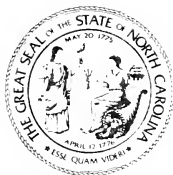


LEGISLATIVE RESEARCH COMMISSION ACTIVITIES 1983 - 1984 FISCAL YEAR



**SUMMARIES PREPARED
BY
LEGISLATIVE SERVICES OFFICE**

**1983 GENERAL ASSEMBLY
OF NORTH CAROLINA**

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STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
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May 17, 1984

TO THE MEMBERS OF THE 1983 GENERAL ASSEMBLY
(1984, Regular Session):

The Legislative Research Commission directed its staff to prepare a report outlining the work of its committees during the 1983-1984 fiscal year. This report contains a brief summary of each committee's progress and describes the number of committee meetings, subjects studied, findings and recommendations.

These summaries were prepared by the staff to the individual committees to provide brief overviews of the committees' work. These summaries do not modify nor should they be considered as modifying the Commission's report. The individual report by the Legislative Research Commission is authoritative. Copies of the Legislative Research Commission's reports may be obtained from the Legislative Library, Room 2126, State Legislative Building, Raleigh, North Carolina 27611. [Telephone: (919) 733-7778].

Terrence D. Sullivan

A handwritten signature in cursive script that reads "Terrence D. Sullivan".

Director of Research
Legislative Services Office

TDS:sc

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LEGISLATIVE RESEARCH COMMISSION

INTRODUCTION

The North Carolina Legislative Research Commission is an interim study organization of the General Assembly.. Authorized by North Carolina General Statutes §120-30.10 through §120-30.18, the Commission undertakes studies by direction of resolutions from the preceding legislative session or by direction of the commission chairmen.. The Commission, in view of its limited monies, decided not to fund all authorized studies and referred some studies to other State agencies and Commissions.. A list of all studies authorized to be conducted by the Commission and each's disposition begins on page 8. .

The Commission is chaired by the President Pro Tempore of the Senate and the Speaker of the House of Representatives, and the chairmen appoint five members from their respective houses.. By tradition, the Commission has produced its studies working through committees responsible to Commission members and made up of other members of the General Assembly assisted by advisory members from outside the General Assembly.

This publication contains a list of all the interim study committees funded by the Legislative Research Commission and a summary of each committee's work. .

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

House Speaker Liston B. Ramsey, Cochairman	Senate President Pro Tempore, W. Craig Lawing, Cochairman
Representative Chris S. Barker, Jr.	Senator William N. Martin
Representative John Trammell Church	Senator Helen Rhyne Marvin
Representative Bruce Ethridge	Senator William W. Staton
Representative John J. Hunt	Senator Joseph E. Thomas
Representative Margaret Tennille	Senator Russell Walker

GENERAL STATUTES OF NORTH CAROLINA

Article 6B..

Legislative Research Commission..

§ 120-30.10.. Creation; appointment of members; members ex officio. -- (a) There is hereby created a Legislative Research Commission to consist of five Senators to be appointed by the President Pro Tempore of the Senate and five Representatives to be appointed by the Speaker of the House.. The President Pro Tempore of the Senate and the Speaker of the House shall be ex officio members of the Legislative Research Commission.. Provided, that when the President of the Senate has been elected by the Senate from its own membership, then the President of the Senate shall make the appointments of the Senate members of the Legislative Research Commission, shall serve ex officio as a member of the Commission and shall perform the duties otherwise vested in the President Pro Tempore by G.S. 120-30.13 and 120-30.14..

(b) The cochairmen of the Legislative Research Commission may appoint additional members of the General Assembly to work with the regular members of the Research Commission on study committees.. The terms of the additional study committee members shall be limited by the same provisions as apply to regular commission members, and they may be further limited by the appointing authorities..

(c) The cochairmen of the Legislative Research Commission may appoint persons who are not members of the General Assembly to advisory subcommittees.. The terms of advisory subcommittee members shall be limited by the same provisions as apply to regular Commission

members, and they may be further limited by the appointing authorities. (1965, c. 1045, s. 1; 1975, c. 692, s. 1.)

§ 120-30.11. Time of appointments; terms of office.--Appointments to the Legislative Research Commission shall be made not earlier than the close of each regular session of the General Assembly held in the odd-numbered year nor later than 15 days subsequent to the close. The term of office shall begin on the day of appointment, and shall end on the fourth Friday in November of the next even-numbered year. Except for the work of the Administrative Rules Review Committee, no moneys appropriated to the Legislative Research Commission may be expended for meetings of the Commission, its committees or subcommittees held after the fourth Friday in November of the next even-numbered year and before the appointment of the next Legislative Research Commission. (1965, c. 1045, s. 2; 1975, c. 692, s. 2; 1977, c. 915, s. 4; 1981, c. 688, s. 19; 1983, c. 63, s. 1.)

§ 120-30.12. Vacancies.--Vacancies in the appointive membership of the Legislative Research Commission occurring during a term shall be filled for the unexpired term by appointment by the officer who made the original appointment. Vacancies in the ex officio membership shall be filled for the unexpired term by election by the remaining members of the Commission. Every vacancy shall be filled by a member of the same house as that of the person causing the vacancy.

If for any reason the office of President Pro Tempore of the Senate becomes vacant, the five Senate members of the Legislative Research Commission shall elect one of their own number to perform and exercise the duties imposed and powers granted pursuant to this Article, and such Senator so elected shall serve until the Senate shall elect a President Pro Tempore. If for any reason the office of Speaker of the

House of Representatives becomes vacant, the five members of the House of Representatives of the Legislative Research Commission shall elect one of their own number to perform and exercise the duties imposed and powers granted pursuant to this Article, and such member of the House of Representatives so elected shall serve until the House of Representatives shall elect a Speaker.. (1965, c. 1045, s. 3; 1969, c. 1037.)

§ 120-30.13. Cochairmen; rules of procedure; quorum.--The President Pro Tempore of the Senate and the Speaker of the House shall serve as cochairmen of the Legislative Research Commission. The Commission shall adopt rules of procedure governing its meetings. Eight members, including ex officio members, shall constitute a quorum of the Commission. (1965, c. 1045, s. 4.)

§ 120-30.14. Meetings.--The first meeting of the Legislative Research Commission shall be held at the call of the President Pro Tempore of the Senate in the State Legislative Building or in another building designated by the Legislative Services Commission. Thereafter the Commission shall meet at the call of the chairmen. Every member of the preceding General Assembly has the right to attend all sessions of the Commission, and to present his views at the meeting on any subject under consideration. (1965, c. 1045, s. 5; 1981, c. 772, s. 1.)

§ 120-30.15: Repealed by Session Laws 1969, c. 1184, s. 8.

§ 120-30.16. Cooperation with Commission.--The Legislative Research Commission may call upon any department, agency, institution, or officer of the State or of any political subdivision thereof for such facilities and data as may be available, and these departments, agencies, institutions, and officers shall cooperate with the

Commission and its committees to the fullest possible extent.. (1965, c..1045, s..7.)

§ 120-30.17. Powers and duties.--The Legislative Research Commission has the following powers and duties:

- (1) Pursuant to the direction of the General Assembly or either house thereof, or of the chairmen, to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner..
- (2) To report to the General Assembly the results of the studies made.. The reports may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations..
- (3), (4) Repealed by Session Laws 1969, c..1184, s..8..
- (5) Repealed..
- (6) Repealed.. (1965, c..1045, s..8; 1969, c. 1184, s..8; 1977, c..915, s..3; 1981, c..688, s..2.)
- (7) To obtain information and data from all State officers, agents, agencies and departments, while in discharge of its duty, pursuant to the provisions of G.S..120-19 as if it were a committee of the General Assembly..
- (8) To call witnessess and compel testimony relevant to any matter properly before the Commission or any of its committees.. The provisions of G.S..120-19.1 through G.S..120-19.4 shall apply to the proceedings of the Commission and its committees as if each were a joint

committee of the General Assembly. In addition to the other signatures required for the issuance of a subpoena under this subsection, the subpoena shall also be signed by the members of the Commission or of its committee who vote for the issuance of the subpoena. (1965, c. 1045, s. 8; 1969, c. 1184, s. 8; 1977, c. 915, s. 3; 1981, c. 688, s. 2; 1983, c. 905, s. 7.)

§ 120-30.18. Facilities; compensation of members; payments from appropriations.--The facilities of the State Legislative Building, and any other State office building used by the General Assembly, shall be available to the Commission for its work. Members of the General Assembly serving on the Legislative Research Commission or its study committees shall be reimbursed for travel and subsistence expenses at the rates set out in G.S. 120-3.1. Advisory subcommittee members shall be reimbursed and compensated at the rates set out in G.S. 138-5 (public members) and G.S. 138-6 (State officials or employees). All expenses of the Commission shall be paid from funds appropriated for the Commission. (1965, c. 1045, s. 9; 1975, c. 692, s. 3; 1981, c. 772, s. 2.)

1983-85 TABLE OF AUTHORIZED LEGISLATIVE RESEARCH COMMISSION STUDIES

The following is a list of the topics which the General Assembly (1983 Session) authorized the Legislative Research Commission to study. Except where otherwise indicated, the original bill or resolution which outlines the scope of the particular study is incorporated by reference in Chapter 905 (HB 1142) of the 1983 Session Laws. Footnotes indicate which unfunded studies were referred to another agency or Commission to be conducted and which group was to conduct each. Unless otherwise indicated, each Committee may report to the 1984 or 1985 Session of the General Assembly, or may make an interim report to the 1984 General Assembly and a final report to the 1985 General Assembly.

STUDY	SPONSOR	AUTHORIZATION	STAFF	PAGE
Aging	Rep. Economos, et al Sen. Gray	HJR 44, SJR 16	Young	38
Alcoholic Beverages, State Property ¹	Rep. Clark	HJR 1292	N/A	N/A
Animals, pounds	Rep. Stamey, et al	HJR 1309	Bryan	13
Banks, Savings & Loans	Sen. J. Edwards	SJR 381	Sullivan	26
Biotechnology	Reps. Etheridge & Nesbitt & Sens. Hancock & R. Jordan	H 1122, HJR 1282, SJR 620; Ch. 899 (S534)	Rose	28
Certificates of Need ²	Reps. Economos & Mavretic	HJR 1294	N/A	N/A
Child Support ¹	Reps. Easterling & Colton, et al, & Sen. Woodard, et al	HJR 1439, SJR 675	N/A	N/A
City & Town Incorporation	Sens. J. Edwards & Ballenger	SJR 445	Cohen	33
Computer Literacy	Rep. Berry, et al	HJR 191	Fuerst	16
Day Care	Reps. Colton & Brennan	HJR 594	Sabre	39
District Attorneys ³	Sen. Hipps	S 496	Rogers	45
Dix, Food Distribution ¹	Rep. James, et al	HJR 1334	N/A	N/A
Driving by Minors ¹	Rep. J. Jordan	HJR 1149	N/A	N/A
Eleemosynary Institutions ⁴	Rep. Musselwhite	HJR 1423	Murray	62
Executive Branch Boards	Rep. J. Hunt	HJR 1321	Bryan	55
Farm Products Security Interest ³	Sen. Jenkins	R 53 (SJR 622)	Airall	46
Foods, Unpackaged ⁵	Rep. Stamey	HJR 1441	N/A	N/A

STUDY	SPONSOR	AUTHORIZATION	STAFF	PAGE
Hazardous Substances Identification & Labelling	Rep. Payne, et al	H 1339	Long	20
Health Professionals ¹	Rep. Diamont	HJR 1194	N/A	N/A
Higher Education Regulation	Reps. B. Thomas & Miller	R 33 (HJR 988)	Sabre	17
Indigents, Legal Representation ¹	Sen. Swain, et al	SJR 643	N/A	N/A
Information Processing, State Government ¹	Sen. Alford, et al	SJR 44	N/A	N/A
Inspection of Motor Vehicles	Rep. J. Hunt	H 1142	Levenbook	56
Insurance Laws ³	Reps. Seymour & Hightower, et al	H 63, H 1243	Hale	43
Insurance, Readable Policies ³	Rep. Ballance, et al	H 1069	Hale	43
Legislative Confidentiality	Rep. Miller	HR 1461	Sullivan	34
Life Care ¹	Sens. Hancock & Royall	SJR 657	N/A	N/A
Motorboat Titles & Insurance ⁶	Rep. J. Hunt	H 1142	Hale	58
Peat Mining & Land Clearing	Rep. Evans, et al	HJR 220	Fuerst	14
Pollution Prevention Pays Research Center ⁷	Sen. W. Hunt, et al	R 54 (S 653)	Blackburn	63
Public Health Facilities	Sen. Hancock	SJR 656	Young	40
Railroads	Rep. J. Hunt	H 1142	Cohen	60
Register of Deeds ³	Rep. Rabon, et al	H 1204*	Rogers	45
Revenue Laws	Rep. Lilley, et al	HJR 16	Faires	50
Risk Management, State Government ¹	Rep. Seymour	HJR 1083	N/A	N/A
Science Equipment ¹	Rep. Enloe, et al	HJR 898	N/A	N/A
Seafood Marketing ¹	Rep. Chapin, et al	HJR 896	N/A	N/A
Solar Law ⁹	Sen. Walker	SJR 670	N/A	N/A
State Rental Housing	Rep. J. Hunt	H 1142	Christian	52
Statutory Liens ³	Sen. J. Edwards	S 680	Airall	46
Teacher Training, N.C. History, Economics, Legal Topics ¹	Rep. Foster, et al	H 1281	N/A	N/A

STUDY	SPONSOR	AUTHORIZATION	STAFF	PAGE
Twelfth Grade ¹	Mauney, et al & Sens. Tally & Ward	HJR 753, SJR 343	N/A	N/A
User Fees at State Facilities	Rep. J. Hunt	H 1142	Bryan	53
Water Pollution Control	Rep. Evans, et al	HJR 232	Blackburn	21
Water Quality-Haw River & Jordan Reservoir	Rep. Hackney, et al	HJR 1257	Long	23
Water Resources- N.C. & Va.	Reps. Church & James	HJR 1404	Fuerst	25
Women's Needs	Reps. Easterling & Colton, et al & Sen. Marvin, et al	HJR 904, SJR 329	Christian	35
Worthless Checks	Sen. R. P. Thomas	SJR 661	Airall	48

¹ Study not funded by LRC.

² Referred to Legislative Commission on Medical Cost Containment.

³ Consolidated with another study.

⁴ Referred to General Statutes Commission.

⁵ Referred to Secretary of Human Resources.

⁶ 1984 Reporting Date.

⁷ Referred to Hazardous Waste Study Commission of 1983.

⁸ Not in a Ratified Chapter.

⁹ Referred to Utility Review Committee.

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LEGISLATIVE RESEARCH COMMISSION

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GROUPING OF SUBJECTS STUDIED BY THE
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I. AGRICULTURE

ANIMALS, POUNDS

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.B. 1309)

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653-2082

ANIMALS, POUNDS

The Legislative Research Commission Study Committee on The Disposition of Animals by Animal Pounds and Shelters will not report to the June, 1984 Session. The Committee met once and heard from speakers for and against the use of pound animals for experimental and research purposes. At that meeting, the Committee also heard from speakers on the possibility of establishing a statewide spay/neutering program to help control the State's stray animal population. Committee members were apprised of legislation enacted in certain other states in regard to pound animal disposition and statewide spay/neutering programs.

PEAT MINING AND LAND CLEARING

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 220)

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PEAT MINING AND LAND CLEARING

The Committee on Peat Mining and Large-Scale Land Clearing met one time in Raleigh and held one public hearing in Roper, in Washington County. The Committee heard from civic leaders, public officials, farmers, businessmen, representatives of a proposed peat facility, and others, who felt that current regulation of peat mining is adequate to protect the environment, that no regulation of large-scale land clearing is necessary, or that the economy of the peat areas is already depressed and would be further depressed by more regulation. The Committee also heard from public officials, environmentalists, fishermen, and others, who felt that current regulation of peat mining may not be adequate to protect the environment, that some record keeping or regulation of large-scale land clearing may be necessary,

AGRICULTURE

that any economic impetus from not imposing more regulations would be short-lived, or that the fishing industry requires further regulation of these activities..

The Committee feels that further study of peat mining and large-scale land clearing by this Committee is essential.. Although one corporation has withdrawn its permit applications for a large peat facility, other permit applications for large and small peat facilities are currently pending.. Thus the concerns which the Committee is charged with studying still exist..

The Committee has no recommendations at this time and will report to the 1985 General Assembly.

II.. EDUCATION

COMPUTER LITERACY

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.B. 191)

Committee Members:

President Pro Tempore's Appointments	Speaker's Appointments
Sen. Henson P. Barnes, Cochairman P. O. Drawer 7 Goldsboro, N. C. 27530 Tel: 919/ 735-6420	Rep. Bertha M. Holt, Cochairman P. O. Box 1111 Burlington, N. C. 27215 Tel: 919/ 227-7333
Sen. Robert M. Davis, Sr.. 215 N. Main St.. Salisbury, N. C. 28144 Tel: 704/ 636-2181	Rep. Phillip O. Berry P. O. Box 32456 Charlotte, N. C. 28232 Tel: 704/ 332-2133
Sen. Charles W. Hipps Suite 305 505 N. Main St.. Waynesville, N. C. 28786 Tel: 704/ 452-2866	Rep. Narvel Jim Crawford 15 Edgemont Rd.. Asheville, N. C. 28801 Tel: 704/ 252-6972
Sen. William N. Martin P. O. Box 21363 Greensboro, N. C. 27420 Tel: 919/ 373-8405	Rep. Jeanne Fenner 1003 W. Nash St.. Wilson, N. C. 27893 Tel: 919/ 237-2364
Sen. Kenneth C. Royall, Jr.. P. O. Box 8766 Forest Hills Sta.. Durham, N. C. 27707 Tel: 919/ 489-9191	Rep. H. Martin Lancaster P. O. Drawer 916 Goldsboro, N. C. 27530 Tel: 919/ 735-7275
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COMPUTER LITERACY

The Committee on Computer Literacy met three times. In the course of its deliberations, the Committee heard testimony from educators and administrators at the university, community college and public school levels, from organizations concerned about education and from corporations which produce computer hardware and software. The Committee made the following recommendations:

- (1) Basic computer awareness instruction should be provided at all levels of the public schools. We should not wait for more study or for teacher training before

EDUCATION

implementing basic computer awareness instruction. We should begin immediately and phase it in over a two-year period, beginning with grades 7-12 in the first year. Basic computer awareness instruction should be funded by the State but each school system should decide the manner in which it is implemented (i.e.,--a nine-week session, 30 minutes per week, etc.). School systems should be accountable to the State that every student acquire basic computer awareness before graduation.

- (2) To assure that schools of education provide an appropriate level of training in computer awareness to prospective teachers, the Committee urges the State Board of Education to make such training for all graduates a requirement for accreditation of teaching colleges.
- (3) Computer laboratories in the public schools should be used to the maximum extent possible. They should be made available to the community colleges at night or during the summer if they are not otherwise being used by the public schools.
- (4) Computer ethics should be a part of the training of teachers and students.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

HIGHER EDUCATION REGULATION

Authorization: Chapter 905, § 1, and Res. 33, 1983 Session Laws

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EDUCATION

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(House Committee Clerks)

HIGHER EDUCATION REGULATION

The Legislative Research Commission Study Committee on the Regulation of Nonpublic and Public Post-Secondary Educational Institutions met three times. The Committee addressed three major issues: (1) Does regulation of all post-secondary degree-granting education, whether provided by public or proprietary in-state institutions or by out-of-state institutions offering "field-based" in-state education, continue to be needed? (2) What is the best form of regulation, licensing by mandatory governmental agency, or accreditation by a voluntary nongovernmental agency? (3) If licensing is the best form of regulation, is the substance of House Bill 988, introduced in the 1983 General Assembly, First Regular Session, the best form of regulation?

The Committee made four formal findings:

- (1) The need for regulation of nonpublic as well as public post-secondary degree-granting education has grown during recent years.
- (2) The guarantee of minimal standards that needs to be given by proper regulation must extend to education in this State by out-of-state institutions offering in-state "field-based" education as well as by in-state institutions.
- (3) Mandatory governmental licensing rather than voluntary nongovernmental accreditation is the only process that can produce the required guarantee that institutions are meeting certain necessary minimum standards and are thus providing quality education.
- (4) The substance of House Bill 988 accomplishes the established intent of the General Assembly to provide for licensing of post-secondary degree-granting education not otherwise regulated, and redraws the existing law so as to make the pattern of licensing regulation apply to all such education regardless of the location or the type of institution granting the degree.

EDUCATION

The Committee recommended legislation to effect its purpose. .

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III. ENVIRONMENT

HAZARDOUS SUBSTANCES IDENTIFICATION AND LABELLING

Authorization: Chapter 905, §1, 1983 Session Laws (H 1339)

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HAZARDOUS SUBSTANCES IDENTIFICATION AND LABELLING

The Legislative Research Commission's Study Committee on Hazardous Substances Labelling and Identification met three times and a subcommittee to that Committee also met three times. During its deliberations, the Committee focused on the "right-to-know" (RTK) issue. RTK is a term which commonly means that employers in specified categories must compile lists of and information about certain hazardous chemicals in the workplace and make this information available to workers, health and emergency personnel, and sometimes government and the community. Representatives from labor unions and associated bodies, government, industry and trade associations, and environmental and public interest groups attended the meetings and

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helped to shape the debate. The major issues considered by the Committee were: (1) Extent of preemption impact of Federal OSHA rules on worker RTK announced in November 1983 which explicitly covered only the chemical and manufacturing workers; (2) Various structures for information access and transmittal; (3) Exemptions from coverage; (4) Scope of coverage; and (5) Appropriate definitions of key terms, most notably "hazardous substance."

The Committee made the following findings:

- 1.. The problem of hazardous substances in the workplace is significant and growing and has a direct impact on worker and community health and safety, emergency management and medical personnel, and environmental management..
- 2.. There is a significant need to extend coverage into sectors not covered by the federal rules and to provide for community right-to-know..
- 3.. North Carolina possesses the legal authority to legislate in areas not specifically preempted by the federal standard..
- 4.. The issues in RTK are complex and need further study..

The Committee therefore recommended:

1. A study commission should be set up to report to the 1985 General Assembly..
2. The Department of Crime Control and Public Safety should be directed to assist the Study by developing an emergency management plan that could be integrated into legislation, while the Departments of Labor, Human Resources, and Natural Resources and Community Development should be directed to develop an appropriate list of hazardous substances to be integrated into legislation..

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WATER-POLLUTION CONTROL

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 232)

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WATER-POLLUTION CONTROL

The Committee to study the "adequacy of existing water pollution control programs to improve and protect the water quality of the State" met four times, once jointly with the Water-Quality--Haw River and Jordan Reservoir and Water Resources--North Carolina and Virginia Committees, and once (for part of a meeting) jointly with the Haw/Jordan study committee. In its initial sessions, the committee identified six problems which merit immediate attention during the 1984 session of the 1983 General Assembly: (1) The effect of toxic chemicals on North Carolina's surface and groundwater; (2) The problem of nutrients in our waters, particularly phosphates; (3) The problem of sediment entering North Carolina waters, especially agricultural runoff; (4) The need for adequate wastewater treatment by local government utilities; (5) The problem of freshwater runoff and its effect on the biological integrity of productive nursery and fishing areas on our coast; (6) The problem of water quality management, particularly nonpoint sources of water pollution.

Based on its findings, the Committee made the following recommendations:

- (1) An expanded program to control and evaluate toxics, specifically efforts to fund requests from the Department of Natural Resources and Community Development for a toxics control program, expanded analytical and laboratory facilities and an expanded pollution prevention program.
- (2) Implementation of a nutrient sensitive watershed program, specifically including programs for "Best Management Practices," improved regulatory and

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- enforcement programs, and enactment of legislation to limit phosphorus levels in laundry detergents..
- (3) Increased control of sedimentation pollution, specifically enactment of legislation to expand the coverage of the Sedimentation Pollution Control Act and legislation to provide a tax credit for the cost of conservation tillage equipment..
 - (4) Expanded efforts, including State assistance, to fund construction of wastewater treatment plants, and legislation to provide for county review of waste discharge permits for private residential/commercial development..
 - (5) Implementation of programs to assure balanced utilization of our coastal water resources and to control freshwater runoff..
 - (6) Continued and expanded efforts to monitor, manage and protect the State's surface waters and enactment of legislation to improve the effectiveness of North Carolina's Well Construction Act..
 - (7) Continuation of the Committee's study, particularly to consider efforts to implement the recommendations of the Commission on the Future of North Carolina, goals and recommendations for the year 2000..

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WATER QUALITY - HAW RIVER AND JORDAN RESERVOIR

Authorization: Chapter 905, §1, 1983 Session Laws (H. J. R. 1257)

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WATER QUALITY-HAW RIVER AND JORDAN RESERVOIR

The Legislative Research Commission's Study Committee on Water Quality in the Haw River and Jordan Reservoir met three times. Along with other water quality committees, the Committee heard extensive testimony from the Department of Natural Resources and Community Development (NRCD) concerning specific environmental problems and the steps being taken or contemplated to correct them. At separate meetings, the Committee also heard from a range of academicians, scientists, government personnel, and public interest groups. The Committee focused on the following issues: (1) Toxic chemical pollution; (2) Nutrient enrichment (including phosphates); (3) Sedimentation; and (4) Regulatory structure. The Committee made the following findings and recommendations:

1. The problem of nutrient loading, especially phosphates, is serious and growing all across our State. Recommendation: Enact a Clean Detergent Bill.
2. NRCD has been conducting aggressive and innovative research programs in water quality management but is doing an inadequate job in enforcement efforts. Recommendation: Support NRCD's water-related appropriations requests.
3. The current criminal anti-dumping statute for toxic substances is inadequate. Recommendation: Add a new G.S. 14-284.3 which would ban the knowing and wilful discharge of the 65 priority chemicals listed by the Environmental Protection Agency.
4. The current tie-in of North Carolina's water quality standards to the federal standards, mandating that State standards can be no stricter than the federal, inhibits regulatory flexibility. Recommendation: Repeal G.S. 143-215(c).
5. The water quality problems of the Haw River and Jordan Reservoir are complex. Recommendation: Continue the study with additional funds.

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WATER RESOURCES - NORTH CAROLINA AND VIRGINIA

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 1404)

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WATER RESOURCES--NORTH CAROLINA AND VIRGINIA

The Committee on Water Resources--North Carolina and Virginia met one time. It considered the water quality and quantity disputes between the States of North Carolina and Virginia.

The major concern of the Committee is the Lake Gaston Pipeline Project, a project proposed by Virginia Beach to divert water from the Roanoke River Basin. The pipeline would be designed to carry about 60 million gallons of water a day which it would pick up from a part of Lake Gaston located in Virginia. The Committee objects strenuously to the proposed pipeline and supports North Carolina's efforts to block it in the courts.

The Committee feels that no action by the General Assembly would be necessary or appropriate at this stage of the litigation over the proposed pipeline. This Committee did not make an interim report.

FINANCE

IV. FINANCE

BANKS, SAVINGS & LOANS

Authorization: Chapter 905, 61, 1983 Session Laws (S.J.R. 381)

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BANKS, SAVINGS AND LOANS

The Committee on the Taxation and Regulation of Banks, Savings and Loan Associations and Credit Unions (hereafter "Committee") has held three meetings thus far. All federally- and state-chartered banks, federally- and state-chartered savings and loan associations, state-chartered credit unions, concerned state regulators, the chairman of the Securities and Exchange Commission, and national representatives

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of the securities industry, among others, were notified of the Committee's meetings.

At its first two meetings, the Committee invited and heard from thirteen representatives of state regulatory agencies and the financial industry on the areas they felt the Committee should and should not address in its study.

Mr. John R. Jordan, Jr., Legislative Counsel to the North Carolina Bankers' Association, presented a draft of a bill and analysis to permit interstate regional banking in this state on a reciprocal basis. This bill would not affect savings and loan associations. Mr. Jordan informed the Committee that 17 states have similar legislation. Mr. Jordan said that the proposed bill is enabling legislation allowing North Carolina bank holding companies to acquire banks in another state in the Southeastern region or for bank holding companies in another state in the Southeastern region to acquire banks in North Carolina. The Committee directed its staff to poll all banks in this State as to each's position on the legislation to permit interstate regional reciprocal banking.

The Committee directed its co-chairmen to appoint a subcommittee to investigate Mr. Jordan's proposed bill and report back at the Committee's next meeting.

The Subcommittee met twice. Mr. James S. Currie, the Commissioner of Banks, upon request of the co-chairmen of the Subcommittee, presented to the Subcommittee a history of bank holding company legislation in this country and a draft of a bill dealing with bank holding company regulation. After a review of the proposed bank holding company legislation, the Subcommittee decided to include portions of it in the Interstate Banking Bill and suggested that no further action be considered in the Short Session of the General Assembly concerning bank holding company legislation.

The Committee's staff distributed a memorandum on the results of the survey of the position that banks operating in this State take with regard to interstate regional reciprocal banking. Of the 71 banks operating in North Carolina, 34 (or 47.9%) banks had responded. Of those responding 23 (or 67.6%) were in favor of the legislation, 10 (or 29.4 %) were opposed to the legislation and 1 (2.9%) took no position.

The interstate regional reciprocal banking legislation has an effective date of January 1, 1985. Representatives of the thrift industry indicated that most economists predict interest rate levels by that time to have risen significantly. Because the greatest proportion of the assets of North Carolina's savings institutions is comprised of long term fixed rate mortgages, the thrift industry, as a whole, is much more sensitive to interest rate swings than are commercial banks. Next year's higher interest rates could have such a negative impact on the earnings of the thrift industry as to make its institutions vulnerable to hostile takeovers but unable to enjoy the benefits of the new law through acquisitions in other states. If such a scenario were to develop, little good would have been accomplished for the citizens of this state by authorizing regional reciprocal interstate activities for thrifts.

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Representatives of the thrift industry attempted to assess the need for similar legislation for thrift institutions during the Committee's period of deliberations, but were unable to reach a consensus by the date required by law for formulation of the Committee's recommendations.

Mr. Gordon Allen, representing the North Carolina League of Savings Institutions, appeared before the Committee concerning the need for lenders to be able to charge late fees on consumer loans. Savings and loan associations have begun to make consumer loans only recently and during the time of the Committee's deliberations discovered that many officials interpret Chapter 24 as prohibiting late charges on these loans. The Consumer Finance Act, in G.S. 53-175, authorizes small loan companies to make a one-time, five percent (5%) charge for a late payment. Mr. Allen proposed authorization of a similar fee for consumer loans under Chapter 24. In reviewing this matter, the Committee noted that several portions of G.S. 24-10 appeared to be inconsistent.

The Committee on the Taxation and Regulation of Banks, Savings and Loan Associations and Credit Unions recommends that the 1984 Regular Session of the 1983 General Assembly enact legislation:

1. To permit acquisition, on a reciprocal basis, of North Carolina banks and bank holding companies by bank holding companies principally located in other states in the Southeastern region of the United States, subject to the supervision and regulation of the North Carolina Commissioner of Banks.
2. To authorize regional reciprocal interstate activities for thrift institutions on the same basis as that recommended for commercial banks, and effective at the same time, if, and only if, the thrift industry reaches a consensus that economic conditions at that time will permit the industry to utilize the authority granted.
3. Amending G.S. 24-10 to authorize assessment if late charges not exceeding five percent (5%) on consumer loans as provided in the legislative proposal contained in this report; and to review the provisions of G.S. 24-10 generally.

The Committee contemplates continuing its study and making a report for submission to the 1985 General Assembly.

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BIOTECHNOLOGY

Authorization: Chapter 905, §1, and Chapter 899, 1983 Session Laws (H.J.R. 1282, S 534, S.J.R. 620)

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BIOTECHNOLOGY

The Legislative Research Commission's Biotechnology Study Committee has made an interim report to the 1984 Session of the Legislature, and expects to make a final report to the 1985 Legislative Session. The Committee has met a total of five times, during which it has heard from a wide variety of witnesses concerned with biotechnology research and development including representatives of the state's public and private universities, representatives of various industries concerned with biotechnology, and representatives of various state departments and agencies, such as the Department of Commerce, the Department of Agriculture, and the North Carolina Biotechnology Center. The Committee has sought to educate itself on the subject of biotechnology and its impact in order to address the matters it is charged with reviewing. These include the projections that biotechnology will have a pervasive impact on various industries (including forestry and agriculture); the steps being taken by other states to strengthen their positions in biotechnology; the present status and further plans for biotechnology programs in the state's universities, the North Carolina Biotechnology Center, the Department of Commerce, and the state's business community; the federal guidelines for safe conduct of research; and, "the short term and long term needs for North Carolina to be at the forefront of the technological and economic developments in the rapidly advancing field of biotechnology."

Interim Findings

The interim findings of the Committee are that the projections indicating the pervasive impact of biotechnology are accurate; that many other states have undertaken programs to strengthen their position in biotechnology development, but that the field appears open to any state to achieve a competitive position, and that North Carolina appears to be in one of the best positions to capitalize on existing strengths and become a leader in biotechnology if it desires to do so; that the universities, public and private, are already involved in biotechnology-related programs, varying from institution to institution, with interaction and communication going on actively between them; that the North Carolina Biotechnology Center is functioning actively and the Department of Commerce has begun promoting the state as a biotechnology center. The Committee also found that there are short term needs in order for the state to retain its present competitive position as a perceived leader in the field of biotechnology, and in order to assist the state's universities in maintaining their reputations as international leaders in research and education.

Interim Recommendations

The Biotechnology Study Committee has made the interim recommendations which follow, it being the Committee's intention to conclude its work in time for a final report to the 1985 Legislative Session on the question of long term needs of the state in this area. Short term recommendations are:

- (1) That \$2,960,000 be appropriated to the Office of State Budget and Management for fiscal year 1984-85 as a reserve. The Governor may allot monies from the reserve to The University of North Carolina Board of Governors, with the advice of the Advisory Budget Commission, so that the university system may hire four world class scientists or engineers whose work is related to biotechnology, together with four and possibly more excellent junior professors in this field. These funds would also be used for support of post doctoral and graduate fellows and for start up research funds and laboratory set-up costs.
- (2) That \$4,500,000 be appropriated in the same manner as number (1), for capital improvements associated with the recruitment of these researchers and for promoting interaction between university researchers and industry.
- (3) That the appropriations recommended in paragraphs (1) and (2) shall not revert to the General Fund if unused at the end of the fiscal year, since recruitment of the people described and construction of the associated improvements may extend beyond that time.
- (4) That \$1,965,000 be appropriated to the use of the North Carolina Biotechnology Center for programs which facilitate university/industry interactions, thereby promoting technology transfer, and for grant programs open to all research institutions, public and private. These funds would also help sponsor professional conferences and workshops which would both add to the expertise of university and industry researchers while, at the same time, enhancing the preception of North Carolina as a leader in biotechnology.
- (5) That \$575,000 be appropriated to the Technological Development Authority so it could fund at least two additional incubator facilities as well as additional private research support under its Innovation Research Fund program.

Future Activities of the Committee

The Study Committee must now pursue the question of whether a long range, comprehensive program to promote biotechnology development in North Carolina is economically worthwhile. If so, what should that program be? If there is such a program, how can it be structured to insure that the economic benefit will be spread across the state and

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not concentrated in just one or two areas? The Committee will also complete its study of the question of whether or not additional controls beyond the federal guidelines are necessary for biotechnology-related research and development..

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V. GOVERNMENT

CITY & TOWN INCORPORATION

Authorization: Chapter 905, §1, 1983 Session Laws (S.J.R. 445)

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CITY & TOWN INCORPORATION

The Committee on Municipal Incorporation held one meeting in 1984, and reviewed the history of municipal incorporation procedures.

The Committee directed staff to present proposed options about new incorporation procedures, and directed staff to write to the affected counties concerning the status of 42 inactive towns.

The Committee will be making recommendations to the 1985 Session concerning municipal incorporation rules and procedures and concerning the corporate status of the inactive towns.

LEGISLATIVE COMMUNICATIONS CONFIDENTIALITY

Authorization: Chapter 905, §1, 1983 Session Laws (H.R. 1461)

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LEGISLATIVE COMMUNICATIONS CONFIDENTIALITY

The Committee on the Confidentiality of Legislative Communications met twice. At its first meeting the Committee reviewed the provisions of Chapter 900 of the 1983 Session Laws (1983 Session), entitled AN ACT TO PROVIDE CONFIDENTIALITY IN LEGISLATIVE COMMUNICATIONS, codified as Article 17 of Chapter 120 of the General Statutes and the policy reasons for that act. The Committee instructed its staff to send out a survey to all North Carolina State Legislators and all legislative staff asking, among other matters, whether the individuals had encountered any difficulties because of the Act, the individuals to specify the difficulties encountered, whether the Act should be amended and, if so, in what way.

At its second meeting, the Committee reviewed the results of the survey. The responses to the survey, in brief, indicated that the vast majority of both legislators and staff had no difficulties with

the Act. Although a majority of both believed the Act should not be amended, some responses indicated technical nonsubstantive ambiguities and omissions in the Act. The Committee also discussed drafts of legislation unidentified by the requesting legislator being produced by staff of the Legislative Services Office.

The Committee therefore recommended that:

- (1) No substantive revisions should be presently made to the Act to provide confidentiality in legislative communications.
- (2) The technical, nonsubstantive ambiguities in the Act should be clarified by legislation which will achieve the original intent of the legislature in passing the Act. The Committee has attached to its report a bill to accomplish this action.
- (3) The Legislative Services Commission should investigate the advisability of requiring all bill drafts prepared by employees of the Legislative Services Office to contain the name of the legislator requesting the bill and, if deemed advisable, to adopt a rule requiring all bill drafts to be so identified.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

WOMEN'S NEEDS

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 904, S.J.R. 329)

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WOMEN'S NEEDS

The Legislative Research Commission's Study Committee on the Economic, Social and Legal Problems and Needs of Women of North Carolina met three times and considered a multitude of subjects. The Committee focused on problems arising primarily from the economic status of women and their children.

The Committee's findings are set out as follows:

- (1) women are a growing portion of the poverty class;
- (2) the "wage gap" between men and women has grown slightly over the last forty years;
- (3) the wage gap is not only caused by unequal access to jobs and the failure to pay women equal pay for equal work but also by valuing women's work of comparable worth less than men's;
- (4) as women are frequently becoming the breadwinners it becomes more imperative that they be assisted to learn skills for employment at a higher salary;
- (5) child support received by the family is often inadequate;
- (6) child support collection costs are less than the burden taxpayers assume to support many single-parent households;
- (7) it is necessary to provide more adequately for children to provide a better future for the State;
- (8) North Carolina's Aid to Families with Dependent Children (AFDC) is inadequate;
- (9) discrimination exists in life, health, disability, and property, auto and liability insurance;
- (10) of the last \$500 million of business of the State of North Carolina, only one percent (1%) was done by minority/women business enterprises; and
- (11) inheritance laws in North Carolina fail to treat women as equal partners.

The Committee's recommendations include:

- (1) support for increased funding of AFDC payments as well as funding at the current level of the Council on the Status of Women;

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- (2) use of Job Training Partnership Act funds to train women for jobs;
- (3) sufficient spousal and child abuse program funding;
- (4) funding to the extent feasible of the North Carolina Office of State Personnel's development of work options;
- (5) support of gift tax exclusion legislation; and
- (6) seven pieces of proposed legislation which would assist women to receive court-ordered child support, establish businesses, acquire insurance at fair rates and be treated as equal economic partners in regard to inheritance tax. Realizing that many more topics require study, the Committee recommended that additional funds be provided it so that the Committee can continue its work.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

VI. HUMAN RESOURCES

AGING:

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 44,
S.J.R. 16)

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AGING

Many persons have begun to consider the Committee on Aging as a major forum for those concerned with aging in North Carolina. This Committee has been devoted entirely to aging, its problems, goals and aspirations. This process began in 1978 and subsequently seven reports have been made to the Legislative Research Commission and the General Assembly.

HUMAN RESOURCES

The Legislative Research Commission's Committee on Aging held three meetings during this interim.. The following issues were discussed: (1) State programs for the elderly; (2) Services to prevent institutionalization; (3) Mandatory retirement of State employees; (4) Regulation of life care facilities; (5) Licensing of adult day-care programs..

From these issues the Committee recommended the following legislation to the 1984 Regular Session:

- (1) An appropriation of \$500,000 to the Division of Aging to continue the establishment of senior centers.. A senior center is a focal point on aging where older persons as individuals come together for services and activities.. There are presently 62 centers in the State.. The appropriation would provide one-time grants for construction, renovation and equipment.. The money would be limited to \$40,000 for each center and would supplement local funds..
- (2) An appropriation of \$200,000 to the Division of Social Services for adult day-care.. This request would continue the one-time 1983-84 appropriation plus allow some additional funds for start-up grants for those counties wishing to start programs..
- (3) Amend State law to strengthen the confidentiality safeguards for records of rest home residents.. Language in domiciliary home patients' bill of rights is being interpreted to mean that a resident can only keep his records confidential if he objects in writing.. The Committee believes that this interpretation does not follow the intent of the original legislation and that the confidentiality requirement should be more stringent.. The proposed new language would require that a resident's personal and medical records must be kept confidential and not released unless the resident authorizes the release or disclosure in writing..

One of the issues still pending before the Committee is whether the State should have an interest in regulating life care centers.. These facilities offer a commitment to keep the elderly subscriber for the rest of this life.. One of the major attractions is that they promise a defense against the high cost of long term care.. Unfortunately, some of these centers in other states have not been able to keep their promises and have gone bankrupt.. The Aging Committee will report in the next interim on this issue..

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778..

DAY CARE

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 594)

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DAY CARE

The Legislative Research Commission Study Committee on Day Care has not yet met.

PUBLIC HEALTH FACILITIES

Authorization: Chapter 905, §1, 1983 Session Laws (S.J.B. 656)

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PUBLIC HEALTH FACILITIES

The Legislative Research Commission's Committee on Public Health Facilities was created to make recommendations about the sale or lease of public hospitals to for-profit corporations. Two other issues were added to the Study. The first relates to the definition of an ambulatory surgical facility. The final issue referred to the Study relates to conflict of interest problems for governing authorities of hospital authorities.

After holding four meetings the Committee recommended the following legislation to the 1983 General Assembly, Second Regular Session 1984:

- (1) A bill that would establish some safeguards and procedural requirements before any public hospital is sold or leased to an investor-owned corporation. The proposed legislation is in three parts, one part dealing with a lease to a hospital by a municipality, one dealing with a lease to a hospital authority, and one dealing with the sale of a hospital by a municipality or a hospital authority. Each part is substantially the same and adds to the present law's guarantee of continued nondiscriminatory service to the general public, and to indigents in particular. A guarantee of specific essential services' continuation is added. The bill also permits termination of services, upon certain specified procedures. Both subleases and succeeding

sales are made subject to the same conditions as are the initial leases and sales. The sales paragraph has a reverter provision, slightly expanded from current law, to apply to succeeding sales, further to guarantee compliance with the provisions.

The lease sections and the sale section are new and spell out the due process procedures the public entity must follow before leasing or selling a public hospital. The procedures require notice of intent to lease or sell, solicitation of proposals, request for Statements of Information, holding of a public hearing, a final public meeting to approve or deny the sale or lease, and the submission of an annual report from the lessee or buyer.

- (2) A bill that would provide an adequate definition for an ambulatory surgical program and facility. The proposed definition states that ambulatory surgery is same-day surgery, not requiring hospitalization and not requiring overnight stay. Licensure would be required if a facility is performing ambulatory surgery according to the proposed definition.
- (3) A bill that would make the Hospital Authority Law consistent with the general criminal statute on conflict of interest. The 1983 General Assembly provided in G.S. 14-234 an exception to the conflict of interest statutes for hospital board members who own 10 percent (10%) or less of stock of a corporation or 10 percent (10%) or less of ownership of a business entity that does business with the hospital. The exception would allow these persons to serve on the board as long as the board member did not participate in a vote affecting his company. The proposed bill would take the language in G.S. 14-234 and place it in G.S. 131E, the Hospital Authority Law, so that there is no future confusion about its applicability.
- (4) A bill that would provide some protection for Area Health Education Center activities in those hospitals that may be sold to for-profit corporations. The proposed legislation would require that a municipality or hospital authority give specific notice of intent to sell or lease to the director of the AHEC program. It would also allow the municipality or hospital authority to provide continued access to identical or equivalent facilities suitable for continuation of AHEC activities.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

VII. INSURANCE

INSURANCE

Authorization: Chapter 905, §1, 1983 Session Laws (H 63,
H 1069, H 1243)

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INSURANCE

The Insurance Study Committee has not held any meetings of the full Committee as of the date of this progress report. The Cochairmen have, however, met with the Committee Counsel for the purpose of identifying and outlining the subjects to be studied. The Committee

INSURANCE

will meet after the 1984 Regular Session and report to the 1985 General Assembly.

VIII. LAW AND COURTS

DISTRICT ATTORNEYS AND REGISTER OF DEEDS

Authorization: Chapter 905, §1, 1983 Session Laws (H 1204,
S 496)

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DISTRICT ATTORNEYS AND REGISTER OF DEEDS

The Committee on District Attorneys and Register of Deeds met on Tuesday, January 3, 1984. Those present heard remarks from Senator Robert S. Swain, Judge S. Gerald Arnold of the North Carolina Court of Appeals, and Mr. Ronald C. Brown, President of the District Attorneys' Association, on the subject of defining and disciplining prosecutorial

misconduct. Mr. Robert Robinson, Mrs. Christine W. Williams, and Mr. Conrad Burrell, Registers of Deeds in Brunswick, Duplin, and Jackson Counties, respectively, addressed the committee on the subject of uniform fees, salaries, and retirement benefits for registers of deeds across the State.

The Committee decided to delay action on Mr. Brown's proposal that it appoint an advisory committee to assist in studying appropriate standards for district attorneys. The Committee also postponed any action on the subject of registers of deeds until the results of a survey of all 100 registers of deeds are compiled. This Committee did not make an interim report.

STATUTORY LIENS AND FARM PRODUCTS SECURITY

Authorization: Chapter 905, §1, and Res. 53, 1983 Session
Laws (S 680)

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STATUTORY LIENS AND FARM PRODUCTS SECURITY

The Committee was authorized to study the Uniform Commercial Code's (UCC) provisions relating to security interest in farm products, and statutory liens on real property, specifically the liens of mechanics, laborers, and materialmen as contained in Chapter 44A of the General Statutes. The Committee decided to focus only on the UCC aspect of the study. The time and budget restraints imposed upon the Committee have made it necessary to temporarily defer consideration of the statutory liens aspect of the study. The Committee will address that matter in its report to the 1985 General Assembly.

The Committee held three meetings at which it considered the problems relating to security interests in crops, and security interests in livestock. These problems stem from the existing provisions of G.S. 25-9-307(1), and G.S. 25-9-401. The former provision generally protects a buyer in the ordinary course of business against having to pay twice when he purchases goods that are subject to security interest created by the seller. On the contrary, however, a purchaser of farm products does not enjoy a similar protection. The holder of the security interest, usually a financial institution, could turn to the purchaser for payment if the seller fails to pay the debt owed on the farm products. This is the case even if the purchaser had no knowledge of the security interest. The seller is under no legal obligation to disclose to the purchaser the existence of the security interest in farm products. Thus, the purchaser is exposed to the possibility of having to pay twice for the same products.

G.S. 25-9-401 contains the provisions for the filing of security interests. Generally it requires the local filing for crop liens. When the collateral is farm equipment or farm products the proper place to file in order to perfect the security interest in the collateral is in the Office of the Register of Deeds in the county of the debtor's residence. Additionally, when the collateral is crops growing or to be grown the filing has to be made in the Office of the Register of Deeds where the land is located. This particular statutory provision makes it burdensome for a purchaser to discover the existence of liens on particular crops, or, liens on livestock when filing has occurred in multiple counties. If the purchaser makes payment only to the seller, and the seller does not pay the financial institution the purchaser may again have to pay twice for the same goods.

The Committee deliberated on the problem posed by these two statutory provisions. On the basis of the information presented, it is recommending two pieces of legislation aimed at addressing the problem. The recommended legislation proposes that:

- (1) Livestock businesses be given notice that the particular livestock to be sold is subject to a security interest prior to the time of sale; and
- (2) in the case of crops growing or crops to be grown, all liens against those crops are to be filed in the Office

of The Secretary of State in addition to filing in the county of the debtor's residence.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778..

WORTHLESS CHECKS

Authorization: Chapter 905, § 1, 1983 Session Laws (S.J.B..661)

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WORTHLESS CHECKS

The Legislative Research Commission Study Committee on Worthless Checks held three meetings. The Committee examined the problem of worthless checks from the perspective of courts, the district

attorneys, merchants, the banks, and the defendant in worthless check cases, i.e., the check passer. There are still other aspects of the worthless checks problem which the Committee intends to examine. Specifically, it will examine the role of the magistrate in the processing of worthless check cases, and consider recommending legislation requiring community service in lieu of jail terms for repeat offenders.

On the basis of the discussions and the information presented to date, the Committee has made six findings. The findings are summarized as follows: (1) The problem of worthless check writing in North Carolina is sufficiently severe to warrant legislative action; (2) The existing statutory provisions do not require uniformity in the prosecution or processing of worthless check cases; (3) The incentive to write worthless checks could be reduced if complainants were given additional leverage in civil courts when seeking to recover on worthless checks; (4) There is apparent support in the business community, particularly by retail merchants, for requiring financial institutions to print on the face of checks additional information which will alert a person taking a check of the age of the particular account; (5) The existing procedures, both legislative and administrative, employed by the judicial system in worthless check cases, do not adequately inform the individual defendant that conviction will result in his or her having a permanent criminal record; (6) Some businesses experience substantial losses when checks drawn on out-of-state financial institutions turn out to be worthless, and it is difficult to collect on such checks.

The Committee will recommend several pieces of legislation to the 1985 General Assembly. It has tentatively decided to recommend legislation that will:

- (1) require that when a person is convicted of writing worthless checks the trial judge may require that the person refrain from writing worthless checks as a condition of probation;
- (2) permit the individual who receives a worthless check to initiate a separate cause for action for treble the amount of the worthless check when the check passer fails to pay the dishonored check within some given time after demand for payment is made;
- (3) require legislation that would make it a Class J felony for writing a worthless check for \$500 or more on an out-of-state financial institution;
- (4) modify the worthless check law to make it clear that all trial courts must require that a complainant comply with the provisions of G.S. 14-107.1 before warrants for worthless checks are issued;
- (5) require mandatory jail sentences or community service work for repeat offenders in worthless check cases; and
- (6) mandate that financial institutions print on the face of all checks the date the account was opened.

This Committee did not make an interim report.

IX.. REVENUE

REVENUE LAWS

Authorization: Chapter 905, §1, 1983 Session Laws (H. J. R. 16)

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REVENUE LAWS

The Revenue Laws Study Committee met six times and also had a joint meeting with the Property Tax System Study Committee to discuss topics of interest and concern to both Committees. The Committee made an interim report that included eight proposed bills or resolutions and two proposed committee substitutes for pending legislation.

At its meetings, the Revenue Laws Study Committee divided its time between discussion of the general tax structure of North Carolina and discussion of specific problems in the revenue laws. As part of its study of the general tax structure of the State, the Committee

discussed at length the possible repeal of the tax on intangible personal property; examined the seven major taxes in North Carolina to determine which, if any, of these taxes could be increased to replace the revenue lost by repeal of the intangible tax without placing North Carolina among the states with the highest taxes; and considered expanding the State's tax base to include a "sales" tax on services, or exchange tax. The Committee reached no conclusion on the intangible tax issue other than that the Committee supports the repeal of this tax provided a replacement revenue source can be found to ensure that local governmental units will not be adversely affected by the repeal of the tax. The Committee plans to continue to study this issue after the 1984 Regular Session of the General Assembly.

As part of its study of specific problems in the revenue laws, the Committee heard presentations from several concerned taxpayers who suggested changes in the revenue laws and examined the complaints and suggestions raised by taxpayers in letters to the Committee. In addition, the Committee studied issues raised by Committee members, Committee staff, and the Department of Revenue staff. The specific problems studied by the Committee touched on practically every area of taxation, including inheritance and gift taxes, income taxes, sales taxes, franchise taxes, gasoline and special fuels taxes, and alcoholic beverage taxes. The Committee made recommendations on some of these topics and plans to discuss others further after the 1984 Regular Session. The Committee also plans to undertake a recodification of part or all of the alcoholic beverage tax statutes after the 1984 Regular Session and to study the recommendations of the Committee's Subcommittee appointed to study various sales and use tax problems.

Following is a list of the legislative proposals of the Committee:

- (1) An Act Regarding Refunds of Tax Paid on Gasohol and Other Alcohol Fuels.
- (2) An Act to Exempt From Sales and Use Taxes Component Parts of and Sales by Printers of Free Circulation Publications.
- (3) A Joint Resolution Expressing The General Assembly's Disapproval and Rejection of The Unitary Method of Taxation Whereby the Worldwide Earnings of a Multinational Business Enterprise Are Subjected to State Income Tax.
- (4) An Act Repealing Various Obsolete Tax Statutes and Making Technical Corrections to the Revenue Laws.
- (5) An Act to Encourage Economic Expansion in North Carolina by Allowing a Temporary State Income Tax Credit For Part of the Amount of Property Taxes Paid on Inventories.
- (6) An Act Authorizing the Secretary of Revenue to Employ Collection Agencies to Collect Taxes Due This State From Taxpayers Located Outside the State.
- (7) An Act to Change the Method of Determining the Sales Price of a Motor Vehicle in a Casual Sale and Eliminate the Requirement That the Sales Price of a Motor Vehicle in a Casual Sale Be Based on the Book Value of the Vehicle.

- (8) An Act to Declare the Tax Policy of North Carolina and to Change the State Tax Structure For Commodities and Services Provided by Certain Utilities to Enable Individuals to Deduct the Taxes on These Commodities and Services From Their Federal Income..
- (9) Proposed Committee Substitute for House Bill 9, AN ACT TO UPDATE THE SALES TAX EXEMPTION FOR MEDICAL EQUIPMENT..
- (10) Proposed Committee Substitute for House Bill 89, AN ACT TO ELIMINATE DOUBLE TAXATION OF INCOME IN RESPECT OF A DECEDENT.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA, 27611, TELEPHONE (919) 733-7778..

STATE RENTAL HOUSING

Authorization: Chapter 905, §2, 1983 Session Laws

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REVENUE

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STATE RENTAL HOUSING

The Legislative Research Commission's Committee to study State-owned Rental Housing issued its report to the 1983 General Assembly, 1984 Session as a result of one organizational meeting of the Committee leadership and two meetings of the entire Committee..

The Committee found; (1) The State owns approximately 1200 rental housing units; (2) No standard rental policy or uniform rental rate exists among the various departments; (3) Rental agreements share some features; (4) The Office of State Personnel very rarely, if ever, factors housing benefits into the compensation of State employees; and (5) There are numerous benefits which the State enjoys as a result of owning and maintaining rental housing..

The Committee recommendations were:

- (1) Specific real estate identified by the departments owning the housing should be sold;
- (2) Specific housing units identified by the departments owning the housing should be sold only with the stipulation that the house be removed from State property;
- (3) Specific housing units should be converted to an alternative use;
- (4) Because it is the policy of the State of North Carolina to provide housing only in cases in which an essential State purpose is served, each department owning rental housing should regularly review its inventory of rental housing and continue to divest itself of nonessential rental housing; and
- (5) The Department of Administration shall set rental rates and determine maintenance policies for all State-owned rental housing on an annual basis.. Finally, the Committee adopted AN ACT TO DIVEST STATE DEPARTMENTS OF NONESSENTIAL STATE-OWNED RENTAL HOUSING, which it recommended for enactment during the short session..

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA, 27611, TELEPHONE (919) 733-7778.

USER FEES AT STATE FACILITIES

Authorization: Chapter 905, §3, 1983 Session Laws

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USER FEES AT STATE FACILITIES

The Legislative Research Commission Study Committee on User Fees at State Facilities met twice and has planned two additional meetings. The Committee will report its findings and recommendations to the 1985 General Assembly.

The Committee examined information on user fees charged by the various State agencies. Committee members then heard testimony from and questioned representatives of the Departments of Cultural Resources, Natural Resources & Community Development, and Agriculture regarding their fees and services provided.

X. . TRANSPORTATION

EXECUTIVE BRANCH BOARDS

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.B. 1321)

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EXECUTIVE BRANCH BOARDS

The Legislative Research Commission's Study Committee on Executive Branch Boards, Commissions, and Councils met three times and adopted a report to the 1984 Regular Session of the 1985 General Assembly.

The Committee first determined that the General Assembly has the constitutional power to limit the number and duration of boards and councils in the executive branch of State government, whether created by the legislature or by officials in the executive branch. Concerned about the proliferation of boards serving no discernible purpose and the continued existence of boards that have outlived the purposes for which they were created, the Committee decided to study all boards in the executive branch authorized to receive State funds. It decided not to include licensing boards in its study.

The North Carolina Center for Public Policy Research made available to the Committee about two years worth of research on boards in the executive branch.. The Committee invited the heads of the State departments and other interested persons to comment on the Center's recommendations to abolish certain boards and consolidate the functions of other boards.. When department heads disagreed with recommendations regarding boards under their supervision, they were asked to justify the continued existence of the particular boards..

The Committee then voted to make 3 sets of findings and recommendations:

- (1) The Committee found that one of the purposes of the system of boards and councils is to obtain participation by all segments of the State's citizenship.. It felt that the citizens appointed to these boards are not truly representative of the State's population, because women and racial minorities are under-represented on the boards.. The Committee recommended that women and racial minorities be appointed to these boards and councils in numbers more closely proportionate to their population in the State..
- (2) The Committee singled out the boards and councils it found were no longer necessary and that the supervising departments did not feel strongly should be kept and recommended that they be abolished or consolidated with other boards and councils..
- (3) The Committee found that the sunset provisions of G.S. 147-16.2 cover only those boards created by executive order.. These represent a small fraction of the total number of boards in the executive branch: The Governor can create boards other than by executive order; other elected officials in the executive branch may create them; and appointed department heads can create councils advisory in nature.. The Committee recommended that the sunset provisions of the existing law be extended to all boards and councils created by any executive branch official. The Governor and elected officials could extend particular boards for periods of up to two years, but the extension must be in writing and filed with the Legislative Library and the Secretary of State's Office..

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

INSPECTION OF MOTOR VEHICLES

Authorization: Chapter 905, §5, 1983 Session Laws

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INSPECTION OF MOTOR VEHICLES

The Motor Vehicle Inspection Program Study Committee held three meetings at which it studied the history of periodic motor vehicle inspections nationwide and in North Carolina. The Committee solicited comments from the Commissioners of Motor Vehicles in all 50 states and the District of Columbia concerning inspection programs and studied more than 30 responses. The Committee studied, in detail, the current statutes on motor vehicle inspections and required equipment in North Carolina. The Committee heard testimony concerning the effectiveness and costs of the current inspection program. The Committee heard presentations from representatives of business groups and governmental agencies.

The Committee made the following findings and recommendations:

- (1) That the periodic motor vehicle inspection program is serving a beneficial function and should be continued.
- (2) That windshields and safety belts are safety related equipment which should be added to the inspection. Safety belts should be added on an advisory only basis.
- (3) That the method for determining when tires are unsafe should be changed to provide that when two tread-wear

indicators (built into all tires) come in contact with the roadway the tire is unsafe.

- (4) That the fees collected for the inspection and inspection sticker be increased 75¢ and 15¢ respectively to provide inspection stations with a fair return for the time required and to provide the state with additional funds to enhance the supervision and enforcement of the inspection program.

The Committee will not make an interim report to the 1984 General Assembly but will report to the 1985 General Assembly.

MOTORBOAT TITLES AND INSURANCE

Authorization: Chapter 905, §4, 1983 Session Laws

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MOTORBOAT TITLES AND INSURANCE

The Motorboat Titles and Insurance Study Committee held two meetings and will report to the 1983 General Assembly on June 7, 1984. The Committee was authorized to study the possibilities of (1) establishing a titling program for motorboats ; and (2) requiring owners of motorboats to carry liability insurance. The Committee found that the cost and impracticality of establishing and administering these programs clearly outweighed any need for or resulting benefits of doing so. The Committee therefore recommends no change in the present motorboat registration law and no new law regarding watercraft liability insurance.

During the course of the study, the National Transportation Safety Board issued a report on states' laws on alcohol and boating safety. In that report the Board recommended that North Carolina enact legislation to establish (1) a definite blood alcohol content level for legal intoxication and (2) an implied consent provision to allow chemical testing for intoxication. The Committee recommends that the Wildlife Resources Commission, which enforces the State's boating safety laws, study the need for these changes and report to the 1985 General Assembly.

The Committee found that two groups that had been created by statute were inactive: The North Carolina Water Safety Committee (G.S. 75A-20) and the North Carolina Water Safety Council (G.S. 143B-314). The Committee was informed by Wildlife Resources Commission officials that the duties of these groups were being carried out by a special committee of the Commission. The Committee recommends that the statutes affecting these two groups be repealed.

The Wildlife Resources Commission conducts a boating safety training course in the public schools, in which every year more than 80,000 persons of age 12 to 16 years are taught boating safety techniques and principles and are made aware of the boating laws. There is evidence that the subject matter learned in this course can be passed on by the students to other family members who might operate motorboats. The Committee recommends expanding the course to reach more people outside of the public schools and that the Wildlife Resources Commission (1) purchase boating safety training films from the United States Coast Guard and (2) produce public service messages on boating safety for broadcast over radio and television. Boating accident statistics show that youth or inexperience on the water does not necessarily account for many of the reported accidents. In order to implement these recommendations, the Commission will need adequate funding through the General Assembly appropriations process. To this end, the Committee recommends that the 1983 General Assembly, in its Second Regular Session 1984, appropriate to the Department of Natural Resources and Community Development the funds necessary for the Wildlife Resources Commission to carry out the recommendations of this Committee.

THE FULL REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

RAILROADS

Authorization: Chapter 905, §1, 1983 Session Laws

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RAILROADS

The Committee on Railroad Properties held one meeting in 1984, and reviewed the railroad appraisals received by the Committee in 1983.

The Committee voted to appoint a Subcommittee to meet with officials of Norfolk Southern Corporation to see if they wished to enter into negotiations.

TRANSPORTATION

The Committee also heard a presentation from the N. C. Department of Transportation concerning the proposed Piedmont Crescent Amtrak train, but took no position on the matter.

The Committee will be making recommendations to the 1985 Session concerning the North Carolina Railroad and the Atlantic and North Carolina Railroad.

OTHER REPORTS

XI. OTHER REPORTS

ELEEMOSYNARY INSTITUTIONS

Authorization: Chapter 905, §1, 1983 Session Laws (H.J.R. 1423)

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ELEEMOSYNARY INSTITUTIONS

Due to insufficiency of funds, the Legislative Research Commission referred to the General Statutes Commission the study on the establishment of guidelines for the management and use of investments held by eleemosynary institutions. On May 17, 1984, the General Statutes Commission reported to the Legislative Research Commission on its study of this matter and recommended that the Legislative Research Commission recommend to the 1984 Session of the General Assembly enactment of the Uniform Management Investment Funds Act.

The Legislative Research Commission accepted the report of the General Statutes Commission for transmittal to the 1985 Session of the General Assembly.

COPIES OF THE REPORT TO THE 1985 SESSION OF THE GENERAL ASSEMBLY CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA, 27611, TELEPHONE (919) 733-7778.

POLLUTION PREVENTION PAYS RESEARCH CENTER

Authorization: Resolution 54 (S.J.R. 653), 1983 Session Laws

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POLLUTION PREVENTION PAYS RESEARCH CENTER

Due to insufficiency of funds, the Legislative Research Commission referred to the Hazardous Waste Study Commission of 1983 the study on the Pollution Prevention Pays Research Center. On May 17, 1984, the Hazardous Waste Study Commission reported to the Legislative Research Commission on its study of this matter.

The Legislative Research Commission accepted the report of the Hazardous Waste Study Commission.

COPIES OF THE ACCEPTED REPORT CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126, 2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA, 27611 TELEPHONE (919) 733-7778.



NORTH CAROLINA GENERAL ASSEMBLY
REPORT OF THE JOINT SPECIAL COMMITTEE
TO REVIEW THE DEPARTMENT OF TRANSPORTATION
SUBMITTED TO THE MEMBERS OF THE 1983 GENERAL ASSEMBLY

Representative Allen Barbee,
Co-Chairman
Representative Martin Nesbitt
Representative Paul Pulley
Representative Margaret Tennille
Representative Dennis Wicker

Senator Ollie Harris,
Co-Chairman
Senator J. J. Harrington
Senator Craig Lawing
Senator Sam Noble
Senator R. P. Thomas

December 6, 1982



NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING

RALEIGH 27611

November 18, 1982

The Honorable James C. Green
Lieutenant Governor and President of
the Senate
N. C. General Assembly
Legislative Office Building
Raleigh, North Carolina 27611

The Honorable Liston B. Ramsey
Speaker of the House of Representatives
N. C. General Assembly
Legislative Building
Raleigh, North Carolina 27611

Gentlemen:

The 1981 General Assembly passed House Joint Resolution 1225 (Resolution 60) creating the Special Committee to Study the Department of Transportation. This Committee has met diligently during 1982, working with Secretary of Transportation William Roberson and other departmental officials. The Committee has monitored the Department's progress in carrying out statutory directives contained in Chapter 859 of the 1981 Session laws and the suggestions of the 1981 Select Committee to Study the Department of Transportation. The Committee also investigated additional areas.

The Committee submits the attached report. To highlight the Department's progress in the past 18 months, the Committee found that by carrying out the General Assembly's recommendations, directives, or base budget actions, the Department saved, avoided spending, or increased fund availability by approximately \$45 million over the biennium.

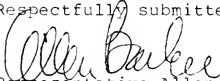
On its own initiative, the Department has made additional cost improvements for significant savings. Additional findings and recommendations are continued in the report.

November 18, 1982
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The Committee recommends that its work be continued, and draft legislation to do so is included in the report.

The Committee commends the Board of Transportation, the Secretary of Transportation, and other departmental officials for their good work in carrying out the major shifts in transportation funding policies directed by the 1981 General Assembly.

Respectfully submitted,



Representative Allen C. Barbee
Acting Co-Chairman
Special Committee to Study the
Department of Transportation



Senator Ollie Harris
Acting Co-Chairman
Special Committee to Study the
Department of Transportation

cc: Members of the General Assembly

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Appendix

- A. Resolution 60
- B. Proposed legislation

I. History

During the 1981 Session of the General Assembly, Lieutenant Governor Jimmy Green and Speaker of the House Liston Ramsey appointed a Select Committee to Study the Department of Transportation. In April, 1981 this Committee reported their findings and recommendations to the General Assembly. A number of these recommendations were included in Chapter 859 of the 1981 Session Laws (the Appropriations Act).

In July, 1981 the General Assembly also passed Resolution 60 which authorized the Speaker of the House and the Lieutenant Governor to appoint a Special Committee to Study the Department of Transportation. The intent was to continue the work began by the Select Committee and to oversee the Department's efforts at improving efficiency.

The Speaker and Lieutenant Governor appointed Representative Allen Barbee, Speaker Pro-Tem, and Senator Ollie Harris as Acting Co-Chairmen of the Special Committee.

Members of the Committee are:

Senator Ollie Harris,
Co-Chairman

Representative Allen Barbee,
Co-Chairman

Senator J. J. Harrington
Senator Craig Lawing
Senator Sam Noble
Senator R.P. Thomas

Representative Martin Nesbitt
Representative Paul Pulley
Representative Margaret Tennille
Representative Dennis Wicker

The Committee met throughout 1982 and worked very closely with the Secretary of Transportation, Bill Roberson, the Highway Administrator, Billy Rose, the Commissioner of Motor Vehicles, R. W. Wilkins and their staffs. This is the report of the findings of the Special Committee.

II. SUMMARY OF CHANGES: 1981-83

Major Policy Shifts

1. Maintenance Budget: 1981-82 over 1980-81 - Increased
\$86 million
2. Construction Plans: Cut Projects totalling \$1.2 billion
3. Sale of excess Rights-of-Way 1981-82 \$392,400 sold
Future Plans 1,200,000
4. Non-Construction Contracts with Private Firms: Reduced
by average of \$9.0 million annually
5. Projects eligible for federal-aid funded with 100%
state funds: 6-Year Average - 1975-80 \$42.3 million
1981-82 \$ 7.2 million

Departmental Operations

6. Crew Size reductions	\$5.7 million*	} \$45.0 M
7. Reorganization of Division of Highways	3.0 million*	
8. Bridge inspection (Future)	1.5 million*	
9. Equipment Unit Supervisory Reductions	1.2 million*	
10. Other Personnel Cuts - 1981-83	9.3 million*	
11. Equipment Purchase Reductions (2-Yrs.)	18.7 million	
12. Shift of liability to Equipment Fund	2.3 million	
13. Less driving state vehicles home	.176 million*	
14. Increase use of prison labor	1.9 million*	
15. Reduce employee lunches	.325 million*	
16. Board and Administrative Cutbacks	.115 million*	
17. Use of recycled asphalt	.8 million	

*Annual changes that should continue total \$23.2 million

III. Report on Implementation of 1981 Recommendations of the General Assembly

The 1981 Select Committee and the General Assembly prepared a number of recommendations and adopted policy directives for the Department of Transportation to follow in order to save money and operate more efficiently in an era of declining revenues. The Special Committee has reviewed the Department's work in following these recommendations and reports the following results.

A. Construction Program

1. Shift in Priorities. The Committee found that of the new funds available for 1981-82, 64% had gone into maintenance and ferry operations, and 31% into new construction. This is consistent with a shift to more maintenance funding. This included \$80 million in 1981-82 and \$71 million in 1982-83 for contract resurfacing of existing roads. Non-secondary road state construction appropriations fell from \$79.4 million in 1979-80 to \$17.6 million in 1981-82, while maintenance appropriations increased from \$161 million in 1980-81 to \$247 million in 1981-82.
2. Revision of 7-Year Plan. The Board of Transportation revised its construction program as directed in Section 74 of Chapter 859 (1981 Session Laws). This revision eliminated 95 projects with projected costs of \$1.2 billion. Another 19 projects were reduced in scope. The plan has a more realistic time schedule based on projected funding at 1981 levels.

The Committee finds the criteria for setting priorities, such as current traffic levels and continuity of the state system, are reasonable and objective.

3. Right-of-Way Purchases:

- a. 1981 Gen. Assembly revised G.S. 136-49.11 requiring that requests for funds to purchase rights-of-way more than two years before scheduled construction must be approved by the Director of the Budget. The Department informed the Committee that compliance with this statute was incorporated in the schedule set forth in the Transportation Improvement Program.

The need to purchase advance right-of-way has occurred only on older projects which had been delayed, and the State needed to protect its investment with continued purchases or prevent hardship to property owners ready to sell.

- b. Minimum Right of Way standards have been reduced.
 - i. On secondary roads, from 60 feet to 45-50 feet.
 - ii. On freeways, median width has been reduced from 68 to 46 feet; and minimum requirement from centerline of nearest lane to outside limits has been eliminated.
 - iii. Shoulder and ditch widths have been reduced.
- c. Sale of right-of-way residues and surplus properties has proceeded.

For 1981-82, property was sold bringing in revenues of \$392,400 to Highway Fund construction accounts. The Department estimates that it will dispose of another 100 parcels during the first six months of the 1982-83 fiscal year.

The Department owns surplus properties valued at \$1.2 million which it will sell.

4. Use of Private Engineering Firms and Outside Consultants

The 1981 General Assembly rewrote G.S. 136-28.1(f) to require Advisory Budget Commission approval for engineering or consultant contracts exceeding \$10,000 in an effort to reduce the use of outside consultants. For a five year period (1977-81) over \$41 million in consultant contracts had been approved. For 1981-82 new consultant contracts totalled \$280,800, and for 1982-83, to date, new contracts total \$93,000. This contrasts with a \$9.1 million annual average for the four fiscal years preceding 1981-82. This is an annual reduction of \$8.9 million. Also, plans for the bridge inspection program will decrease the use of consultants for the federally-mandated program and could save \$3.1 million over a two-year inspection cycle.

5. Fully utilize federal funds for all construction projects eligible for federal aid.

The 1981 General Assembly amended G. S. 136-44.2 to require that any project eligible for federal aid would have to be approved by the Joint Legislative Commission on Governmental Operations, if the Board of Transportation proposed to construct the project with 100% state funding. The majority of the projects submitted for approval were eligible for a federal aid category which has not been funded for several years. Other projects are generally less than \$100,000 in cost and the use of federal aid would not be cost-effective on these small projects. A total of 280 projects on the federal aid system have been approved by the JLCGO, at a total cost of \$7.236 Mil. The average cost of each project approved is \$25,844.

Most projects approved were for spot-safety improvements, as indicated in the chart below.

Type Project	# Projects	Total Cost	Average Cost
(a) Small Urban Projects	59	\$2,809,097	\$47,612
(b) Spot Traffic Safety Improvements	212	3,834,605	18,088
(c) Access and Public Service Roads	5	172,500	34,500
(d) Miscellaneous (Manteo and Dare Co. 400th Celebration)	4	420,000	105,000
Totals	280	\$7,236,202	\$ 25,843

6. Report to the General Assembly

Section 75 of Chapter 859 of the 1981 Session Laws (SB 29) directs the Department of Transportation to report to each member of the General Assembly how funds for maintenance and construction were allocated and expended the previous year. Summary reports for fiscal year 1980-81 and 1981-82 have been sent to legislators, and detailed, project-by-project, reports are available in the legislative library and the office of the Fiscal Research Division.

B. Departmental Operations

1. Organization

The Special Committee finds that the Department of Transportation has addressed the General Assembly's concerns on departmental organization in several ways. The 1981 Committee report recommended consolidation of smaller units, thus reducing administrative costs and capital equipment usage. In addition, Section 71 of Chapter 859 of the 1981 Session Laws mandated a reduction and more uniformity in maintenance crew-size standards.

- a. D.O.T. adhered to the mandate to reduce maintenance crew sizes. Through more uniform standards of maintenance activity, the Department eliminated 273 positions with an estimated annual savings of \$5.5 million. Over 20 major pieces of equipment have been eliminated for annual savings of \$200,000; and another 80 pieces of equipment will be eliminated this fiscal year.
- b. The Department reviewed with the Committee its plans for reorganization of the field administration of the Division of Highways. This reorganization will result in the elimination of 132 positions by 12/31/83 with savings in personnel costs of \$2.71 million. Reduced use of automobiles and pickups by this personnel will save an additional \$327,300.

This reorganization was reviewed favorably by the Institute for Transportation Research and Education (ITRE) under the direction of Bill Babcock, Director of ITRE and Professor of Civil Engineering at N. C. State University. Specific changes placed more professional expertise in direct maintenance operations at the local level, as well as eliminated some administrative overhead staff. In addition, better cost accounting for maintenance operations should result from budgeting maintenance supervision positions in the overall maintenance budget.

- c. The Department has developed plans to increase the number of state employees in bridge inspection which should save \$3.1 million in consultant contracts every two years. These funds would then be available for bridge replacement.

- d. The Department has restructured the supervision of its Equipment Unit. The proposal eliminated one middle level of supervisory staff, saving \$1.2 million annually by eliminating 46 positions. This will result in better coordination between the local equipment shops and equipment users in the field.

The Committee finds that these organizational changes have led to more authority and technical expertise at the field operations level, and have led to a substantial reduction in the number of complaints from citizens requiring attention in Raleigh.

- e. The 1981 Committee was concerned with the number of engineers in construction, while the number of construction projects have been reduced. The Department has reported to the Committee that over the 1981-83 biennium, it will reduce its pre-construction staff by 26%.
- f. Overall, base budget reductions and departmental initiatives have led to the elimination of 1,038 positions in the Department of Transportation over the 1981-83 biennium. An additional 300 positions were eliminated June 30, 1980. Total salaries related to these 1,338 positions is \$21.4 million. The positions mentioned in items a, b, and e above are included in these totals.

2. Equipment Unit

The 1981 General Assembly was concerned about equipment utilization rates, and felt that a slowdown in equipment replacement was needed to increase utilization. Section 70 of the 1981 Appropriations Act directed:

- i. cancellation of Highway Current Fund liability to the Equipment Fund,
- ii. the transfer of equipment parts inventory to the Equipment Fund, and,
- iii. limited the 1981-83 equipment purchase budget to budgeted depreciation levels.

The intent of these directives was to reduce funds available for equipment purchases in an effort to reduce equipment needs through higher utilization.

- a. Parts inventory of \$10.9 million was transferred to the Equipment Fund, in partial cancellation of the \$13.2 million debt from Current Fund operations.

- b. Another \$2.26 million was transferred from the Equipment Fund to the Highway Fund to complete debt cancellation. This \$2.26 million was available and was used by the General Assembly in the 1982-83 Highway Fund budget.
 - c. Equipment purchase contracts for fiscal year 1981-82 were \$13 million, down from \$22.3 million in 1980-81. 1982-83 purchase contracts approved to date are \$9.8 million of an authorized budget of \$12.9 million. Thus, equipment purchases were \$9.3 million less in 1981-82 and will be at least \$9.4 million less in 1982-83 than the 1980-81 amounts.
 - d. The 1981 Session adopted legislation restricting the use and permanent assignment of state-owned passenger motor vehicles. As a result, the Department of Transportation has:
 - i. Transferred 858 autos with a book value of \$601,000 to the Department of Administration;
 - ii. Reduced the number of vans, autos, and pickups permanently assigned to Division of Highways employees from 2,453 on 6/30/81 to 2,213 on 11/1/82, a reduction of 240 permanently assigned vehicles;
 - iii. Saved \$176,000 annually by reducing the number of Division of Highways employees driving state vehicles home.
3. Prison Labor

The Committee finds that the Department has increased the number of prison inmates performing maintenance work from 1,021 in 1980-81 to 2,000 inmates in 1982-83. This includes minimum custody inmates working with D.O.T. supervision and medium custody inmates working under armed prison guards. This program for medium custody inmates received increased appropriations of \$1.1 million in 1981-82 and \$2.0 million in 1982-83. It is funded by a total of \$1.75 million from the Highway Fund and approximately \$1.75 million from the General Fund.

The average daily use of all inmate labor has increased 60% from 1980-81 through 1981-82. The Department estimates that the use of minimum custody

inmates saved the Department approximately \$7 million in 1981-82. This represents increased savings of \$2.3 million over 1980-81 through increased use of minimum custody inmates.

The use of medium custody inmates also increased significantly in 1981-82. The Department now contracts for 848 medium custody (working under armed guards) inmates to work on highway maintenance, compared to 368 inmates in 1980-81. Use of medium custody inmates reduces idleness in the prison population and increases the services provided by the Department of Transportation, such as letter pickup, cleanout of drainage ditches, and clearing rights-of-way. Medium custody inmates spent 142,644 man-hours working on state roads in 1981-82.

4. Bid Rigging

The Committee investigated the status of changes made by the Department to improve bidding procedures for more competition in contract awarding. The Committee found that the Department had adopted numerous changes and was considering additional efforts. Changes included:

- a. Bidders and estimating procedures are more confidential, estimators use more statistical techniques, and reviews of estimates are made by a higher level of management and an audit committee.
- b. Resurfacing projects are being clustered in larger contracts to obtain lower prices.
- c. Future changes will allow contractors to bid on more projects with assurance that they will not be awarded more projects than they can satisfactorily complete.
- d. The Department is drafting regulations to govern the withdrawal of bids containing mathematical or clerical error.

The Committee found that civil settlements with bid-rigging contractors on highway projects in North Carolina totalled \$10.2 million, with an additional \$1.7 million to be paid in interest. By mid-July, 1982, payments of \$5.1 million had been received.

The Committee found that these funds are returned to the highway construction accounts from which rigged projects were funded, and the funds are available for reallocation by the Board of Transportation. The funds are not placed in Highway Fund revenues for appropriation by the General Assembly.

5. Employee Meals

The Committee found that the 1981 statute eliminating payment for employees lunches in non-overnight travel reduced expenditures in the Department of Transportation by approximately \$325,000 in 1981-82, with continued annual savings.

6. Reduction of Expenditures in Areas not Directly Contributing to the Transportation Program

The Committee noted that the following changes have been made.

- a. The General Assembly reduced the base budget of the Board by \$30,000 each year for the 1981-83 biennium.
- b. The Department eliminated 2 positions on its Public Information staff at a savings of \$33,000 annually.
- c. By holding Board meetings in Raleigh, reducing attendance at employee awards dinners, and cutting back on internal newsletters, the Secretary's office saved \$85,500 in 1981-82.

7. Use of Recycled Asphalt

The Department of Transportation has continued its use of recycled asphalt, particularly in resurfacing multi-lane freeways. The Department has:

- a. Completed resurfacing I-95 from Lumberton to the South Carolina line using recycled asphalt for a savings of approximately \$500,000;
- b. Contracted for resurfacing of I-95 from Lumberton to the Cumberland County line using recycled asphalt for savings of about \$300,000;
- c. Contracted for resurfacing of 3 miles of I-85 in Cleveland County using recycled asphalt.

IV. Additional Areas of Committee Inquiry

A. Vegetation Removal Policy

The 1981 Session of the General Assembly passed Resolution 56 which requested the Department of Transportation to develop policies to allow owners of signs and businesses adjacent to highway rights-of-way to selectively remove vegetation from the right-of-way if it screens the signs or businesses from view.

The Committee reviewed the draft policy and the procedures used by the Department to receive citizens' suggestions on the draft policy. The Committee found that the policy had been revised in response to citizens' comments to:

1. expand the proposed maximum cutting limits;
2. reduce the costs to the applicants; and
3. reduce paperwork and time required to process the permits.

The Committee voted to approve the revised policy to be presented to the Board of Transportation. This policy was implemented in 1981-82.

B. Review of 1982-83 Budget Requests and General Assembly's Actions

The Committee reviewed the Department's 1982-83 expansion budget priorities before the June, 1982 budget session. The Committee found the Department was requesting \$24 million to cover 1982-83 expansion requests. The top 11 priorities were funded by the General Assembly in the 1982 Session.

The following major budgetary changes were made by the 1982 Session:

1. Fringe benefits budgets for maintenance and construction crews were placed in the actual maintenance and construction accounts. This shift of approximately \$23 million allows some of these funds to be used to match federal aid and provides a more accurate picture of costs for maintenance and construction.
2. Base budget cuts of \$8.5 million were made, primarily from reserves for fringe benefits, reduced positions, and a freeze on merit salary increases.

3. The General Assembly increased contract resurfacing funds by \$4.4 million over the 1982-83 base, but total funding was still less than 1981-82.
4. Legislation allowed the use of up to 10% of contract resurfacing funds for widening narrow pavements on roads scheduled for resurfacing.
5. Administrative funds were shifted to field operations budgets in maintenance in keeping with the Department's reorganization plan.
6. The General Assembly funded the replacement of a state ferry, after the Board of Transportation prepared a study documenting the need for fleet replacement.
7. Actual Highway Fund revenues for 1981-82 were \$11.4 million higher than estimated in June, 1982. \$9.3 million of this amount was carried forward as a reserve to match federal funds.

C. Contract Resurfacing 1981-82

The Committee received reports from the Department that the contract resurfacing program funded by the 1981 General Assembly allowed the state to contract for resurfacing 3,300 miles of roads during 1981-82. This was about 400 more miles than originally estimated. The Department feels that this is less than the 3,600 miles of resurfacing required annually for five years to "catch-up" the maintenance backlog. The Department estimates it can contract to resurface 2,900 miles with the 1982-83 appropriation of \$71 million.

D. Secondary Road Paving Priorities

1. The Committee received a copy of a resolution passed by the North Carolina Association of County Commissioners which requested that a "working farm" be assigned the same number of rating points as a commercial establishment in determining priorities for paving secondary roads. The Department ranks unpaved roads in each county every two years based on the density of development and traffic volume on each road segment. Each commercial establishment adds 5 points to a road's rating.

The Department explained that farms directly impact a road's traffic count. Furthermore, since most unpaved roads would have at least one working farm, the impact of adding points is not likely to shift priority rankings significantly.

The Committee found that the Board of Transportation's Secondary Roads Committee was studying the rating system before the next ranking on July 1, 1983. The Committee feels the Board of Transportation will consider the issue when revising its rating formula.

2. The Committee also received a report on the use of Secondary Road Construction funds. This program receives 1 3/8¢ of the 3¢ motor fuel tax increase passed in 1981, resulting in a 1982-83 appropriation of over \$43 million.

The Committee found that these new construction funds were being shifted toward maintaining existing roads in accord with the General Assembly's policy direction. For example:

- (a) The Board of Transportation in December, 1981 directed that 20% of secondary construction funds available to each county must be used to improve existing paved roads.
- (b) For the first 9 months of 1982, 23% of secondary funds were used to improve paved roads, compared to 15% for the previous 5 years.
- (c) During 1982, 18% of funds were used to stabilize unpaved roads compared to 11% over the 1977-1981 period.
- (d) Funds used for new paving and grade-drain-stabilization projects declined from 68.5% 1977-1981 to 52.4% during 1982.
- (e) For the period 1977-1982, 2,110 miles of unpaved roads were paved with secondary construction funds (including bond funds).

E. Secondary Road Maintenance Allocations, 1982-83

The Committee reviewed the Board of Transportation's allocation of maintenance funds for the Secondary System. The Committee reviewed the following:

1. Routine maintenance funds of \$107.7 million for 1982-83 were appropriated to the secondary system. \$89.7 million of this is for road maintenance, with the balance going to bridge maintenance and other categories.
2. The formula to distribute road maintenance funds to the county level (as required by

G.S. 136-44.6) provided 72% of the funds on the basis of paved mileage and population and 28% of the funds on the basis of unpaved mileage.

3. Paved roads are more costly to maintain than unpaved roads when resurfacing costs are considered. The population factor used in distributing some of the funds is to represent traffic volumes.
4. 1982-83 contract resurfacing funds allocated to the secondary system totalled \$37.4 million. As a result of a new pavement evaluation system developed by D.O.T. and the UNC Institute for Transportation Research and Education (ITRE), the secondary system received 52.7% of contract resurfacing funds in 1982-83, compared to 54.5% in 1981-82. In other words, the secondary system absorbed 69% of the funding reduction, although it originally received 54.5% of the 1981-82 funds. This was related to the inclusion of a factor including the cost to repair roads with higher traffic volumes. Higher traffic roads are generally on the Rural Primary and Urban systems.

F. Federal Fund Prospects: 1983-85

The Committee received a report from the Department of Transportation on federal funds and state funds required to match federal funds. The Committee found:

1. While federal fund allocations for 1981-82 were \$168.6 million, "obligation ceilings" imposed due to appropriations and spending cutbacks limited the state to using \$151.1 million of these funds.
2. Federal funds for 1982-83 are estimated at over \$215 million, but budget stalemates in Congress have limited obligations to a level similar to 1981-82 obligation authority.
3. 1982-83 appropriations to match federal funds are \$14.2 million. In addition to this amount, the Committee found \$9.3 million in excess 1981-82 revenue was reserved to match federal-aid. Also, \$42.9 million in unallotted urban and primary bond funds are available to match federal aid. The total available during 1982-83 is approximately \$66.7 million.
4. The Department estimates approximately \$202 million in federal aid will be authorized each year of the 1983-85 biennium, requiring \$65 million each year in state matching funds.

5. More federal aid is targeted toward renovation of existing roads through requirements that portions of some programs be used to reconstruct, rehabilitate, and resurface old roads on the federal aid system.
6. Federal-aid estimates and accompanying state match requirements are tenuous, at best, and must be updated periodically throughout the budget year.

G. Driver's Licensing Program" Division of Motor Vehicles

The Committee investigated the Driver's Licensing Program operated by the Division of Motor Vehicles. The Committee was concerned by citizen complaints of long waiting times.

The Committee found that services at 119 part-time stations created a drain on examiner productivity. In the 71 full-time examination stations, each examiner can handle 30 to 32 applicants daily, at an average of 15.5 minutes per applicant.

However, at more rural part-time stations, some examiners see as few as 9 applicants per day. Meanwhile, waiting periods of up to 2 hours are endured by some citizens.

The workload for examiners has increased with the classification of driver's licenses, since two classes require a road test at each renewal. This was somewhat offset by the extension of the chauffeur's license period from two to four years.

The Division has received few complaints about the increased fee for a driver's license.

The Committee voted to recommend that:

1. The Division of Motor Vehicles close an unspecified number of part-time offices, keeping at least one full-time office in each county.
2. The Division of Motor Vehicles should experiment with extended hours in major urban offices to better serve the working public. By staggering work hours, some offices could remain open until 8 or 9 P.M.

V. Recommendations

A. Request for Federal-Aid Matching Funds

The Committee recommends:

1. The Appropriations Committees closely monitor Congressional budget actions which will affect:
 - (a) State matching funds not required in 1982-83;
 - (b) Obligational ceilings below authorized levels;
 - (c) Changing match ratios in various highway programs.
2. When some portion of a federal-aid project includes resurfacing, the Department of Transportation use, when appropriate, existing state appropriations for contract resurfacing to match federal funds, so long as the resurfacing portion of the project is equal to or exceeds the amount of state contract resurfacing funds.

B. Driver's Licensing

The Committee recommends:

1. In order to increase productivity of Driver's License examiners and to reduce waiting periods for license applicants, the Division of Motor Vehicles should close most of its part-time offices with low workloads, making an effort to keep at least one full-time office open in each county.
2. The Division of Motor Vehicles should stagger employees' work hours in order to extend office hours at Driver's License examining stations in heavily populated areas. Offices in these areas should remain open until 8:00 p.m. or 9:00 p.m. in order to better serve working citizens.

- C. The Committee recommends that the Special Committee to Study the Department of Transportation be continued for two years. The Committee feels that the continued monitoring of Departmental operations would be beneficial during lean economic times. The Committee's work has led to improved communications and understanding between the legislature and the Department and should be continued.

A P P E N D I X

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1981
RATIFIED BILL

RESOLUTION 60

HOUSE JOINT RESOLUTION 1225

A JOINT RESOLUTION AUTHORIZING THE SPEAKER OF THE HOUSE AND THE LIEUTENANT GOVERNOR TO APPOINT A SPECIAL COMMITTEE TO STUDY THE DEPARTMENT OF TRANSPORTATION.

Whereas, the Joint Select Committee to study the Department of Transportation has found that the Department has in recent years made no major policy shifts to address the growing problems of inadequate road maintenance and declining revenues; and

Whereas, the Department of Transportation's Seven-Year Construction Plan is unrealistic and should be revised; and

Whereas, supervisors, engineers, and managers of the Department of Transportation must accept the responsibility for the proper size, work habits, and productivity of the work crews; and

Whereas, the organization of the Department of Transportation should be reviewed with the goal of consolidating smaller units so as to reduce administrative costs, increase the flexibility of the work force, and eliminate duplication of capital equipment; and

Whereas, the Joint Select Committee to study the Department of Transportation has recommended that the General Assembly continue its review of the Department of Transportation;

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

Section 1. The Speaker of the House of Representatives and the Lieutenant Governor shall appoint a special committee, consisting of a sufficient number of members of each house, to review the Department of Transportation, giving special attention to the Department's activities toward improving efficiency in its operations and thereby reducing personnel and expenditures. The Speaker and the Lieutenant Governor shall serve as cochairmen of the special committee. The special committee's review of the Department shall include the actions of the Board of Transportation; contracts completed; revenues and expenditures; the use of State funds in relation to federal funds; the use of prison labor; major personnel changes; progress in restructuring the Department's budget and fiscal records so as to be more readily understood by the State Auditor, members of the General Assembly, and others; major equipment transactions; use of motor vehicles by the Department; and ferry operations.

Sec. 2. The Legislative Services Commission shall provide professional and other staff assistance for the special committee. All costs of the committee, including subsistence and travel allowances for members, shall be paid from the General Assembly's Reserve for Contingencies and Emergencies.

Sec. 1. This resolution is effective upon ratification.
In the General Assembly read three times and ratified,
this the 10th day of July, 1981.

JAMES C. GREEN

James C. Green

President of the Senate

LISTON B. RAMSEY

Liston B. Ramsey

Speaker of the House of Representatives

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A JOINT RESOLUTION AUTHORIZING THE CONTINUATION OF THE SPECIAL COMMITTEE TO STUDY THE DEPARTMENT OF TRANSPORTATION.

Whereas, the 1981 General Assembly adopted House Joint Resolution 1225 (Resolution 60) creating the Special Committee to Study the Department of Transportation; and

Whereas, this Special Committee has worked diligently during 1982 to monitor the Department's progress in carrying out the General Assembly's recommendation, directives or base budget actions and to investigate additional areas; and

Whereas, the Department has saved or avoided spending approximately \$45 million since the beginning of the fiscal year by carrying out its statutory directives from the General Assembly; and

Whereas, on its own initiative, the Department has made additional cost improvements resulting in significant savings; and

Whereas, the Special Committee's work has led to improved communications and understanding between the General Assembly and the Department; and

Whereas, the Special Committee found that continued monitoring of the Department by the General Assembly is beneficial during lean economic times; and

Whereas, the Special Committee recommended that its work be continued; Now therefore

Be it resolved by the House of Representatives, the Senate concurring:

Section 1. The Special Committee to Study the Department of Transportation created in Resolution 60 of the 1981 Session Laws is continued until January 1, 1985.

Sec. 2. This resolution is effective upon ratification.

