

**SENATE APPROPRIATIONS/
BASE BUDGET COMMITTEE**

**REPORT ON THE
CONTINUATION, EXPANSION,
AND CAPITAL BUDGETS**

Senate Bill 744

North Carolina General Assembly

May 29, 2014

TRANSPORTATION

Section K

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Highway Fund

HIGHWAY FUND

Total Budget Enacted 2013 Session

FY 14-15
\$1,916,310,500

Legislative Changes

Adjustments to Availability

1 Revenue Adjustment

Repeals the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective on January 1, 2015, increasing revenue availability by \$69,188 in FY 2014-15.

2 Intermodal Division Balances

Transfers \$12,000,000 of the unallotted and unexpended balance of funds within the intermodal divisions to the Pavement Preservation Program.

3 Shallow Draft Navigation Channel and Lake Dredging Fund

Reduces Highway Fund revenue availability to reflect a one-time transfer of \$1,677,134 to the Shallow Draft Navigation Channel and Lake Dredging Fund.

Administration

4 Division Cuts

(\$1,705,907) R

Reduces the Communications, Strategic Planning Office, Office of Inspector General, Financial Management, Information Technology, and Facilities Management programs by 2% of the certified 2014-15 budgets for these programs, as recommended in the Governor's Budget. The cuts include \$1,705,907 to the Highway Fund and \$10,130 in receipts.

Divisional adjustments are enumerated below:

Communications Division (Fund Code 84210-0002): \$29,957
Strategic Planning Office (Fund Code 84210-1096): \$3,958
Office of Inspector General (Fund Code 84210-7011): \$39,353
Financial Management Division (Fund Code 84210-7020): \$149,903
Information Technology Division (Fund Code 84210-7025): \$1,091,183
Facilities Management Division (Fund Code 84210-7030): \$401,683

5 Division of Highways Administration Cuts

Reduces the Intergovernmental Affairs, Program Development, Technical Services, Transportation Planning, and Transportation Mobility and Safety programs by 2% of the certified 2014-15 budgets for these programs, as recommended in the Governor's Budget. The cuts include \$198,056 to receipts.

Divisional adjustments are enumerated below:

- Intergovernmental Affairs (Fund Code 84210-1078/1129): \$13,878
- Program Development Division (Fund Code 84210-1256): \$15,266
- Technical Services Division (Fund Code 84210-7153): \$110,738
- Transportation Planning Program (Fund Code 84210-7070): \$4,000
- Transportation Mobility and Safety Division (Fund Code 84210-0149): \$54,174

6 Financial Management

(\$4,200,000) R

Reduces funding for the Financial Management Division (Fund Code 84210-7020) by \$4,200,000 to realign the budget to reflect actual spending. Budgeted funds total \$5,688,248 in FY 2014-15.

7 Governance Office

(\$424,545) R

Eliminates one vacant support staff position in the Governance Office (Fund Code 84210-1104) that has been vacant less than 180 days. Eliminates four positions, of which three are filled positions, and associated costs previously associated with the Quality Enhancement Unit.

-5.00

Position	Title	Total Position Cost
60015422	Management Engineer II	\$96,657
60015416	Business Systems Analyst	\$110,260
60015423	Management Engineer I	\$82,516
60015420	Management Engineer I (vacant)	\$84,840
60027692	Administrative Assistant I (vacant)	\$50,272

8 Occupational Safety & Health Program (OSHA)

(\$7,307) R

Reduces funding for the OSHA Program (Fund Code 84210-7832), as recommended in the Governor's budget. The program provides funding to address safety deficiencies that impact the workplace environment. Eligible projects include mitigation of deficiencies discovered in routine inspections by OSHA, building code, or health code inspectors and employee safety training. This \$7,307 reduction represents a 2.0% adjustment to the certified 2014-15 budget for this program. Budgeted funds total \$358,030 in FY 2014-15.

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9 Secretary's Office

(\$300,365) R

Eliminates one full-time filled position in the Secretary's Office (Fund Code 84210-0007) and two vacant positions that have been vacant less than 180 days.

-3.00

Position	Title	Total Position Cost
60014914	Federal Legislative Programs Coord	\$180,669
60014929	Processing Asst V (vacant)	\$46,095
60015792	Administrative Officer I (vacant)	\$73,601

10 Vacant Position Eliminations

(\$1,483,664) R

Eliminates 21 vacant administrative positions and 270 vacant positions assigned to equipment and field units which have been vacant for 180 days or longer. Estimated recurring savings total \$1,483,664.

-21.00

Aid to Municipalities

11 State Aid to Municipalities

\$9,453,990 R

Appropriates additional funding for the Aid to Municipalities program based on revised projections for motor fuels tax consumption in accordance with G.S. 136-41.1. Budgeted funds total \$146,328,000 in FY 2014-15.

Construction

12 Economic Development Program Fund

(\$4,036,171) NR

Eliminates all funding for the Economic Development Program (Fund Code 84210-7838).

Division of Motor Vehicles

13 Credit/Debit Transaction Payments

(\$3,707,308) R

Realigns funding for payments to card vendors for credit/debit transactions based on actual transaction rates and the deployment of point-of-sale capability to driver license offices. Funding for Vehicle Services (Fund Code 84210-7055) is reduced by \$3,707,308 recurring, a 28.0% adjustment to the certified 2014-15 budget for this line item. Funding for Driver Services (Fund Code 84210-0049) is reduced by \$648,879 nonrecurring, a 46.9% adjustment to the certified 2014-15 budget for this line item.

(\$648,879) NR

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14 Title Conversion Fees

(\$30,000) R

Budgets anticipated net receipts from the authorized \$3.00 fee for the conversion of paper titles under the Electronic Lien and Titling system required pursuant to G.S. 20-58.4A.

15 License and Identification Card Costs

\$1,585,443 R

Increases funding for the production of new format driver license and identification cards issued by the Division of Motor Vehicles, as recommended in the Governor's budget. This \$1,585,443 increase to Driver Services (Fund Code 84210-0049) represents a 36.2% adjustment to the certified 2014-15 budget for this line item.

16 Medical Review Unit

\$350,000 R

Increases funding for contractual physician case reviews and Medical Review Board hearings, as recommended in the Governor's budget. This \$350,000 increase represents a 0.7% adjustment to the certified 2014-15 budget for Driver Services (Fund Code 84210-0049).

17 Ignition Interlock Program

\$617,495 R

Increases funding to establish a stand-alone Ignition Interlock Unit, as recommended in the Governor's budget. This \$663,945 increase represents an 8.4% adjustment to the certified 2014-15 budget for the Commissioner's Office.

\$46,450 NR
10.00

Governor's Highway Safety Program

18 Governor's Highway Safety Program

(\$5,699) R

Reduces the Governor's Highway Safety Program (Fund Code 84210-0042) administrative budget for car mileage reimbursement by \$11,398, including \$5,699 in receipts, as recommended in the Governor's Budget. Budgeted funds for the program total \$279,233 in FY 2014-15.

Information Technology

<p>19 SOA Governance and Competency Center</p> <p>Provides funds to establish enterprise-level Service Oriented Architecture (SOA) Governance to support the design, development and deployment of products and services as part of the Division of Motor Vehicle Modernization effort and other ongoing initiatives, as recommended in the Governor's budget. The Department will also establish an SOA competency center to retrain existing technical resources and develop the new technologies to be delivered via modernization. This \$3,000,000 funding increase represents a 5.6% adjustment to the certified 2014-15 budget for the Information Technology Division.</p>	<p>\$640,000 R \$2,360,000 NR</p>
<p>20 Modernization of Driver Services</p> <p>Increases funding to advance Phase 3 of the State Automated Driver License System replacement project, supplementing \$5.3 million of available funding from current appropriations for the modernization initiative in FY 2014-15. This \$3,024,503 funding increase represents a 5.6% adjustment to the certified 2014-15 budget for the Information Technology Division.</p>	<p>\$3,024,503 NR</p>
<p>21 Online License Renewal</p> <p>Provides \$475,000 nonrecurring to develop an online renewal capability for Driver Services. This \$475,000 funding increase represents a 0.9% adjustment to the certified 2014-15 budget for the Information Technology Division.</p>	<p>\$475,000 NR</p>
<p>22 Hearing Fee Implementation</p> <p>Provides \$256,000 nonrecurring for web application development to facilitate the future implementation of hearing fees. This \$256,000 funding increase represents a 0.5% adjustment to the certified 2014-15 budget for the Information Technology Division.</p>	<p>\$256,000 NR</p>
<p>23 DMV Service Initiatives</p> <p>Provides additional Information Technology (IT) staffing for the State Automated Driver License System (SADLS) and State Titling and Registration System (STARS) project teams, as recommended in the Governor's budget. Four (4.00) additional positions are authorized for the SADLS project team and three (3.00) additional positions are authorized for the STARS project team. This \$830,707 funding increase represents a 1.5% adjustment to the certified 2014-15 budget for the Information Technology Division.</p>	<p>\$830,707 R 7.00</p>

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24 Channel Strategy Development

\$1,800,000 R

Provides funding to design, develop and deploy tools, applications, solutions and systems for internal and external users, as recommended in the Governor's budget. This \$1,800,000 funding increase represents a 3.3% adjustment to the certified 2014-15 budget for the Information Technology Division.

25 Card Payment Operation and Maintenance

\$1,032,919 R

Provides funding for maintenance, licensing costs, and required Payment Card Industry (PCI) Data Security Standards associated with the acceptance of credit cards, as recommended in the Governor's budget. This \$1,032,919 funding increase represents a 1.9% adjustment to the certified 2014-15 budget for the Information Technology Division.

Intermodal

26 Aviation, Rail, Public Transportation, and Ferry Operating Reductions

(\$6,726,408) R

Reduces operating and grant funding for the Divisions of Aviation, Rail, Public Transportation, Ferry, and Bicycle and Pedestrian Transportation. Recurring reductions total \$6,726,407, a 4.0% adjustment to the certified 2014-15 budgets for these programs. Funds allocated for grants for transportation services associated with the High Point Furniture Market are exempt from this reduction.

Divisional adjustments are enumerated below:

- Aviation Division (Fund Code 84210-7830): \$800,000
- Rail Division (Fund Code 84210-7829): \$960,325
- Public Transportation Division (Fund Code 84210-7831): \$3,393,723
- Ferry Division (Fund Code 84210-7825): \$1,542,317
- Bicycle & Pedestrian Division (Fund Code 84210-0035): \$30,043

27 Division of Aviation - Executive Passenger Program

(\$8,452) R

Reallocates operating and maintenance funding attributed to the Sikorsky S-76C+ helicopter and eliminates one vacant Pilot position (60080839), as recommended in the Governor's budget. Of the \$158,452 in savings, \$150,000 is reserved for contractual passenger service.

-1.00

Maintenance

28 Pavement Preservation Program

\$80,824,381 R

Establishes funding for the Pavement Preservation Program.

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29 Primary System (\$6,678,148) R

Reduces funding for Primary System Maintenance Program, as recommended in the Governor's budget. Budgeted funds total \$140,845,060 in FY 2014-15.

30 Secondary System (\$10,709,290) R

Reduces funding for the Secondary System Maintenance Program, as recommended in the Governor's budget. Budgeted funds total \$262,872,935 in FY 2014-15.

Reserves

31 Reserve for Compensation Increases \$7,516,510 R

Provides a \$1,000 recurring salary and benefit increase (\$809 salary increase) for permanent full-time employees.

32 State Retirement System Contributions \$1,220,000 R

Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees.

33 State Health Plan (\$1,050,000) R

Reduces the reserve for health benefit coverage for enrolled active and retired employees supported by the Highway Fund to reflect zero premium increase at January 1, 2015.

34 Disability Income Plan (\$98,700) R

Reduces contributions to the Disability Income Plan for FY 2014-15 to match the Annual Required Contribution.

35 Reserve for Future Benefit Needs (\$1,745,000) R

Eliminates the Highway Fund reserve for future benefit needs.

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Transfers

- 36 Global TransPark** (\$250,000) R
 Reduces the operating transfer to the Global TransPark Authority by \$250,000, a 25% adjustment to the certified 2014-15 budget.
- 37 Governor's Office** (\$80,000) R
 Eliminates an \$80,000 transfer from the Governor's Office used to pay a portion of the salary for Position No. 60014914. This position is eliminated in Item 9.
- 38 Department of Public Instruction - Driver Education** (\$26,682,132) R
 Converts funding to nonrecurring and adjusts the transfer from the Highway Fund to the Department of Public Instruction based on the forecast ninth-grade Average Daily Membership (ADM) for the 2014-15 school year. \$26,376,131 NR

Total Legislative Changes	\$39,978,520	R
	\$27,853,034	NR
Total Position Changes		-13.00
Revised Budget	\$1,984,142,054	

Highway Trust Fund

**HIGHWAY TRUST
FUND**

Total Budget Enacted 2013 Session

FY 14-15
\$1,105,400,000

Legislative Changes

Adjustments to Availability

39 Revenue Adjustments

Raises the Highway Use Tax caps in G.S. 105-187.3 to phase in a higher cap for certificates of title issued for a Class A or Class B motor vehicle that is a commercial vehicle (currently set at \$2,000) and for recreational vehicles (currently set at \$1,500). The caps increase to \$2,000 on January 1, 2015 and to \$3,000 on July 1, 2015.

Raises the Highway Use Tax cap in G.S. 105-187.6(c) on out-of-state vehicles from \$150 to \$250, effective October 1, 2014.

Repeals the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective January 1, 2015.

These changes increase revenue availability by \$5,691,890 in FY 2014-15.

Administration

40 Administration

(\$11,000,000) R

Reduces funding for Highway Trust Fund administration by \$11,000,000 to realign the budget to reflect actual spending. Budgeted funds total \$34,590,880 in FY 2014-15.

Construction

41 Strategic Transportation Investments

\$73,661,890 R

Increases funding for Strategic Transportation Investments to \$1,023,763,562 in FY 2014-15.

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Total Legislative Changes

\$62,661,890 R

Total Position Changes

Revised Budget

\$1,168,061,890

Turnpike Authority

Budget Code: 64208

	FY 2014-15
Beginning Unreserved Fund Balance	\$0
Recommended Budget	
Requirements	\$88,725,718
Receipts	\$88,725,718
Positions	20.00

Legislative Changes

Requirements:

Administration	(\$42,601) R
Reduces funding for the Turnpike Authority administration budget by \$42,601, as recommended in the Governor's budget. Budgeted funds to the Turnpike Authority total \$1,442,878 in FY 2014-15.	\$0 NR 0.00
Subtotal Legislative Changes	(\$42,601) R \$0 NR 0.00

Receipts:

Administration	(\$42,601) R
Reduces associated receipts for Turnpike Authority administration.	\$0 NR
Subtotal Legislative Changes	(\$42,601) R \$0 NR

Revised Total Requirements	\$88,683,117
Revised Total Receipts	\$88,683,117
Change in Fund Balance	\$0
Total Positions	20.00

Unappropriated Balance Remaining	\$0
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1 Renovations Reserve are appropriated for the 2013-2014 and 2014-2015 fiscal years and shall
2 be used in accordance with G.S. 143C-4-3.

3 **SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a
4 total of two hundred thirty-two million five hundred thirty-seven thousand nine hundred
5 forty-two dollars (\$232,537,942) from the unreserved fund balance to the Savings Reserve
6 Account on June 30, 2013, and the sum of ~~thirty-seven million one hundred twenty-two~~
7 ~~thousand three hundred forty-six dollars (\$37,122,346)~~ forty-two million nine hundred
8 eighty-nine thousand eight hundred seventy dollars (\$42,989,870) from the unreserved fund
9 balance to the Savings Reserve Account on June 30, 2014. Neither of these transfers is an
10 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North
11 Carolina Constitution. This subsection becomes effective June 30, 2013.

12"

13 **SECTION 2.2.(c)** Interest from the following funds shall be redirected to the
14 General Fund:

15 **Budget Fund**

16	Code	Code	Description
17	24303	2990	Marine Conservation Fund
18	24304	Various	Ecosystem Enhancement Fund
19	24305	2002	Clean Water Management Trust Fund
20	24306	2127	Dry Cleaning Solvent Cleanup Fund
21	24309	2235	Parks and Recreation Trust Fund
22	24318	2054	Bernard Allen Drinking Water Fund
23	24323	Various	Marine Resources Fund
24	64301	6342	Water Pollution Control System Account
25	64305	6370	Commercial Leaking Petroleum Storage Tanks Fund
26	64305	6371	Noncommercial Leaking Petroleum Storage Tanks Fund
27	64305	6372	Inactive Hazardous Sites Fund
28	64305	6373	Emergency Response Fund
29	64305	6375	Superfund Cost Share Fund
30	64305	6376	Brownfield Superfund Fund
31	64305	6379	Inactive Hazardous Sites Fund-S1492

32 **SECTION 2.2.(d)** Notwithstanding G.S. 20-183.7(c), fees collected for electronic
33 inspection authorizations during the 2014-2015 fiscal year that would have been credited to the
34 I & M Air Pollution Control Account established under G.S. 143-215.3A(b1) shall be credited
35 to the State's General Fund.

36 **SECTION 2.2.(e)** Notwithstanding G.S. 105-449.125, one million dollars
37 (\$1,000,000) of the revenue collected by the Secretary of Revenue from the motor fuel excise
38 tax levied under Part 7 of Article 36C of the General Statutes that would otherwise be credited
39 to the Water and Air Quality Account shall be credited to the State's General Fund.

40 **SECTION 2.2.(f)** Effective June 30, 2014, G.S. 106-435 and G.S. 106-451.27 are
41 repealed, and the unallotted and unexpended funds in the Cotton Warehouse Fund on that date
42 shall be transferred to the General Fund.

43 **SECTION 2.2.(g)** Effective June 30, 2014, G.S. 106-65.104 is repealed, and the
44 unallotted and unexpended balance of funds in the Bedding Law Account on that date shall be
45 transferred to the General Fund.

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

47 **CURRENT OPERATIONS/HIGHWAY FUND**

48 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
49 and operation of the Department of Transportation and for other purposes as enumerated are
50
51

1 adjusted for the fiscal year ending June 30, 2015, according to the following schedule.
 2 Amounts set out in parentheses are reductions from Highway Fund Appropriations for the
 3 2014-2015 fiscal year.

Current Operations – Highway Fund**2014-2015**

Department of Transportation

Administration

\$ 2,304,648

Division of Highways

Administration

0

Construction

(4,036,171)

Maintenance

63,436,943

Planning and Research

0

OSHA Program

(7,307)

Ferry Operations

(1,542,317)

State Aid to Municipalities

9,453,990

Intermodal Divisions

Public Transportation

(3,393,723)

Aviation

(808,452)

Rail

(960,325)

Bicycle and Pedestrian

(30,043)

Governor's Highway Safety

(5,699)

Division of Motor Vehicles

(1,786,799)

Other State Agencies, Reserves, Transfers

5,206,809

Capital Improvements

0

Total Highway Fund Appropriations**\$ 1,984,142,054****HIGHWAY FUND AVAILABILITY STATEMENT**

37 **SECTION 3.2.** Section 3.2 of S.L. 2013-360 is repealed. The Highway Fund
 38 availability used in adjusting the 2014-2015 fiscal year budget is shown below:

Highway Fund Availability Statement**2014-2015**

Unreserved Fund Balance

\$ 12,000,000

Estimated Revenue

1,973,750,000

Adjustment to Revenue Availability:

Motor Fuel Tax (Shallow Draft Navigation Channel Dredging Fund)

(1,677,134)

Motor Fuel Tax Refund Repeal (Taxi Cabs)

69,188

Revised Total Highway Fund Availability**\$ 1,984,142,054**

Unappropriated Balance

\$ 0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**CURRENT OPERATIONS/HIGHWAY TRUST FUND**

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2015, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2014-2015 fiscal year.

Current Operations – Highway Trust Fund**2014-2015**

Program Administration	\$ (11,000,000)
Aid to Municipalities	0
Intrastate	0
Secondary Roads	0
Urban Loops	0
Mobility Fund	0
Turnpike Authority	0
Transfer to General Fund	0
Transfer to Highway Fund	0
Debt Service	0
Strategic Prioritization Funding Plan for Transportation Investments	73,661,890

Total Highway Trust Fund Appropriations**\$ 1,168,061,890****HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

SECTION 4.2. Section 4.2 of S.L. 2013-360 is repealed. The Highway Trust Fund availability used in developing the 2014-2015 fiscal year budget is shown below:

Highway Trust Fund Availability**2014-2015**

Unreserved Fund Balance	\$ 0
Estimated Revenue	1,162,370,000
Adjustment to Revenue Availability:	
Motor Fuel Tax Refund Repeal (Taxi Cabs)	23,140
Highway Use Tax Cap Adjustments	5,668,750
Total Highway Trust Fund Availability	\$ 1,168,061,890
Unappropriated Balance	\$ 0

PART V. OTHER APPROPRIATIONS**INDIAN GAMING EDUCATION REVENUE FUND**

SECTION 5.1. Section 5.4 of S.L. 2013-360 reads as rewritten:

"SECTION 5.4.(a) There is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, School Technology Fund, the sum of ~~three million dollars (\$3,000,000)~~ five million dollars (\$5,000,000) for the 2013-2014 fiscal year and the sum of ~~three million five hundred thousand dollars (\$3,500,000)~~ six million dollars (\$6,000,000) for the 2014-2015 fiscal year.

"SECTION 5.4.(b) G.S. 143C-9-7 does not apply to the use of these funds for the 2013-2015 fiscal biennium."

1 In discharging that responsibility, the State Chief Information Officer, in cooperation with
2 affected State agency heads, may:

3 ...

4 (14) Monitor the use of mobile electronic communications devices within State
5 agencies and maintain information on the following:

- 6 a. The total number of devices issued by each agency.
7 b. The total cost of mobile devices issued by each agency.
8 c. The number and cost of new devices issued.
9 d. The contracts used to obtain the devices."

10 **SECTION 7.12.(b)** Section 7.18 of S.L. 2013-360 is repealed.

11 STATE PORTAL IMPLEMENTATION/REQUIREMENTS

12 **SECTION 7.13.(a)** The State Chief Information Officer shall implement and
13 operate a statewide electronic portal to increase the convenience of members of the public in
14 conducting online transactions with, and obtaining information from, State government, and to
15 facilitate their interactions and communications with government agencies. The portal shall be
16 developed using State information technology resources, to include resources available through
17 The University of North Carolina and its constituent institutions.

18 **SECTION 7.13.(b)** Prior to implementation of a State portal, the State Chief
19 Information Officer shall provide all of the following to the General Assembly:

- 20 (1) A detailed plan for development and implementation of the portal, to include
21 a list of anticipated applications to be implemented during fiscal years
22 2014-2015 and 2015-2016.
23 (2) A description of how the portal is to be implemented, to include detailed
24 information on potential costs, including total cost of ownership of the portal
25 and any applications proposed for implementation during fiscal years
26 2014-2015 and 2015-2016.
27 (3) A funding model for the implementation that does not increase the cost of
28 access to services for any citizen of the State.

29 **SECTION 7.13.(c)** The State portal project shall meet all requirements for project
30 management established by the State Chief Information Officer and State law. Participation by
31 State agencies in the State portal shall be voluntary. State agency receipts shall not be affected
32 by the development and implementation of the State portal. Current State agency plans and
33 operations shall not require any changes due to the development and implementation of the
34 State portal.

35 **SECTION 7.13.(d)** Notwithstanding any other provision of law, all fees associated
36 with the State portal shall be set by the General Assembly in the Current Operations
37 Appropriations Act.

38 DEPARTMENT OF TRANSPORTATION INFORMATION TECHNOLOGY 39 MODERNIZATION

40 **SECTION 7.14.(a)** Of the funds appropriated to the Department of Transportation
41 (DOT), the sum of twenty-three million three hundred eighty-six thousand eight hundred
42 twenty-two dollars (\$23,386,822) for the 2014-2015 fiscal year is allocated for the following
43 information technology projects and associated activities:

	<u>FY 2014-2015</u>
44 Replacement of the State Automated Driver License System	\$14,946,903
45 (SADLS) – Project Phases 1, 2, and 3	
46 Division of Motor Vehicles Mobile Unit Replacement	\$796,000
47 Division of Motor Vehicles Kiosk Pilot Program	\$600,000
48 Division of Motor Vehicles Card Payment Operations & Maintenance	\$1,512,919

1	Division of Motor Vehicles – Service-Oriented Architecture	\$3,000,000
2	Division of Motor Vehicles Channel Strategy	\$1,800,000
3	Division of Motor Vehicles – Online Renewal	\$475,000
4	Division of Motor Vehicles – Web Application Development	\$256,000
5	(Hearing Fee Implementation)	

6 **SECTION 7.14.(b)** Available funds shall be prioritized to expedite completion of
7 the State Automated Driver License System modernization and replacement project. All DOT
8 business intelligence activities, to include any planning and development, shall be implemented
9 working through the Government Data Analytics Center. Service-oriented architecture efforts
10 shall be coordinated in writing with the Office of the State Chief Information Officer. All DOT
11 information technology product or service integration efforts shall be coordinated in writing
12 with the State Information Technology Innovation Center.

13 **SECTION 7.14.(c)** By September 1, 2014, the DOT Chief Information Officer
14 shall identify a responsible individual for each project listed above and provide those names to
15 the Joint Legislative Oversight Committee on Information Technology and the Joint Legislative
16 Transportation Oversight Committee.

17 **SECTION 7.14.(d)** Beginning October 1, 2014, the DOT Chief Information
18 Officer shall submit a quarterly, written report on the status of each information technology
19 project listed in this section to the Joint Legislative Oversight Committee on Information
20 Technology and the Joint Legislative Transportation Oversight Committee. At a minimum, the
21 report shall include all of the following:

- 22 (1) Project status, to include any issues identified by the Enterprise Project
23 Management Office.
- 24 (2) Comparison of project status to the time line, with an explanation of any
25 differences.
- 26 (3) Any changes in project cost.
- 27 (4) Actual expenditures to date.
- 28 (5) Any variances from projected expenditures and the reasons for the variance.
- 29 (6) Any potential funding shortfalls and the potential impact of the funding
30 shortfalls.
- 31 (7) Any issues identified by the DOT, with a corrective action plan and a time
32 line for resolving the issues.
- 33 (8) Impact of any issues identified on the project schedule.
- 34 (9) Impact of any issues identified on project cost.
- 35 (10) Any changes to the project.
- 36 (11) Any change requests submitted to project vendors and the cost of those
37 changes.

38 39 **ENTERPRISE RESOURCE PLANNING SYSTEM**

40 **SECTION 7.15.(a)** By December 1, 2014, the State Chief Information Officer
41 (State CIO), in coordination with the Office of the State Controller and the Office of State
42 Budget and Management, shall define the requirements and develop a detailed plan for a
43 statewide enterprise resource planning (ERP) system. At a minimum, the plan shall address all
44 of the following:

- 45 (1) Project management.
- 46 (2) Project scope.
- 47 (3) Specific project requirements.
- 48 (4) Time line.
- 49 (5) Cost by State fiscal year.
- 50 (6) Potential funding sources.
- 51 (7) Quality control.

1 subsection (a) of this section divided by the number of qualified residential units constructed or
2 substantially rehabilitated in the 2014-2015 fiscal year and then multiplied by the number of
3 qualified residential units constructed or substantially rehabilitated by the taxpayer in the
4 2014-2015 fiscal year. However, the Agency shall take into consideration all eligible sources of
5 funding for each development project and may reduce the amount of the loan authorized in this
6 subsection if there are other eligible sources of funding available for the development project.
7 No loan made to a taxpayer under this subsection shall exceed one million dollars (\$1,000,000)
8 if the low-income housing development is located in a low-income county, as designated by the
9 Agency; seven hundred fifty thousand dollars (\$750,000) in a medium-income county, as
10 designated by the Agency; and two hundred fifty thousand dollars (\$250,000) in a high-income
11 county, as designated by the Agency.

12 **SECTION 31.1.(d)** By February 1, 2015, the Housing Finance Agency shall report
13 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research
14 Division on the number of loans made under this section, the amount of each loan, and whether
15 the low-income housing development is located in a low-, medium-, or high-income county, as
16 designated by the agency.

17
18 **PART XXXII. RESERVED**

19
20 **PART XXXIII. DEPARTMENT OF STATE TREASURER**

21
22 **RECIPT-SUPPORTED COMPLIANCE POSITIONS FOR RETIREMENT SYSTEM**

23 **SECTION 33.1.** Two receipt-supported positions are hereby created in the
24 Department of State Treasurer, Retirement Systems Division, in order to staff a compliance
25 unit within the Division. The unit is tasked with reducing the risk of fraud, abuse, and waste
26 within the retirement systems. Receipts for the positions may come from investment income
27 from, contributions to, or other assets of the retirement systems managed by the Department.
28 The Department may use up to two hundred twenty-five thousand dollars (\$225,000) to fund
29 these two positions.

30
31 **PART XXXIV. DEPARTMENT OF TRANSPORTATION**

32
33 **STATE AID TO MUNICIPALITIES APPROPRIATION BASELINE**

34 **SECTION 34.1.** G.S. 136-41.1 reads as rewritten:

35 **"§ 136-41.1. Appropriation to municipalities; allocation of funds generally; allocation to**
36 **Butner.**

37 (a) There is annually appropriated out of the State Highway Fund a sum equal to ten
38 and four-tenths percent (10.4%) of the net amount after refunds that was produced during the
39 fiscal year by the tax imposed under Article 36C of Chapter 105 of the General Statutes and on
40 the equivalent amount of alternative fuel taxed under Article 36D of that Chapter. One-half of
41 the amount appropriated shall be allocated in cash on or before October 1 of each year to the
42 cities and towns of the State in accordance with this section. The second one-half of the amount
43 appropriated shall be allocated in cash on or before January 1 of each year to the cities and
44 towns of the State in accordance with this section. The appropriation from the Highway Fund
45 shall be based on revenue collected during the fiscal year preceding the date the distribution is
46 made.

47 Seventy-five percent (75%) of the funds appropriated for cities and towns shall be
48 distributed among the several eligible municipalities of the State in the percentage proportion
49 that the population of each eligible municipality bears to the total population of all eligible
50 municipalities according to the most recent annual estimates of population as certified to the
51 Secretary of Revenue by the State Budget Officer. This annual estimation of population shall

1 include increases in the population within the municipalities caused by annexations
2 accomplished through July 1 of the calendar year in which these funds are distributed.
3 Twenty-five percent (25%) of said fund shall be distributed among the several eligible
4 municipalities of the State in the percentage proportion that the mileage of public streets in
5 each eligible municipality which does not form a part of the State highway system bears to the
6 total mileage of the public streets in all eligible municipalities which do not constitute a part of
7 the State highway system.

8 It shall be the duty of the mayor of each municipality to report to the Department of
9 Transportation such information as it may request for its guidance in determining the eligibility
10 of each municipality to receive funds under this section and in determining the amount of
11 allocation to which each is entitled. Upon failure of any municipality to make such report
12 within the time prescribed by the Department of Transportation, the Department of
13 Transportation may disregard such defaulting unit in making said allotment.

14 The funds to be allocated under this section shall be paid in cash to the various eligible
15 municipalities on or before October 1 and January 1 of each year as provided in this section.
16 Provided that eligible municipalities are authorized within the discretion of their governing
17 bodies to enter into contracts for the purpose of maintenance, repair, construction,
18 reconstruction, widening, or improving streets of such municipalities at any time after January
19 1 of any calendar year in total amounts not to exceed ninety percent (90%) of the amount
20 received by such municipality during the preceding fiscal year, in anticipation of the receipt of
21 funds under this section during the next fiscal year, to be paid for out of such funds when
22 received.

23 The Department of Transportation may withhold each year an amount not to exceed one
24 percent (1%) of the total amount appropriated for distribution under this section for the purpose
25 of correcting errors in allocations: Provided, that the amount so withheld and not used for
26 correcting errors will be carried over and added to the amount to be allocated for the following
27 year.

28 The word "street" as used in this section is hereby defined as any public road maintained by
29 a municipality and open to use by the general public, and having an average width of not less
30 than 16 feet. In order to obtain the necessary information to distribute the funds herein
31 allocated, the Department of Transportation may require that each municipality eligible to
32 receive funds under this section submit to it a statement, certified by a registered engineer or
33 surveyor of the total number of miles of streets in such municipality. The Department of
34 Transportation may in its discretion require the certification of mileage on a biennial basis.

35"

37 CLARIFY DOT PRIVATE DEVELOPER REPORTING

38 SECTION 34.2. G.S. 136-28.6 reads as rewritten:

39 "§ 136-28.6. Participation by the Department of Transportation with private developers.

40 ...

41 (h) The Secretary shall report in writing, on a quarterly basis, to the Joint Legislative
42 Commission on Governmental Operations on all agreements entered into between a private
43 developer and the Department of Transportation for participation in private engineering and
44 construction contracts under this ~~section~~ section, as well as (i) agreements by counties and
45 municipalities to participate in private engineering and construction contracts under subsection
46 (i) of this section and (ii) pass-through funding from private developers to counties or
47 municipalities for State transportation projects.

48 (i) Counties and municipalities may participate financially in private engineering, land
49 acquisition, and construction contracts for transportation projects which meet the requirements
50 of subsection (b) of this section within their jurisdiction.

51"

REPEAL RIGHT TURN ON RED REPORT

SECTION 34.3. G.S. 20-158(b)(2)d. is repealed.

TURNPIKE AUTHORITY ANNUAL AUDIT DATE CHANGE

SECTION 34.4. G.S. 136-89.193 reads as rewritten:

"§ 136-89.193. Annual plan of work; annual and quarterly reports.

(a) Annual Plan of Work. – The Authority shall annually develop a plan of work for the fiscal year, describing the activities and projects to be undertaken, accompanied by a budget. This annual plan of work shall be subject to the concurrence of the Board of Transportation.

(b) Annual Reports. – The Authority shall, promptly following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the General Assembly, and the Department of Transportation. ~~Each report shall be accompanied by an~~ In addition, an annual audit of its books and accounts ~~accounts shall be submitted to the~~ Governor, the General Assembly, and the Department of Transportation when completed in October of each year.

...."

DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL

SECTION 34.5. Expenditures for out-of-state travel by the Department of Transportation for the 2014-2015 fiscal year and all subsequent fiscal years shall not exceed the amount expended during the 2009-2010 fiscal year. For purposes of this section, "expenditures for out-of-state travel" includes transportation, conference, registration, and education expenses, lodging, and meals for Department of Transportation employees traveling outside of the State.

HIGHWAY USE TAX AND FUEL EXCISE TAX CHANGES

SECTION 34.6.(a) Section 34.29 of S.L. 2013-360, as amended by Section 8.1 of S.L. 2013-363, and Section 6.1.(g) of S.L. 2014-3 is repealed.

SECTION 34.6.(b) G.S. 105-187.3 reads as rewritten:

"§ 105-187.3. Rate of tax.

(a) ~~Amount.~~ Tax Rate. – The ~~rate of the use tax~~ imposed by this Article is applied to the sum of three percent (3%) of the retail value of a motor vehicle for which a certificate of title is issued ~~issued and any fee regulated by G.S. 20-101.1. The tax does not apply to the sales price of a service contract. The sales price of a service contract is subject to the sales tax imposed under Article 5 of this Chapter.~~

(a1) Rate. – The ~~tax rate is three percent (3%). is payable as provided in G.S. 105-187.4.~~ The maximum tax is one thousand dollars (\$1,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is one thousand five hundred dollars (\$1,500) for each certificate of title issued for a recreational vehicle that is not subject to the one thousand dollar (\$1,000) maximum tax. The tax is payable as provided in G.S. 105-187.4.

...."

SECTION 34.6.(c) G.S. 105-187.3, as amended by subsection (b) of this section, reads as rewritten:

"§ 105-187.3. Rate of tax.

(a) Tax Rate. – The tax imposed by this Article is applied to the sum of the retail value of a motor vehicle for which a certificate of title is issued and any fee regulated by G.S. 20-101.1. The tax does not apply to the sales price of a service contract. The sales price of a service contract is subject to the sales tax imposed under Article 5 of this Chapter.

1 (a1) Rate. – The tax rate is three percent (3%). The maximum tax is ~~one two~~ thousand
2 dollars ~~(\$1,000)~~(\$2,000) for each certificate of title issued for a Class A or Class B motor
3 vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is
4 ~~one two~~ thousand ~~five hundred~~ dollars ~~(\$1,500)~~(\$2,000) for each certificate of title issued for a
5 recreational vehicle that is not subject to the ~~one thousand dollar~~ (\$1,000) ~~maximum~~
6 ~~tax-commercial vehicle tax imposed by this section.~~ The tax is payable as provided in
7 G.S. 105-187.4.

8"

9 **SECTION 34.6.(d)** G.S. 105-187.3, as amended by subsection (c) of this section,
10 reads as rewritten:

11 **"§ 105-187.3. Rate of tax.**

12 (a) Tax Rate. – The tax imposed by this Article is applied to the sum of the retail value
13 of a motor vehicle for which a certificate of title is issued and any fee regulated by
14 G.S. 20-101.1. The tax does not apply to the sales price of a service contract. The sales price of
15 a service contract is subject to the sales tax imposed under Article 5 of this Chapter.

16 (a1) Rate. – The tax rate is three percent (3%). The maximum tax is ~~two three~~ thousand
17 dollars ~~(\$2,000)~~(\$3,000) for each certificate of title issued for a Class A or Class B motor
18 vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is
19 ~~two three~~ thousand dollars ~~(\$2,000)~~(\$3,000) for each certificate of title issued for a recreational
20 vehicle that is not subject to the commercial vehicle tax imposed by this section. The tax is
21 payable as provided in G.S. 105-187.4.

22"

23 **SECTION 34.6.(e)** G.S. 105-187.6 reads as rewritten:

24 **"§ 105-187.6. Exemptions from highway use tax.**

25 ...

26 (c) Out-of-state Vehicles. – A maximum tax of ~~one hundred fifty dollars~~ ~~(\$150.00)~~two
27 hundred fifty dollars (\$250.00) applies when a certificate of title is issued for a motor vehicle
28 that, at the time of applying for a certificate of title, is and has been titled in another state for at
29 least 90 days."

30 **SECTION 34.6.(f)** G.S. 105-449.106(b) is repealed.

31 **SECTION 34.6.(g)** Subsection (a) of this subsection is effective when it becomes
32 law. Subsections (b) and (e) of this section become effective October 1, 2014, and applies to
33 certificates of title issued on or after that date. Subsection (c) of this section becomes effective
34 January 1, 2015, and applies to certificates of title issued on or after that date. Subsection (d) of
35 this section becomes effective July 1, 2015, and applies to certificates of title issued on or after
36 that date. Subsection (f) of this section becomes effective January 1, 2015.

37
38 **CONVERSION OF PAPER TITLES**

39 **SECTION 34.7.(a)** G.S. 20-58.4A is amended by adding a new subsection to read:

40 "(l) The Division may convert an existing paper title to an electronic lien upon request
41 of a primary lienholder. The Division or a party contracting with the Division under this section
42 is authorized to collect a fee not to exceed three dollars (\$3.00) for each conversion."

43 **SECTION 34.7.(b)** G.S. 20-63(h) is amended by adding a new subdivision to read:

44 "(11) Conversion of an existing paper title to an electronic lien upon request of a
45 primary lienholder."

46
47 **REMOTE DRIVERS LICENSE RENEWAL**

48 **SECTION 34.8.(a)** G.S. 20-7 reads as rewritten:

49 **"§ 20-7. Issuance and renewal of drivers licenses.**

50 ...

1 (f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed
 2 pursuant to the provisions of this subsection:

3 ...

4 (6) Remote renewal. – The Division may offer remote renewal of a drivers
 5 license issued by the Division. For purposes of this subdivision, "remote
 6 renewal" means renewal of a drivers license by mail, telephone, electronic
 7 device, or other secure means approved by the Commissioner.

8 a. Requirements. – To be eligible for remote renewal under this
 9 subdivision, a person must meet all of the following requirements:

10 1. The license holder possesses a valid, unexpired Class C
 11 drivers license that was issued when the person was at least
 12 18 years old.

13 2. The license holder is currently less than 66 years old.

14 3. The license holder's current license includes no restrictions
 15 other than a restriction for corrective lenses.

16 4. The license holder attests, in a manner designated by the
 17 Division, that (i) the license holder is a resident of the State
 18 and currently resides at the address on the license to be
 19 renewed, (ii) the license holder's name as it appears on the
 20 license to be renewed has not changed, and (iii) all other
 21 information required by the Division for an in-person renewal
 22 under this Article has been provided completely and
 23 truthfully.

24 5. The most recent renewal was an in-person renewal and not a
 25 remote renewal under this subdivision.

26 6. The license holder is otherwise eligible for renewal under this
 27 subsection.

28 b. Waiver of requirements. – When renewing a drivers license pursuant
 29 to this subdivision, the Division may waive the examination and
 30 photograph that would otherwise be required for the renewal.

31 c. Duration of remote renewal. – A renewed drivers license issued to a
 32 person by remote renewal under this subsection expires on the
 33 birthday of the licensee in the eighth year after issuance.

34 d. Rules. – The Division may adopt rules to implement this subdivision.

35 e. Federal law. – Nothing in this subdivision shall be construed to
 36 supersede any more restrictive provisions for renewal of drivers
 37 licenses prescribed by federal law or regulation.

38"

39 **SECTION 34.8.(b)** This section is effective when it becomes law and applies to
 40 drivers licenses renewed on or after the Division of Motor Vehicles adopts rules under
 41 G.S. 20-7(f)(6)d., as enacted by subsection (a) of this section.

42
 43 **DMV HEARING FEES**

44 **SECTION 34.9.(a)** The Department of Transportation, Division of Motor
 45 Vehicles, shall develop a plan and proposed schedule of fees to recover the direct and indirect
 46 costs incurred for the performance of administrative hearings required by law or under rules
 47 adopted by the Board of Transportation. The plan and proposed schedule shall address, at a
 48 minimum, the following:

49 (1) Current hearing process and recommended modifications to achieve
 50 cost-efficiencies, including proposed revisions to existing laws or rules.

- 1 (2) Historical and projected funding requirements for each category of hearing
2 performed by the Division.
3 (3) Schedule of fees and projected receipts.
4 (4) Proposed processes and rules for the collection of fees and the refunding of
5 fees for hearings initiated by the Division in which the original decision of
6 the Division is reversed.
7 (5) Implementation milestones.

8 **SECTION 34.9.(b)** The Division shall report on its recommended schedule to the
9 Joint Legislative Transportation Oversight Committee no later than December 1, 2014.

10 **SECTION 34.9.(c)** The Department shall implement modifications to supporting
11 information technology systems necessary to timely implement the hearing fee schedule
12 required by subsection (a) of this section using funds appropriated to the Department of
13 Transportation, Information Technology Section for the 2014-15 fiscal year.
14

15 **DEPARTMENT OF TRANSPORTATION AIRCRAFT FLEET**

16 **SECTION 34.10.(a)** The Division of Aviation of the Department of Transportation
17 shall sell the following aircraft from its fleet as expeditiously as possible in order to modernize
18 the fleet:

- 19 (1) Sikorsky S-76C helicopter.
20 (2) Cessna 550 Citation Bravo airplane.

21 Proceeds from these sales as well as any future sales under the plan required by
22 subsection (b) of this section shall be credited to a nonreverting reserve within the Highway
23 Fund to be used for future aircraft or equipment acquisitions by the Division of Aviation. The
24 Division shall not acquire or dispose of additional aviation assets prior to its report to the Joint
25 Legislative Transportation Oversight Committee required by subsection (c) of this section.

26 **SECTION 34.10.(b)** The Division of Aviation shall develop a plan to further
27 reduce operating requirements and optimize its fleet to fulfill its regional passenger and
28 photogrammetry missions, addressing, at a minimum, the following:

- 29 (1) Asset utilization.
30 (2) Assets recommended for disposal or acquisition.
31 (3) Contracted services.
32 (4) Cost efficiencies.
33 (5) Recommendations for adjustments to passenger transport rates.
34 (6) Interagency coordination of assets and personnel.

35 **SECTION 34.10.(c)** The Division shall report on the plan required by subsection
36 (b) of this section to the Joint Legislative Transportation Oversight Committee no later than
37 October 1, 2014.
38

39 **PAVEMENT PRESERVATION PROGRAM**

40 **SECTION 34.11.(a)** Article 2A of Chapter 136 of the General Statutes is amended
41 by adding a new section to read:

42 **"§ 136-44.17. Pavement preservation program.**

43 (a) Program Established; Definition; Standard. – The Department of Transportation
44 shall establish the pavement preservation program. For purposes of this section, "pavement
45 preservation" shall mean the use by the Department of the most cost-effective prevention
46 applications to extend pavement life, improve safety, and to meet motorist expectations, while
47 delaying costly rehabilitation or reconstruction activities. When selecting preservation
48 applications to be used in the pavement preservation program, the Department shall select the
49 application that represents the most cost-effective solution to maximize the life of structurally
50 sound pavement.

1 **(b) Eligible Activities.** – Applications eligible for funding under the pavement
2 preservation program include the following preservation activities or treatments for asphalt
3 pavement structures:

- 4 (1) Chip seals, slurry seals, fog seals, sand seals, scrub seals, and cape seals.
- 5 (2) Micro-surfacing.
- 6 (3) Profile milling not covered by resurfacing.
- 7 (4) Asphalt rejuvenators.
- 8 (5) Open graded asphalt friction course.
- 9 (6) Overlays less than 1,000 feet in length.
- 10 (7) Diamond grinding.
- 11 (8) Joint sealing.
- 12 (9) Dowel bar retrofit.
- 13 (10) Partial-depth or full depth repairs.
- 14 (11) Ultra-thin whitetopping.
- 15 (12) Thin lift and sand asphalt overlays

16 **(c) Ineligible Activities.** – The pavement preservation program shall not include the
17 following preservation activities or treatments:

- 18 (1) Contract resurfacing activities or major pavement rehabilitation treatments
19 and pretreatments that are used in combination with a resurfacing treatment,
20 such as profile milling or chip seals.
- 21 (2) Routine maintenance activities used to maintain and preserve the condition
22 of roads. Treatments include, but are not limited to, asphalt crack sealing,
23 pothole patching, rut filling, cleaning of roadside ditches and structures,
24 shoulder maintenance, and retracing of pavement markings.
- 25 (3) Maintenance and preservation activities performed on bridges or culverts.
- 26 (4) Activities related to positive guidance or signal maintenance program
27 functions."

28 **SECTION 34.11.(b)** The Department of Transportation shall establish a new
29 account within its maintenance account to receive funds allocated under this section for
30 pavement preservation.

31 **SECTION 34.11.(c)** Of funds allocated in this act for pavement preservation, no
32 more than eighty percent (80%) may be used for projects undertaken by the Department, with
33 the remaining funds used for projects outsourced to private contractors.

34 **SECTION 34.11.(d)** From funds allocated in this act for pavement preservation,
35 the Department shall treat a minimum of 6,000 lane miles with a chip seal, slurry seal, or
36 micro-surfacing application.

37 **SECTION 34.11.(e)** It is the intent of the General Assembly that the Department
38 work cooperatively with the paving industry so that the industry grows in size, scope, and
39 geographic reach and has the capability to fulfill contracts for pavement preservation work
40 across the State. Therefore, the Department is directed to do the following:

- 41 (1) Conduct workshops, trainings, or other meetings to encourage greater
42 privatization of pavement preservation activities with the intent of reducing
43 the amount of pavement preservation activities conducted by the
44 Department.
- 45 (2) Increase the use of outsourcing of preservation activities to reach the
46 following targets for outsourcing of pavement preservation projects:
 - 47 a. Fifty percent (50%) of pavement preservation funds allocated yearly
48 by the 2016-2017 fiscal year.
 - 49 b. Ninety percent (90%) of pavement preservation funds allocated
50 yearly by the 2018-2019 fiscal year.

SECTION 34.11.(f) The Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than August 1, 2014, on its outreach plan to achieve greater industry participation in pavement preservation activities for the five-year period beginning with the 2014-2015 fiscal year. The Department shall report no later than December 1, 2014, and annually thereafter to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the Department's progress toward achieving the goals set forth in this section. The annual report shall include the following:

- (1) A monthly examination of expenditures, by treatment type, indicating the amount and percentage performed by contract.
- (2) The number of lane miles covered, by treatment type, along with an average cost per lane miles, by treatment type, indicating costs for each type for work performed by the Department and by contract.
- (3) The statewide cost per lane mile (hereafter, "unit cost") along with unit cost for each division and for each type of treatment. The Department shall provide an explanation for unit costs that vary by more than twenty percent (20%) from the statewide unit cost.

SECTION 34.11.(g) Subsections (e) and (f) of this section expire December 31, 2019.

DOT BUDGET TRANSFERS

SECTION 34.12. Of funds appropriated in this act to the Department of Transportation, budget transfers to the Office of the Governor undertaken under the authority set forth in Chapter 143C of the General Statutes shall not exceed two hundred sixty-seven thousand four hundred sixteen dollars (\$267,416). These funds shall be used to support the following positions:

<u>Position number</u>	<u>Title</u>
65019379	Assistant Legal Counsel
65019380	Communications Specialist
60008477	Policy Analyst
60008516	Deputy Communications Director
60008502	Boards and Commissions Specialist
60008504	Legislative Director

OUTSOURCING OF PRECONSTRUCTION ACTIVITY

SECTION 34.13.(a) The Department of Transportation shall seek to increase the use of contracts to further privatize preconstruction work where practical, economical, and likely to lead to increased efficiency. In doing so, the Department of Transportation shall meet each of the following privatization requirements:

- (1) Increase the outsourcing of all activities performed by the Department's Preconstruction and Technical Services units to sixty-eight percent (68%) of the total cost of activities performed by those units in fiscal year 2014-2015, excluding the cost of activities performed by the Turnpike Authority, the Structures Design and Management unit, and the Bridge Program.
- (2) Increase the outsourcing of all activities performed by the Department's Roadway Design unit to fifty percent (50%) of the total cost of activities performed by those units in fiscal year 2014-2015.
- (3) Increase the outsourcing of all activities performed by the Department's Project Development and Environmental Analysis unit to sixty-five percent (65%) of the total cost of activities performed by those units in fiscal year 2014-2015.

- 1 (4) The Department's Right-of-Way unit shall increase the total expenditures for
2 outsourced activity by five percent (5%) in fiscal year 2014-2015.

3 **SECTION 34.13.(b)** The Department may credit any reduction in expenditures due
4 to a reduction in force towards meeting the requirements imposed by subsection (a) of this
5 section.

6 **SECTION 34.13.(c)** The Department shall increase contracts for construction of
7 transportation projects on a design-build basis awarded under the provisions of G.S. 136-28.11.

8 **SECTION 34.13.(d)** The Department shall report no later than October 1, 2014,
9 and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the
10 Fiscal Research Division regarding its implementation of this section, including any reductions
11 in force used to meet privatization requirements.

12 **DOT SIGNAGE**

13 **SECTION 34.14.(a)** G.S. 136-89.56 reads as rewritten:

14 **"§ 136-89.56. Commercial enterprises.**

15 No commercial enterprises or activities shall be authorized or conducted by the Department
16 of Transportation, or the governing body of any city or town, within or on the property acquired
17 for or designated as a controlled-access facility, as defined in this Article, except for:

- 18 (1) Materials displayed at welcome centers which shall be directly related to
19 travel, accommodations, tourist-related activities, tourist-related services,
20 and attractions. The Department of Transportation shall issue rules
21 regulating the display of these materials. These materials may contain
22 advertisements for real estate; and
23
24 (2) Vending machines permitted by the Department of Transportation and
25 placed by the Division of Services for the Blind, Department of Health and
26 Human Services, as the State licensing agency designated pursuant to
27 Section 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The
28 Department of Transportation shall regulate the placing of the vending
29 machines in highway rest areas and shall regulate the articles to be
30 dispensed. In order to permit the establishment of adequate fuel and other
31 service facilities by private owners or their lessees for the users of a
32 controlled-access facility, the Department of Transportation shall permit
33 access to service or frontage roads within the publicly owned right-of-way of
34 any controlled-access facility established or designated as provided in this
35 Article, at points which, in the opinion of the Department of Transportation,
36 will best serve the public interest. The location of such fuel and other service
37 facilities may be indicated to the users of the controlled-access facilities by
38 appropriate signs, the size, style, and specifications of which shall be
39 determined by the Department of Transportation.

40 The location of fuel, gas, food, lodging, camping, and attraction facilities may be indicated
41 to the users of the controlled-access facilities by appropriate logos placed on signs owned,
42 controlled, and erected by the Department of Transportation. The owners, operators or lessees
43 of fuel, gas, food, lodging, camping, and attraction facilities who wish to place a logo
44 identifying their business or service on a sign shall furnish a logo meeting the size, style and
45 specifications determined by the Department of Transportation and shall pay the Department
46 ~~for the costs of initial installation and subsequent maintenance. The fees for logo sign~~
47 ~~installation and maintenance shall be set by the Board of Transportation based on cost.~~a fee set
48 by the Board of Transportation. The Board shall set the fee to cover the initial costs of signs,
49 sign installation and maintenance, and the costs of administering the program."

50 **SECTION 34.14.(b)** G.S. 136-140.19 reads as rewritten:

1 **"§ 136-140.19. ~~Department~~ Board of Transportation to adopt rules to implement the**
2 **TODS program.**

3 The ~~Department~~ Board of Transportation shall adopt rules to implement the TODS program
4 created by this Article. The rules shall include all of the following:

- 5 (1) The ~~Department~~ Board shall set fees to cover the initial costs of signs, sign
6 installation and maintenance, and the costs of administering the program.
7 (2) The ~~Department~~ Board shall establish a standard for the size, color, and
8 letter height of the TODS as specified in the National Manual of Uniform
9 Traffic Control Devices for Streets and Highways.
10 ...
11 (8) The ~~Department~~ Board shall limit the placement of TODS to highways other
12 than fully controlled access highways and to rural areas in and around towns
13 or cities with a population of less than 40,000."

14 **SECTION 34.14.(c)** G.S. 106-22.5(a) reads as rewritten:

15 **"§ 106-22.5. Agricultural tourism signs.**

16 (a) The Department of Agriculture and Consumer Services shall work with the
17 Department of Transportation to provide directional signs on major highways at or in
18 reasonable proximity to the nearest interchange ~~or within one mile~~ leading to an agricultural
19 facility that promotes tourism by providing tours and on-site sales or samples of North Carolina
20 agricultural products to area tourists. The Department shall follow the sign location and
21 placement rules for the Department of Transportation's Tourist-Oriented Directional Signs as
22 authorized by G.S.136-140.19."

23
24 **STATE PARKS AND TRAILS SIGNAGE**

25 **SECTION 34.15.(a)** The Department of Transportation, in conjunction with the
26 State Parks and Recreation Division of the Department of Environment and Natural Resources,
27 the Department of Commerce, and Friends of the Mountains-to-Sea Trail, Inc., a nonprofit
28 corporation, shall study the use of highway signage as a means of improving the North Carolina
29 residents' and tourists' awareness of State parks, including historic and cultural sites as well as
30 the Mountains-to-Sea Trail. The study shall include an examination of at least all of the
31 following:

- 32 (1) Whether signs currently located on or near highways in this State are
33 sufficient in number, location, and size and presentation to make travelers on
34 the highways of this State aware of the existence and location of all State
35 parks, including historic and cultural sites as well as the Mountains-to-Sea
36 Trail.
37 (2) Whether signs currently located on or near highways in this State adequately
38 inform travelers that portions of the roads they travel on are part of the
39 current route of the Mountains-to-Sea Trail.
40 (3) What measures could be taken to improve the efficacy of highway signage in
41 achieving the goals described in subdivisions (1) and (2) of this subsection.
42 (4) What the costs and benefits of implementing the measures described in
43 subdivision (3) of this subsection would be.

44 **SECTION 34.15.(b)** No later than April 1, 2015, the Department of Transportation
45 shall report the results of the study required by this section to the chairs of the Joint Legislative
46 Transportation Oversight Committee and to the Fiscal Research Division.

47
48 **DOT STAFFING**

49 **SECTION 34.16.(a)** The Department of Transportation shall review the
50 organization and staffing of the Division of Highways and the Division of Preconstruction and
51 identify areas of unnecessary duplication within management structures and variations in the

1 number of employees reporting to persons identified as supervisors. Based on its review, the
2 Department shall create and implement a plan for staffing changes and staffing efficiencies.
3 The plan should reduce layers of management to the level needed for carrying out the
4 Department's functions and responsibilities and ensure that employees designated as
5 supervisors have workloads and staff size that are appropriate given the function or task for
6 which that supervisor has responsibility.

7 **SECTION 34.16.(b)** The Department shall report its progress on implementing this
8 section to the Joint Legislative Transportation Oversight Committee and the Fiscal Research
9 Division no later than December 1, 2014.

10 11 **BOARD OF TRANSPORTATION TO STUDY FEES, SPONSORSHIP, AND** 12 **PRIVATIZATION**

13 **SECTION 34.17.(a)** The Board of Transportation shall study how fees,
14 sponsorship, or privatization might be used to reduce the use of public funds for services
15 provided by the Department. The services the Board shall study include, but are not limited to,
16 the following:

- 17 (1) Inspection of streets and bridges within a private development for future
18 addition to the State highway system.
- 19 (2) Inspection, site review, and permitting of the installation of driveways by
20 private parties providing access to a component of the State highway system.
- 21 (3) Review and inspection of encroachments onto the State highway system.
- 22 (4) Lease or sale of property related to the resolution of encroachments or the
23 disposition of surplus right-of-way.
- 24 (5) Review of or consultation on development plats or plans.
- 25 (6) Review, engineering, or consultation regarding drainage issues,
26 improvements, or maintenance adjacent to components of the State highway
27 system.
- 28 (8) Training sessions or workshops offered to private consultants and
29 contractors.
- 30 (9) Review and engineering consultation regarding traffic plans.

31 **SECTION 34.17.(b)** The Board shall also study the existing fee structure for
32 services performed by Highway Division personnel and identify any fees that no longer cover
33 the direct and indirect costs incurred by the Department to perform the service.

34 **SECTION 34.17.(c)** The Department of Transportation shall report on the Board's
35 study and recommendations for fee adjustments or additions to the Joint Legislative
36 Transportation Oversight Committee and the Fiscal Research Division no later than December
37 1, 2014. This report shall also include recommendations from the Board on the use of
38 sponsorships for activities, programs, or functions currently performed by the Department or
39 the privatization of these functions, and include the following information:

- 40 (1) The current cost of activities proposed for sponsorship support or
41 privatization.
- 42 (2) The potential receipts that could reasonably be collected through
43 sponsorships or the cost-savings achieved through privatization.
- 44 (3) A proposed process for the screening and selection of sponsors.
- 45 (4) Mock-ups of potential sponsorship signage on materials, buildings, vehicles,
46 vessels, or other locations.
- 47 (5) Any administrative, statutory, or regulatory changes needed for the
48 Department to proceed with sponsorship or privatization programs.

49 50 **RENAME AND REDIRECT TAX PROCEEDS OF SYSTEM PRESERVATION** 51 **PROGRAM**

1 **SECTION 34.18.(a)** The Department of Transportation shall rename the "system
2 preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this
3 program shall be used for improvements to structurally deficient and functionally obsolete
4 bridges. All projects funded under this program, with the exception of inspection,
5 pre-engineering, contract preparation, contract administration and oversight, and planning
6 activities, shall be outsourced to private contractors.

7 **SECTION 34.18.(b)** G.S. 119-18 reads as rewritten:

8 **"§ 119-18. Inspection tax and distribution of the tax proceeds.**

9 ...

10 (b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied
11 first to the costs of administering this Article and Subchapter V of Chapter 105 of the General
12 Statutes. The remainder of the proceeds shall be credited on a monthly basis to the Highway
13 Fund to be used for ~~system preservation~~ pavement preservation under the Department of
14 Transportation in the highway maintenance program.

15 "

16 17 **HIGHWAY FUND CREDIT RESERVE**

18 **SECTION 34.19.(a)** G.S. 136-44.2 is amended by adding a new subsection to read:

19 **"§ 136-44.2. Budget and appropriations.**

20 ...

21 (f1) The credit reserve for the Highway Fund consists of the following:

22 (1) The unreserved credit balance in the Highway Fund on the last day of the
23 fiscal year to the extent the balances exceed the amount estimated for that
24 date in the Current Operations Appropriations Act for the following fiscal
25 year.

26 (2) The unallotted and unencumbered balances on the last day of the fiscal year
27 for the following:

28 a. Funds appropriated from the Highway Fund for the multimodal
29 programs of the Department, consisting of funds for bicycle and
30 pedestrian, ferry, railroad, aviation, and public transportation
31 programs, excluding funds deposited in the Freight Rail & Rail
32 Crossing Safety Improvement Fund.

33 b. Funds appropriated from the Highway Fund for the construction
34 programs of the Department, consisting of funds for secondary
35 construction, access and public service roads, spot safety
36 improvement, contingency, small urban construction, and economic
37 development programs.

38 (3) The unencumbered and unexpended balances on the last day of the fiscal
39 year for the following:

40 a. Central and program administration.

41 b. Transfers to other State agencies or departments not used or
42 returned."

43 **SECTION 34.19.(b)** The sum of twelve million dollars (\$12,000,000) of the
44 unallotted and unexpended balance of funds within the Bicycle program (fund center
45 1500/0036), Ferry Operations (fund center 1500/7825), Railroad program (fund center
46 1500/7829), Airports program (fund center 1500/7830), and the Public Transportation program
47 (fund center 1500/7831), excluding funds deposited in the Freight Rail & Rail Crossing Safety
48 Improvement Fund, shall be transferred to the Pavement Preservation program created in
49 Section 34.11 of this act.

50 51 **SALE OF CERTAIN FORMER NC RAILROAD PROPERTIES**

1 **SECTION 34.20.(a)** Subject to the right of first refusal in subsection (b) of this
 2 section, the Department of Administration shall dispose of the following parcels following the
 3 procedures set out in Chapter 146 of the General Statutes, provided that the Department may
 4 not dispose of the properties by gift or for less than fair market value:

5 Property Description	6 County	7 Nearest Town	8 Parcel ID
9 4th Street Lot	Carteret	Morehead	638620808907000
10 Station & Former Industrial Lot	Carteret	Morehead	638620718127000
11 Waterfront & Riparian Rights	Carteret	Morehead	638620708857000 & 638620709868000

12 **SECTION 34.20.(b)** Before the Department disposes of any property described in
 13 subsection (a), the city of Morehead City, Carteret County, or the city and county jointly shall
 14 be given the right of first refusal to purchase, lease, or rent any or all of the parcels at fair
 15 market value as determined by rules adopted by the Department under G.S. 146-29. Any lease
 16 or rental agreement under this subsection shall provide that the lessee or tenant may not
 17 sublease the property, except to a public entity for a public purpose. The right of first refusal
 18 shall expire on June 30, 2015.

19 **SECTION 34.20.(c)** Following expiration of the right of first refusal period set
 20 forth in subsection (b) of this section, or upon written notice from the city of Morehead City
 21 and Carteret County waiving the right of first refusal, the Department shall dispose of the
 22 properties by sale.

23 **SECTION 34.20.(d)** Notwithstanding G.S. 146-30, the Department shall deposit
 24 the net proceeds from the disposition of the properties into the Freight Rail & Rail Crossing
 25 Safety Improvement Fund of the Highway Fund.

26 MAINTENANCE CONDITION ASSESSMENT PROGRAM CHANGES

27 **SECTION 34.21.** G.S. 136-44.3 reads as rewritten:

28 "§ 136-44.3. Maintenance program.

29 The Department shall establish performance standards for the maintenance and operation of
 30 the State highway system. In each even-numbered year, the Department of Transportation shall
 31 survey the condition of the State highway system and shall prepare a report of the findings of
 32 the survey. The report shall provide both quantitative and qualitative descriptions of the
 33 condition of the system and shall provide estimates of the following:

- 34 (1) The annual cost to meet and sustain the established performance standards
 35 for the ~~primary and secondary~~ State highway system, delineated by costs to
 36 the primary or secondary system, to include: (i) routine maintenance and
 37 operations, (ii) system preservation, and (iii) pavement and bridge
 38 rehabilitation. include the following categories of work: (i) contract
 39 resurfacing, (ii) pavement preservation, (iii) routine highway maintenance,
 40 (iv) disasters and emergencies, (v) structurally sound bridge maintenance,
 41 and (vi) structurally unsound bridge rehabilitation, repair, or replacement.
- 42 (2) Projected system condition and corresponding optimal funding requirements
 43 for a seven-year plan to sustain established performance standards. The
 44 report shall also identify target levels of service for each maintenance
 45 activity and assess historical program performance across divisions,
 46 including project delivery rates, staffing, and direct and indirect costs. The
 47 Department shall clearly denote prioritized maintenance needs and
 48 recommended resource allocations and distribution methods to achieve each
 49 target.
- 50 (3) Any significant variations in system conditions among highway divisions.
 51 The report should include an examination of how well the highway divisions

1 streamline project delivery, maximize efficiency, and prioritize spending
2 based on needs and make recommendations on ways to improve these
3 processes. The report should analyze the cost of delivering maintenance
4 activities by division and make recommendations on how to reduce these
5 costs regionally and statewide.

6 (4) An assessment of the level of congestion throughout the primary highway
7 system based on traffic data, and a ranking of the most congested areas
8 based on travel time reliability and the average number of congested hours,
9 together with the Department's recommendations for congestion reduction
10 and mobility improvement.

11 (5) An analysis of existing highway division staffing levels and
12 recommendations to ensure staffing levels are distributed appropriately
13 based on need.

14 (6) A cross-divisional comparison summary document, not to exceed one page
15 in length, which includes the divisional performance data described in
16 subdivision (2) of this section as well as the most deficient roads and bridges
17 in each division.

18 On the basis of the report and from funds available, the Department of Transportation shall
19 develop a statewide annual maintenance program for the State highway system, which shall be
20 subject to the approval of the Board of Transportation and is consistent with performance
21 standards.

22 The report on the condition of the State highway system and maintenance funding needs
23 shall be presented to the Joint Legislative Transportation Oversight Committee by December
24 31 of each even-numbered year, and copies shall be made available to any member of the
25 General Assembly upon request."
26

27 **DIVISION OF MOTOR VEHICLES POSITION FUNDING**

28 **SECTION 34.22.** The Department of Transportation shall not use funds
29 appropriated for the 2014-2015 fiscal year from the Highway Trust Fund to fund positions
30 within the Division of Motor Vehicles.
31

32 **DOT CASH MANAGEMENT**

33 **SECTION 34.23.(a)** G.S. 143C-6-11 reads as rewritten:

34 **"§ 143C-6-11. Highway appropriation.**

35 ...
36 (f) ~~Five Percent (5%) of the Cash Balance Required.~~ Seven and One-Half Percent
37 (7.5%) Cash Balance Required. – The Department of Transportation shall maintain an available
38 cash balance at the end of each month equal to at least ~~five percent (5%)~~ seven and one-half
39 percent (7.5%) of the unpaid balance of the total transportation project contract obligations, the
40 total appropriations for the current fiscal year from the Highway Fund and the Highway Trust
41 Fund. In projecting cash balances in future years, the Department shall use the estimated cash
42 flow as specified in the Current Operations Appropriation Act. In the event this cash position is
43 not maintained, no further transportation project contract commitments may be entered into
44 until the cash balance has been regained. For the purposes of awarding contracts involving
45 federal aid, any amount due from the federal government and the Highway Bond Fund as a
46 result of unreimbursed expenditures may be considered as cash for the purposes of this
47 provision. Any federal funds on hand shall not be considered as cash for the purposes of this
48 subsection.

49 ...
50 (k) The Department of Transportation shall do all of the following:

- 1 (1) Utilize cash flow financing to the extent possible to fund transportation
2 projects with the goal of reducing the combined average daily cash balance
3 of the Highway Fund and the Highway Trust Fund to an amount equal to ~~the~~
4 ~~twelve percent (12%) of the combined estimate of the yearly receipts of the~~
5 ~~Funds.~~ between fifteen and twenty percent (15-20%) of the total
6 appropriations for the current fiscal year from those funds. In projecting cash
7 balances in future years, the Department shall use the estimated cash flow as
8 specified in the Current Operations Appropriation Act. Any federal funds on
9 hand shall not be considered as cash for the purposes of this subsection. The
10 target amount shall include an amount necessary to make all municipal-aid
11 funding requirements of the Department.
- 12 (2) Establish necessary management controls to facilitate use of cash flow
13 financing, such as establishment of a financial planning committee,
14 development of a monthly financing report, establishment of appropriate
15 fund cash level targets, review of revenue forecasting procedures, and
16 reduction of accrued unbilled costs.
- 17 (3) Report annually, on October 1 of each year, to the Joint Legislative
18 Transportation Oversight Committee on its cash management policies and
19 results."

20 **SECTION 34.23.(b)** The Board of Transportation shall study the Department's
21 cash management policies and identify ways to strengthen these policies in order to prevent
22 excessive cash balances. The Department shall report to the House of Representatives
23 Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on
24 Department of Transportation, and the Fiscal Research Division by April 1, 2015, on the
25 findings from this study and any resulting policy changes made based on the findings of the
26 study.

27 **SECTION 34.23.(c)** In any month in which the Department's total cash balance on
28 hand from the Highway Fund and the Highway Trust Fund exceeds one billion dollars
29 (\$1,000,000,000), the Department shall report its cash balance no later than the 15th day of the
30 following month as follows:

- 31 (1) To the Board of Transportation.
- 32 (2) If the General Assembly is in session, the Department shall report to the
33 Chairs of the House of Representatives Appropriations Subcommittee on
34 Transportation, the Chairs of the Senate Appropriations Committee on
35 Department of Transportation, and the Fiscal Research Division.
- 36 (3) If the General Assembly is not in session, the Department shall report to the
37 Chairs of the Joint Legislative Transportation Oversight Committee and the
38 Fiscal Research Division.

39 The report shall include an explanation from the Department of the reasons the cash
40 balance has exceeded the amount specified in this subsection, the actions to be taken by the
41 Department to reduce the cash balance, and the estimated amount of time it will take to bring
42 the cash balance to the target identified in G.S. 143C-6-11(k)(1), as amended by subsection (a)
43 of this section.

44 **SECTION 34.23.(d)** Subsection (c) of this section becomes effective July 1, 2015.

45 DOT LEGAL SERVICES

46 **SECTION 34.24.(a)** Section 34.27 of S.L. 2013-360 reads as rewritten:

47 "SECTION 34.27. The Department of Transportation may engage the services of private
48 counsel with the pertinent expertise to ~~timely defend or otherwise resolve legal~~
49 ~~challenges~~ provide legal services related to transportation projects undertaken by the
50 Department. The Department shall supervise and manage the private counsel engaged under
51

1 this section and shall not be required to obtain written permission or approval from the
2 Attorney General under G.S. 114-2.3. ~~The Department shall report the engagement of private~~
3 ~~counsel authorized by this section within 30 days to the General Assembly, as follows:~~

4 (1) ~~If the General Assembly is in session, the Department shall report to the~~
5 ~~Chairs of the Appropriations Subcommittee on Transportation of the House~~
6 ~~of Representatives, the Chairs of the Appropriations Committee on~~
7 ~~Transportation of the Senate, and the Fiscal Research Division.~~

8 (2) ~~If the General Assembly is not in session, or adjourns sine die during the~~
9 ~~30 day period, the Department shall report to the Chairs of the Joint~~
10 ~~Legislative Transportation Oversight Committee and the Fiscal Research~~
11 ~~Division."~~

12 **SECTION 34.24.(b)** It is the intent of the General Assembly that the Department
13 of Transportation exercise the authority granted by subsection (a) of this section to maximize
14 operational and project delivery benefits attributed to the avoidance or successful defense of
15 litigation. To accomplish this intent, the Department is directed to increase its utilization of
16 external counsel to no less than ten percent (10%) of new cases arising during the 2014-2015
17 fiscal year, increasing to no less than twenty percent (20%) of new cases arising during the
18 2015-2016 fiscal year.

19 **SECTION 34.24.(c)** The Department shall develop performance metrics to
20 evaluate its utilization of in-house and outside counsel, to include the following:

- 21 (1) A summary of new matters opened by legal area.
- 22 (2) Case cycle times.
- 23 (3) Resolution of cases.
- 24 (4) A comparison of in-house costs to billable rates for external counsel.
- 25 (5) The process for procurement for legal services.

26 The Department shall report no later than January 1, 2015, and quarterly thereafter,
27 to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Justice
28 and Public Safety Oversight Committee regarding the performance metrics set forth in this
29 subsection.

30 **SECTION 34.24.(d)** G.S. 136-103.1 reads as rewritten:

31 **"§ 136-103.1. Outside counsel.**

32 The ~~Attorney General~~Secretary of Transportation is authorized to employ outside counsel
33 as ~~he~~the Secretary deems necessary for the purpose of obtaining title abstracts and title
34 certificates for transportation system rights-of-way and for assistance in the trial of
35 condemnation cases involving the acquisition of rights-of-way and other interests in land for
36 the purpose of transportation construction. Compensation, as approved by the ~~Attorney~~
37 ~~General~~Secretary, shall be paid out of the appropriations from the Highway Fund."

38 **SECTION 34.24.(e)** Legal positions assigned to the Department from the
39 Department of Justice which become vacant during the 2014-2015 fiscal year shall not be
40 filled.

41 **MPO/RPO ETHICS FINES**

42 **SECTION 34.25.(a)** G.S. 136-200.2 reads as rewritten:

43 "...

44 (g) Ethics Provisions. – All individuals with voting authority serving on a metropolitan
45 planning organization who are not members of the Board of Transportation shall do all of the
46 following:

47 ...

- 48 (4) File, with and in the same manner as the statement of economic interest filed
49 under subdivision (3) of this subsection, an additional disclosure of a list of
50 all real estate owned wholly or in part by the MPO member, the MPO
51

1 member's extended family, or a business with which the MPO member is
2 associated within the jurisdiction of the MPO on which the MPO member is
3 serving. All additional disclosures of real estate filed by MPO members are
4 public records under Chapter 132 of the General Statutes. The penalties for
5 failure to file shall be as set forth in G.S. 138A-25(d).

6 ...

7 (j) Violations. – A violation of subdivision (1) of subsection (g) of this section shall be
8 a Class 1 misdemeanor. An MPO member who knowingly conceals or knowingly fails to
9 disclose information that is required to be disclosed on a required filing under subdivisions (3)
10 or (4) of subsection (g) of this section shall be guilty of a Class 1 misdemeanor. An MPO
11 member who provides false information on a required filing under subdivisions (3) or (4) of
12 subsection (g) of this section knowing that the information is false is guilty of a Class H felony.
13 If the State Ethics Commission receives written allegations of violations of this section, the
14 Commission shall report such violations to the Attorney General for investigation and referral
15 to the District Attorney for possible prosecution. All written allegations or related documents
16 are confidential and are not matters of public record.

17"

18 **SECTION 34.25.(b)** G.S. 136-211 reads as rewritten:

19 "...

20 (f) Ethics Provisions. – All individuals with voting authority serving on a rural
21 transportation planning organization who are not members of the Board of Transportation shall
22 do all of the following:

23 ...

24 (4) File, with and in the same manner as the statement of economic interest filed
25 under subdivision (3) of this subsection, an additional disclosure of a list of
26 all real estate owned wholly or in part by the rural transportation planning
27 organization member, the rural transportation planning organization
28 member's extended family, or a business with which the rural transportation
29 planning organization member is associated within the jurisdiction of the
30 rural transportation planning organization on which the rural transportation
31 planning organization member is serving. All additional disclosures of real
32 estate filed by members are public records under Chapter 132 of the General
33 Statutes. The penalties for failure to file shall be as set forth in
34 G.S. 138A-25(d).

35 ...

36 (j) Violations. – A violation of subdivision (1) of subsection (f) of this section shall be
37 a Class 1 misdemeanor. A rural transportation planning organization member who knowingly
38 conceals or knowingly fails to disclose information that is required to be disclosed on a
39 required filing under subdivisions (3) or (4) of subsection (f) of this section shall be guilty of a
40 Class 1 misdemeanor. A rural transportation planning organization member who provides false
41 information on a required filing under subdivisions (3) or (4) of subsection (f) of this section
42 knowing that the information is false is guilty of a Class H felony. If the State Ethics
43 Commission receives written allegations of violations of this section, the Commission shall
44 report such violations to the Attorney General for investigation and referral to the District
45 Attorney for possible prosecution. All written allegations or related documents are confidential
46 and are not matters of public record.

47"

48 **SECTION 34.25.(c)** G.S. 138A-25 is amended by adding the following new
49 subsections to read:

50 "(d) Within 30 days after the date due under G.S. 138A-22, the Commission shall notify
51 persons who are required to file a Statement of Economic Interest under G.S. 136-200.2(g)(3)

1 or G.S. 136-211(f)(3) of a failure to file the Statement of Economic Interest or the filing of an
 2 incomplete Statement of Economic Interest. The Commission shall notify the filing person that
 3 if the Statement of Economic Interest is not filed or completed within 30 days of receipt of the
 4 notice of failure to file or complete, the filing person shall be fined and referred for prosecution
 5 after an additional 30 days, as provided for in this section.

6 (1) Any filing person who fails to file a Statement of Economic Interest under
 7 G.S. 136-200.2(g)(3) or G.S. 136-211(f)(3) within 30 days of the receipt of
 8 the notice required under this section shall be fined two hundred fifty dollars
 9 (\$250.00) by the Commission for not filing or filing an incomplete
 10 Statement of Economic Interest, except in extenuating circumstances as
 11 determined by the Commission.

12 (2) Failure by any filing person to file or complete the Statement of Economic
 13 Interest within 60 days of the receipt of the notice required under this
 14 subsection shall be a Class 1 misdemeanor. The Commission shall report
 15 such failure to the Attorney General for investigation and referral to the
 16 District Attorney for possible prosecution, unless the Commission
 17 determines extenuating circumstances exist.

18 (e) Within 30 days after the date due under G.S. 138A-22, the Commission shall notify
 19 persons who are required to file an additional disclosure under G.S. 136-200.2(g)(4) or
 20 G.S. 136-211(f)(4) of a failure to file the additional disclosure or the filing of an incomplete
 21 additional disclosure. The Commission shall notify the filing person that if the additional
 22 disclosure is not filed or completed within 30 days of receipt of the notice of failure to file or
 23 complete, the filing person shall be fined and referred for prosecution after an additional 30
 24 days, as provided for in this section.

25 (1) Any filing person who fails to file or who files an incomplete additional
 26 disclosure within 30 days of the receipt of the notice required under this
 27 section shall be fined two hundred fifty dollars (\$250.00) for not filing or
 28 filing an incomplete additional disclosure, except in extenuating
 29 circumstances as determined by the Commission.

30 (2) Failure by any filing person to file or complete the additional disclosure
 31 within 60 days of the receipt of the notice required under this subsection
 32 shall be a Class 1 misdemeanor. The Commission shall report such failure to
 33 the Attorney General for investigation and referral to the District Attorney
 34 for possible prosecution, unless the Commission determines extenuating
 35 circumstances exist."

36 **SECTION 34.25.(d)** This section becomes effective October 1, 2014, and applies
 37 to obligations to file additional disclosures arising on or after that date.

38 PART XXXV. SALARIES AND BENEFITS

39 GOVERNOR AND COUNCIL OF STATE

40 **SECTION 35.1.(a)** G.S. 147-11(a) reads as rewritten:

41 "(a) The salary of the Governor shall be ~~one hundred forty one thousand two hundred~~
 42 ~~sixty five dollars (\$141,265)~~ one hundred forty-two thousand seventy-four dollars (\$142,074)
 43 annually, payable monthly."

44 **SECTION 35.1.(b)** Section 35.1(b) of S.L. 2013-360 reads as rewritten:

45 "**SECTION 35.1.(b)** ~~Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries
 46 for members of the Council of State, payable monthly, shall remain unchanged ~~be increased by~~
 47 eight hundred nine dollars (\$809.00) as follows:

48	<u>Council of State</u>	<u>Annual Salary</u>
49	<u>Lieutenant Governor</u>	<u>\$124,676</u> <u>\$125,485</u>