement. The information required by this subsection shall be published on  
44 the occupational licensing board's Web site and the Web site of the ~~North Carolina Division of~~  
45 ~~Veterans Affairs.~~Department of Military and Veterans Affairs."

46 **SECTION #.(s)** G.S. 116-209.23 reads as rewritten:

47 "**§ 116-209.23. Inconsistent laws inapplicable.**

48 Insofar as the provisions of this Article are inconsistent with the provisions of any general  
49 or special laws, or parts thereof, the provisions of this Article shall be controlling, except that  
50 no provision of the 1971 amendments to this Article shall apply to scholarships for children of

1 war veterans as set forth in ~~Article 4 of Chapter 165~~, Part 2 of Article 14 of Chapter 143B of the  
2 General Statutes, as amended."

3 **SECTION #.(t)** G.S. 116B-7(b) reads as rewritten:

4 "(b) An amount specified in the Current Operations Appropriations Act shall be  
5 transferred annually from the Escheat Fund to the Department of ~~Administration~~ Military and  
6 Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans  
7 established by ~~Article 4 of Chapter 165~~ Part 2 of Article 14 of Chapter 143B of the General  
8 Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy  
9 as determined by the Department of ~~Administration~~, Military and Veterans Affairs and (ii) are  
10 enrolled in public institutions of higher education of this State."

11 **SECTION #.(u)** G.S. 126-2(b1)(5) reads as rewritten:

12 "(b1) The Commission shall consist of nine members, appointed as follows:

13 ...

14 (5) One member who is a veteran of the Armed Forces of the United States  
15 appointed by the Governor upon the nomination of the ~~Veterans~~ Veterans'  
16 Affairs Commission and who is a State employee subject to this Chapter  
17 serving in a nonexempt supervisory position. The member may not be a  
18 human resources professional."

19 **SECTION #.(v)** G.S. 126-5(d)(1) is amended by adding a new sub-subdivision to

20 read:

- 21 "(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this  
22 Chapter, which is known as the North Carolina Human Resources Act, the  
23 Governor may designate a total of 1,500 exempt positions throughout the  
24 following departments and offices:
- 25 a. Department of Administration.
  - 26 b. Department of Commerce.
  - 27 c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012,  
28 and by Session Laws 2012-142, s. 25.2E(a), effective January 1,  
29 2013.
  - 30 d. Department of Public Safety.
  - 31 e. Department of Cultural Resources.
  - 32 f. Department of Health and Human Services.
  - 33 g. Department of Environment and Natural Resources.
  - 34 h. Department of Revenue.
  - 35 i. Department of Transportation.
  - 36 j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012,  
37 and by Session Laws 2012-142, s. 25.2E(a), effective January 1,  
38 2013.
  - 39 k. Office of Information Technology Services.
  - 40 l. Office of State Budget and Management.
  - 41 m. Office of State Human Resources.
  - 42 n. Department of Military and Veterans Affairs."

43 **SECTION #.(w)** G.S. 127C-1, as recodified by subsection (l) of this section, reads

44 as rewritten:

45 "**§ 143B-1310. Commission established; purpose; transaction of business.**

46 (a) Establishment. – There is established the North Carolina Military Affairs  
47 Commission. The Commission shall be established within the ~~Office of the Governor~~. ~~The~~  
48 ~~Department of Commerce is responsible for organizational, budgetary, and administrative~~  
49 ~~purposes.~~ Department of Military and Veterans Affairs.

1 (b) Purpose. – The Commission shall provide advice, counsel, and recommendations to  
2 ~~the Governor,~~ the General Assembly, the Secretary of ~~Commerce,~~Military and Veterans  
3 Affairs, and other State agencies on initiatives, programs, and legislation that will continue and  
4 increase the role that North Carolina's military installations, the National Guard, and Reserves  
5 play in America's defense strategy and the economic health and vitality of the State. The  
6 Commission is authorized ~~to~~to do all of the following, as delegated by the Secretary of  
7 Military and Veterans Affairs;

8 ...  
9 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
10 during each quarter and shall provide a report on military affairs to the ~~Governor~~Secretary of  
11 Military and Veterans Affairs and to the General Assembly at least every six months. Prior to  
12 the start of a Regular Session of the General Assembly, the Commission shall report to the  
13 General Assembly with recommendations, if any, for legislation. Priority actions or issues may  
14 be submitted at any time.

15 ...."

16 **SECTION #.(x)** G.S. 127C-2(h), as recodified by subsection (l) of this section,  
17 reads as rewritten:

18 "(h) The initial meeting of the Commission shall be within 30 days of the effective date  
19 of this act at a time and place to be determined by the Secretary of Commerce. The first order  
20 of business at the initial meeting of the Commission shall be the adoption of bylaws and  
21 establishment of committees, after which the Commission shall meet upon the call of the  
22 Chairman ~~or the Military Advisor within the Office of the Governor, or the Secretary of the~~  
23 Department of Military and Veterans Affairs. The members shall receive no compensation for  
24 attendance at meetings, except a per diem expense reimbursement. Members of the  
25 Commission who are not officers or employees of the State shall receive reimbursement for  
26 subsistence and travel expenses at rates set out in G.S. 138-5 from funds made available to the  
27 Commission. Members of the Commission who are officers or employees of the State shall be  
28 reimbursed for travel and subsistence at the rates set out in G.S. 138-6 from funds made  
29 available to the Commission. The Department of ~~Commerce~~Military and Veterans Affairs  
30 shall use funds within its budget for the per diem, subsistence, and travel expenses authorized  
31 by this subsection."

32 **SECTION #.(y)** G.S. 127C-3, as recodified by subsection (l) of this section, is  
33 repealed.

34 **SECTION #.(z)** G.S. 127C-5, as recodified by subsection (l) of this section, reads  
35 as rewritten:

36 "**§ 143B-1314. Protection of sensitive documents.**

37 (a) In carrying out any purpose set out in ~~G.S. 127C-1(b),~~G.S. 143B-1310(b), the  
38 Commission and the Department of ~~Commerce~~Military and Veterans Affairs may share  
39 documents and discussions protected from disclosure under G.S. 132-1.2 and G.S. 143-318.11  
40 with other public bodies. Any information shared under this subsection shall be confidential  
41 and exempt from Chapter 132 of the General Statutes to the same extent that it is confidential  
42 in the possession of the Commission or the Department.

43 (b) In carrying out any purpose set out in ~~G.S. 127C-1(b),~~G.S. 143B-1310(b), the  
44 Commission and the Department of ~~Commerce~~Military and Veterans Affairs may share  
45 documents and discussions protected from disclosure under G.S. 132-1.2 and G.S. 143-318.11  
46 with any third party in its discretion. Any information shared under this subsection shall be  
47 shared under an agreement to keep the information confidential to the same extent that it is  
48 confidential in the possession of the Commission or the Department."

49 **SECTION #.(aa)** G.S. 143B-6 is amended by adding a new subdivision to read:  
50 "**§ 143B-6. Principal departments.**

1 In addition to the principal departments enumerated in the Executive Organization Act of  
2 1971, all executive and administrative powers, duties, and functions not including those of the  
3 General Assembly and its agencies, the General Court of Justice and the administrative  
4 agencies created pursuant to Article IV of the Constitution of North Carolina, and higher  
5 education previously vested by law in the several State agencies, are vested in the following  
6 principal departments:

7 ...  
8 (12) Department of Military and Veterans Affairs."

9 **SECTION #.(bb)** G.S. 143B-399, as recodified and renumbered by subsection (c)  
10 of this section, reads as rewritten:

11 **"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

12 There is hereby created the Veterans' Affairs Commission of the Department of  
13 ~~Administration~~ of Military and Veterans Affairs. The Veterans' Affairs Commission shall have  
14 the following functions and ~~duties~~duties, as delegated by the Secretary of Military and  
15 Veterans Affairs:

- 16 (1) To advise the ~~Governor~~Secretary of Military and Veterans Affairs on  
17 matters relating to the affairs of veterans in North Carolina;
- 18 (2) To maintain a continuing review of the operation and budgeting of existing  
19 programs for veterans and their dependents in the State and to make any  
20 recommendations to the ~~Governor~~Secretary of Military and Veterans  
21 Affairs for improvements and additions to such matters to which the  
22 ~~Governor~~Secretary shall give due consideration;
- 23 (3) ~~To serve collectively as a liaison between the Division of Veterans Affairs~~  
24 ~~and the veterans organizations represented on the Commission;~~
- 25 (4) To promulgate rules and regulations concerning the awarding of  
26 scholarships for children of North Carolina veterans as provided by ~~Article 4~~  
27 ~~of Chapter 165 of the General Statutes of North Carolina~~this Article. The  
28 Commission shall make rules and regulations consistent with the provisions  
29 of this ~~Chapter~~Article. All rules and regulations not inconsistent with the  
30 provisions of this Chapter heretofore adopted by the State Board of Veterans'  
31 Affairs shall remain in full force and effect unless and until repealed or  
32 superseded by action of the ~~Veterans~~Veterans' Affairs Commission. All  
33 rules and regulations adopted by the Commission shall be enforced by the  
34 ~~Division of Veterans' Affairs~~Department of Military and Veterans Affairs;
- 35 (4a) To promulgate rules concerning the awarding of the North Carolina Services  
36 Medal to all veterans who have served in any period of war as defined in 38  
37 U.S.C. § 101. The award shall be self-financing; those who wish to be  
38 awarded the medal shall pay a fee to cover the expenses of producing the  
39 medal and awarding the medal. All rules adopted by the Commission with  
40 respect to the North Carolina Services Medal shall be implemented and  
41 enforced by the ~~Division of Veterans' Affairs~~Department of Military and  
42 Veterans Affairs; and
- 43 (5) To advise the ~~Governor~~Secretary on any matter the ~~Governor~~Secretary may  
44 refer to it."

45 **SECTION #.(cc)** G.S. 143B-400, as recodified and renumbered by subsection (c)  
46 of this section, reads as rewritten:

47 **"§ 143B-1221. Veterans' Affairs Commission – members; selection; quorum;**  
48 **compensation.**

49 The Veterans' Affairs Commission of the Department of ~~Administration~~Military and  
50 Veterans Affairs shall consist of one voting member from each congressional district, all of



1 whom shall be veterans, appointed by the Governor for four-year terms. In making these  
2 appointments, the Governor shall insure that both major political parties will be continuously  
3 represented on the Veterans' Affairs Commission.

4 The initial members of the Commission shall be the appointed members of the current  
5 Veterans' Affairs Commission who shall serve for the remainder of their current terms and six  
6 additional members appointed by the Governor for terms expiring June 30, 1981. Thereafter, all  
7 members shall be appointed for terms of four years. Any appointment to fill a vacancy on the  
8 Commission created by the resignation, dismissal, death or disability of a member shall be for  
9 the balance of the unexpired term. The Governor shall have the power to remove any member  
10 of the Commission in accordance with provisions of G.S. 143B-13.

11 In the event that more than 11 congressional districts are established in the State, the  
12 Governor shall on July 1 following the establishment of such additional congressional districts  
13 appoint a member of the Commission from that congressional district. If on July 1, 1977, or at  
14 any time thereafter due to congressional redistricting, two or more members of the Veterans'  
15 Affairs Commission shall reside in the same congressional district then such members shall  
16 continue to serve as members of the Commission for a period equal to the remainder of their  
17 current terms on the Commission provided that upon the expiration of said term or terms the  
18 Governor shall fill such vacancy or vacancies in such a manner as to insure that as  
19 expeditiously as possible there is one member of the Veterans' Affairs Commission who is a  
20 resident of each congressional district in the State.

21 The Governor shall designate from the membership of the Commission a chairman and  
22 vice-chairman of the Commission who shall serve at the pleasure of the Governor. The  
23 Secretary of the Department of ~~Administration~~Military and Veterans Affairs or his designee  
24 shall serve as secretary of the Commission.

25 Members of the Commission shall receive per diem and necessary travel and subsistence  
26 expenses in accordance with provisions of G.S. 138-5.

27 A majority of the Commission shall constitute a quorum for the transaction of business.

28 The Veterans' Affairs Commission shall meet at least twice a year and may hold special  
29 meetings at any time or place within the State at the call of the chairman, at the call of the  
30 Secretary of the Department of ~~Administration~~Military and Veterans Affairs or upon the  
31 written request of at least six members.

32 All clerical and other services required by the Commission shall be provided by the  
33 Secretary of the Department of ~~Administration~~Military and Veterans Affairs."

34 **SECTION #.(dd)** G.S. 143B-420, as recodified by subsection (d) of this section,  
35 reads as rewritten:

36 "**§ 143B-1235. Governor's Jobs for Veterans Committee – creation; appointment,**  
37 **organization, etc.; duties.**

38 (a) There is hereby created and established in the North Carolina Department of  
39 ~~Administration, Division of Veterans Affairs,~~Military and Veterans Affairs, a committee to be  
40 known as the Governor's Jobs for Veterans Committee, with one member from each  
41 Congressional district, appointed by the Governor. Members of the Committee shall serve at  
42 the pleasure of the Governor. The Secretary of ~~Administration,~~Military and Veterans Affairs  
43 with the concurrence of the Governor, shall appoint a chairman to administer this Committee  
44 who shall be subject to the direction and supervision of the Secretary. The chairman shall serve  
45 at the pleasure of the Secretary. The chairman shall devote full time to his duties of office.

46 (b) ~~Subject to the general supervision of the Secretary, the~~The duties of the chairman  
47 shall include but not be limited to the ~~following:~~following, as delegated by the Secretary of  
48 Military and Veterans Affairs:

- 49 (1) Serving as a liaison between the Office of the Governor and all State  
50 agencies to insure that veterans receive the employment preference to which

1 they are legally entitled and that such State agencies list available jobs with  
2 appropriate public employment services;

- 3 (2) Evaluating existing programs designed to benefit veterans and submitting  
4 reports and recommendations to the Governor and Secretary;
- 5 (3) Developing and furthering favorable employer attitudes toward the  
6 employment of veterans by appropriate promulgation of information  
7 concerning veterans and the functions of the Committee;
- 8 (4) Serving as a liaison between the Committee and communities throughout the  
9 State to the end that civic committees and volunteer groups are formed and  
10 utilized to promote the objectives of the Committee;
- 11 (5) Assisting employers in properly designing affirmative action plans as they  
12 relate to handicapped and Vietnam-era veterans;
- 13 (6) Serving as a liaison between veterans and State agencies on questions  
14 regarding the employment practices of such State agencies."

15 **SECTION #.(ee)** G.S. 161-10.1 reads as rewritten:

16 **"§ 161-10.1. Exemption of Armed Forces discharge documents and certain other records  
17 needed in support of claims for veterans' benefits.**

18 Any schedule of fees which is now or may be prescribed in Chapter 161 of the General  
19 Statutes or in G.S. 161-10 shall not apply to nor shall the same repeal any of the provisions of  
20 Article 5 of Chapter 47 of the General Statutes. Any schedule of fees which is now or may be  
21 hereafter prescribed in Chapter 161 of the General Statutes or as may appear in G.S. 161-10  
22 shall not apply to nor shall the same repeal any of the provisions of  
23 ~~G.S. 165-11~~ G.S. 143B-1215."

24 **SECTION #.(ff)** G.S. 165-11, as recodified by subsection (e) of this section, reads  
25 as rewritten:

26 **"§ 143B-1215. Copies of records to be furnished to the Department of  
27 Administration-Military and Veterans Affairs.**

28 (a) Whenever copies of any State and local public records are requested by a  
29 representative of the Department of ~~Administration-Military and Veterans Affairs~~ in assisting  
30 persons in obtaining any federal, State, local or privately provided benefits relating to veterans  
31 and their beneficiaries, the official charged with the custody of any such records shall without  
32 charge furnish said representative with the requested number of certified copies of such  
33 records; provided, that this section shall not apply to the disclosure of information in certain  
34 privileged and confidential records referred to elsewhere in the General Statutes of North  
35 Carolina, which information shall continue to be disclosed in the manner prescribed by the  
36 statute relating thereto.

37 (b) No official chargeable with the collection of any fee or charge under the laws of the  
38 State of North Carolina in connection with his official duties shall be held accountable on his  
39 official bond or otherwise for any fee or charge remitted pursuant to the provisions of this  
40 section."

41 **SECTION #.(gg)** G.S. 165-11.1, as recodified by subsection (e) of this section,  
42 reads as rewritten:

43 **"§ 143B-1216. Confidentiality of ~~Veterans Affairs~~Department of Military and Veterans  
44 Affairs records.**

45 Notwithstanding any other provisions of Chapter 143B, no records of the ~~Division of~~  
46 ~~Veterans Affairs in the Department of Administration~~Department of Military and Veterans  
47 Affairs shall be disclosed or used for any purpose except for official purposes, and no records  
48 shall be disclosed, destroyed or used in any manner which is in violation of any existing federal  
49 law or regulation. Nothing in this Chapter shall convert records which are the property of the  
50 federal government into State property."

1                   **SECTION #.(hh)** G.S. 165-20, as recodified by subsection (c) of this section, reads  
2 as rewritten:

3 **"§ 143B-1224. Definitions.**

4       As used in this Article the terms defined in this section shall have the following meaning:

5                   ...

6           (3)   "Child" means a person: (i) under 25 years of age at the time of application  
7               for a scholarship, (ii) who is a domiciliary of North Carolina and is a  
8               resident of North Carolina when applying for a scholarship, (iii) who has  
9               completed high school or its equivalent prior to receipt of a scholarship  
10              awarded under this Article, (iv) who has complied with the requirements of  
11              the Selective Service System, if applicable, and (v) who further meets one of  
12              the following requirements:

13           a.     A person whose veteran parent was a legal resident of North Carolina  
14               at the time of said veteran's entrance into that period of service in the  
15               Armed Forces during which eligibility is established under  
16               ~~G.S. 165-22.1~~G.S. 143B-1226.

17           b.     A veteran's child who was born in North Carolina and has been a  
18               resident of North Carolina continuously since birth. Provided, that  
19               the requirement in the preceding sentence as to birth in North  
20               Carolina may be waived by the Department of ~~Administration~~  
21               Military and Veterans Affairs if it is shown to the satisfaction of the  
22               Department that the child's mother was a native-born resident of  
23               North Carolina and was such resident at the time of her marriage to  
24               the veteran and was outside the State temporarily at the time of the  
25               child's birth, following which the child was returned to North  
26               Carolina within a reasonable period of time where said child has  
27               since lived continuously.

28           c.     A person meeting either of the requirements set forth in subdivision  
29               (3) a or b above, and who was legally adopted by the veteran prior to  
30               said person's reaching the age of 15 years.

31                   ...

32           (5)   "Private educational institution" means any junior college, senior college or  
33               university which is operated and governed by private interests not under the  
34               control of the federal, State or any local government, which is located within  
35               the State of North Carolina, which does not operate for profit, whose  
36               curriculum is primarily directed toward the awarding of associate,  
37               baccalaureate or graduate degrees, which agrees to the applicable  
38               administration and funding provisions of ~~G.S. 165-22.1~~G.S. 143B-1227, of  
39               this Article, and which is otherwise approved by the State Board of Veterans  
40               Affairs.

41                   ...."

42                   **SECTION #.(ii)** G.S. 165-21, as recodified by subsection (c) of this section, reads  
43 as rewritten:

44 **"§ 143B-1225. Scholarship.**

45       (a)   A scholarship granted pursuant to this Article shall consist of the following benefits  
46       in either a State or private educational institution:

47                   ...

48           (2)   With respect to private educational institutions, a scholarship shall consist of  
49               a monetary allowance as prescribed in ~~G.S. 165-22.1(d)~~G.S. 143B-1227(d).

50                   ...."

1           **SECTION #.(jj)** G.S. 165-22, as recodified by subsection (c) of this section, reads  
2 as rewritten:

3   "**§ 143B-1226. Classes or categories of eligibility under which scholarships may be**  
4   **awarded.**

5       A child, as defined in this Article, who falls within the provisions of any eligibility class  
6 described below shall, upon proper application be considered for a scholarship, subject to the  
7 provisions and limitations set forth for the class under which the child is considered:

8       ...

9       (2) Class I-B: Under this class a limited scholarship providing only those  
10 benefits set forth in ~~G.S. 165-21(1)a and d and 165-21(2) of this~~  
11 ~~Article, G.S. 143B-1225(a)(1)a. and d. and G.S. 143B-1225(a)(2)~~ shall be  
12 awarded to any child whose veteran parent, at the time the benefits pursuant  
13 to this Article are sought to be availed of, is or was at the time of his death  
14 receiving compensation for a wartime service-connected disability of one  
15 hundred percent (100%) as rated by the United States Department of  
16 Veterans Affairs. Provided, that if the veteran parent of a recipient under this  
17 class should die of his wartime service-connected condition before the  
18 recipient shall have utilized all of his scholarship eligibility time, then the  
19 North Carolina Department of ~~Administration~~ Military and Veterans Affairs  
20 shall amend the recipient's award from Class I-B to Class I-A for the  
21 remainder of the recipient's eligibility time. The effective date of such an  
22 amended award shall be determined by the Department of  
23 ~~Administration, Military and Veterans Affairs~~ but, in no event shall it predate  
24 the date of the veteran parent's death.

25       ...

26       (4) Class III: Under this class a scholarship may be awarded to not more than  
27 100 children yearly, each of whose veteran parent, at the time the benefits  
28 pursuant to this Article are sought to be availed of:

- 29       a. Is or was at the time of his death drawing pension for permanent and  
30 total disability, nonservice-connected, as rated by the United States  
31 Department of Veterans Affairs.
- 32       b. Is deceased and who does not fall within the provisions of any other  
33 eligibility class described in ~~G.S. 165-22(1), G.S. 143B-1226(1), (2),~~  
34 ~~(3), (4)a., nor (5).~~
- 35       c. Served in a combat zone, or waters adjacent to a combat zone, or any  
36 other campaign, expedition, or engagement for which the United  
37 States Department of Defense authorizes a campaign badge or medal,  
38 who does not fall within the provisions of any other class described  
39 in ~~G.S. 165-22(1), G.S. 143B-1226(1), (2), (3), (4)a., or (5).~~

40       (5) Class IV: Under this class a scholarship as defined in  
41 ~~G.S. 165-21~~ G.S. 143B-1225 shall be awarded to any child whose parent,  
42 while serving honorably as a member of the Armed Forces in active federal  
43 service during a period of war, as defined in  
44 ~~G.S. 165-20(4), G.S. 143B-1224(4),~~ was listed by the United States  
45 government as (i) missing in action, (ii) captured in line of duty by a hostile  
46 force, or (iii) forcibly detained or interned in line of duty by a foreign  
47 government or power."

48           **SECTION #.(kk)** G.S. 165-22.1, as recodified by subsection (c) of this section,  
49 reads as rewritten:

50   "**§ 143B-1227. Administration and funding.**

1 (a) The administration of the scholarship program shall be vested in the Department of  
2 ~~Administration, Military and Veterans Affairs~~, and the disbursing and accounting activities  
3 required shall be a responsibility of the Department of ~~Administration, Military and Veterans~~  
4 ~~Affairs~~. The ~~Veterans—Veterans'~~ Veterans' Affairs Commission shall determine the eligibility of  
5 applicants, select the scholarship recipients, establish the effective date of scholarships, and  
6 may suspend or revoke scholarships if the ~~said Veterans—Veterans'~~ Veterans' Affairs Commission finds  
7 that the recipient does not comply with the registration requirements of the Selective Service  
8 System or does not maintain an adequate academic status, or if the recipient engages in riots,  
9 unlawful demonstrations, the seizure of educational buildings, or otherwise engages in  
10 disorderly conduct, breaches of the peace or unlawful assemblies. The Department of  
11 ~~Administration, Military and Veterans Affairs~~ shall maintain the primary and necessary records,  
12 and the ~~Veterans—Veterans'~~ Veterans' Affairs Commission shall promulgate such rules and regulations not  
13 inconsistent with the other provisions of this Article as it deems necessary for the orderly  
14 administration of the program. It may require of State or private educational institutions, as  
15 defined in this Article, such reports and other information as it may need to carry out the  
16 provisions of this Article. The Department of ~~Administration, Military and Veterans Affairs~~  
17 shall disburse scholarship payments for recipients certified eligible by the Department of  
18 ~~Administration, Military and Veterans Affairs~~ upon certification of enrollment by the enrolling  
19 institution.

20 (b) Funds for the support of this program shall be appropriated to the Department of  
21 ~~Administration, Military and Veterans Affairs~~ as a reserve for payment of the allocable costs for  
22 room, board, tuition, and other charges, and shall be placed in a separate budget code from  
23 which disbursements shall be made. Funds to support the program shall be supported by  
24 receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only  
25 for worthy and needy residents of this State who are enrolled in public institutions of higher  
26 education of this State. In the event the said appropriation for any year is insufficient to pay the  
27 full amounts allocable under the provisions of this Article, such supplemental sums as may be  
28 necessary shall be allocated from the Contingency and Emergency Fund. The method of  
29 disbursing and accounting for funds allocated for payments under the provisions of this section  
30 shall be in accordance with those standards and procedures prescribed by the Director of the  
31 Budget, pursuant to the ~~Executive Budget Act, State Budget Act~~.

32 (c) Allowances for room and board in State educational institutions shall be at such rate  
33 as established by the Secretary of the Department of ~~Administration, Military and Veterans~~  
34 ~~Affairs~~.

35 (d) Scholarship recipients electing to attend a private educational institution shall be  
36 granted a monetary allowance for each term or other academic period attended under their  
37 respective scholarship awards. All recipients under Class I-B scholarship shall receive an  
38 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II,  
39 III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of  
40 course or institution. The amount of said allowances shall be determined by the Director of the  
41 Budget and made known prior to the beginning of each fall quarter or semester; provided that  
42 the Director of the Budget may change the allowances at intermediate periods when in his  
43 judgment such changes are necessary. Disbursements by the State shall be to the private  
44 institution concerned, for credit to the account of each recipient attending said institution. The  
45 manner of payment to any private institution shall be as prescribed by the Department of  
46 ~~Administration, Military and Veterans Affairs~~. The participation by any private institution in the  
47 program shall be subject to the applicable provisions of this Article and to examination by State  
48 auditors of the accounts of scholarship recipients attending or having attended private  
49 institutions. The ~~Veterans—Veterans'~~ Veterans' Affairs Commission may defer making an award or may

1 suspend an award in any private institution which does not comply with the provisions of this  
2 Article relating to said institutions.

3 (e) Irrespective of other provisions of this Article, the ~~Veterans~~Veterans' Affairs  
4 Commission may prescribe special procedures for adjusting the accounts of scholarship  
5 recipients who for reasons of illness, physical inability to attend class or for other valid reason  
6 satisfactory to the ~~Veterans~~Veterans' Affairs Commission may withdraw from State or private  
7 educational institutions prior to the completion of the term, semester, quarter or other academic  
8 period being attended at the time of withdrawal. Such procedures may include, but shall not be  
9 limited to, paying the recipient the dollar value of his unused entitlements for the academic  
10 period being attended, with a corresponding deduction of this period from his remaining  
11 scholarship eligibility time."

12 **SECTION #.(ll)** G.S. 165-44.5, as recodified by subsection (j) of this section, reads  
13 as rewritten:

14 **"§ 143B-1284. Priority employment assistance directed.**

15 All covered service providers, as specified in ~~G.S. 165-44.4~~G.S. 143B-1283, shall establish  
16 procedures to provide veterans with priority, not inconsistent with existing federal or State law,  
17 to participate in employment and job training assistance programs."

18 **SECTION #.(mm)** G.S. 165-44.6, as recodified by subsection (j) of this section,  
19 reads as rewritten:

20 **"§ 143B-1285. Implementation and performance measures.**

21 The North Carolina Commission on Workforce Preparedness shall:

- 22 (1) Issue implementing directives that shall apply to all covered service  
23 providers as specified in ~~G.S. 165-44.4~~G.S. 143B-1283, and revise those  
24 directives as necessary to accomplish the purpose of this Article.
- 25 (2) Develop measures of service for veterans that will serve as indicators of  
26 compliance with the provisions of this Article by all covered service  
27 providers.
- 28 (3) Annually publish and submit to the Joint Legislative Commission on  
29 Governmental Operations, beginning not later than October 1, 1998, a report  
30 detailing covered providers' compliance with the provisions of this Article."

31 **SECTION #.(nn)** G.S. 165-46, as recodified by subsection (k) of this section, reads  
32 as rewritten:

33 **"§ 143B-1291. Establishment.**

34 The State of North Carolina shall construct, maintain, and operate veterans homes for the  
35 aged and infirm veterans resident in this State under the administrative authority and control of  
36 the ~~Division of Veterans Affairs of the Department of Administration~~Department of Military  
37 and Veterans Affairs. There is vested in ~~such Division~~the Department any and all powers and  
38 authority that may be necessary to enable it to establish and operate the homes and to issue  
39 rules necessary to operate the homes in compliance with applicable State and federal statutes  
40 and regulations."

41 **SECTION #.(oo)** G.S. 165-47, as recodified by subsection (k) of this section, reads  
42 as rewritten:

43 **"§ 143B-1292. Exemption from certificate of need.**

44 Any state veterans home established by the ~~Division of Veterans Affairs~~Department of  
45 Military and Veterans Affairs shall be exempt from the certificate of need requirements as set  
46 out in Article 9 of Chapter 131E, or as may be hereinafter enacted."

47 **SECTION #.(pp)** G.S. 165-48, as recodified by subsection (k) of this section, reads  
48 as rewritten:

49 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

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

4 (b) Composition. – The trust fund shall consist of all funds and monies received by the  
5 ~~Veterans-Veterans' Affairs Commission or the Division of Veterans Affairs~~ from the United  
6 States, any federal agency or institution, and any other source, whether as a grant,  
7 appropriation, gift, contribution, devise, or individual reimbursement, for the care and support  
8 of veterans who have been admitted to a State veterans home.

9 (c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used  
10 by the ~~Division of Veterans Affairs; Department of Military and Veterans Affairs~~ to do the  
11 following:

- 12 (1) To pay for the care of veterans in said State veterans homes;
- 13 (2) To pay the general operating expenses of the State veterans homes, including  
14 the payment of salaries and wages of officials and employees of said homes;  
15 and
- 16 (3) To remodel, repair, construct, modernize, or add improvements to buildings  
17 and facilities at the homes.

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

- 20 (1) All funds deposited and all income earned on the investment or reinvestment  
21 of such funds shall be credited to the trust fund.
- 22 (2) Any monies remaining in the trust fund at the end of each fiscal year shall  
23 remain on deposit in the State treasury to the credit of the North Carolina  
24 Veterans Home Trust Fund.
- 25 (3) Nothing contained herein shall prohibit the establishment and utilization of  
26 special agency accounts by the ~~Division of Veterans Affairs, as may be~~  
27 ~~approved by the Veterans-Veterans' Affairs Commission,~~ for the receipt and  
28 disbursement of personal funds of the State veterans homes' residents or for  
29 receipt and disbursement of charitable contributions for use by and for  
30 residents."

31 **SECTION #.(qq)** G.S. 165-49, as recodified by subsection (k) of this section, reads  
32 as rewritten:

33 "**§ 143B-1294. Funding.**

34 (a) The ~~Division of Veterans Affairs of the Department of Administration~~Department  
35 of Military and Veterans Affairs may apply for and receive federal aid and assistance from the  
36 United States Department of Veterans Affairs or any other agency of the United States  
37 Government authorized to pay federal aid to states for the construction and acquisition of  
38 veterans homes under Title 38, United States Code, section 8131 et seq., or for the care or  
39 support of disabled veterans in State veterans homes under Title 38, United States Code,  
40 section 1741 et seq., or from any other federal law for said purposes.

41 (b) The ~~Division of Veterans Affairs~~Department may receive from any source any gift,  
42 contribution, devise, or individual reimbursement, the receipt of which does not exclude any  
43 other source of revenue.

44 (c) All funds received by the ~~Division~~Department shall be deposited in the North  
45 Carolina Veterans Home Trust Fund, except for any funds deposited into special agency  
46 accounts established pursuant to ~~G.S. 165-48(d)(3).~~G.S. 143B-1293(d)(3). The ~~Veterans~~  
47 Veterans' Affairs Commission shall authorize the expenditure of all funds from the North  
48 Carolina Veterans Home Trust Fund. The ~~Veterans-Veterans' Affairs Commission~~ may delegate  
49 authority to the Assistant Secretary of Veterans Affairs for the expenditure of funds from the

1 North Carolina Veterans Home Trust Fund for operations of the State Veterans Nursing  
2 Homes."

3 **SECTION #.(rr)** G.S. 165-50, as recodified by subsection (k) of this section, reads  
4 as rewritten:

5 **"§ 143B-1295. Contracted operation of homes.**

6 The ~~Veterans~~Veterans' Affairs Commission may contract with persons or other  
7 nongovernmental entities to operate each State veterans home. Contracts for the procurement of  
8 services to manage, administer, and operate any State veterans home shall be awarded on a  
9 competitive basis through the solicitation of proposals and through the procedures established  
10 by statute and the Division of Purchase and Contract. A contract may be awarded to the vendor  
11 whose proposal is most advantageous to the State, taking into consideration cost, program  
12 suitability, management plan, excellence of program design, key personnel, corporate or  
13 company resources, financial condition of the vendor, experience and past performance, and  
14 any other qualities deemed necessary by the ~~Veterans~~Veterans' Affairs Commission and set out  
15 in the solicitation for proposals. Any contract awarded under this section shall not exceed five  
16 years in length. The ~~Veterans~~Veterans' Affairs Commission is not required to select or  
17 recommend the vendor offering the lowest cost proposal but shall select or recommend the  
18 vendor who, in the opinion of the Commission, offers the proposal most advantageous to the  
19 veterans and the State of North Carolina."

20 **SECTION #.(ss)** G.S. 165-51, as recodified by subsection (k) of this section, reads  
21 as rewritten:

22 **"§ 143B-1296. Program staff.**

23 The ~~Division~~Department shall appoint and fix the salary of an Administrative Officer for  
24 the State veterans home program. The Administrative Officer shall be an honorably discharged  
25 veteran who has served in active military service in the Armed Forces of the United States for  
26 other than training purposes. The Administrative Officer shall direct the establishment of the  
27 State veterans home program, coordinate the master planning, land acquisition, and  
28 construction of all State veterans homes under the procedures of the Office of State  
29 Construction, and oversee the ongoing operation of said veterans homes. The Division may hire  
30 any required additional administrative staff to help with administrative and operational  
31 responsibilities at each established State veterans home."

32 **SECTION #.(tt)** G.S. 165-52, as recodified by subsection (k) of this section, reads  
33 as rewritten:

34 **"§ 143B-1297. Admission and dismissal authority.**

35 The ~~Veterans~~Veterans' Affairs Commission shall have authority to determine  
36 administrative standards for admission and dismissal, as well as the medical conditions, of all  
37 persons admitted to and dismissed from any State veterans home, and to issue any necessary  
38 rules, subject to the requirements set out in ~~G.S. 165-53~~G.S. 143B-1298."

39 **SECTION #.(uu)** G.S. 165-54, as recodified by subsection (k) of this section, reads  
40 as rewritten:

41 **"§ 143B-1299. Deposit required.**

42 Each resident of any State veterans home shall pay to the ~~Division of Veterans~~  
43 AffairsDepartment of Military and Veterans Affairs the cost of maintaining his or her residence  
44 at the home. This deposit shall be placed in the North Carolina Veterans Home Trust Fund and  
45 shall be in an amount and in the form prescribed by the ~~Veterans~~Veterans' Affairs Commission  
46 in consultation with the Assistant Secretary for Veterans Affairs."

47 **SECTION #.(vv)** G.S. 165-55, as recodified by subsection (k) of this section, reads  
48 as rewritten:

49 **"§ 143B-100. Report and budget.**



1 (a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
2 the Department of ~~Administration~~Military and Veterans Affairs on the activities of the State  
3 Veterans Homes Program. This report shall contain an accounting of all monies received and  
4 expended, statistics on residents in the homes during the year, recommendations to the  
5 Secretary, the Governor, and the General Assembly as to the program, and such other matters  
6 as may be deemed pertinent.

7 (b) The Assistant Secretary for Veterans Affairs, with the approval of the ~~Veterans~~  
8 Veterans' Affairs Commission, shall compile an annual budget request for any State funding  
9 needed for the anticipated costs of the homes, which shall be submitted to the Secretary of the  
10 Department of ~~Administration~~Military and Veterans Affairs. State appropriated funds for  
11 operational needs shall be made available only in the event that other sources are insufficient to  
12 cover essential operating costs."

13 **SECTION #.(ww)** This section becomes effective on January 1, 2016.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-AUD-H3-P

Department of State Auditor  
House Appropriations, General Government

Requested by: Representative

1 **STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS**

2 SECTION #.(a) G.S. 143-746 reads as rewritten:

3 "§ 143-746. Internal auditing required.

4 ...

5 (e) Insufficient Personnel. – If a State agency has insufficient personnel to comply with  
6 this section, the Office of State Budget and Management shall provide technical assistance.

7 (f) Reporting Fraudulent Activity. – If an internal audit conducted pursuant to this  
8 section results in a finding that a private person or entity has received public funds as a result of  
9 fraud, misrepresentation, or other deceptive acts or practices while doing business with the  
10 State agency, the internal auditor shall submit a detailed written report of the finding, and any  
11 additional necessary supporting documentation, to the State Purchasing Officer. A report  
12 submitted under this subsection may include a recommendation that the private person or entity  
13 be debarred from doing business with the State or a political subdivision thereof."

14 SECTION #.(b) G.S. 147-64.6(c) is amended by adding a new subdivision to read:

15 "(c) The Auditor shall be responsible for the following acts and activities:

16 ...

17 (21) If an audit undertaken by the Auditor results in a finding that a private  
18 person or entity has received public funds as a result of fraud,  
19 misrepresentation, or other deceptive acts or practices while doing business  
20 with the State or a political subdivision thereof, the Auditor shall submit a  
21 detailed written report of the finding, and any additional necessary  
22 supporting documentation, to the State Purchasing Officer or the appropriate  
23 political subdivision official, as applicable. A report submitted under this  
24 subsection may include a recommendation that the private person or entity  
25 be debarred from doing business with the State or a political subdivision  
26 thereof."

27 SECTION #.(c) This section becomes effective October 1, 2015, and applies to  
28 audits conducted or undertaken on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-OSHR-H3A-P

Office of State Human Resources  
House Appropriations, General Government

Requested by: Representative

1 *DISCONTINUE USE OF AUTOMATIC SCORING AND SCREENING OF*  
2 *APPLICATIONS FOR STATE GOVERNMENT EMPLOYMENT*

3 **SECTION #.** By October 1, 2015, the Office of State Human Resources (OSHR)  
4 shall report to the Joint Legislative Oversight Committee on General Government on the status  
5 of discontinuing the utilization of its current online job application and career portal that  
6 provides automatic scoring and screening of applications for State government employment as  
7 was required by S.L. 2014-100, s. 22A.1.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-ADMIN-H13-P

Department of Administration  
House Appropriations, General Government

Requested by: Representative

1 *DOA PROVIDE ADMINISTRATIVE SUPPORT TO SEC FREE OF CHARGE*

2 SECTION #. G.S. 138A-9 reads as rewritten:

3 "§ 138A-9. Staff and offices.

4 (a) The Commission may employ professional and clerical staff, including an executive  
5 director.

6 (b) The Commission shall be located within the Department of Administration for  
7 administrative purposes only, but shall exercise all of its powers, including the power to  
8 employ, direct, and supervise all personnel, independently of the Secretary of Administration,  
9 and is subject to the direction and supervision of the Secretary of Administration only with  
10 respect to the management functions of coordinating and reporting. The Department shall  
11 provide administrative support to the Commission free of charge."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-ADMIN-H1A-P

Department of Administration  
House Appropriations, General Government

Requested by: Representative

1 *ALLOW FOR ELECTRONIC ADVERTISEMENT OF LEASE PROPOSALS*

2 SECTION #. G.S. 146-25.1 reads as rewritten:

3 "**§ 146-25.1. Proposals to be secured for leases.**

4 (a) If pursuant to G.S. 146-25, the Department of Administration determines that it is in  
5 the best interest of the State to lease or rent land and the rental is estimated to exceed  
6 twenty-five thousand dollars (\$25,000) per year or the term will exceed three years, the  
7 Department shall require the State agency desiring to rent land to prepare and submit for its  
8 approval a set of specifications for its needs. Upon approval of specifications, the Department  
9 shall prepare a public advertisement. ~~The State agency shall place such advertisement in a~~  
10 ~~newspaper of general circulation in the county for proposals from prospective lessors of said~~  
11 ~~land and shall make such other distribution thereof as the Department directs. The~~  
12 ~~advertisement shall be run for at least five consecutive days, and shall provide that proposals~~  
13 ~~shall be received for at least seven days from the date of the last advertisement in the State~~  
14 ~~Property Office of the Department. The provisions of this section do not apply to property~~  
15 ~~owned by governmental agencies and leased to other governmental agencies.~~ advertisement and  
16 shall publish it by one or more of the following methods, as determined by the Department of  
17 Administration:

18 (1) Placement in a newspaper of general circulation in the county. The  
19 advertisement shall be run for at least five consecutive days and shall  
20 provide that proposals shall be received for at least seven days from the date  
21 of the last advertisement in the State Property Office.

22 (2) Through electronic means. If posted on a Web site, the advertisement shall  
23 be accessible for at least five consecutive days and shall provide that  
24 proposals shall be received for at least seven days from the date of the fifth  
25 day in the State Property Office.

26 (3) Through such other methods of distribution as the Department of  
27 Administration directs.

28 ...

29 (d) The provisions of this section do not apply to property owned by governmental  
30 agencies and leased to other governmental agencies."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-ADMIN-H14-P

Department of Administration  
House Appropriations, General Government

Requested by: Representative

1 ***STREAMLINE SEIZED VEHICLE DISPOSAL***

2 SECTION #.(a) G.S. 20-28.2(a1) is amended by adding a new subdivision to read:

3 "(a1) Definitions. – As used in this section and in G.S. 20-28.3, 20-28.4, 20-28.5, 20-28.7,  
4 20-28.8, 20-28.9, 20-54.1, and 20-141.5, the following terms mean:

5 ...  
6 (9) State Surplus Property Agency. – The Department of Administration."

7 SECTION #.(b) G.S. 20-28.3 reads as rewritten:

8 "**§ 20-28.3. Seizure, impoundment, forfeiture of motor vehicles for offenses involving  
9 impaired driving while license revoked or without license and insurance, and  
10 for felony speeding to elude arrest.**

11 ...  
12 (d) Custody of Motor Vehicle. – Unless the motor vehicle is towed pursuant to a  
13 statewide or regional contract, or a contract with the county board of education, the seized  
14 motor vehicle shall be towed by a commercial towing company designated by the law  
15 enforcement agency that seized the motor vehicle. Seized motor vehicles not towed pursuant to  
16 a statewide or regional contract or a contract with a county board of education shall be retrieved  
17 from the commercial towing company within a reasonable time, not to exceed 10 business  
18 days, by the county board of education or their agent who must pay towing and storage fees to  
19 the commercial towing company when the motor vehicle is retrieved. If either a statewide or  
20 regional contractor, or the county board of education, chooses to contract for local towing  
21 services, all towing companies on the towing list for each law enforcement agency with  
22 jurisdiction within the county shall be given written notice and an opportunity to submit  
23 proposals prior to a contract for local towing services being awarded. The seized motor vehicle  
24 is under the constructive possession of the county board of education for the county in which  
25 the operator of the vehicle is charged at the time the vehicle is delivered to a location  
26 designated by the county board of education or delivered to its agent pending release or sale, or  
27 in the event a statewide or regional contract is in place, under the constructive possession of the  
28 ~~Department of Public Instruction, State Surplus Property Agency~~ on behalf of the State at the  
29 time the vehicle is delivered to a location designated by the ~~Department of Public Instruction~~  
30 State Surplus Property Agency or delivered to its agent pending release or sale. Absent a  
31 statewide or regional contract that provides otherwise, each county board of education may  
32 elect to have seized motor vehicles stored on property owned or leased by the county board of  
33 education and charge a reasonable fee for storage, not to exceed ten dollars (\$10.00) per  
34 calendar day. In the alternative, the county board of education may contract with a commercial  
35 towing and storage facility or other private entity for the towing, storage, and disposal of seized  
36 motor vehicles, and a storage fee of not more than ten dollars (\$10.00) per calendar day may be  
37 charged. Except for gross negligence or intentional misconduct, neither the State Surplus  
38 Property Agency, the county board of education, or nor any of its their employees, shall not be  
39 liable to the owner or lienholder for damage to or loss of the motor vehicle or its contents, or to

1 the owner of personal property in a seized vehicle, during the time the motor vehicle is being  
2 towed or stored pursuant to this subsection.

3 ...

4 (i) Expedited Sale of Seized Motor Vehicles in Certain Cases. – In order to avoid  
5 additional liability for towing and storage costs pending resolution of the criminal proceedings  
6 of the defendant, the State Surplus Property Agency or county board of education may, after  
7 expiration of 90 days from the date of seizure, or at any time with the consent of the owner, sell  
8 any motor vehicle ~~having a fair market value of one thousand five hundred dollars (\$1,500) or~~  
9 ~~less. The county board of education may also sell a motor vehicle, regardless of the fair market~~  
10 ~~value, any time the outstanding towing and storage costs exceed eighty five percent (85%) of~~  
11 ~~the fair market value of the vehicle, or with the consent of all the motor vehicle owners. seized~~  
12 ~~pursuant to this section and recover all costs associated with the sale. Any sale conducted~~  
13 ~~pursuant to this subsection shall be conducted in accordance with the provisions of~~  
14 ~~G.S. 20-28.5(a), G.S. 20-28.5(a) or G.S. 20-28.5(a1), as applicable, and the proceeds of the~~  
15 ~~sale, after the payment of outstanding towing and storage costs or reimbursement of towing and~~  
16 ~~storage costs paid by a person other than the defendant, shall be deposited with the clerk of~~  
17 ~~superior court. If an order of forfeiture is entered by the court, the court shall order the proceeds~~  
18 ~~held by the clerk to be disbursed as provided in G.S. 20-28.5(b). If the court determines that the~~  
19 ~~motor vehicle is not subject to forfeiture, the court shall order the proceeds held by the clerk to~~  
20 ~~be disbursed first to pay the sale, towing, and storage costs, second to pay outstanding liens on~~  
21 ~~the motor vehicle, and the balance to be paid to the motor vehicle owners.~~

22 ...."

23 **SECTION #.(c) G.S. 20-28.5 reads as rewritten:**

24 **"§ 20-28.5. Forfeiture of impounded motor vehicle or funds.**

25 (a) Sale of Vehicle in Possession of County Board of Education. – A motor vehicle  
26 in the possession or constructive possession of a county board of education ordered forfeited  
27 and sold or a seized motor vehicle authorized to be sold pursuant to G.S. 20-28.3(i), shall be  
28 sold at a public sale conducted in accordance with the provisions of Article 12 of Chapter 160A  
29 of the General Statutes, applicable to sales authorized pursuant to G.S. 160A-266(a)(2), (3), or  
30 (4), subject to the notice requirements of this subsection, and shall be conducted by the county  
31 board of education or a person acting on its behalf. Notice of sale, including the date, time,  
32 location, and manner of sale, shall be given by first-class mail to all motor vehicle owners of  
33 the vehicle to be sold at the address shown by the records of the Division. Written notice of sale  
34 shall also be given to all lienholders on file with the Division. Notice of sale shall be given to  
35 the Division in accordance with the procedures established by the Division. Notices required to  
36 be given under this subsection shall be mailed at least 10 days prior to the date of sale. A  
37 lienholder shall be permitted to purchase the motor vehicle at any such sale by bidding in the  
38 amount of its lien, if that should be the highest bid, without being required to tender any  
39 additional funds, other than the towing and storage fees. The county board of education, or its  
40 agent, shall not sell, give, or otherwise transfer possession of the forfeited motor vehicle to the  
41 defendant, the motor vehicle owner who owned the motor vehicle immediately prior to  
42 forfeiture, or any person acting on the defendant's or motor vehicle owner's behalf.

43 (a1) Sale of Vehicle in Possession of the State Surplus Property Agency. – A motor  
44 vehicle in the possession or constructive possession of the State Surplus Property Agency  
45 ordered forfeited and sold or a seized motor vehicle authorized to be sold pursuant to  
46 G.S. 20-28.3(i) shall be sold at a public sale conducted in accordance with the provisions of  
47 Article 3A of Chapter 143 of the General Statutes, subject to the notice requirements of this  
48 subsection, and shall be conducted by the State Surplus Property Agency or a person acting on  
49 its behalf. Notice of sale, including the date, time, location, and manner of sale, shall be given  
50 by first-class mail to all motor vehicle owners of the vehicle to be sold at the address shown by

1 the records of the Division. Written notice of sale shall also be given to all lienholders on file  
2 with the Division. Notice of sale shall be given to the Division in accordance with the  
3 procedures established by the State Surplus Property Agency. Notices required to be given  
4 under this subsection shall be mailed at least 10 days prior to the date of sale. A lienholder shall  
5 be permitted to purchase the motor vehicle at any such sale by bidding in the amount of its lien,  
6 if that should be the highest bid, without being required to tender any additional funds, other  
7 than the towing and storage fees. The State Surplus Property Agency, or its agent, shall not sell,  
8 give, or otherwise transfer possession of the forfeited motor vehicle to the defendant, the motor  
9 vehicle owner who owned the motor vehicle immediately prior to forfeiture, or any person  
10 acting on the defendant's or motor vehicle owner's behalf.

11 (b) Proceeds of Sale. – Proceeds of any sale conducted under this section,  
12 G.S. 20-28.2(f)(5), or G.S. 20-28.3(e3)(3), shall first be applied to ~~the cost of sale~~ all costs  
13 incurred by the State Surplus Property Agency or county board of education and then to satisfy  
14 towing and storage costs. The balance of the proceeds of sale, if any, shall be used to satisfy  
15 any other existing liens of record that were properly recorded prior to the date of initial seizure  
16 of the vehicle. Any remaining balance shall be paid to the county school fund in the county in  
17 which the motor vehicle was ordered forfeited. If there is more than one school board in the  
18 county, then the net proceeds of sale, after reimbursement to the county board of education of  
19 reasonable administrative costs incurred in connection with the forfeiture and sale of the motor  
20 vehicle, shall be distributed in the same manner as fines and other forfeitures. The sale of a  
21 motor vehicle pursuant to this section shall be deemed to extinguish all existing liens on the  
22 motor vehicle and the motor vehicle shall be transferred free and clear of any liens.

23 .....

24 **SECTION #.(d)** G.S. 20-28.9 reads as rewritten:

25 **"§ 20-28.9. Authority for the ~~Department of Public Instruction~~ State Surplus Property**  
26 **Agency to administer a statewide or regional towing, storage, and sales**  
27 **program for vehicles forfeited.**

28 (a) ~~The Department of Public Instruction~~ State Surplus Property Agency is authorized  
29 to enter into a contract for a statewide service or contracts for regional services to tow, store,  
30 process, maintain, and sell motor vehicles seized pursuant to G.S. 20-28.3. All motor vehicles  
31 seized under G.S. 20-28.3 shall be subject to contracts entered into pursuant to this section.  
32 Contracts shall be let by the ~~Department of Public Instruction~~ State Surplus Property Agency in  
33 accordance with the provisions of Article 3 of Chapter 143 of the General Statutes. Nothing in  
34 this section shall be construed to prohibit the State Surplus Property Agency from entering into  
35 contracts pursuant to this section for some regions of the State while performing the work of  
36 towing, storing, processing, maintaining, and selling motor vehicles seized pursuant to  
37 G.S. 20-28.3 itself in other regions of the State. All contracts shall ensure the safety of the  
38 motor vehicles while held and any funds arising from the sale of any seized motor vehicle. The  
39 contract shall require the contractor to maintain and make available to the agency a  
40 computerized up-to-date inventory of all motor vehicles held under the contract, together with  
41 an accounting of all accrued charges, the status of the vehicle, and the county school fund to  
42 which the proceeds of sale are to be paid. The contract shall provide that the contractor shall  
43 pay the towing and storage charges owed on a seized vehicle to a commercial towing company  
44 at the time the seized vehicle is obtained from the commercial towing company, with the  
45 contractor being reimbursed this expense when the vehicle is released or sold. ~~The Department~~  
46 State Surplus Property Agency shall not enter into any contract under this section under which  
47 the State will be obligated to pay a deficiency arising from the sale of any forfeited motor  
48 vehicle.

49 (b) ~~The Department,~~ State Surplus Property Agency, through its contractor or  
50 contractors designated in accordance with subsection (a) of this section, may charge a



1 reasonable fee for storage not to exceed ten dollars (\$10.00) per calendar day for the storage of  
2 seized vehicles pursuant to G.S. 20-28.3.

3 ~~(e) In order to help defray the administrative costs associated with the administration of  
4 this section, the Department shall collect a ten dollar (\$10.00) administrative fee from a person  
5 to whom a seized vehicle is released at the time the motor vehicle is released and shall collect a  
6 ten dollar (\$10.00) administrative fee out of the proceeds of the sale of any forfeited motor  
7 vehicle. The funds collected under this subsection shall be paid to the General Fund."~~

8 **SECTION #.(e)** G.S. 143-64.02 is amended by adding two new subdivisions to  
9 read:

10 **"§ 143-64.02. Definitions.**

11 As used in Part 1 of this Article, except where the context clearly requires otherwise:

- 12 (1) "Agency" means an existing department, institution, commission,  
13 committee, board, division, or bureau of the State.
- 14 (2) "Nonprofit tax exempt organizations" means those nonprofit tax exempt  
15 medical institutions, hospitals, clinics, health centers, school systems,  
16 schools, colleges, universities, schools for the mentally retarded, schools for  
17 the physically handicapped, radio and television stations licensed by the  
18 Federal Communications Commission as educational radio or educational  
19 television stations, public libraries, and civil defense organizations, that have  
20 been certified by the Internal Revenue Service as tax-exempt nonprofit  
21 organizations under section 501(c)(3) of the United States Internal Revenue  
22 Code of 1954.
- 23 (3) "Recyclable material" means a recyclable material, as defined in  
24 G.S. 130A-290, that the Secretary of Administration determines, consistent  
25 with G.S. 130A-309.14, to be a recyclable material.
- 26 (4) "State owned" means supplies, materials, and equipment in the possession of  
27 the State of North Carolina and purchased with State funds, personal  
28 property donated to the State, or personal property purchased with other  
29 funds that give ownership to the State.
- 30 (5) "Surplus property" means personal property that is no longer needed by a  
31 State agency."

32 **SECTION #.(f)** G.S. 143-64.03 reads as rewritten:

33 **"§ 143-64.03. Powers and duties of the State agency for surplus property.**

34 (a) The State Surplus Property Agency is authorized and directed to:

- 35 (1) Sell all State owned supplies, materials, and equipment that are surplus,  
36 obsolete, or ~~unused~~unused and sell all seized vehicles and other  
37 conveyances that the State Surplus Property Agency is authorized to sell;
- 38 (2) Warehouse such property; and
- 39 (3) Distribute such property to tax-supported or nonprofit tax-exempt  
40 organizations.

41 (b) The State Surplus Property Agency is authorized and empowered to act as a  
42 clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to  
43 locate property available for acquisition from State agencies, to ascertain the terms and  
44 conditions under which the property may be obtained, to receive requests from agencies and  
45 private nonprofit tax-exempt organizations, and transmit all available information about the  
46 property, and to aid and assist the agencies and private nonprofit tax-exempt organizations in  
47 transactions for the acquisition of State surplus property.

48 (c) The State agency for surplus property, in the administration of Part 1 of this Article,  
49 shall cooperate to the fullest extent consistent with the provisions of Part 1 of this Article, with  
50 the departments or agencies of the State.

1 (d) The State agency for surplus property may sell or otherwise dispose of surplus  
2 property, including motor vehicles, through an electronic auction service."

3 **SECTION #.(g)** G.S. 143-64.05(a) reads as rewritten:

4 "**§ 143-64.05. Service charge; receipts.**

5 (a) The State agency for surplus property may assess and collect a service charge (i) for  
6 the acquisition, receipt, warehousing, distribution, or transfer of any State surplus ~~property and~~  
7 property; (ii) for the transfer or sale of recyclable ~~material-material; and (iii) for the towing,~~  
8 storing, processing, maintaining, and selling of motor vehicles seized pursuant to G.S. 20-28.3.

9 The service charge authorized by this subsection does not apply to the transfer or sale of timber  
10 on land owned by the Wildlife Resources Commission or the Department of Agriculture and  
11 Consumer Services."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-REV-H1-P

Department of Revenue  
House Appropriations, General Government

Requested by: Representative

1 ***ELIMINATE POSITIONS AT ROCKY MOUNT CALL CENTER***

2           **SECTION #.(a)** The Department of Revenue shall close the call center in the City  
3 of Rocky Mount no later than July 1, 2017. The Department shall not fill vacant positions  
4 located at the call center in the City of Rocky Mount. The Department may transfer vacant or  
5 filled positions from the call center in the City of Rocky Mount to the call center in the City of  
6 Greensboro, provided that no more than 100 positions are established in the call center in the  
7 City of Greensboro.

8           **SECTION #.(b)** This section is effective when this act becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-REV-H3A-P

Department of Revenue  
House Appropriations, General Government

Requested by: Representative

1 **MODIFY COLLECTION ASSISTANCE FEE RULES**

2 SECTION #. G.S. 105-243.1(e) reads as rewritten:

3 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs of  
4 collecting overdue tax debts. The proceeds of the fee must be credited to a special account  
5 within the Department and may be expended only as provided in this subsection. The proceeds  
6 of the fee may not be used for any purpose that is not directly and primarily related to  
7 collecting overdue tax debts. The Department may apply the proceeds of the fee for the  
8 purposes listed in this subsection. The remaining proceeds of the fee may be spent only  
9 pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain  
10 in the special account until spent for the costs of collecting overdue tax debts. The Department  
11 and the Office of State Budget and Management must account for all expenditures using  
12 accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts  
13 from costs allocable to other purposes and must demonstrate that none of the fee proceeds are  
14 used for any purpose other than collecting overdue tax debts.

15 The Department may apply the fee proceeds for the following purposes:

16 (1) To pay (i) contractors for collecting overdue tax debts under subsection (b)  
17 of this ~~section~~ section and (ii) auditors responsible for identifying overdue  
18 tax debts.

19 ...  
20 (4) To pay for postage or other delivery charges for correspondence directly and  
21 primarily relating to collecting overdue tax debts, not to exceed ~~five hundred~~  
22 ~~thousand dollars (\$500,000)~~ seven hundred fifty thousand dollars (\$750,000)  
23 a year.

24 ...  
25 (7) To pay the direct and indirect expenses of information technology upgrades  
26 to the Department of Revenue computer systems that are intended to do all  
27 of the following:

28 a. Improve system-wide security to protect the interests of all taxpayers  
29 and the information technology infrastructure of the Department.

30 b. Allow the Department to achieve ongoing compliance with IRS  
31 requirements for the safeguarding of Federal Tax Information  
32 entrusted to the Department.

33 c. Upgrade Department of Revenue capabilities to allow for electronic  
34 filing of returns by taxpayers and the electronic issuance of refunds  
35 by the Department for all remaining tax schedules.

36 d. Accomplish other mission-critical IT tasks of the Department as  
37 approved by the Office of State Budget and Management in  
38 consultation with the State CIO."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT  
SPECIAL PROVISION



2015-REV-H4A

Department of Revenue  
House Appropriations, General Government

Requested by: Representative

1 **STATE AGENCY/ENHANCED DEBT COLLECTION**

2 SECTION #. Article 1 of Chapter 105A of the General Statutes reads as rewritten:

3 "Chapter 105A.

4 "Setoff Debt Collection Act.

5 "Article 1.

6 "In General.

7 "§ 105A-1. Purposes.

8 The purpose of this Chapter is to establish as policy that all claimant agencies and the  
9 Department of Revenue shall cooperate in identifying debtors who owe money to the State or  
10 to a local government through their various agencies and who qualify for refunds from the  
11 Department of Revenue. It is also the intent of this Chapter that procedures be established for  
12 setting off against any refund the sum of any debt owed to the State or to a local government.  
13 Furthermore, it is the legislative intent that this Chapter be liberally construed so as to  
14 effectuate these purposes as far as legally and practically possible.

15 "§ 105A-2. Definitions.

16 The following definitions apply in this Chapter:

17 (1) Claimant agency. – Either of the following:

- 18 a. A State agency.
- 19 b. A local agency acting through a clearinghouse or an organization
- 20 pursuant to G.S. 105A-3(b1).
- 21 c. A federal agency.

22 (2) Debt. – Any of the following, ~~except as limited in sub-subdivision (f.) of this~~  
23 ~~subdivision:~~ following:

- 24 a. A sum owed to a claimant agency that has accrued through contract,
- 25 subrogation, tort, operation of law, or any other legal theory
- 26 regardless of whether there is an outstanding judgment for the sum.
- 27 b. A sum a claimant agency is authorized or required by law to collect,
- 28 such as child support payments collectible under Title IV, Part D of
- 29 the Social Security Act.
- 30 c. A sum owed as a result of an intentional program violation or a
- 31 violation due to inadvertent household error under the Food and
- 32 Nutrition Services Program enabled by Part 5 of Article 2 of Chapter
- 33 108A of the General Statutes.
- 34 d. Reserved for future codification purposes.
- 35 e. A sum owed as a result of having obtained public assistance
- 36 payments under any of the following programs through an intentional
- 37 false statement, intentional misrepresentation, intentional failure to
- 38 disclose a material fact, or inadvertent household error:

- 1                   1.       The Work First Program provided in Article 2 of Chapter  
2                                   108A of the General Statutes.
- 3                   2.       The State-County Special Assistance Program enabled by  
4                                   Part 3 of Article 2 of Chapter 108A of the General Statutes.
- 5                   3.       A successor program of one of these programs.
- 6                   f.       ~~For any school of medicine, clinical program, facility, or practice~~  
7                                   ~~affiliated with one of the constituent institutions of The University of~~  
8                                   ~~North Carolina that provides medical care to the general public and~~  
9                                   ~~for The University of North Carolina Health Care System and other~~  
10                                  ~~persons or entities affiliated with or under the control of The~~  
11                                  ~~University of North Carolina Health Care System, the term "debt" is~~  
12                                  ~~limited to the sum owed to one of these entities by law or by contract~~  
13                                  ~~following adjudication of a claim resulting from an individual's~~  
14                                  ~~receipt of hospital or medical services at a time when the individual~~  
15                                  ~~was covered by commercial insurance, Medicaid, Health Choice,~~  
16                                  ~~Medicare, Medicare Advantage, a Medicare supplement plan, or any~~  
17                                  ~~other government insurance.~~
- 18                   g.       A sum owed to the United States government or its federal agencies.
- 19                   (3)     Debtor. – A person who owes a debt.
- 20                   (4)     Department. – The Department of Revenue.
- 21                   (5)     Federal official. – A unit or official of the federal government charged with  
22                                  the collection of nontax debts payable to the federal government pursuant to  
23                                  31 U.S.C. § 3716.
- 24                   (6)     Local agency. – Any of the following:
- 25                                  a.       A county, to the extent it is not considered a State agency.
- 26                                  b.       A municipality.
- 27                                  c.       A water and sewer authority created under Article 1 of Chapter 162A  
28    of the General Statutes.
- 29                                  d.       A regional joint agency created by interlocal agreement under Article  
30    20 of Chapter 160A of the General Statutes between two or more  
31    counties, cities, or both.
- 32                                  e.       A public health authority created under Part 1B of Article 2 of  
33    Chapter 130A of the General Statutes or other authorizing legislation.
- 34                                  f.       A metropolitan sewerage district created under Article 5 of Chapter  
35    162A of the General Statutes.
- 36                                  g.       A sanitary district created under Part 2 of Article 2 of Chapter 130A  
37    of the General Statutes.
- 38                                  h.       A housing authority created under Chapter 157 of the General  
39    Statutes, provided that the debt owed to a housing authority has been  
40    reduced to a final judgment in favor of the housing authority.
- 41                                  i.       A regional solid waste management authority created under Article  
42    22 of Chapter 153A of the General Statutes.
- 43                   (7)     Net proceeds collected. – Gross proceeds collected through setoff against a  
44                                  debtor's refund or nontax payment minus the collection assistance fees  
45                                  provided in G.S. 105A-13.
- 46                   (7a)   Nontax payment. – A payment, including an expense reimbursement, made  
47                                  by the State to a person. The term does not include a person's salary, wages,  
48                                  or pension or a refund.
- 49                   (7b)   Person. – Defined in G.S. 105-228.90.
- 50                   (8)     Refund. – A debtor's North Carolina tax refund.

- 1 (9) State agency. – Any of the following:  
2 a. A unit of the executive, legislative, or judicial branch of State  
3 government.  
4 b. A local agency, to the extent it administers a program supervised by  
5 the Department of Health and Human Services or it operates a Child  
6 Support Enforcement Program, enabled by Chapter 110, Article 9,  
7 and Title IV, Part D of the Social Security Act.  
8 c. A community college.

9 **"§ 105A-3. Remedy additional; mandatory State usage; optional local usage; obtaining**  
10 **identifying information; registration.**

11 (a) Remedy Additional. – The collection remedy under this Chapter is in addition to  
12 and not in substitution for any other remedy available by law.

13 (b) Mandatory State Usage. – A State agency must submit a debt owed to it for  
14 collection under this Chapter unless the State Controller has waived this requirement or the  
15 State agency has determined that the validity of the debt is legitimately in dispute, an  
16 alternative means of collection is pending and believed to be adequate, or such a collection  
17 attempt would result in a loss of federal funds. The State Controller may waive the requirement  
18 for a State agency, other than the Department of Health and Human Services or a county acting  
19 on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the  
20 State Controller finds that collection by this means would not be practical or cost effective. A  
21 waiver may apply to all debts owed a State agency or a type of debt owed a State agency.

22 (b1) Optional Local Usage. – A local agency may submit a debt owed to it for collection  
23 under this Chapter. A local agency that decides to submit a debt owed to it for collection under  
24 this Chapter must establish the debt by following the procedure set in G.S. 105A-5 and must  
25 submit the debt through one of the following:

- 26 (1) A clearinghouse that is established pursuant to an interlocal agreement  
27 adopted under Article 20 of Chapter 160A of the General Statutes and has  
28 agreed to submit debts on behalf of any requesting local agency.  
29 (2) The North Carolina League of Municipalities.  
30 (3) The North Carolina Association of County Commissioners.

31 (c) Identifying Information. – All claimant agencies shall whenever possible obtain the  
32 full name, social security number or federal identification number, address, and any other  
33 identifying information required by the Department from any person for whom the agencies  
34 provide any service or transact any business and who the claimant agencies can foresee may  
35 become a debtor under this Chapter.

36 (d) Registration and Reports. – A State agency must register with the Department and  
37 with the State Controller. Every State agency must report annually to the State Controller the  
38 amount of debts owed to the agency for which the agency did not submit a claim for setoff and  
39 the reason for not submitting the claim.

40 A clearinghouse or an organization that submits debts on behalf of a local agency must  
41 register with the Department. Once a clearinghouse registers with the Department under this  
42 subsection, no other clearinghouse may register to submit debts for collection under this  
43 Chapter.

44 **"§ 105A-4. Minimum debt and ~~refund~~ refund or nontax payment.**

45 This Chapter applies only to a debt that is at least fifty dollars (\$50.00) and to a refund or  
46 nontax payment that is at least this same amount.

47 **"§ 105A-5. Local agency notice, hearing, and decision.**

48 (a) Prerequisite. – A local agency may not submit a debt for collection under this  
49 Chapter until it has given the notice required by this section and the claim has been finally  
50 determined as provided in this section.

1 (b) Notice. – A local agency must send written notice to a debtor that the agency  
2 intends to submit the debt owed by the debtor for collection by setoff. The notice must explain  
3 the basis for the agency's claim to the debt, that the agency intends to apply the debtor's refund  
4 or nontax payment against the debt, and that a collection assistance fee ~~of fifteen dollars~~  
5 ~~(\$15.00)~~ provided in G.S. 105A-13 will be added to the debt if it is submitted for setoff. The  
6 notice must also inform the debtor that the debtor has the right to contest the matter by filing a  
7 request for a hearing with the local agency, must state the time limits and procedure for  
8 requesting the hearing, and must state that failure to request a hearing within the required time  
9 will result in setoff of the debt.

10 (c) Administrative Review. – A debtor who decides to contest a proposed setoff must  
11 file a written request for a hearing with the local agency within 30 days after the date the local  
12 agency mails a notice of the proposed action to the debtor. A request for a hearing is considered  
13 to be filed when it is delivered for mailing with postage prepaid and properly addressed. The  
14 governing body of the local agency or a person designated by the governing body must hold the  
15 hearing.

16 If the debtor disagrees with the decision of the governing body or the person designated by  
17 the governing body, the debtor may file a petition for a contested case under Article 3 of  
18 Chapter 150B of the General Statutes. The petition must be filed within 30 days after the debtor  
19 receives a copy of the local decision. Notwithstanding the provisions of G.S. 105-241.21, a  
20 local agency is considered an agency for purposes of contested cases and appeals under this  
21 Chapter.

22 In a hearing under this section, an issue that has previously been litigated in a court  
23 proceeding cannot be considered.

24 (d) Decision. – A decision made after a hearing under this section must determine  
25 whether a debt is owed to the local agency and the amount of the debt.

26 (e) Return of Amount Set Off. – If a local agency submits a debt for collection under  
27 this Chapter without sending the notice required by subsection (b) of this section, the agency  
28 must send the taxpayer the entire amount set off plus the collection assistance fees provided in  
29 G.S. 105A-13. Similarly, if a local agency submits a debt for collection under this Chapter after  
30 sending the required notice but before final determination of the debt and a decision finds that  
31 the local agency is not entitled to any part of the amount set off, the agency must send the  
32 taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13.  
33 That portion of the amount returned that reflects the collection assistance fees must be paid  
34 from the local agency's funds.

35 If a local agency submits a debt for collection under this Chapter after sending the required  
36 notice and the net proceeds collected that are credited to the local agency for the debt exceed  
37 the amount of the debt, the local agency must send the balance to the debtor. No part of the  
38 collection assistance fees provided in G.S. 105A-13 may be returned when a notice was sent  
39 and a debt is owed but the debt is less than the amount set off.

40 Interest accrues on the amount of a refund returned to a taxpayer under this subsection in  
41 accordance with G.S. 105-241.21. A local agency that returns a refund to a taxpayer under this  
42 subsection must pay from the local agency's funds any interest that has accrued since the fifth  
43 day after the Department mailed the notice of setoff to the taxpayer.

44 **"§ 105A-6. Procedure Department to follow in making setoff.**

45 (a) Notice to Department. – A claimant agency seeking to attempt collection of a debt  
46 through setoff must notify the Department in writing and supply information necessary to  
47 identify the debtor whose refund or nontax payment is sought to be set off. The claimant  
48 agency may include with the notification the date, if any, that the debt is expected to expire.  
49 The agency must notify the Department in writing when a debt has been paid or is no longer  
50 owed the agency.



1 (b) Setoff by Department. – The Department, upon receipt of notification, must  
2 determine each year whether the debtor to the claimant agency is entitled to a refund ~~of or~~  
3 nontax payment and whether the amount is at least fifty dollars (\$50.00) from the Department.  
4 (\$50.00). Upon determination by the Department that a debtor specified by a claimant agency  
5 qualifies for such a ~~refund,~~ refund or nontax payment, the Department must set off the debt  
6 against the refund or nontax payment to which the debtor would otherwise be entitled and must  
7 refund any remaining balance to the debtor. The Department must mail the debtor written  
8 notice that the setoff has occurred and must credit the net proceeds collected to the claimant  
9 agency. If the claimant agency is a State agency, that agency must credit the amount received to  
10 a nonreverting trust account and must follow the procedure set in G.S. 105A-8.

11 **"§ 105A-6.1. State Reciprocal Offset Program.**

12 (a) Agreement. – The Department is authorized to enter into an agreement with the  
13 Secretary of the Treasury to participate in the State Reciprocal Offset Program pursuant to 31  
14 U.S.C. § 3716 for the collection of any debts owed to the State or to State agencies from federal  
15 payments to vendors, contractors, and taxpayers. The agreement may provide for the United  
16 States to submit nontax debts owed to federal agencies for offset against State payments  
17 otherwise due and owing to taxpayers, vendors, and contractors providing goods or services to  
18 the State, its departments, agencies, or institutions.

19 (b) Federal Certification. – Pursuant to the agreement authorized in subsection (a) of  
20 this section, a federal official may certify to the Department the existence of a person's  
21 delinquent, nontax debt owed by the person to the federal government. To accept the  
22 certification provided by the federal official, the certification must include the name of the  
23 person, the person's Social Security number or federal tax identification number, and the  
24 amount of the person's nontax debt and may include any other information pursuant to the  
25 agreement authorized herein.

26 (c) Offset. – Upon receiving a federal certification complying with subsection (b) of  
27 this section and a request by the federal official that the Department withhold a refund or  
28 nontax payment, the following provisions, as required or permitted by State law, federal law, or  
29 the offset agreement apply:

- 30 (1) The Department may determine if a person for whom the federal  
31 certification is received is due a refund or nontax payment.
- 32 (2) If the person for whom the federal certification is received is due a refund or  
33 nontax payment, the Department shall (i) withhold the refund or nontax  
34 payment due, (ii) notify the person of the amount withheld in the manner  
35 required by the offset agreement, and (iii) remit to the federal official the  
36 lesser of the entire amount of the refund or nontax payment or the amount  
37 certified.
- 38 (3) If the amount certified is less than the refund or nontax payment, the  
39 Department shall pay the excess to the person less the collection assistance  
40 fee provided in G.S. 105A-13.

41 (d) State Certification. – As permitted by State law, federal law, and the offset  
42 agreement, the Department may certify to a federal official a person's delinquent debt owed to  
43 the State by providing the federal official the name of the person, the person's Social Security  
44 number or tax identification number, the amount of the debt due the State, and any other  
45 information required by the offset agreement. The Department may request that the federal  
46 official withhold any federal vendor or other federal payment pursuant to the offset agreement  
47 to which the person is entitled.

48 (e) Proceeds Retention. – The retention of a portion of the proceeds of any federal  
49 administrative setoff pursuant to 31 C.F.R. § 285.6 does not affect the provisions of this  
50 section.

1 ...

2 **"§ 105A-8. State agency notice, hearing, decision, and refund of setoff.**

3 (a) Notice. – Within 10 days after a State agency receives a refund or nontax payment  
4 of a debtor, the agency must send the debtor written notice that the agency has received the  
5 debtor's ~~refund.~~ refund or nontax payment. The notice must explain the debt that is the basis for  
6 the agency's claim to the debtor's refund or nontax payment and that the agency intends to  
7 apply the refund or nontax payment against the debt. The notice must also inform the debtor  
8 that the debtor has the right to contest the matter by filing a request for a hearing, must state the  
9 time limits and procedure for requesting the hearing, and must state that failure to request a  
10 hearing within the required time will result in setoff of the debt. A State agency that does not  
11 send a debtor a notice within the time required by this subsection must refund the amount set  
12 off plus the collection assistance fee, in accordance with subsection (d) of this section.

13 (b) Hearing. – A hearing on a contested claim of a State agency, except a constituent  
14 institution of The University of North Carolina or the Division of Employment Security, must  
15 be conducted in accordance with Article 3 of Chapter 150B of the General Statutes. A hearing  
16 on a contested claim of a constituent institution of The University of North Carolina must be  
17 conducted in accordance with administrative procedures approved by the Attorney General. A  
18 hearing on a contested claim of the Division of Employment Security must be conducted in  
19 accordance with rules adopted by that Division. A request for a hearing on a contested claim of  
20 any State agency must be filed within 30 days after the State agency mails the debtor notice of  
21 the proposed setoff. A request for a hearing is considered to be filed when it is delivered for  
22 mailing with postage prepaid and properly addressed. In a hearing under this section, an issue  
23 that has previously been litigated in a court proceeding cannot be considered.

24 (c) Decision. – A decision made after a hearing under this section must determine  
25 whether a debt is owed to the State agency and the amount of the debt.

26 (d) Return of Amount Set Off. – If a State agency fails to send the notice required by  
27 subsection (a) of this section within the required time or a decision finds that a State agency is  
28 not entitled to any part of an amount set off, the agency must send the taxpayer the entire  
29 amount set off plus the collection assistance fee retained by the Department. That portion of the  
30 amount returned that reflects the collection assistance fee must be paid from the State agency's  
31 funds.

32 If a debtor owes a debt to a State agency and the net proceeds credited to the State agency  
33 for the debt exceed the amount of the debt, the State agency must send the balance to the  
34 debtor. No part of the collection assistance fee retained by the Department may be returned  
35 when a debt is owed but it is less than the amount set off.

36 Interest accrues on the amount of a refund returned to a taxpayer under this subsection in  
37 accordance with G.S. 105-241.21. A State agency that returns a refund to a taxpayer under this  
38 subsection must pay from the State agency's funds any interest that has accrued since the fifth  
39 day after the Department mailed the notice of setoff to the taxpayer.

40 **"§ 105A-9. Appeals from hearings.**

41 Appeals from hearings allowed under this Chapter, other than those conducted by the  
42 Division of Employment Security, shall be in accordance with the provisions of Chapter 150B  
43 of the General Statutes, the Administrative Procedure Act, except that the place of initial  
44 judicial review shall be the superior court for the county in which the debtor resides. Appeals  
45 from hearings allowed under this Chapter that are conducted by the Division of Employment  
46 Security shall be in accordance with the provisions of Chapter 96 of the General Statutes.

47 ...

48 **"§ 105A-12. Priorities in claims to setoff.**

49 The Department has priority over all other claimant agencies for collection by setoff  
50 whenever it is a competing agency for a ~~refund.~~ refund or nontax payment. State agencies have

1 priority over federal or local agencies for collection by setoff. When there are multiple claims  
2 by State agencies other than the Department, the claims have priority based on the date each  
3 agency registered with the Department under G.S. 105A-3. When there are multiple claims by  
4 two or more organizations submitting debts on behalf of federal or local agencies, the claims  
5 have priority based on the date each organization registered with the Department under  
6 G.S. 105A-3. When there are multiple claims among federal or local agencies whose debts are  
7 submitted by the same organization, the claims have priority based on the date each federal or  
8 local agency requested the organization to submit debts on its behalf.

9 **"§ 105A-13. Collection assistance fees.**

10 (a) State Setoff. – ~~To~~ Except as provided in subsection (b1) of this section, to recover  
11 the costs incurred by the Department in collecting debts under this Chapter, a collection  
12 assistance fee of five dollars (\$5.00) is imposed on each debt collected through setoff. The  
13 Department must collect this fee as part of the debt and retain it. The collection assistance fee  
14 shall not be added to child support debts or collected as part of child support debts. Instead, the  
15 Department shall retain from collections under Division II of Article 4 of Chapter 105 of the  
16 General Statutes the cost of collecting child support debts under this Chapter.

17 (b) Repealed by Session Laws 2001-380, s. 3, effective November 1, 2001.

18 (b1) Federal Debts. – To recover the costs incurred by the Department in collecting debts  
19 on behalf of a federal agency under this Chapter, a collection assistance fee equal to the fee  
20 charged by the federal government is imposed on each debt collected through setoff. The  
21 Department must collect this fee as part of the debt and retain it.

22 (c) Local Debts. – To recover the costs incurred by local agencies in submitting debts  
23 for collection under this Chapter, a local collection assistance fee of fifteen dollars (\$15.00) is  
24 imposed on each local agency debt submitted under G.S. 105A-3(b1) and collected through  
25 setoff. The Department must collect this fee as part of the debt and remit it to the clearinghouse  
26 that submitted the debt. The local collection assistance fee does not apply to child support  
27 debts.

28 (d) Priority. – If the Department is able to collect only part of a debt through setoff, the  
29 collection assistance fee provided in subsection (a) of this section has priority over the local  
30 collection assistance fee and over the remainder of the debt. The local collection assistance fee  
31 has priority over the remainder of the debt.

32 **"§ 105A-14. Accounting to the claimant agency; credit to debtor's obligation.**

33 (a) Simultaneously with the transmittal of the net proceeds collected to a claimant  
34 agency, the Department must provide the agency with an accounting of the setoffs for which  
35 payment is being made. The accounting must whenever possible include the full names of the  
36 debtors, the debtors' social security numbers or federal identification numbers, the gross  
37 proceeds collected per setoff, the net proceeds collected per setoff, and the collection assistance  
38 fee added to the debt and collected per setoff.

39 (b) Upon receipt by a claimant agency of net proceeds collected on the claimant  
40 agency's behalf by the Department, a final determination of the claim if it is a State agency  
41 claim, and an accounting of the proceeds as specified under this section, the claimant agency  
42 must credit the debtor's obligation with the net proceeds collected.

43 **"§ 105A-15. Confidentiality exemption; nondisclosure.**

44 (a) Notwithstanding G.S. 105-259 or any other provision of law prohibiting disclosure  
45 by the Department of the contents of taxpayer records or information and notwithstanding any  
46 confidentiality statute of any claimant agency, the exchange of any information among the  
47 Department, the claimant agency, the organization submitting debts on behalf of a local agency,  
48 and the debtor necessary to implement this Chapter is lawful.

49 (b) The information a claimant agency or an organization submitting debts on behalf of  
50 a local agency obtains from the Department in accordance with the exemption allowed by

1 subsection (a) may be used by the agency or organization only in the pursuit of its debt  
2 collection duties and practices and may not be disclosed except as provided in G.S. 105-259,  
3 153A-148.1, or 160A-208.1.  
4 **"§ 105A-16. Rules.**  
5 The Secretary of Revenue may adopt rules to implement this Chapter. The State Controller  
6 may adopt rules to implement this Chapter."

